



**COUNTY OF SAN DIEGO
SUCCESSOR AGENCY TO THE
COUNTY OF SAN DIEGO
REDEVELOPMENT AGENCY**

BOARD OF DIRECTORS

VACANT
First District

JOEL ANDERSON
Second District

TERRA LAWSON-REMER
Third District

MONICA MONTGOMERY STEPPE
Fourth District

JIM DESMOND
Fifth District

AGENDA ITEM

DATE: January 28, 2025

SR01

TO: Board of Directors

SUBJECT

APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2025 – JUNE 30, 2026, AND ADMINISTRATIVE BUDGET, AND ESTABLISH APPROPRIATIONS BASED ON AN OPERATING TRANSFER FROM THE RESERVE ACCOUNT TO THE DEBT SERVICE FUND (DISTRICTS: ALL)

OVERVIEW

On January 24, 2012 (14), the County of San Diego (County) was designated as the Successor Agency to the Redevelopment Agency of the County of San Diego (Successor Agency) to oversee the wind-down of the former redevelopment agency's operations following the steps established by California Assembly Bill (AB) X1 26 and AB 1484, collectively known as the Dissolution Act. These steps include preserving assets, fulfilling legally binding commitments, overseeing the termination of activities, and returning resources expeditiously to the affected taxing entities.

The Recognized Obligation Payment Schedule (ROPS) is the report that authorizes the amount of former redevelopment agency property tax increment to be allocated to the Successor Agency for payment of enforceable obligations. The Successor Agency is required to submit the ROPS and the administrative budget annually to the Countywide Redevelopment Successor Agency Oversight Board.

Today's actions request approval of the ROPS for July 1, 2025 – June 30, 2026 (ROPS 25-26) and the related administrative budget for the same period. Total enforceable obligations of \$2,471,941 are eligible to be funded, including an administrative budget of \$20,000. Both items were presented and approved by the Countywide Redevelopment Successor Agency Oversight Board on January 16, 2025. Additionally, today's actions also request approval to establish \$120,000 of appropriations based on an operating transfer from the reserve account to the debt service fund to meet the reserve account requirement.

This item supports the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically underserved

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as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished by managing redevelopment projects currently underway, making payments on enforceable obligations, and allocating remaining property tax revenues that exceed the enforceable obligations to cities, counties, special districts, school, and community college districts.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Approve the Recognized Obligation Payment Schedule for July 1, 2025 – June 30, 2026 (ROPS 25-26) and authorize staff to make any non-substantive changes to the ROPS to comply with the Department of Finance’s requirements for submittal.
2. Approve the administrative budget for July 1, 2025 – June 30, 2026.
3. Establish appropriations of \$120,000 in the Health & Human Services Agency, County Successor Agency Gillespie Field Debt Service Reserve (Fund 23213) Redevelopment Agency Operating Transfer Out Debt Service based on a Redevelopment Agency Operating Transfer In Debt Service in the Health & Human Services Agency, County Successor Agency Gillespie Field Debt Service (Fund 23210) to transfer the reserve amount in excess of the reserve account requirement. **(4 VOTES)**

EQUITY IMPACT STATEMENT

As part of the 2011 Budget Act, the California Legislature dissolved over 400 Redevelopment Agencies (RDA) in an effort to protect funding for core public services. This allowed local jurisdictions to have more decision-making input on the development of communities, and the resulting revenues. The dissolution went into effect on February 1, 2012. Property tax revenues were diverted to pay off existing bonds, other obligations, and pass-through payments to local governments. Any remaining property tax revenues that exceeded the enforceable obligations were allocated to cities, counties, special districts, and schools and community college districts.

The approval of the Recognized Obligation Payment Schedule for July 1, 2025 – June 30, 2026, will provide the County of San Diego with future revenue that can provide resources to preserve core public services for the community, which includes, but are not limited to, programs and services to help improve the health and public safety of residents.

SUSTAINABILITY IMPACT STATEMENT

Today’s actions support the Sustainability Goal #1 of engaging the community by transparently sharing results of outcomes on current projects. Additionally, today’s actions support the County of San Diego Sustainability Goal #2 of providing just and equitable access to resource allocations by managing redevelopment projects currently underway.

FISCAL IMPACT

Recommendations 1 and 2

The payments of \$2,471,941, including an administrative budget of \$20,000, as shown on the Recognized Obligation Payment Schedule for July 1, 2025 – June 30, 2026, will be included in

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the Fiscal Year (FY) 2025-27 Operational Plan for the Successor Agency. The funding sources include property tax increment distributed from the Redevelopment Property Tax Trust Fund and residual balances held by fiscal agent. There will be no change in net General Fund cost and no additional staff years.

Recommendation 3

Funds for this request are not included in the FY 2024-25 Operational Plan in the Health and Human Services Agency, County Successor Agency. If approved, this request will result in costs and revenue of \$120,000 in FY 2024-25. The funding source is an operating transfer from the reserve account to the debt service fund based on reserve amount in excess of the reserve account requirement. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

On January 24, 2012 (14), the County of San Diego (County) was designated as the Successor Agency to the Redevelopment Agency of the County of San Diego (Successor Agency) to oversee the wind-down of the former redevelopment agency’s operations following the steps established by ABX1 26 and AB 1484, collectively known as the Dissolution Act. These steps include preserving assets, fulfilling legally binding commitments, overseeing the termination of activities, and returning resources expeditiously to the affected taxing entities.

The Recognized Obligation Payment Schedule (ROPS) is the report that authorizes the amount of former redevelopment agency property tax increment to be allocated to the Successor Agency for payment of enforceable obligations. The Successor Agency is required to submit the ROPS and the administrative budget annually to the Countywide Redevelopment Successor Agency Oversight Board. The main source of funding is the Redevelopment Property Tax Trust Fund (RPTTF), which receives former redevelopment agency tax increment.

Following approval by the Countywide Redevelopment Successor Agency Oversight Board, the ROPS is submitted to the State Department of Finance (DOF), State Controller’s Office, and County Auditor and Controller. Successor Agencies receive semiannual distributions from the RPTTF to make payments due on enforceable obligations and to pay administrative costs. The County Auditor and Controller releases funding to Successor Agencies from the RPTTF, according to the DOF-approved ROPS, after first deducting costs of administration and pass-through payments to affected taxing entities.

The San Diego County Board of Supervisors serves as the local Successor Agency Board of Directors. Successor Agency Board of Directors’ approval is requested for the ROPS for the period

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of July 1, 2025 – June 30, 2026 (ROPS 25-26). For the 12-month period, total obligations of \$2,471,941 including \$1,685,069 in Gillespie Field 2005 Bond debt service, \$550,000 payment for the Lakeside Fire Protection District, \$216,872 in loan repayments to the County (including the Airport Enterprise Fund), and \$20,000 for administrative costs, are listed on the ROPS. The payments are funded by the RPTTF.

The ROPS 25-26 includes a Gillespie Field 2005 Bond Turbo Redemption payment of \$785,000 in accordance with the Trust Indenture, which beginning with the bond year ending on December 1, 2016, requires an amount be set aside in a Turbo Redemption Account equal to 30% of the following: Tax Revenues minus the Annual Debt Service for such Bond Year, minus the Annual Administrative Requirement. The amount set aside into a Turbo Redemption Account shall be used to redeem or purchase the 2005A bonds in the order established in the Indenture.

Successor Agencies are also required to prepare an administrative budget for each 12-month ROPS period. ROPS 25-26 includes the 12-month administrative budget of \$20,000 to reimburse the County for staff work and to pay for third-party professional services for the Gillespie Field bonds, and other Successor Agency costs.

The Countywide Redevelopment Successor Agency Oversight Board approved the ROPS 25-26 and the related administrative budget on January 16, 2025. ROPS 25-26 is required to be submitted to the DOF, the County Auditor and Controller, and the State Controller's Office by February 1, 2025, for further review and final approval. The DOF must complete its review by April 15, 2025; if DOF disputes any items on the ROPS 25-26, the Meet and Confer process is available.

Reserve Account

Generally, based on the Indenture Agreement between the Successor Agency and the Bank of New York Trust Company, N.A. as the trustee, they will allocate funds from the debt service fund to the reserve account to meet the reserve account requirement. No additional deposits are needed as long as the reserve account contains the required amount. The funds in the reserve account will only be used by the trustee to:

1. Replenish the interest, principal, or sinking accounts (in that order) if there is a shortfall;
2. Pay interest, principal, or redemption premiums on the bonds if no other agency funds are lawfully available; and
3. Retire all outstanding bonds.

If the Successor Agency is not in default and the reserve account contains more than the required amount, the excess reserve will be transferred from the trustee to the County's debt service reserve. Currently, the County's debt service reserve appropriations reflect overspending by approximately \$78,000 and there will be another transfer in June 2025, estimated at \$42,000. Based on staff analysis, the \$120,000 in additional appropriations will be enough to cover all excess reserve transfers for Fiscal Year (FY) 2024-25. The FY 2024-25 overspending is attributed to delayed timing of transfers from the trustee's reserve to the County's debt service reserve from the prior fiscal year. Typically, there are two excess reserve transfers from the trustee in December and

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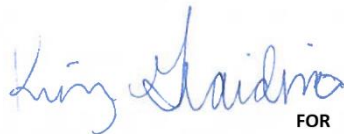
June of each fiscal year. For FY 2023-24, only one transfer of \$17,000 was made in July 2023, carrying over from FY 2022-23. In FY 2024-25, the Redevelopment Agency of the County of San Diego received an \$83,000 transfer for the two delayed transfers from FY 2023-24.

Today's actions request approval of the ROPS 25-26 (Attachment A) and the related administrative budget (Attachment B) for the same period. Total enforceable obligations of \$2,471,941 are eligible to be funded, including an administrative budget of \$20,000. Both items were presented and approved by the Countywide Redevelopment Successor Agency Oversight Board on January 16, 2025. Additionally, today's actions also request approval to establish \$120,000 of appropriations based on an operating transfer from the reserve account to the debt service fund to meet the reserve account requirement.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions to approve the Recognized Obligation Payment Schedule for July 1, 2025 – June 30, 2026, and administrative budget, and to establish \$120,000 of appropriations based on an operating transfer from the reserve account to the debt service fund, support the Sustainability (Economy and Resiliency) and Equity (Economic Opportunity) Initiatives in the County of San Diego 2025-2030 Strategic Plan. The proposed actions provide the Successor Agency the ability to continue the process of winding down the activities, assets, and obligations of the former Redevelopment Agency of the County of San Diego according to contractual obligations and State legislated procedures.

Respectfully submitted,



FOR

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Recognized Obligation Payment Schedule (ROPS 25-26)

Attachment B – County of San Diego Successor Agency Administrative Budget