



AGENDA REPORT

Department: Finance
Prepared by: Janel Pehau, Financial Analyst
Meeting Date: Tuesday, December 2, 2025
Approved by: Alejandro Hernandez, Acting City Manager/Executive Director

SUBJECT:

Recognized Obligations Payment Schedule for Fiscal Year 2026-27 (ROPS 26-27) and Associated Administrative Budget (SUCCESSOR AGENCY)

RECOMMENDATION:

Adopt the Resolution Entitled, "Resolution of the Board of the Successor Agency to the Community Development Commission as the National City Redevelopment Agency, Approving the Recognized Obligation Payment Schedule (ROPS) for the Period July 1, 2026 through June 30, 2027 (ROPS 26-27) with Expenditures Totaling \$3,774,993, Approving the Associated Administrative Budget of \$70,208, and Approving the Submittal of Both to the County of San Diego Countywide Redevelopment Successor Agency Oversight Board."

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

Introduction: On October 21, 2025, via Resolution No. 2025-119, the Successor Agency Board approved the Last and Final ROPS for the National City Successor Agency that spans the period of ROPS 26-27 through ROPS 32-33. On November 20, 2025, the County of San Diego Countywide Redevelopment Successor Agency Oversight Board also approved it and authorized it to be submitted to the State Department of Finance (DOF) for final determination. The DOF has 100 days to complete its review. Because that 100-day review period will not have expired before the February 1, 2026 due date for submitting ROPS 26-27 to DOF, the Successor Agency must also, as a contingency, prepare a regular submission for the ROPS 26-27 period. The ROPS 26-27, attached as Exhibit A, mirrors the first year of the Last and Final ROPS.

Background: Effective February 1, 2012, all Redevelopment Agencies in California were dissolved, and "Successor Agencies" were established to wind down the affairs of the former redevelopment agencies under the direction of oversight boards. Health and Safety Code Section 34177 requires successor agencies to perform a number of functions, one of which is to prepare a Recognized Obligation Payment Schedule (ROPS) before each fiscal period that details the amounts required to be spent and the source of funds for those expenditures. Each successor agency must submit the ROPS to its oversight board for approval, after which it is forwarded for review and approval to the State Department of Finance (DOF), with copies to the County Auditor and Controller and State Controller's Office. The San Diego County Oversight Board will consider the Agency's ROPS 26-27 at its January 15, 2026 meeting. ROPS 26-27 is due to the State Department of Finance (DOF) by February 1, 2026. In addition, successor agencies are required to prepare and submit to the oversight board an administrative budget that details the estimated

administrative costs for each upcoming ROPS period. DOF does not review the administrative budget.

Even though the ROPS covers an entire fiscal year, the standardized form distributed by DOF requires that obligation payment amounts be assigned to either the “A” portion of the fiscal year (July through December) or the “B” portion of the year (January through June). The assignment of expenses to one half or the other of the fiscal year is designed not to restrict when authorized amounts may be spent during the fiscal year, but to facilitate the distribution of redevelopment property tax trust fund (RPTTF) monies, the primary source of funding for the ROPS. These monies are the equivalent of the tax increment revenues that were previously allocated to the former redevelopment agencies. The County of San Diego maintains a separate RPTTF for each successor agency within the county. RPTTF monies are distributed on June 1 and January 2 by the County Auditor and Controller. The June 1 distribution is for expenditures expected to occur during the “A” portion of the upcoming ROPS cycle, while the January 2 distribution provides cash for the second half (“B” portion) of the cycle.

Should changes to the ROPS be necessary after the ROPS has been approved by DOF, each successor agency is allowed to amend it one time per ROPS period. The amendment must be submitted to DOF by October 1, and successor agencies may amend only the amounts requested for payment of approved enforceable obligations that fall within the “B” portion of the year; no new obligations can be created through the amendment process.

ROPS 26-27: The proposed Recognized Obligation Payment Schedule for the July 1, 2026 through June 30, 2027 period (ROPS 26-27) for the National City Successor Agency, attached as Exhibit A, totals \$3,774,993. Of that amount, \$3,498,229 is allocated to the first half of the fiscal year and \$276,764 to the second half of the fiscal year.

The only obligations remaining for the Successor Agency are those related to debt service and administrative costs:

Debt service: In September 2017, all of the Successor Agency’s outstanding tax allocation bonds (Series 1999, 2005B, and 2011) were refunded to reduce future debt service costs on the bonds by an annual average of \$1.0 million through final maturity in August 2032. For the ROPS 26-27 period, debt service payments on the 2017 refunding bonds will total \$3,704,785 (Items 180 – 183). Of note is that the amounts for two of the obligations that have previously been listed separately on the ROPS, items 128 (bond disclosure services) and 162 (trustee fees), at \$4,000 each, have been removed as individual line items and instead incorporated into the administrative cost component that will be paid to the City for services to be provided to the Successor Agency.

Administrative Cost Allowance (ACA) and Administrative Budget: The administrative cost allowance is governed by Health and Safety Code (HSC) section 34171 (b). The Code provides for an ACA that is equal to up to 3% of the authorized RPTTF, excluding amounts for administrative costs and city loan repayments (the “adjusted RPTTF”), with a minimum ACA of \$250,000 annually as long as the \$250,000 does not equal more than 50% of the RPTTF distribution. The National City Successor Agency would qualify for the \$250,000 allowance, but both the Oversight Board and DOF have expressed that where obligations have significantly reduced over time, so should the amount of administrative costs. Based on staff’s analysis of estimated costs to operate the Successor Agency, ROPS 26-27 requests \$70,208 for the ACA. The Administrative Budget, attached as Exhibit B, details the estimated administrative cost expenditures for the ROPS 26-27 period. The primary administrative costs pertain to financial services (provided both internally and by outside vendors) and the execution of the Long-Range Property Management Plan, under which the City is tasked with the disposition of the properties held by the former redevelopment agency at the time of its dissolution.

Report of Cash Balances: Each ROPS submittal includes a report regarding Successor Agency cash balances. The reporting period is for the year that is three years prior to the upcoming ROPS period, so in the case of ROPS 26-27, the report covers the status of the Successor Agency's cash as of the end of ROPS 23-24. The State Department of Finance reviews the Report of Cash Balances and in conjunction with City staff, makes a determination regarding how much of the cash balance is to be applied to the upcoming ROPS in lieu of new RPTTF monies. The Report of Cash Balances indicates an available total of \$61,450 from a combination of Other Funds resources (loan repayments) and unspent RPTTF from ROPS 23-24.

FINANCIAL STATEMENT:

The projected amount of property taxes to be deposited by the County into the National City Successor Agency's RPTTF account for ROPS 26-27 is \$32.8 million. Of this amount, an estimated \$7.7 million would be distributed as pass-through payments to the affected taxing entities (including the City) and to the County for administrative costs. The City's share of the pass-through payments is expected to be approximately \$888,000. Then, after applying \$3.8 million to the expenditures for the items listed on ROPS 26-27, approximately \$21.3 million would remain for distribution to the affected taxing entities as residual balance, of which the City of National City's share would be approximately \$3.9 million.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review. CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

The Agenda Report was posted at least 72 hours before the Regular Meeting date and time, and 24 hours before a Special Meeting in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – National City Annual ROPS Submission 26-27
Exhibit B – ROPS 26-27 Administrative Budget
Exhibit C - Resolution