City of Culver City, California

Agenda Item Report

Meeting Date: _03/14/11_	Item Number: JC-3
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: FOUR FIFTHS VOTE REQUIREMENT - Approve Budget Amendments Related to Transfer of Cash Assets from the Redevelopment Agency to the City.	
Contact Person/Dept.: Jeff Muir/Finance	Phone Number: 310-253-6006
Fiscal Impact: Yes [X] No []	General Fund: Yes [X] No []
Public Hearing: [] Action Item: []	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: _______________
Public Notification: (Email) Meetings and Agendas – City Council and Redevelopment Agency (03/10/11); (Email) Ongoing Topics – Fiscal and Budget Issues (03/10/11)	
Department Approval: Jeff Muir	Agency General Counsel Approval: Murray Kane (03/10/11) City Attorney Approval: Carol Schwab (by H. Baker) (03/10/11)
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (03/10/11)	City Manager/Executive Director Approval: John M. Nachbar (03/10/11)

RECOMMENDATION:

Staff recommends the City Council and Redevelopment Agency Board (Agency Board) adopt the proposed budget amendments related to the transfer of Agency assets under various agreements approved by the City Council and Agency Board.

City budget amendments require a 4/5^{ths} vote.

BACKGROUND/DISCUSSION:

As a result of the governor's proposal to eliminate redevelopment agencies throughout the State, the Agency Board has been taking various actions to transition activities of the Agency to the City in order to implement the Redevelopment Plan, to create affordable housing, and redevelop, revitalize and/or eliminate blight in the Project Areas as set forth in the Cooperation Agreement dated December 15, 2009, as amended by the Implementing Agreement approved on January 15, 2011, the Cooperation Agreement dated January 15, 2011, as amended by a First Amendment to Cooperation Agreement dated February 22, 2011, the Cooperation Agreement dated February 22, 2011, and related implementing documents (collectively the "Cooperation Agreements").

On Monday, March 7, 2011, the Agency Board adopted a resolution exercising the Agency's option under prior approved agreements to transfer all of its assets and obligations to the City of Culver City and use the Agency's assets on hand to prepay its payment obligations to the City under the Cooperation Agreements.

In order to account for the transfer of assets from the Agency to the City, the Chief Financial Officer will set up new Special Revenue Funds for the City. At a minimum, the City will need to establish a fund ("Operations Fund") to account for assets transferred to the City related to activities included in the Agency Board Adopted Budget for Fiscal Year 2010/2011 (including Housing), such as administrative costs for current staffing costs paid to the City, programming costs for Agency and Housing sponsored programs and events, and operating and maintenance costs for Agency and Housing assets transferred to the City under the aforementioned agreements. The City will also need to establish a fund ("Capital Fund") to account for assets transferred to the City as prepayment for projects identified in the various agreements. Additional Special Revenue Funds may be necessary to separately track tax exempt bond proceeds and Housing Set Aside funds. The staff proposal authorizes the City Manager/Executive Director and Chief Financial Officer to create all necessary funds and take any additional related actions to effectuate the transfer and appropriate accounting thereof.

Consequently, staff is recommending a number of City and Agency budget amendments related to the approved agreements (see proposed amendments below). If approved, staff will assign appropriate fund numbers and set up all related accounts within each fund.

Redevelopment Agency Amendments:

A. Increase "Transfer out to Operations Fund" by $6,457,724; and
B. Increase "Transfer out to Capital Fund" by $95,000,000.

City Amendments for New Operations Fund:

A. Increase "Transfer in from Redevelopment Agency" by $6,457,724; and
B. Appropriate $6,457,724in expenditures in the Operations Fund to fund activities included in the Agency Board Adopted Budget for Fiscal Year 2010/2011.

City Amendments for New Capital Fund:

A. Increase "Transfer in from Redevelopment Agency" by $95,000,000; and
B. Appropriate $22,551,746 in expenditures in the Capital Fund to fund the Capital Projects included in the various agreements and the Agency Board Adopted Budget for Fiscal Year 2010/2011, as follows:

- Adams Blvd Improvements: $100,000
- Globe Ave Properties: $2,550,870
- Hayden Tract Improvements: $2,307,547
- Irving Place: $580,000
- Parking Participation: $1,362,981
- Public Works Street Improvements: $1,239,057

- Public Facility Improvements: $200,000
- Seismic Rehab: $1,000,000
- Sepulveda Blvd AIP and MTA Grant: $381,563
- Smiley/Blackwelder Improvements: $967,400
- Town Plaza Expansion: $3,248,069
- Washington Blvd AIP Phase 1: $545,555
- Washington Blvd AIP Phase 2: $541,727
- Washington Blvd AIP Phase 3: $552,500
- Washington/Centinela Parking: 409,892
- Washington/National Coop Agreement: $2,000,000
- Washington/National Infrastructure: $4,564,585

City budget amendments require a 4/5ths vote.

The remainder of the funds in the Capital Fund will be appropriated by City Council through the budget process.

Since there is still some uncertainty related to how these funds will need to be tracked, staff is recommending that City Council authorize the City Manager/Executive Director and Chief Financial Officer (CFO) the authority to create additional funds as necessary and administratively transfer budget appropriations between funds. If granted, the City Manager/Executive Director and the CFO will not have authority to increase the total appropriation amount above what is being proposed, they will only have the authority create additional Special Revenue Funds and move appropriations between funds as required to implement this actions and the transactions approved by the City Council and Agency Board via approval of the various agreements.

FISCAL ANALYSIS:

In total, the Agency is transferring approximately $100 million in cash and accounts receivable to the City. The recommended budget amendments outlined in this report will provide the budget authority necessary for the City to meet the obligations outlined in the various agreements and the Agency Board Adopted Budget for Fiscal Year 2010/2011 Budget.

ATTACHMENTS:

None

MOTION:

That the City Council:

Approve the following budget amendments:

A. Increase “Transfer in from Redevelopment Agency” to Operations Fund by $6,457,724; and

B. Appropriate $6,457,724in expenditures in the Operations Fund to fund activities included in the Agency’s FY 2010-11 Adopted budget; and

C. Increase “Transfer in from Redevelopment Agency” to the Capital Fund by $95,000,000; and

D. Appropriate $100,000 in the Capital Fund for Adams Blvd Improvements; and

E. Appropriate $2,550,870 in the Capital Fund for Globe Ave Properties; and

F. Appropriate $2,307,547 in the Capital Fund for Hayden Tract Improvements; and

G. Appropriate $580,000 in the Capital Fund for Irving Place; and

H. Appropriate $1,362,981 in the Capital Fund for Parking Participation; and

I. Appropriate $1,239,057 in the Capital Fund for Public Works Street Improvements; and

J. Appropriate $200,000 in the Capital Fund for Public Facility Improvements; and

K. Appropriate $1,000,000 in the Capital Fund for Seismic Rehab; and

L. Appropriate $381,563 in the Capital Fund for Sepulveda Blvd AIP and MTA Grant; and

M. Appropriate $967,400 in the Capital Fund for Smiley/Blackwelder Improvements; and

N. Appropriate $3,248,069 in the Capital Fund for Town Plaza Expansion; and

O. Appropriate $545,555 in the Capital Fund for Washington Blvd AIP Phase 1; and

P. Appropriate $541,727 in the Capital Fund for Washington Blvd AIP Phase 2; and

Q. Appropriate $552,500 in the Capital Fund for Washington Blvd AIP Phase 3; and

R. Appropriate $409,892 in the Capital Fund for Washington/Centinela Parking; and

S. Appropriate $2,000,000 in the Capital Fund for Washington/National Coop Agreement; and

T. Appropriate $4,564,585 in the Capital Fund for Washington/National AIP.

<u>And</u>

<u>Authorize the City Manager/Executive Director and Chief Financial Officer to create additional Special Revenue Funds and administratively transfer appropriations between Special Revenue Funds, if necessary, as needed to implement this action and the various agreements.</u>

A budget amendment requires 4/5^{ths} vote

That the Agency Board:

<u>Approve the following budget amendments:</u>

A. Increase “Transfer out to Operations Fund” by $6,457,724; and

B. Increase “Transfer out to Capital Fund” by $95,000,000.