



April 26, 2012

Steve Lantsberger, Deputy Director of Economic Development
City of Hesperia
9700 Seventh Ave
Hesperia, CA 92345

Dear Mr. Lantsberger:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Hesperia Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January through June 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:

- Item No. 34 and 42, page 3, in the amount of \$1.7 million. HSC section 34171(d)(2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.
- Item No. 44, page 3, and item No. 1 page 5 are for administrative costs. HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated is \$953,894. Therefore, \$454,689 of the claimed \$1,408,583 claimed is not an EO.

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.

Please direct inquiries to Robert Scott or Jenny DeAngelis at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

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