



Transmitted via e-mail

April 13, 2022

Don Kent, Finance Director
Riverside County
4080 Lemon Street, 4th Floor
Riverside, CA 92501

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Riverside County Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 24, 2022. Finance has completed its review of the ROPS 22-23.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 507 – Property Remediation - Mecca Senior Center in the total outstanding obligation amount of \$445,000 is not allowed. The Agency provided a Cost Estimate Summary from Stantec Consulting Services Inc. and Site Assessment letters from the California Regional Water Quality Control Board. However, these documents are insufficient to support the requested amount because they do not identify the Agency as the party responsible to perform the remediation. Therefore, the requested amount of \$60,000 from the Redevelopment Property Tax Trust Fund (RPTTF) is not allowed. To the extent the Agency can provide suitable documentation, such as an order to remediate, to support the requested amount, the item may be considered on a future ROPS.
- On the ROPS 22-23 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$428,159 from Reserve Balances and \$306,697 from Other Funds, totaling \$734,856, available to fund enforceable obligations on the ROPS 22-23. 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 on the next page:

- Item No. 495 – 2017 Housing Bonds Series A in the amount of \$796,050 is partially reclassified. Finance is approving RPTTF in the amount of \$61,194, the use of Reserve Balances in the amount of \$428,159, and the use of Other Funds in the amount of \$306,697, totaling \$796,050.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

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 19-20 period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 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 \$47,287,121, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 22-23. 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.

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The ROPS 22-23 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 22-23 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 Joshua Mortimer, Supervisor, or Mayra Cavazos, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Imelda Delos Santos, Principal Management Analyst, Riverside County
Jennifer Baechel, Property Tax Chief, Riverside County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 15,875,211	\$ 32,650,237	\$ 48,525,448
Administrative RPTTF Requested	873,320	502,851	1,376,171
Total RPTTF Requested	16,748,531	33,153,088	49,901,619
RPTTF Requested	15,875,211	32,650,237	48,525,448
<u>Adjustment(s)</u>			
Item No. 495	(439,025)	(295,831)	(734,856)
Item No. 507	(60,000)	0	(60,000)
	(499,025)	(295,831)	(794,856)
RPTTF Authorized	15,376,186	32,354,406	47,730,592
Administrative RPTTF Authorized	873,320	502,851	1,376,171
ROPS 19-20 prior period adjustment (PPA)	(1,819,642)	0	(1,819,642)
Total RPTTF Approved for Distribution	\$ 14,429,864	\$ 32,857,257	\$ 47,287,121