



December 18, 2012

Ms. Sophie Escobar, Assistant Director of Economic Development  
City of Victorville  
14343 Civic Drive  
Victorville, CA 92392

Dear Ms. Escobar:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 8, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Victorville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 26, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 8, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 2, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 6 – Owner Participation Agreement with Church & Dwight Co., Inc. in the amount of \$1.8 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Because the contract with Church & Dwight Co., Inc. was approved by the Redevelopment Agency Board and signed on June 28, 2011, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund funding.

In addition, per Finance's ROPS letter dated October 8, 2012, the items below were not disputed by the Agency and continue to be reclassified:

- Item Nos. 7 and 8 – Wilson & Company rail inspection contracts totaling \$70,356.
- Item No. 9 – Mayer, Hoffman, McCann audit services contract in the amount of \$15,000.

Although this reclassification increased administrative costs to \$236,525, the administrative cost allowance has not been exceeded for the 2012-13 fiscal year.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$2,569,219 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,562,872
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 6	180,000
Item 7*	5,178
Item 8*	30,000
Item 9*	15,000
Total approved RPTTF for enforceable obligations	\$ 2,332,694
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	236,525
<b>Total RPTTF approved:</b>	<b>\$ 2,569,219</b>

\* Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Keith Metzler, Assistant City Manager, City of Victorville  
Ms. Vanessa Doyle, Auditor Controller Manager, San Bernardino County  
California State Controller's Office