



*City of Arts & Innovation*

# News Release

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## **City of Riverside Wins Battle With State Over \$17 Million In Disputed Funds**

RIVERSIDE, Calif. – Riverside will receive full repayment of \$17 million in loans it made to its former redevelopment agency after the state finally conceded the legitimacy of the loans made over several years.

The state Department of Finance had previously disputed whether the loans were eligible to be repaid, but it reversed itself as part of Gov. Brown’s May Revise to the state budget, which was released on Thursday. The decision ends the state’s effort to overturn a 2013 court ruling in Riverside’s favor and came days after another court ruling in Riverside’s favor earlier this week.

“This development ensures that Riverside will be made whole,” Mayor Rusty Bailey said. “I commend city staff for remaining relentless on behalf of Riverside residents and business owners.”

The development is the latest in the ongoing process of shutting down former redevelopment agencies and moving their assets to successor agencies for sale and development. That process was made necessary by the 2011 decision by the state, during difficult economic times, to eliminate redevelopment in California.

As recently as last month, Mayor Bailey testified in Sacramento against a “trailer bill” to the budget that would have allowed the Department of Finance to change rules for dealing with such agreements. Earlier this week, the Third District Court of Appeal also ruled in Riverside’s favor.

In a letter received by the City on Thursday, the state Department of Finance reversed its earlier position in the letter and said it no longer would seek to void such agreements.

“This is excellent news for the City of Riverside especially, but also for cities around California that are seeking to complete an orderly and fiscally responsible wind-down of their former redevelopment agencies,” said Interim Community and Economic Development Director Emilio Ramirez.