



Transmitted via e-mail

May 17, 2021

Andrew T. Phillips, President, Civic San Diego  
San Diego City  
8989 Rio San Diego Drive, Suite 100  
San Diego, CA 92108

### **2021-22 Annual Recognized Obligation Payment Schedule**

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 9, 2021. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the San Diego City Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to Finance on January 28, 2021. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 21, 2021.

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 determinations being disputed:

- Item No. 205 – Lyceum Theatre in the total outstanding amount of \$7,004,408. Finance no longer denies this item. Finance initially denied this item due to lack of supporting documents. Based on the additional information provided during the Meet and Confer review, the requested amount of \$7,004,408 in Redevelopment Property Tax Trust Fund (RPTTF) funding is approved.
- Item Nos. 451 and 452 – Insurance costs for the Balboa Theatre in the amounts of \$81,000 and \$200,000, respectively. Finance no longer denies these items. Based upon additional insurance estimates provided during the Meet and Confer review, the requested amounts of \$81,000 and \$200,000 in RPTTF are approved.

In addition, per Finance's letter dated April 9, 2021, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- 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 RPTTF funding on this 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:

| <b>Administrative Cost Allowance (ACA) Calculation</b> |                     |
|--|---------------------|
| Actual RPTTF distributed for fiscal year 2020-21       | \$58,359,299        |
| Less distributed Administrative RPTTF                  | (2,353,957)         |
| <b>RPTTF distributed for 2020-21 after adjustments</b> | <b>\$56,005,342</b> |
|  |                     |
| 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                        | 74,000              |
| <b>Total ACA</b>                                       | <b>\$1,683,542</b>  |
| <b>ACA in Excess of the Cap</b>                        | <b>\$3,382</b>      |

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 \$49,519,137, 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.

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 Todd Vermillion, Supervisor, or Michael Barr, 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  
Becky Greene, Acting Manager, San Diego County

| <b>Approved RPTTF Distribution<br/>July 2021 through June 2022</b> |                     |                      |                      |
|--|---------------------|----------------------|----------------------|
|  | <b>ROPS A</b>       | <b>ROPS B</b>        | <b>Total</b>         |
| RPTTF Requested  | \$ 18,825,946       | \$ 44,508,019        | \$ 63,333,965        |
| Administrative RPTTF Requested                                     | 804,771             | 804,771              | 1,609,542            |
| <b>Total RPTTF Requested</b>                                       | <b>19,630,717</b>   | <b>45,312,790</b>    | <b>64,943,507</b>    |
| <b>RPTTF Requested</b>   | <b>18,825,946</b>   | <b>44,508,019</b>    | <b>63,333,965</b>    |
| <u>Adjustment(s)</u>   |                     |                      |                      |
| Item No. 204   | (80,545)            | 0                    | (80,545)             |
| Item No. 419   | (74,000)            | 0                    | (74,000)             |
| Item No. 652   | (34,398)            | 0                    | (34,398)             |
|  | (188,943)           | 0                    | (188,943)            |
| <b>RPTTF Authorized</b>  | <b>18,637,003</b>   | <b>44,508,019</b>    | <b>63,145,022</b>    |
| <b>Administrative RPTTF Requested</b>                              | <b>804,771</b>      | <b>804,771</b>       | <b>1,609,542</b>     |
| <u>Adjustment(s)</u>   |                     |                      |                      |
| Item No. 419   | 74,000              | 0                    | 74,000               |
| <b>Adjusted Administrative RPTTF</b>                               | <b>878,771</b>      | <b>804,771</b>       | <b>1,683,542</b>     |
| Excess Administrative Costs  | (0)                 | (3,382)              | (3,382)              |
| <b>Administrative RPTTF Authorized</b>                             | <b>878,771</b>      | <b>801,389</b>       | <b>1,680,160</b>     |
| ROPS 18-19 prior period adjustment (PPA)                           | (14,434,774)        | (871,271)            | (15,306,045)         |
| <b>Total RPTTF Approved for Distribution</b>                       | <b>\$ 5,081,000</b> | <b>\$ 44,438,137</b> | <b>\$ 49,519,137</b> |

ICC: Barr, Vermillion, Takagi-Galamba, McAllister, McCormick, Whitaker

Final Path: J:\Audits and Review\ROPS 21-22 Letters PDF

**Email Addresses of Addressee and ccs:**

phillips@civicsd.com

mvespi@sandiego.gov

rebecca.greene@sdcounty.ca.gov