



May 11, 2012

Kelly Ent, Director of Administrative Services  
City of Big Bear Lake  
P.O. Box 10000  
Big Bear Lake, CA 92315-8900

Dear Ms. Ent:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Big Bear Lake Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 30, 2012 for the periods of January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS:

- Item No. 5, 6, and 8 on page 1 totaling \$5.9 million are for contracts and a purchase order between the City of Big Bear Lake (City) and third parties. These items are obligations of the City and not the former RDA.
- Item No. 7 on page 1 totaling \$15,519. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that the contract for this line item was executed after June 27, 2011.
- HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Administrative costs claimed from January through June 2012 totaled \$125,000 and is within the administrative cost allowance of \$250,000. However, we noted the following additional line items that should be counted towards the administrative cap allowance:

Item #	Page	Project Name/Debt Obligation	Amount
14	1	Disclosure services	\$ 3,504
15	1	Legal services	10,299
16	1	Compliance Services	545
18	1	Disclosure services	302

Item #	Page	Project Name/Debt Obligation	Amount
19	1	Legal services	3,750
20	1	Compliance Services	545
21	1	Disclosure services	2,263
22	1	Legal services	10,672
23	1	Compliance Services	545
1	3	Admin Costs	110,000
2	3	Admin Costs	15,000
		<b>Total</b>	<b>\$157,425</b>

July through December 2012 ROPS:

- Items No. 5, 6, and 8 on page 1 in the amount of \$5.9 million are for contracts and a purchase order between the City and third parties. These items are obligations of the City and not the former RDA.
- Item No. 7 on page 1 totaling \$15,519. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that the contract for this line item was executed after June 27, 2011.
- HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Administrative costs claimed from July to December 2012 totaled \$125,000 and is within the administrative cost allowance of \$250,000. However, we noted the following additional line items that should be counted towards the administrative cap allowance:

Item #	Page	Project Name/Debt Obligation	Amount
14	1	Disclosure services	\$ 4,153
15	1	Legal services	11,250
16	1	Compliance Services	2,180
18	1	Disclosure services	873
19	1	Legal services	11,250
20	1	Compliance Services	2,180
21	1	Disclosure services	2,263
22	1	Legal services	11,250
23	1	Compliance Services	2,500
1	3	Admin Costs	110,000
2	3	Admin Costs	15,000
		<b>Total</b>	<b>\$172,899</b>

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective

until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Mr. Larry Walker, Auditor Controller, San Bernardino Auditor Controller  
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino Auditor Controller  
Ms. Linda Santillano, Supervising Accountant, San Bernardino Auditor Controller  
Ms. Franciliza Zyss, Accountant III, San Bernardino Auditor Controller