



December 4, 2024

ITEM TITLE: RESOLUTION NOS. SA-24-90 & SA-24-91 OF THE IB RDA SUCCESSOR AGENCY APPROVING THE ADMINISTRATIVE BUDGET & THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 25-26) FOR THE 12-MONTH PERIOD 07-01-2025 THROUGH 06-30-2026 AND APPROVING RELATED ACTIONS. (0418-50)

ORIGINATING DEPARTMENT:

Finance

EXECUTIVE SUMMARY:

Staff is seeking adoption of Resolution No. SA-24-90 and Resolution No. SA- 24-91 by the Successor Agency Board approving the Successor Agency’s Administrative Budget and ROPS 25-26 for the period from July 1, 2025 through June 30, 2026 and approving related actions. Total enforceable obligations listed on the ROPS 25-26 to be funded with funds from the Redevelopment Property Tax Trust Fund (RPTTF) total \$2,550,700 which amount includes, among other enforceable obligations, (a) an administrative budget of \$170,000 determined by the Successor Agency based on a thorough review of past and present administrative expenses and responsibilities; and (b) the use of prior reserve funds of \$456,600 (RPTTF received by the Successor Agency during the ROPS 24-25 period) to pay for certain tax allocation bond debt service payments to be made during the ROPS 25-26A period. Payment obligations listed on the ROPS 25-26 include payments with respect to the (i) outstanding tax allocation refunding bonds, (ii) Pier South Hotel, (iii) litigation defense costs and expenses, (iv) annual auditing services, and (v) administration and miscellaneous expenses.

RECOMMENDATION:

Staff recommends that the Successor Agency adopt Resolution No. SA-24-90 approving the Administrative Budget for the period from July 1, 2025 through June 30, 2026, and adopt Resolution No. SA-24-91 approving the ROPS 25-26 for the period from July 1, 2025 through June 30, 2026, and approve related actions.

OPTIONS:

- Adopt the resolutions as recommended.
- Provide staff with direction for alternative action.

BACKGROUND/ANALYSIS:

The Dissolution Law governing the wind-down of the former Imperial Beach Redevelopment Agency’s (Former RDA) affairs requires the Successor Agency to prepare an Administrative Budget and submit the Administrative Budget to the Oversight Board for approval. The Dissolution Law further requires the Successor Agency to provide to the San Diego County Auditor-Controller (County Auditor-Controller) for each 6-month fiscal period the administrative cost estimates from its approved Administrative Budget that are to be paid from property tax

revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund (RPTTF) established for the Successor Agency. The administrative cost estimates paid with RPTTF is also known as Administrative Cost Allowance. Based on a thorough review of past and present administrative expenses and responsibilities, the Successor Agency is requesting for Fiscal Year 2025-2026 a total amount of \$170,000 as its Administrative Cost Allowance to pay its estimated administrative costs that are detailed in the proposed Administrative Budget. This amount is less than the amount requested last year in the prior ROPS 24-25.

The Dissolution Law also requires the Successor Agency to prepare a ROPS before each fiscal year period and to submit the ROPS for the fiscal year period of July 1, 2025 through June 30, 2026, after its approval and adoption by the Oversight Board (defined below), to the Department of Finance and the County Auditor-Controller not later than February 1, 2025. The ROPS serves as the designated reporting mechanism for disclosing the Successor Agency's minimum fiscal year payment obligations by amount and source, and the County Auditor-Controller is responsible for ensuring that the Successor Agency receives revenues from the RPTTF sufficient to meet the requirements of the ROPS during each fiscal year period. The Successor Agency has determined that it requires a total amount of \$2,094,100 from the RPTTF for Fiscal Year 2025-2026, which includes \$170,000 for administrative costs, to meet the financial enforceable obligations of the Successor Agency listed on the ROPS 25-26. In addition, the Successor Agency will use a total of \$456,600 in reserve funds (RPTTF received by the Successor Agency during the ROPS 24-25 period) to pay for certain tax allocation bond debt service payments to be made during the ROPS 25-26A period.

As a part of the ROPS 25-26, the Dissolution Law requires a reporting of cash balances for the prior period from July 1, 2022 through June 30, 2023 to determine the amount of unspent RPTTF funds received by the Successor Agency for payment obligations listed on the ROPS 22-23 that can be allocated and used toward payment obligations listed on the ROPS 25-26. A separate reconciliation of the ROPS 22-23 covering the period from July 1, 2022 through June 30, 2023 has determined an unaudited total amount of \$278,790 in unspent RPTTF funds which, if concurred by the Department of Finance, will be used by the Successor Agency to fund payment obligations listed on the ROPS 25-26, and therefore adjust the amount of RPTTF to be paid by the County Auditor-Controller to the Successor Agency in Fiscal Year 2025-2026 for the ROPS 25-26.

In 2018, the County of San Diego Countywide Redevelopment Successor Agency Oversight Board ("Oversight Board") was established pursuant to California Health and Safety ("H&S") Code Section 34179(j) of the Dissolution Law. This Oversight Board oversees all successor agencies located in the County of San Diego, including the Successor Agency. The Oversight Board possesses fiduciary responsibilities to holders of enforceable obligations and taxing entities that benefit from distributions of property taxes and other revenues. The duties and responsibilities of the Oversight Board are primarily set forth in H&S Code Sections 34179 through 34181 of the Dissolution Law.

Pursuant to the Dissolution Law, the Successor Agency is obligated to prepare and submit the ROPS on forms provided by the Department of Finance. In this regard, the Successor Agency staff has included in both Resolution No. SA-24-90 (i.e. Section 3(vi)) and Resolution No. SA-24-91 (i.e. Section 3(iv)) authorization and direction to the Executive Director or designee to revise the ROPS 25-26 and the Administrative Budget (if necessary), and make such changes and amendments as necessary, before the Successor Agency's official submittal of the ROPS 25-26 and the Administrative Budget to the Oversight Board and the Department of Finance in order to complete the ROPS 25-26 and the Administrative Budget in the manner provided by the Department of Finance and to conform the ROPS 25-26 and the Administrative Budget to the

form or format as prescribed by the Department of Finance. The Oversight Board will consider the Administrative Budget and the ROPS 25-26 at its meeting scheduled for Thursday, January 16, 2025 and the deadline to submit the Administrative Budget and the ROPS 25-26 to the Department of Finance is February 1, 2025.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

The RPTTF funds requested are necessary to meet Successor Agency recognized and enforceable obligations under the Dissolution Law.

ATTACHMENTS:

ATT 1 – Resolution No. SA-24-90 Administrative Budget (ROPS 25-26)

ATT 2 – Administrative Budget - ROPS 25-26

ATT 3 – Resolution No. SA-24-91 Recognized Obligation Payment Schedule (ROPS) 25-26

ATT 4 – Recognized Obligation Payment Schedule (ROPS) 25-26