



Transmitted via e-mail

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2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the San Diego City Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 28, 2021. Finance has completed its review of the ROPS 21-22.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 204 – Balboa Theatre in the total outstanding amount of \$2,476,808 is partially allowed. The Agency provided updated calculations for the amount requested of \$1,379,410. However, the updated calculations supported the amount of \$1,298,865. Therefore, the difference of \$80,545 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Item No. 205 – Lyceum Theatre in the total outstanding amount of \$7,004,408 is not allowed. Finance has determined the 1985 Master Lease as an enforceable obligation and per the agreement, the former Redevelopment Agency agreed to be responsible for the replacement of certain fixtures. However, the Agency was unable to provide signed contracts or other documentation to support the requested amounts. To the extent adequate support can be provided, the Agency may request funding on a future ROPS.
- Item No. 451 and 452 – Insurance costs for the Balboa Theatre in the amounts of \$81,000 and \$200,000, respectively, are not allowed. The Agency provided insurance proposal documentation. However, these documents are insufficient to support the requested amounts because they did not indicate the costs of the proposal. Therefore, the requested amounts of \$81,000 and \$200,000 are not allowed from RPTTF. To the extent the Agency can provide suitable documentation, such as prior invoices or documents to support the requested amounts, the items may be considered enforceable obligations on a future ROPS.

- Item No. 652 – NTC Disposition and Development Agreement in the total outstanding amount of \$4,547,502 is partially allowed. The Agency provided prior invoices to support the requested amount of \$150,000. However, prior invoices supported the amount of \$115,602. Therefore, the difference of \$34,398 is not eligible for RPTTF funding on this ROPS.
- The claimed administrative costs exceed the allowance by \$3,382. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$1,680,160 for fiscal year 2021-22. Although \$1,609,542 is claimed for ACA, Item No. 419 is considered an administrative cost and should be counted toward the cap. Therefore, as noted in the table below, \$3,382 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2020-21	\$58,359,299
Less distributed Administrative RPTTF	(2,353,957)
RPTTF distributed for 2020-21 after adjustments	\$56,005,342
ACA Cap for 2021-22 per HSC section 34171 (b)	\$1,680,160
ACA requested for 2021-22 after adjustments	1,609,542
Plus amount reclassified to ACA (Item No. 419)	74,000
Total ACA	\$1,683,542
ACA in Excess of the Cap	\$3,382

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$42,233,729, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Zuber Tejani, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Matthew Vespi, Chief Financial Officer, City of San Diego, San Diego City
Jon Baker, Senior Auditor and Controller Manager, San Diego County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 18,825,946	\$ 44,508,019	\$ 63,333,965
Administrative RPTTF Requested	804,771	804,771	1,609,542
Total RPTTF Requested	19,630,717	45,312,790	64,943,507
RPTTF Requested	18,825,946	44,508,019	63,333,965
<u>Adjustment(s)</u>			
Item No. 204	(80,545)	0	(80,545)
Item No. 205	(5,000,000)	(2,004,408)	(7,004,408)
Item No. 419	(74,000)	0	(74,000)
Item No. 451	(81,000)	0	(81,000)
Item No. 452	0	(200,000)	(200,000)
Item No. 652	(34,398)	0	(34,398)
	(5,269,943)	(2,204,408)	(7,474,351)
RPTTF Authorized	13,556,003	42,303,611	55,859,614
Administrative RPTTF Requested	804,771	804,771	1,609,542
<u>Adjustment(s)</u>			
Item No. 419	74,000	0	74,000
Adjusted Administrative RPTTF	878,771	804,771	1,683,542
Excess Administrative Costs	(0)	(3,382)	(3,382)
Administrative RPTTF Authorized	878,771	801,389	1,680,160
ROPS 18-19 prior period adjustment (PPA)	(14,434,774)	(871,271)	(15,306,045)
Total RPTTF Approved for Distribution	\$ 0	\$ 42,233,729	\$ 42,233,729