



October 14, 2012

Mr. Emilio Ramirez, Development Director
City of Riverside
3900 Main Street, 5th Floor
Riverside, CA 92522

Dear Mr. Ramirez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Riverside Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Various items in the amount of \$13.1 million of bond proceeds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The following items had no contracts in place prior to June 27, 2011, and therefore are not enforceable obligations.

Item	Project Name	Total Outstanding Debt
9	BNSF Quiet Zones	\$ 159,908
16*	Arlington Park Childcare	4,500,000
25	BNSF Quiet Zones	327,469
28*	Villegas Park Improvements	3,200,000
125	BNSF Quiet Zones	351,066
154*	Camp Anza Officers Club	1,800,000
155*	Camp Anza Officers Club	266,760
156	Collett Street Expansion	2,500,000
	Total Amount	\$13,105,203

*Based on review of additional information provided with the Agency's appeal letter, the items remain denied as enforceable obligations.

- Various items – City Loans in the amount of \$19.1 million of Redevelopment Property Tax Trust Fund (RPTTF) and bond proceeds. HSC section 34171 (d) (2) states that loans between the City that created the redevelopment agency (RDA) and the successor

agency are not enforceable obligations. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

Item	Project Name	Fund Source	Total Outstanding Debt
84*	City loan entered into on April 1, 2008	RPTTF	\$ 167,191
87*	City loan entered into on August 1, 2009	RPTTF	4,429,072
88	City loan entered into on September 1, 2010	RPTTF	1,260,456
89	City Riverside Public Utilities reimbursement agreement entered into on March 1, 2011	RPTTF	1,083,033
90	City Riverside Public Utilities Reimbursement Agreement entered into on March 1, 2011 - Dwntwn	RPTTF	7,284,003
91*	City loan entered into on May 1, 2007 - Dwntwn	RPTTF	4,343,216
137	Gould and Gramercy Street Improvements	Bond	500,000
138	Gould and Gramercy Street Improvements	Bond	40,109
139	Gould and Gramercy Street Improvements	Bond	750
	Total Amount		\$19,107,830

*Based on review of additional information provided with the Agency's appeal letter, items remain denied as enforceable obligations.

- Administrative costs claimed for RPTTF exceed the allowance by \$292,477. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Additionally, items 162, 163, and 166 were reclassified as administrative costs.

Amount administrative costs for fiscal year 2012-13	\$ 943,414
Administrative costs claimed for July through December 2012	503,706
Administrative costs claimed for January through June 2013	732,815
Overage	\$ 292,477

Except for items denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you 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 at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$15,118,244 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 19,927,171
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 84	167,191
Item No. 87	200,755
Item No. 88	54,803
Item No. 89	45,124
Item No. 90	303,176
Item No. 91	4,343,216
Item No. 162**	35,000
Item No. 163**	25,000
Item No. 166**	75,000
Total approved RPTTF for enforceable obligations	<u>\$ 14,677,906</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>440,338</u>
Total RPTTF approved:	\$ 15,118,244

** Reclassified as administrative cost

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 16,769,212
Total RPTTF for the period January through June 2013	14,677,906
Total RPTTF for fiscal year 2012-13:	\$ 31,447,118
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	943,414
Administrative allowance for the period of July through December 2012	503,076
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 440,338

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

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Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Al Zelinka, Community Development Director, City of Riverside
Ms. Pam Elias, Chief Accountant, Property Tax Division, Riverside County
Auditor Controller