



April 15, 2019

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

Dear Mr. Phillips:

Subject: 2019-20 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 of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 30, 2019. Finance has completed its review of the ROPS 19-20.

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

- Item Nos. 383, 384, 386, and 639 – Park Boulevard At-Grade Crossing Project (Project) in the total outstanding amount of \$20,656,496 is not allowed. In Finance’s Oversight Board determination letter dated August 3, 2018, the Agency was denied the 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).

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 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
Total		\$ 20,656,496	\$ 9,614,900

- The following item does not require payment from property tax revenues and the Agency has \$9,286,044 in available Other Funds. Therefore, the funding source for these items has been reclassified and in the amounts specified below:

Item No.	Item Name/Project Name	Total Funding Authorized	RPTTF Approved	Other Funds Approved
636	Tax Allocation Refunding Bonds, Series 2017B (T)	\$14,518,532	\$5,232,488	\$9,286,044

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 of 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's maximum approved RPTTF distribution for the reporting period is \$71,906,611 as summarized in the Approved RPTTF Distribution table on Page 3 (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.

Absent a Meet and Confer, 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:

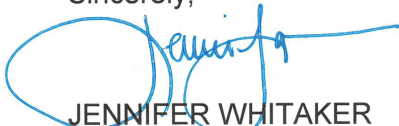
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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 Joshua Mortimer, Supervisor, or Jared Smith, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. David Graham, Deputy Chief Operating Officer, City of San Diego, San Diego City
Ms. Wanda Nations, Principal Accountant, Civic San Diego
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 54,308,045	\$ 38,054,530	\$ 92,362,575
Administrative RPTTF Requested	1,363,765	1,363,765	2,727,530
Total RPTTF Requested	55,671,810	39,418,295	95,090,105
RPTTF Requested	54,308,045	38,054,530	92,362,575
<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. 636	0	(9,286,044)	(9,286,044)
Item No. 639	(294,900)	0	(294,900)
	(9,449,900)	(9,451,044)	(18,900,944)
RPTTF Authorized	44,858,145	28,603,486	73,461,631
Administrative RPTTF Authorized	1,363,765	1,363,765	2,727,530
Total RPTTF Authorized for Obligations	46,221,910	29,967,251	76,189,161
Prior Period Adjustment	(4,282,550)	0	(4,282,550)
Total RPTTF Approved for Distribution	\$ 41,939,360	\$ 29,967,251	\$ 71,906,611