



*City of Arts & Innovation*

# Successor Agency to the Redevelopment Agency of the City of Riverside

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**TO:** HONORABLE MAYOR AND CITY COUNCIL      **DATE:** JANUARY 6, 2026

**FROM:** COMMUNITY & ECONOMIC DEVELOPMENT      **WARDS:** ALL  
DEPARTMENT

**SUBJECT:** RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2026,  
THROUGH JUNE 30, 2027

## **ISSUE:**

Recommend that the Countywide Oversight Board adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the expenditures of July 1, 2026 through June 30, 2027 (ROPS 26-27).

## **RECOMMENDATIONS:**

That the Successor Agency:

1. Adopt the attached resolution (Attachment 1) approving the ROPS 26-27 (Attachment 2); and
2. Recommend that the Countywide Oversight Board adopt a separate resolution approving the same ROPS 26-27 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 26-27 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, 2026, through June 30, 2027.

## **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 26-27 to the DOF be completed by February 1, 2026. 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 26-27 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 26-27. Line 209 is a request for \$1,942,454.00 for proposed Ground Floor repairs of 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.

As of December 11, 2026 Successor Agency and DGS have drafted terms of building transfer and leaseback of Ground Floor in a Purchase Acquisition Agreement. Both parties are working cooperatively and are committed to finalizing transaction by Spring 2026.

Once these agreements are finalized by both entities, staff will return to the City Council, the Countywide Oversight Board and the DOF for ratification prior to transferring the property to DGS.

### Operational Needs

Since the last renovation of the property took place 30 years ago, the California Tower building has been in dire need of building system upgrades. A comprehensive upgrade to the building's HVAC, roofing, and Americans with Disabilities Act (ADA)-related elements is required to mitigate risk, address deferred maintenance and extend the useful life of the facility.

The existing HVAC infrastructure has exceeded its expected service life and is increasingly unreliable. Of the seven (7) rooftop HVAC units serving the building, six (6) units are more than sixteen years old and have reached the end of their useful life. These units present a heightened risk of failure, increased maintenance costs and reduced energy efficiency. While one newer 20-ton unit on the south roof was installed approximately five years ago, it is recommended that this unit be replaced concurrently with the remaining units to ensure system compatibility, operational uniformity and coordinated lifecycle management across the facility. Replacing all units as part of a single project reduces long-term maintenance complexity and avoids future phased disruptions.

Roofing repairs are also necessary to address active leaks and deterioration. Further evaluation has identified broader repair needs, particularly on the northerly portion of the roof, which exhibits more significant deterioration. Observed conditions include corrosion caused by HVAC condensate discharge, failed or broken seals, roof drains requiring lowering and re-sealing, and degradation of the existing roof coating. These deficiencies compromise the integrity of the building envelope and, if left unaddressed, risk further damage and interior impacts.

In addition, ADA-related improvements are required to maintain compliance with accessibility standards. The current allowance for ADA path-of-travel improvements, signage, and miscellaneous corrective measures was developed based on a conceptual-level review. Incorporating these improvements into the broader building system upgrades provides an opportunity to address accessibility holistically while minimizing redundant construction and cost escalation.

For implementation of the Project, the Successor Agency is seeking a new line 209 in the amount of \$1,942,454. With approval from the City Council, the Countywide Oversight Board, and the DOF, the Project will be implemented by the Successor Agency.

In accordance with SB 107, once the Countywide Oversight Board approves the ROPS 26-27, 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.

**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: Benjamin Morales, Real Property Services Manager  
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Certified as to availability of funds: Kristie Thomas, Chief Financial Officer  
Approved by: Mike Futrell, City Manager  
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution
2. ROPS 26-27