



Transmitted via e-mail

May 16, 2025

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Riverside City
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Riverside, CA 92522

2025-26 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 11, 2025. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Riverside City Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to Finance on January 31, 2025. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 24, 2025.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 209 – California-Tower Building - Façade Improvement Project in the total outstanding amount of \$5,000,000 is not allowed. Finance continues to deny this item. It is our understanding that currently there is no obligation in place requiring the Agency to fund capital improvements to the leaseback area of the building. During the Meet and Confer process, the Agency contends the Leaseback Agreement, dated April 26, 1994, between the Agency and the California Department of General Services (Agreement) obligates the Agency to make capital improvements to the leaseback area. However, the repair and maintenance clauses in the Agreement do not specifically require these capital improvements. Additionally, the Agreement terminated on October 1, 2024, and the Agreement is pending a 10-year extension option exercised by the Agency. Finally, repair and maintenance expenses for the leaseback area are already funded under Item No. 120. Therefore, this item is not an enforceable obligation, and the requested amount of \$5,000,000 from the Redevelopment Property Tax Trust Fund (RPTTF) is not allowed.

In addition, per Finance's letter dated April 11, 2025, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 120 – Downtown-California Tower - Professional Services in the total outstanding amount of \$275,000 is partially allowed. The Agency provided documentation indicating that the requested amount is for repair and improvement costs required for property upkeep. However, these documents are insufficient as the requested amount is based on estimated costs that would be paid over a ten-year period, which are also requested on Item No. 209. Therefore, of the requested \$275,000, only \$137,500 is allowed based on prior years' actual expenditures, and \$137,500 is not allowed for RPTTF funding.
- On the ROPS 25-26 form, the Agency reported cash balances and activity for the period July 1, 2022 through June 30, 2023 (ROPS 22-23). According to our review, the Agency has approximately \$8,548,163 from Other Funds available to fund enforceable obligations on the ROPS 25-26. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amounts specified below:
 - Item No. 203 – 2018 Series A Tax Allocation Refunding (Tax Exempt) in the amount of \$10,821,531 is partially reclassified. Finance approves RPTTF in the amount of \$2,273,368 and the use of Other Funds in the amount of \$8,548,163, totaling \$10,821,531.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 22-23 period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,165,750, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the January 1, 2026 through June 30, 2026 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 25-26. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 25-26 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 25-26 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Rafael Guzman, Assistant City Manager, Riverside City
Jennifer Baechel, Deputy Auditor-Controller, Riverside County
Veronica Clark, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 11,251,527	\$ 12,779,179	\$ 24,030,706
Administrative RPTTF Requested	274,756	274,756	549,512
Total RPTTF Requested	11,526,283	13,053,935	24,580,218
RPTTF Requested	11,251,527	12,779,179	24,030,706
<u>Adjustment(s)</u>			
Item No. 120	0	(137,500)	(137,500)
Item No. 203	(4,710,383)	(3,837,780)	(8,548,163)
Item No. 209	(2,500,000)	(2,500,000)	(5,000,000)
	(7,210,383)	(6,475,280)	(13,685,663)
RPTTF Authorized	4,041,144	6,303,899	10,345,043
Administrative RPTTF Authorized	274,756	274,756	549,512
ROPS 22-23 Prior Period Adjustment (PPA)	(728,805)	0	(728,805)
Total RPTTF Approved for Distribution	\$ 3,587,095	\$ 6,578,655	\$ 10,165,750