



April 13, 2018

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

Dear Mr. Jarrett:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Diego Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 23, 2018. Finance has completed its review of the ROPS 18-19.

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

- Item No. 39 – Grantville Cooperation Agreement for funding Transit Line Improvements in the amount of \$1,258,265 is partially approved in the amount of \$975,989. The Agency requested \$1,285,265; however, the payment schedule provided by the Agency indicates only \$975,989 is due for the ROPS 18-19 period. Therefore, with the Agency's concurrence the requested amount of \$1,258,265 is reduced by \$282,276 (\$1,258,265 – \$975,989).
- Item No. 61 – Centre City - Grantville Settlement Agreement in the amount of \$1,105,655 is partially approved in the amount of \$975,989. The Agency requested \$1,105,655; however, the payment schedule provided by the Agency indicates only \$975,989 is due for the ROPS 18-19 period. Therefore, with the Agency's concurrence, the requested amount of \$1,105,655 is reduced by \$129,666 (\$1,105,655 – \$975,989).
- Item No. 384 – Park Boulevard At-Grade Crossing in the amount of \$350,000 is partially approved in the amount of \$73,800. The Agency requested \$350,000; however, the current professional services agreement provided by the Agency states the amount shall not exceed \$219,033. The Agency reported spending all but \$73,800 of the \$219,033. Therefore, \$276,200 (\$350,000 - \$73,800) is not approved. To the extent the Agency gains approval from the Oversight Board for an amended professional services agreement, this item may be eligible for additional Redevelopment Property Tax Trust Fund (RPTTF) funding on a subsequent ROPS.

- Item No. 645 – NTC Stormdrain Outfalls in the amount of \$4,290,905 is not allowed. The Agency provided the Secured Deferred Improvement Agreement between the City of San Diego, the former Redevelopment Agency, and McMillin-NTC, LLC. However, these documents are insufficient to support the requested amount because there is no documentation to substantiate the amount requested. Therefore, this item is ineligible for RPTTF. To the extent the Agency can provide documentation, such as construction estimates, proposed budgets, or a defined payment schedule to support the requested amount, the item may be considered on a future ROPS.
- On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our review, the Agency has approximately \$7,624,807 in RPTTF unexpended from the ROPS 15-16 periods available to fund enforceable obligations on the ROPS 18-19. These unexpended funds are now considered Reserve Balances.

In addition, our review indicates the Agency has approximately \$192,961 in Reserve Balances available to fund enforceable obligations. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified from RPTTF to Reserve Balances in the amounts specified below:

Item No.	Project Name/Debt Obligation	Total Funding Authorized	RPTTF Approved	Reserve Balances Approved
633	Tax Allocation Refunding Bonds, Series 2016A	\$ 17,811,300	\$ 9,993,532	\$ 7,817,768

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, 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 \$97,325,227 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. 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 deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

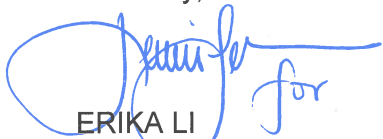
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 18-19 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 the 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 the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI  
Program Budget Manager

cc: Mr. David Graham, Deputy Chief Operating Officer, City of San Diego, City of San Diego  
Ms. Wanda Nations, Principal Accountant, Civic San Diego, 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 2018 through June 2019</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 18-19 Total</b>
RPTTF Requested	\$ 62,382,314	\$ 45,614,734	\$ 107,997,048
Administrative RPTTF Requested	1,062,497	1,062,497	2,124,994
<b>Total RPTTF Requested</b>	<b>63,444,811</b>	<b>46,677,231</b>	<b>110,122,042</b>
<b>RPTTF Requested</b>	<b>62,382,314</b>	<b>45,614,734</b>	<b>107,997,048</b>
<u>Adjustment</u>			
Item No. 39	(282,276)	0	(282,276)
Item No. 61	(129,666)	0	(129,666)
Item No. 384	(126,200)	(150,000)	(276,200)
Item No. 633	(3,018,150)	(4,799,618)	(7,817,768)
Item No. 645	(2,860,602)	(1,430,303)	(4,290,905)
	(6,416,894)	(6,379,921)	(12,796,815)
<b>RPTTF Authorized</b>	<b>55,965,420</b>	<b>39,234,813</b>	<b>95,200,233</b>
<b>Administrative RPTTF Authorized</b>	<b>1,062,497</b>	<b>1,062,497</b>	<b>2,124,994</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 57,027,917</b>	<b>\$ 40,297,310</b>	<b>\$ 97,325,227</b>