



City of Arts & Innovation

Successor Agency to the Redevelopment Agency of the City of Riverside

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 10, 2024

FROM: COMMUNITY & ECONOMIC DEVELOPMENT WARDS: ALL
DEPARTMENT

SUBJECT: RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2025,
THROUGH JUNE 30, 2026

ISSUE:

Recommend that the Countywide Oversight Board adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the expenditures of July 1, 2025, through June 30, 2026 (ROPS 25-26).

RECOMMENDATIONS:

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) approving the ROPS 25-26 (Attachment 2);
and
2. Recommend that the Countywide Oversight Board adopt a separate resolution approving the same ROPS 25-26 for the Department of Finance's final consideration and approval.

BACKGROUND:

In 2016, Health and Safety Code Section 34177 requires the Successor Agency to the Redevelopment Agency of the City of Riverside (Successor Agency) to prepare an annual ROPS for each fiscal year. It stipulates that each ROPS must include the amount and funding source for all the Successor Agency's enforceable obligations. The first annual ROPS was due to the Department of Finance (DOF) on February 1, 2016.

The draft ROPS presented today includes all enforceable obligations required for the ROPS 25-26 year pursuant to Health and Safety Code Section 34186(a). The variance between the estimated enforceable obligations and actual payments will be offset by the Redevelopment Property Tax Trust Fund (RPTTF) next distribution for the period of July 1, 2025, through June 30, 2026.

DISCUSSION:

In 2018, Senate Bill 107 (SB 107) necessitated the appointment of the Countywide Oversight Board.

It is required that the Countywide Oversight Board approval and submittal of the ROPS 25-26 to the DOF be completed by February 1, 2025. Furthermore, the draft ROPS must be submitted to the County Administrative Officer, the County Auditor-Controller, and the DOF for review at the same time that the Successor Agency submits it to the Countywide Oversight Board for approval.

Funding for the ROPS 25-26 enforceable obligations will come first from the RPTTF, which is administered by the County Auditor-Controller, and secondly from bond funds and cash on hand.

There is one new line added to the ROPS 25-26. Line 209 is a request for \$5,000,000 for the proposed façade improvement of the California Tower building at 3737 Main Street.

The Property

Located adjacent to the National Historic Landmark Mission Inn Hotel and Spa in downtown is a retail/restaurant and office building, commonly known as the “California Tower”.

In 1993, this property was vacant. To ensure the continued vitality of the Main Street Pedestrian Mall, which benefits the city and its residents while retaining the viability of small local businesses, the former Redevelopment Agency of the City of Riverside (RDA) purchased this vacant property.

Leases Between RDA and DGS

In 1994, during the renovation of the property, the RDA entered into a Lease Agreement with the State Department of General Services (DGS). The RDA leased to DGS the 11-story building with approximately 160,000-square-foot office tower and 22,400 square feet of ground floor retail and office space (Ground Floor) for a term of 30 years (Lease Agreement). Concurrently, both entities also entered into a Leaseback Agreement in which the RDA leased back from DGS the Ground Floor for the same term of 30 years (Leaseback Agreement). Both leases expired on October 1, 2024.

The Lease and Leaseback Agreements key provisions include:

- **Option to Purchase:** the DGS may assume ownership of the California Tower for \$1 on October 1, 2024.
- **Option to Extend:** the RDA may extend the Leaseback Agreement until September 30, 2034 and is responsible for the operation, maintenance and repairs, leasing, and funding of tenant improvements associated with the Ground Floor.

Property Transfer Status

On December 19, 2023, the City Council approved the transfer of the property to DGS and the extension of the Leaseback Agreement for an additional 10 years, until September 30, 2034. On January 18, 2024, the Countywide Oversight Board approved the same.

On August 24, 2024, DGS provided a notice of its intent to purchase the property and is currently conducting its due diligence on the transfer as approved in the Successor Agency's Long-Range Property Management Plan. Implementation of the transfer is pending a Purchase and Sale Agreement (PSA) and First Amendment to the Leaseback Agreement (Amended Leaseback), which are being drafted by DGS for review by the Successor Agency. Once these agreements are finalized by both entities, staff will return to the City Council and the Countywide Oversight Board for ratification prior to transferring the property to DGS.

Façade Improvement Opportunity

With a population of more than 300,000, the City of Riverside (City) is ranked as the 12th largest City in California and 6th largest in Southern California. Riverside buzzes with an array of nationally recognized and regionally distinctive destinations delighting people of diverse interests, age groups and lifestyles by providing a mix of popular venues for dining, shopping, entertainment and socializing.

Downtown Riverside is destination with attractions oriented toward arts and culture, including the Historic Mission Inn Hotel and Spa, Mission Inn Museum, the Riverside Metropolitan and Art Museums, the University of California – Riverside Arts Block, Culver Center for the Arts, the Fox Performing Arts Center, Downtown Pedestrian Mall, and the Municipal Auditorium. Special events in downtown include the annual Festival of Lights, which includes holiday decorations with more than three million lights along Mission Inn Avenue, ice skating, horse-drawn carriage rides, and live entertainment. The Festival of Lights runs from late November through early January and draws an estimated 250,000 people to downtown. Other popular downtown events include, but are not limited to, the Lunar Festival, Mission Inn Run, Black History Month Parade, Dickens Festival, and Show n' Go.

The downtown area is amid transformation with new projects and investment as part of the Riverside Renaissance initiative, including a \$1.57 billion program to improve infrastructure and quality of life in Riverside. This effort represents a significant investment in the quality and pride of the City and has ensured that Riverside is a city of choice for generations to come, as well as a catalyst for private investment. As a result of the initiative, Riverside has become a more-attractive location for new job, retail, and entertainment opportunities, all of which enhance the wealth of the community and ensure Riverside's position as the economic, governmental and cultural capital of the Inland Empire region.

Over the years, both the former RDA and City have promoted the revitalization of commercial properties within the downtown area. The rehabilitation and reopening of the Fox Performing Arts Theater and the recent opening of the Mark have resulted in a resurgence of the downtown commercial district. Additional opportunities exist to expand the momentum of economic rejuvenation to other surrounding properties, including the rehabilitation of an outdated façade of the California Tower building, which is on the same street as the Fox Theater and the Mark.

Project Scope Of Work

Since the last renovation of the property took place 30 years ago, the California Tower building has been in dire need of a facelift. Therefore, it has been identified as an opportunity for rehabilitation while preserving the needs of retail/restaurant and office presence in downtown.

With the elimination of the former RDA, the City's goal regarding this endeavor is to shepherd the proposed façade improvement project that has been contemplated over a decade ago (Project). Attachment 3 shows conceptual renderings that were commissioned in 2010 and 2018.

These drawings show alternatives for the façade enhancement of the California Tower building and represent potential opportunities for consideration.

Under the oversight of the Successor Agency, completion of the Project will improve the image of the California Tower Ground Floor, promote an active, lively and visually attractive image of downtown, establish sign standards necessary to ensure coordinated proportional exposure for all tenants occupying the Ground Floor of the property, and develop remedies for the on-going ADA issues.

The Ground Floor is comprised of approximately 12,000 square feet of retail/restaurant space, which includes an outdoor food court area, and approximately 10,000 square feet of office space fronting the Main Street Pedestrian Mall.

For implementation of the Project, the Successor Agency is seeking a new line 209 in the amount of \$5,000,000. With approval from the City Council and Countywide Oversight Board, the Project will be implemented by the Successor Agency in two phases. Phase 1 will include the preparation of architectural drawings based on the selection of one of the attached schematic renderings for the planned façade renovation, the development of a sign design program for the Ground Floor, and the identification of ADA issues with proposed remedies. Phase 2 will be construction of the Project.

In accordance with SB 107, once the Countywide Oversight Board approves the ROPS 25-26, it will be submitted to the County Controller's Office, the State Controller's Office, and the DOF. Additionally, the approved ROPS will be posted on the Successor Agency website.

STRATEGIC PLAN ALIGNMENT:

The draft ROPS contributes to **Strategic Priority 3 – Economic Opportunity** and **Goal 3.4: Collaborate with key partners to implement policies and programs that promote local business growth and ensure equitable opportunities for all.**

Approval of the draft ROPS 25-26 also aligns with each of the following five Cross-Cutting Threads as follows:

1. **Community Trust:** Approving the draft ROPS in a public forum demonstrates that Riverside is committed to community trust. For transparency purposes, the draft ROPS will be certified by an external audit, which is overseen by the County Auditor-Controller's Office. The approved ROPS will be submitted to the County Auditor-Controller, State Controller's Office and DOF for review and approval, and the approved ROPS will be posted on the Successor Agency website for easy access by the public.
2. **Equity:** Approving the draft ROPS demonstrates that Riverside is committed to equal access and equity for the benefit of Riverside residents. The draft ROPS comprises of real estate properties and economic development projects, which represent redevelopment opportunities throughout the City for the betterment of residents, visitors, and businesses.
3. **Fiscal Responsibility:** Approving the draft ROPS demonstrates that Riverside is committed to fiscal responsibility. To preserve the City's General Fund, staff have requested sufficient funding on the draft ROPS to pay for economic development

projects, property maintenance, and related costs; therefore, the City's General Fund will not be impacted by the ROPS.

4. **Innovation:** Approving the draft ROPS demonstrates that Riverside is committed to innovation. The draft ROPS funds innovative economic development projects, which will provide investment to the City and produce a positive impact to residents, visitors, and businesses.
5. **Sustainability and Resiliency:** Approving the draft ROPS demonstrates that Riverside is committed to sustainability and resiliency. The draft ROPS includes funding for economic development projects, which promotes sustainable communities while encouraging community engagement and resiliency for the overall health and well-being of all Riverside residents.

FISCAL IMPACT:

There is no fiscal impact associated with this report to the City since expenditures (including funding for the proposed façade improvement project for the California Tower building) will come from the RPTTF, bond funds, and cash on hand.

Prepared by: Kaitlyn Nguyen, Senior Project Manager
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Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Mike Futrell, City Manager
Approved as to form: Jack Liu, Interim City Attorney

Attachments:

1. Resolution
2. ROPS 25-26
3. California Tower Façade Improvement Conceptual Drawings