



May 17, 2019

Mr. Andrew T. Phillips, Chief Financial Officer/Chief Operating Officer, Civic San Diego  
City of San Diego  
401 B Street, Suite 400  
San Diego, CA 92101

Dear Mr. Phillips:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2019. 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, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 30, 2019. 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 29, 2019.

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 Nos. 383, 384, 386, and 639 – Park Boulevard At-Grade Crossing Project (Project) in the total outstanding amount of \$20,656,496. Finance continues to deny these items. Finance initially denied these items because Finance's Oversight Board determination letter, dated August 3, 2018, denied the Agency's ability to enter into certain contracts and expenditures related to the Project. This decision was based upon the Agency's inability to provide Finance with a contract that showed which costs were attributable to the Agency, whether the construction of the Project was the responsibility of the Agency, or one that remained valid under HSC section 34171 (d) (1).

During the Meet and Confer, the Agency contends the 1998 Memorandum of Understanding (1998 MOU) and the Third Ballpark and Redevelopment Project Implementation Agreement (Third Implementation Agreement) are legally binding enforceable obligations, and, under these agreements, the Agency has the responsibility to pay for the cost of certain mitigation measures consisting of infrastructure improvements, including the Project. According to the Agency, such mitigation measures are identified in the Final Subsequent Environmental Impact Report (SEIR) and the Mitigation Monitoring and Reporting Program (MMRP), and are the Agency's responsibility pursuant to the Third Implementation Agreement.

While the 1998 MOU and related implementation agreements appear to be enforceable obligations of the Agency, the obligation to construct and pay for the Project is not included in those contracts. The Project is the obligation of the City. This conclusion is based on the City's Resolution R-299916 approving a change order creating the Project, necessarily evidencing that the Project was never contemplated in the 1998 MOU or related implementation agreements.

To the extent the RDA's funding cap in 1998 MOU and related implementation agreements has not been exhausted, infrastructure costs shown to be the responsibility of the RDA could be requested and reviewed for payment at a later date. However, to date, the Agency has been unable to provide documentation as to whether the funding cap has been exhausted.

Finally, although the 1998 MOU and the Third Implementation Agreement together may obligate the Agency to complete certain infrastructure, the documentation and agreements provided to date do not obligate the Agency to fund the Project. Without a valid contract under HSC section 34171 (d) (1), costs associated with this Project cannot be considered enforceable obligations of the Agency. Therefore, the total requested amounts for the Redevelopment Property Tax Trust Fund (RPTTF) funding are not allowed, as follows:

Item No.	Item Name/Project Name	Total Outstanding	RPTTF Requested
383	Park Boulevard At-Grade Crossing	\$ 200,000	\$ 10,000
384	Park Boulevard At-Grade Crossing	884,623	310,000
386	Park Boulevard At-Grade Crossing	18,000,000	9,000,000
639	Park Boulevard At-Grade Crossing – Project Management Costs	1,571,873	294,900
<b>Total</b>		<b>\$ 20,656,496</b>	<b>\$ 9,614,900</b>

- Item 636 – Tax Allocation Refunding Bonds, Series 2017B (T). Finance no longer reclassifies the amount of \$9,286,044 in RPTTF to Other Funds. During the Meet and Confer, the Agency provided additional accounting records supporting the available ending cash balance listed on the Report of Cash Balances, and Finance notes these funds were authorized and expended during the July 1, 2017 through June 30, 2018 ROPS period. Therefore, there are no funds available for reclassification on ROPS 19-20, and Finance approves the total requested amount of \$14,518,532 in RPTTF funding.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$81,192,655 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 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 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

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

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This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Todd Vermillion, Lead Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER  
Program Budget Manager

cc: Mr. Erik Caldwell, Deputy Chief Operating Officer, Smart & Sustainable Communities, City of San Diego  
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 1, 2019 through June 30, 2020</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 19-20 Total</b>
RPTTF Requested	\$ 54,308,045	\$ 38,054,530	\$ 92,362,575
Administrative RPTTF Requested	1,363,765	1,363,765	2,727,530
<b>Total RPTTF Requested</b>	<b>55,671,810</b>	<b>39,418,295</b>	<b>95,090,105</b>
<b>RPTTF Requested</b>	<b>54,308,045</b>	<b>38,054,530</b>	<b>92,362,575</b>
<u>Adjustments</u>			
Item No. 383	(5,000)	(5,000)	(10,000)
Item No. 384	(150,000)	(160,000)	(310,000)
Item No. 386	(9,000,000)	0	(9,000,000)
Item No. 639	(294,900)	0	(294,900)
	(9,449,900)	(165,000)	(9,614,900)
<b>RPTTF Authorized</b>	<b>44,858,145</b>	<b>37,889,530</b>	<b>82,747,675</b>
<b>Administrative RPTTF Authorized</b>	<b>1,363,765</b>	<b>1,363,765</b>	<b>2,727,530</b>
<b>Total RPTTF Authorized for Obligations</b>	<b>46,221,910</b>	<b>39,253,295</b>	<b>85,475,205</b>
Prior Period Adjustment	(4,282,550)	0	(4,282,550)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 41,939,360</b>	<b>\$ 39,253,295</b>	<b>\$ 81,192,655</b>