



October 14, 2012

Ms. Kelly Ent, Director of Administrative Services
City of Big Bear Lake
PO Box 10000
Big Bear Lake, CA 92315

Dear Ms. Ent:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Big Bear Lake Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item Nos. 5, and 6 – Contracts for Construction and Inspection totaling \$6.9 million between the City of Big Bear Lake (City) and third parties. As the former RDA is neither a party to the contract nor responsible for payment of the contract, these line items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- 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 contracts for the following items were executed after June 27, 2011:
 - Item No. 7 – Contract for Design totaling \$15,519 of RPTTF funding.
 - Item No 8 – Soil testing in the amount of \$166,229 of RPTTF funding.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$743,427 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 4,286,845
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 5	3,400,000
Item 6	120,000
Item 7	15,519
Item 8	85,000
Total approved RPTTF for enforceable obligations	\$ 666,326
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	77,101
Total RPTTF approved:	\$ 743,427

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.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

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.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Erica Stephenson, Finance Supervisor, City of Big Bear Lake
Vanessa Doyle, Auditor Controller Manager, San Bernardino County