

**CITY COUNCIL OF THE CITY OF SAN DIEGO
SUPPLEMENTAL DOCKET NUMBER 1
FOR THE REGULAR MEETING OF
TUESDAY, SEPTEMBER 23, 2014, AT 2:00 PM
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

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Pursuant to California Senate Bill 343 (Section 54957.5(b) of the Brown Act), late-arriving documents related to City Council meeting agenda items which are distributed to the legislative body prior to and during the Council meeting are available for public review in the Office of the City Clerk on the second floor of the City Administration Building, 202 C Street, San Diego, CA 92101. This relates to those documents received after the agenda is publicly noticed and during the 72 hours prior to the start of the meeting. Please note: Approximately one hour prior to the start of the Council Meeting, the documents will be available just outside Council Chambers in the lobby of the 12th floor of the City Administration Building in a binder labeled “SB 343.” Late-arriving materials received during the City Council meeting are available for review by making a verbal request of City Clerk staff located in Council Chambers.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:

This item is being presented to the Council in its capacity as the board of the local redevelopment successor agency, officially known as "the City of San Diego, solely in its capacity as the designated successor agency of the Redevelopment Agency of the City of San Diego, a former public body, corporate and politic" (Successor Agency).

ITEM-S500: Approval of Seventh Recognized Obligation Payment Schedule, for the period covering January 1, 2015, through June 30, 2015, and the associated Six-Month Successor Agency Administrative and Project Management Budget. (Districts 1-9.)

ITEM DESCRIPTION:

The Successor Agency is in the process of winding down the operations of the former Redevelopment Agency of the City of San Diego. Under the Dissolution Laws, the Recognized Obligation Payment Schedule (ROPS) is the governing document as to payments that are allowed

to be made by the Successor Agency during each applicable six-month period. The proposed ROPS is for the ROPS 7 (ROPS 14-15B) period covering January 1, 2015, through June 30, 2015.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2015-139)

Acting in its capacity as the board of the Successor Agency, as follows:

Finding and determining that the foregoing recitals are true and correct;

Receiving and hearing all oral and written objections pertaining to this matter; and all such oral and written objections are hereby overruled;

Approving the Recognized Obligation Payment Schedule 7 (ROPS 7), covering the period of time from January 1, 2015, through June 30, 2015;

Authorizing and directing the Mayor, or designee, on the Successor Agency's behalf, to take all actions necessary and appropriate to carry out and implement the purposes of this Resolution and to fulfill all of the Successor Agency's statutory obligations with respect to ROPS 7, including, but not limited to, (a) submitting ROPS 7 to the Oversight Board, the County Administrative Officer, the County Auditor, the State Controller, and the California Department of Finance (DOF), (b) posting ROPS 7 on the Successor Agency's internet web site, (c) making any necessary adjustments and adding factual information to ROPS 7, including the Notes spreadsheet, based on any changes made by the DOF to the mandatory ROPS template, provided that the substantive content of ROPS 7 remains substantially the same as approved by the Council, and (d) requesting additional review after receipt of the DOF's initial determination on ROPS 7 and engaging in a meet-and-confer process with the DOF on ROPS 7 as may be deemed by the Mayor, or designees, to be in the best interests of the Successor Agency or the City, or both;

Authorizing the Chief Financial Officer to appropriate and expend funds as needed in accordance with ROPS 7, contingent upon approval of ROPS 7 by the Oversight Board and the DOF;

Adopting the ROPS 7 Budget;

Authorizing and directing the Mayor, or designee, on the Successor Agency's behalf, to take all actions necessary and appropriate to carry out and implement the purposes of this Resolution and to fulfill all of the Successor Agency's statutory obligations with respect to the ROPS 7 Budget;

Authorizing the Chief Financial Officer to appropriate and expend funds as needed in accordance with the ROPS 7 Budget, utilizing the funding sources identified therein, contingent upon approval of the ROPS 7 Budget by the Oversight Board and the DOF;

Declaring that the Successor Agency and the City reserve all legal rights and remedies with respect to the approval and implementation of ROPS 7 and the ROPS 7 Budget. The actions taken in this Resolution are not intended as, and shall not constitute, a waiver by the Successor Agency or the City of any of their rights to challenge the validity or effectiveness of all or any portion of the Dissolution Laws through administrative or judicial proceedings.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

The fiscal impact to the Successor Agency is dependent upon the review and potential challenge of ROPS 7 by the San Diego County Auditor-Controller (CAC), California Department of Finance (DOF), and State Controller. The Dissolution Laws limit the administrative cost allowance available to the Successor Agency to three percent of the amount disbursed from the RPTTF to the Successor Agency, which is approximately \$1,041,521 based on the attached ROPS 7. The actual level of funds that the City may utilize in fulfilling its role as the Successor Agency will not be known until the Oversight Board, DOF, CAC, and State Controller review and potentially challenge items listed in ROPS 7.

Total disbursements toward enforceable obligations during the ROPS 7 period are \$160,632,229, which is funded with \$106,741,166 of funds on hand from of the Redevelopment Agency of the City of San Diego (Former RDA), including Bond Proceeds, Other Funds, and Reserves, \$1,041,521 from Administrative Cost Allowance from the Redevelopment Property Tax Trust Fund (RPTTF), and a disbursement of \$52,849,542 from the RPTTF for enforceable obligations.

Any costs to the Successor Agency beyond those allowed by the Dissolution Laws would impact the City's General Fund. These costs could be offset by increased property tax revenues distributed to the City. Specifically, a portion of the tax increment revenue previously allocated to the Former RDA is reallocated as general property taxes through semi-annual RPTTF distributions on January 2 and June 1 from the CAC to the City and other local taxing entities, to the extent that the Successor Agency does not need the continued property tax revenue in order to pay enforceable obligations. Based on the calculation of prior semi-annual distributions, the City receives approximately 21% of the general property taxes that are reallocated to local taxing entities from the residual balance of the RPTTF in accordance with the Dissolution Laws. For instance, the City received an allocation of approximately \$4.9 million from the CAC's distribution of the RPTTF residual balance of approximately \$22.8 million on June 2, 2014, corresponding to ROPS 6.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- On January 10, 2012, the City Council designated the City to serve as the Successor Agency under the Dissolution Laws.
- On February 13, 2012, the City Council adopted a resolution establishing certain policies and procedures that govern operation of the Successor Agency.
- On April 25, 2012, the City Council, in its capacity as the Successor Agency, adopted the Third Amended and Restated EOPS, ROPS 1, and ROPS 2, as well as the ROPS 2 administrative budget.
- On July 31, 2012, the City Council, in its capacity as the Successor Agency, adopted ROPS 3 as well as the ROPS 3 administrative budget.
- On February 13, 2013, the City Council, in its capacity as the Successor Agency, adopted ROPS 4 as well as the ROPS 4 administrative budget.
- On September 10, 2013, the City Council, in its capacity as the Successor Agency, adopted ROPS 5 as well as ROPS 5 administrative budget.
- On February 10, 2014, the City Council, in its capacity as the Successor Agency, adopted ROPS 6 as well as the ROPS 6 administrative budget.

Phillips/Chadwick

Primary Contract\Phone: Wanda Nations\619-533-7109
City Attorney Contact: Reisch, Kevin