



Transmitted via e-mail

April 15, 2020

David Welch, Successor Agency Manager
City of Riverside
3900 Main Street, 3rd Floor
Riverside, CA 92522

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Riverside Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 28, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item No. 38 – Mag-Sunnyside & 3441 Central properties in the amount of \$30,000 has been adjusted to \$0. Per discussion with the Agency, it was confirmed that the escrow closed on this property, and this item should be removed from the ROPS. The requested Redevelopment Property Tax Trust Fund (RPTTF) funding is not necessary at this point. Therefore, Finance has adjusted the requested RPTTF funding from \$30,000 to \$0.
- Item Nos. 54 through 60 and 70 through 71 – Property maintenance costs totaling \$250,000 is partially allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on March 6, 2014, and contracts and agreements necessary to maintain assets prior to disposition are allowable. However, it appears the Oversight Board has approved amounts for property maintenance costs that appear excessive. The Agency has been disposing of its properties pursuant to its LRPMP and according to the previous two prior period adjustment (PPA) forms, the Agency has expended less than 10 percent of approved funding. Therefore, with the Agency's concurrence, the originally requested amounts have been reduced by \$225,000 in RPTTF funding. See Attachment for the applicable amount adjusted per item.
- Item No. 197– 2014 Series B Tax Allocation Bonds Refunding (Taxable) debt service. The Agency requested \$147,049 from RPTTF in error. According to the debt service schedule provided by the Agency, the amount requested for the ROPS 20-21 period should be \$201,026. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$53,977 to increase the total requested RPTTF amount of \$147,049 to \$201,026.

- The claimed administrative costs exceed the allowance by \$113,192. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$363,720 for fiscal year 2020-21. Therefore, as noted in the table below, \$113,192 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$12,674,445
Less distributed Administrative RPTTF	(550,441)
RPTTF distributed for 2019-20 after adjustments	\$12,124,004
ACA Cap for 2020-21 per HSC section 34171 (b)	\$363,720
Total ACA for 2020-21	\$476,912
ACA in Excess of the Cap	\$(113,192)

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, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. 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 \$12,990,348, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 of 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 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 Todd Vermillion, Supervisor, or Jeremy Bunting, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Rafael Guzman, Assistant City Manager, City of Riverside
Pam Elias, Chief Accountant Property Tax Division, Riverside County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 6,399,582	\$ 9,430,400	\$ 15,829,982
Administrative RPTTF Requested	194,878	282,034	476,912
Total RPTTF Requested	6,594,460	9,712,434	16,306,894
RPTTF Requested	6,399,582	9,430,400	15,829,982
<u>Adjustments</u>			
Item No. 38	(15,000)	(15,000)	(30,000)
Item No. 54	(9,000)	(9,000)	(18,000)
Item No. 55	(4,500)	(4,500)	(9,000)
Item No. 56	(4,500)	(4,500)	(9,000)
Item No. 57	(15,300)	(15,300)	(30,600)
Item No. 58	(15,300)	(15,300)	(30,600)
Item No. 59	(18,000)	(18,000)	(36,000)
Item No. 60	(15,300)	(15,300)	(30,600)
Item No. 70	(15,300)	(15,300)	(30,600)
Item No. 71	(15,300)	(15,300)	(30,600)
Item No. 197	0	53,977	53,977
	(127,500)	(73,523)	(201,023)
RPTTF Authorized	6,272,082	9,356,877	15,628,959
Administrative RPTTF Requested	194,878	282,034	476,912
Excess Administrative Costs	0	(113,192)	(113,192)
Administrative RPTTF Authorized	194,878	168,842	363,720
ROPS 17-18 prior period adjustment (PPA)	(3,002,331)	0	(3,002,331)
Total RPTTF Approved for Distribution	\$ 3,464,629	\$ 9,525,719	\$ 12,990,348