



CITY OF CORONADO

CITY COUNCIL STAFF REPORT

December 17, 2024

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APPROVAL OF THE ADMINISTRATIVE BUDGET AND THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR FISCAL YEAR 2025-26 RELATED TO THE SUCCESSOR AGENCY'S CLAIM FOR REDEVELOPMENT PROPERTY TAX TRUST FUNDS

RECOMMENDATION:

Approve the Administrative Budget and the Recognized Obligation Payment Schedule (ROPS) for July 1, 2025 to June 30, 2026.

BACKGROUND:

On September 22, 2015, Governor Brown signed Senate Bill No. 107 (SB 107). SB 107 terminated the preparation of the six-month schedule of payments called the ROPS as of December 31, 2015, and requires annual ROPS reporting for each fiscal year. The City Council, acting as the Board of the Successor Agency, is required to approve the ROPS. Once the City Council approves, the ROPS will be submitted for approval to the Countywide Redevelopment Successor Agency Oversight Board. As of July 1, 2018, local Oversight Boards were replaced with regional Oversight Boards. The San Diego Countywide Oversight Board will meet in January 2025 to review the ROPS for all the Successor Agencies in San Diego County.

SB 107 redefined administrative cost allowance in Health and Safety Code Section 34177.3(b) to mean the maximum amount of administrative costs which may be paid by a successor agency from the RPTTF funds in a fiscal year. Beginning on July 1, 2016, and for every fiscal year thereafter, the administrative cost allowance was set at a maximum of three percent (3%) of the actual RPTTF funds available to the Successor Agency by the County Auditor and Controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the Successor Agency's administrative cost allowance and any loan repayments made to the City under Health and Safety Code Section 34191.4(b) during the preceding fiscal year.

As a result of the interest rate savings and the early redemption feature ("turbo redemptions") of the 2018 Tax Allocation Refunding Bonds (TARB), it is expected that the Successor Agency (SA) will retire TARB obligations by Fiscal Year 2027-28. This is eight years earlier than was previously expected. The primary beneficiary of the early dissolution of the SA is the Coronado Unified School District, which will achieve basic-aid status at the point of dissolution.

ANALYSIS:

Staff has prepared a draft ROPS for July 1, 2025 through June 30, 2026. The following list highlights noteworthy items on the ROPS 2025-26:

- Bond payments and trustee fees scheduled during the period are reflected in items 66 through 68. The total amount of obligations for these lines is \$27,991,424. Included in this amount is \$5,175 for bond trustee fees, \$10,386,249 for debt service in FY 2025-26, and a turbo payment of \$17,600,000 (the amount approved for the prior year was \$12,545,000).
- Item 17 is an obligation of \$5,570 for the re-entered lifeguard tower loan.

- Item 30 are administrative expenses of the Successor Agency for FY 2025-26, estimated to be \$342,733.
- Item 46 represents a property tax reimbursement payment to Five Star Theatres, Inc. based upon the terms of the Participation Agreement and is estimated to be approximately \$46,389.

The enforceable obligations amount due during the coming fiscal year is \$28,386,116. In addition to the ROPS payments, the RPPTF is pledged to pay for San Diego County Tax Collection/Administrative expenses, property tax pass-through to the Coronado Unified School District and to the State of California (the residual RPTTF amount which is left over after payment of all other pledges).

Successor Agency Administrative Budget for FY 2025-26

Description	Amount
Personnel	\$ 286,188
Audit Services	10,000
Janitorial Costs	5,891
Utilities - Electricity	19,406
Utilities - Gas	411
Utilities Water	6,040
Rental-Equipment	274
R&M Office Equip	866
R&M Bldg & Structure	3,768
Communications - Telephone	5,710
Postage & Courier Services	2,475
Misc Services & Supplies	1,169
Paper & Preinter Supplies	536
Total Successor Agency Administrative Costs	\$ 342,733

The Administrative Budget and ROPS 2025-26 must be submitted to the Department of Finance (DoF) and the CAC no later than February 1, 2025. A copy of the draft ROPS 2025-26 and the Administrative Budget will be posted on the City's website. SB 107 gives the DoF until April 15, 2025, to make a determination of the enforceable obligations listed on ROPS 2025-26. Within five business days of the DoF's determination, the Successor Agency may request additional review and a meet and confer over any disputed items, except for those items that are the subject of litigation disputing the DoF's previous or related determination.

FISCAL IMPACT:

The ROPS 2025-26 lists all of the remaining obligations of the former Community Development Agency (CDA), including bonded debt, contract obligations, and the administrative costs due during the period July 1, 2025 through June 30, 2026. The ROPS 2025-26 approval is the Successor Agency's claim for the continued receipt of funds from the Redevelopment Property

Tax Trust Fund (RPTTF) in the upcoming period. The total requested ROPS 2025-26 amount is \$28,386,116.

The City's administrative efforts to manage the Successor Agency and the implementation of the dissolution process are paid by an "administrative allowance" which is limited to 3% of actual RPTTF amount received in the preceding year, but no less than \$250,000 per fiscal year unless the permissible maximum annual administrative costs are less than \$250,000. The amount estimated for FY 2025-26 is \$342,733.

SUCCESSOR AGENCY AUTHORITY: Senate Bill 107 (SB 107) requires the Successor Agency to submit the Oversight Board approved annual ROPS for Fiscal Year 2025-26 to the State of California Department of Finance (DoF) and the San Diego County Auditor and Controller (CAC) on a DoF-approved form pursuant to instructions provided by the DoF no later than February 1, 2025. ROPS 2025-26 is subject to DoF review. The DoF may modify, eliminate and/or approve ROPS entries.

ALTERNATIVE:

The Council may direct staff to revise the submitted Administrative Budget and the ROPS for Fiscal Year 2025-26.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not Applicable.

PUBLIC NOTICE:

No notice required.

ATTACHMENTS:

1. Recognized Obligation Payment Schedule 2025-26

Submitted By: Administrative Services Department / John Kim