



Transmitted via e-mail

April 14, 2023

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2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Riverside City Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 31, 2023. Finance has completed its review of the ROPS 23-24.

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

- Item No. 79 – 1994-Series A Tax Exempt Lease Revenue Bonds-Cal Tower. The Agency requested \$2,248,625 from Other Funds in error. According to the debt service schedule, the amount of \$2,192,875 for the July 1, 2023 through December 31, 2023 (ROPS 23-24A) period was incorrect and should be \$2,299,578. In addition, the amount of \$55,750 for the January 1, 2024 through June 30, 2024 (ROPS 23-24B) period was incorrect and should be \$75,888. Therefore, with the Agency's concurrence, Finance made adjustments totaling \$126,841 to increase the amount requested.
- Item No. 80 – 1994-Series B Taxable Lease Revenue Bonds-California Tower. The Agency requested \$369,180 from Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the debt service schedule, the amount of \$179,795 for the ROPS 23-24A period was incorrect and should be \$196,610. In addition, the amount of \$189,385 for the ROPS 23-24B period was incorrect and should be \$229,830. Therefore, with the Agency's concurrence, Finance made adjustments totaling \$57,260 to increase the requested amount.

- Item No. 165 – Agency winding down costs in the requested amount of \$500,000 is not allowed. The Agency claims the funding is needed for staff costs to wind-down the former Redevelopment Agency. To support its request, the Agency provided a letter dated April 5, 2023 describing the project implementation activities relating to the disposition of properties listed on the Agency's Long Range Property Management Plan (LRPMP). The Agency cites HSC section 34171 (b) (5) as the authority for its request. Finance notes the following:
 - HSC section 34171 (b) (5) states that employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs. Finance does not consider staff costs to dispose of Agency property a project implementation activity, but instead activities that should be funded through the Agency's administrative cost allowance.
 - While the activities noted in the Agency's April 5, 2023 letter may be necessary to dispose of the Agency's remaining properties, the Agency did not provide any support for the amounts requested, such as historical wind-down costs or expected activity in the upcoming year. Further, the activities noted are non-recurring in nature and only incurred upon the sale of a property. Finance notes the Agency reports having spent nearly \$5 million in total, or approximately \$500,000 per year, for this obligation since the July 1, 2013 through June 30, 2014 (ROPS 13-14) period. Although the LRPMP was approved over nine years ago and some of the properties have been disposed of pursuant the LRPMP, the Agency's request for property disposition staff costs has remained constant at \$500,000 per year.
 - The Agency's ROPS 23-24 separately lists several Agency owned properties and their associated property maintenance costs. The Agency describes the obligations as "holding cost, appraisal, property maintenance, disposition and staff cost." It is unclear whether the disposition and staff costs approved under these obligations are duplicative to the funding requested under Item No. 165.
 - The Agency receives the maximum amount allowed for their administrative cost allowance. For example, the Agency will receive \$543,360 for administrative costs for the ROPS 23-24 period. The administrative cost allowance is intended to provide the necessary funding to wind-down the affairs of the former redevelopment agency.
 - Finance approved the Agencies LRPMP on March 6, 2014. HSC section 34177 (e) requires Agencies to dispose of properties expeditiously. Failure to dispose of properties expeditiously results in increased holding costs and is contrary to the intent of the dissolution statutes.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 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 \$18,434,315, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 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 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, 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 Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

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

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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.

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Please direct inquiries to Joshua Mortimer, Supervisor, or Mark-Anthony Lacy, Staff, at (916) 322-2985.

Sincerely,



for JENNIFER WHITAKER
Program Budget Manager

cc: Rafael Guzman, Assistant City Manager, Riverside City
Imelda Delos Santos, Countywide Oversight Board Representative/
Principal Management Analyst, Riverside County

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 8,748,709	\$ 11,006,840	\$ 19,755,549
Administrative RPTTF Requested	271,680	271,680	543,360
Total RPTTF Requested	9,020,389	11,278,520	20,298,909
RPTTF Requested	8,748,709	11,006,840	19,755,549
<u>Adjustment(s)</u>			
Item No. 80	16,815	40,445	57,260
Item No. 165	(250,000)	(250,000)	(500,000)
	(233,185)	(209,555)	(442,740)
RPTTF Authorized	8,515,524	10,797,285	19,312,809
Administrative RPTTF Authorized	271,680	271,680	543,360
ROPS 20-21 prior period adjustment (PPA)	(1,421,854)	0	(1,421,854)
Total RPTTF Approved for Distribution	\$ 7,365,350	\$ 11,068,965	\$ 18,434,315

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ICC: Lacy, Mortimer, Stacy, Standing Horse, McCormick, Whitaker

Final Path: LGU\Audits and Review\ROPS 23-24 Letters PDF

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