

**City of Culver City, California
Agenda Item Report**

Meeting Date: <u>04/11/2011</u>		Item Number: <u>JC-2</u>
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: FOUR-FIFTHS VOTE REQUIREMENT - Approval of Budget Amendments Related to Transfer of Assets and Obligations from the Redevelopment Agency to the City.		
Contact Person/Dept.: Jeff Muir/Finance		Phone Number: 310-253-6006
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐
Public Hearing: ☐	Action Item: ☐	Attachments: ☐
Commission Action Required: Yes ☐ No ☒		Date: _____
Public Notification: (Email) Meetings and Agendas – City Council and Redevelopment Agency (04/06/11); (Email) Ongoing Topics – Fiscal and Budget Issues (04/06/11)		
Department Approval: Jeff Muir (04/04/11)	City Attorney Approval: Carol Schwab (by H. Baker) (04/05/11) Agency General Counsel Approval:	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (04/06/11)	City Manager/Executive Director Approval: John M. Nachbar (04/06/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council and Agency Board adopt the proposed budget amendments. City budget amendments require a 4/5th vote. <u>BACKGROUND/DISCUSSION:</u> As a result of the governor's proposal to eliminate redevelopment agencies throughout the State, the City Council and Agency Board have been taking various actions to transition activities of the Agency to the City in order to implement the Redevelopment Plan, create affordable housing, 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 (the "Cooperation Agreements"). On Monday, January 15, 2011, the Agency Board and City Council approved a Purchase Agreement to transfer ownership of the Cardiff Parking Structure (3846 Cardiff Ave) from the City to the Agency for \$14,000,000.		

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On Monday, February 28, 2011, the Agency Board approved Purchase Agreements (and related Agency budget amendments) with Melvin Segal for properties located at 8910-12, 8914, 8916-18 Venice Blvd and with Bob and Ben Kalmuk for the property located at 8930 Venice Blvd.

On Monday, March 7, 2011, the Agency Board approved the following actions:

- A. Purchase Agreements (and related Agency budget amendments) with Bill Feldman for the property located at 8906 Venice Blvd, with the Rhodes Family for the property located at 8926 Venice Blvd, and with the Dawson Family for the property located at 8936 Venice Blvd;
- B. A Letter of Commitment and Purchase Option Agreement (and a related Agency budget amendment) between the Culver City Redevelopment Agency and the Los Angeles Housing Partnership, L.P. (LAHP) to be funded from Low/Moderate Income Housing Funds;
- C. A Memorandum of Understanding and Purchase and Sale Agreements with property owners in the Hayden Tract area to fund parking improvements in the Hayden Tract – Spur area and eventual sale of the improved parking spots to property owners. An Agency budget amendment of \$1,050,000 from 2011 Taxable Bond Funds was approved to fund the improvements; and
- D. A resolution approving certain actions related to the transfer of assets and obligations of the Agency to the City to meet existing Agency obligations set forth in cooperation, implementing, and other agreements with the City. Consequently, all of the Agency's financial assets were transferred to the City. To account for this transfer of assets, staff set up a number of new Special Revenue Funds for the City.

On Monday, March 14, 2011, the Agency Board and City Council adopted resolutions assigning any and all outstanding Redevelopment Agency agreements and contracts, including the aforementioned Purchase Agreements, to the City.

This progression of actions ultimately resulted in the need to appropriate assets transferred from the Agency to the City in newly created Special Revenue Funds to meet these new obligations of the City. A budget amendment appropriating the transfer of assets from the Agency to the City as well as a budget amendment re-appropriating many of the expenses formerly appropriated in the Redevelopment Agency was approved on Monday, March 14, 2011.

In reviewing the actions taken in February and March, the Finance Department has identified a number of additional budget amendments that are required to fully implement the obligations that have been assigned to the City and transfer prior Agency budget appropriations to the City. Consequently, the following City and Agency budget amendments are recommended:

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Redevelopment Agency budget amendments:

- A. Reduce Washington/National Sites (55092620) by \$12,101,600 from unrestricted tax increment funds for the purchase of the Kalmuk, Feldman, Dawson, and Rhodes properties; and
- B. Reduce Washington/National Sites (58592620) by \$6,100,000 from 2011 taxable bond funds for the purchase of the Segal property; and
- C. Reduce Low/Moderate Income Housing Fund (55497500) appropriation for the LAHP purchase agreement by \$15,400,000; and
- D. Reduce Hayden Tract Improvements (58594110) by \$1,050,000 from 2011 taxable bond funds for the approved Hayden Tract – Spur parking improvements; and
- E. Appropriate \$14,020,000 in 2011 taxable bond funds – Property Acquisition (58596000) for the purchase of Cardiff Parking Structure from the City.

City budget amendments:

- A. Appropriate \$4,875,000 in Washington/National Sites, Cooperation Agreements – Unrestricted Capital Fund (48592620) for the purchase of the Kalmuk and Dawson; and
- B. Appropriate \$13,500,000 in Washington/National Sites, Cooperation Agreements – 2011 Taxable Bonds Fund (48992620) for the purchase of the Feldman, Rhodes and Segal properties; and
- C. Appropriate \$15,400,000 in Property Acquisition, Low/Moderate Income Housing Fund (48297500) for the LAHP purchase agreement; and
- D. Appropriate \$1,050,000 in Hayden Tract Improvements, Cooperation Agreement - 2011 Taxable Bond Funds (48994110) for approved Hayden Tract – Spur parking improvements; and
- E. Appropriate \$14,020,000 in Land Sale Proceeds (10115100) for the sale of the Cardiff Parking Structure to the Agency.

Additional City budget amendments to appropriate existing projects in the Cooperation Agreement Fund:

- A. Appropriate \$976,573 in expenditures to fund the Capital Projects included in the Cooperation Agreements and the Agency Board Adopted Budget for Fiscal Year 2010/2011, as follows:
 - Washington/National Specific Plan (48692660): \$300,000
 - Town Plaza Maintenance (48592700): \$69,683
 - Pedestrian Intersection Improvement (48693505): \$75,000
 - Plunge Locker Room (48793600): \$94,196
 - Housing Property Acquisition (48297500): \$110,317
 - W. Washington Residential Rehab (48298300): \$300,000
 - Mid-Washington Opportunity Sites – Tilden Terrace (48592650): \$27,377

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Additional City budget amendments to appropriate operating revenue to the new Special Revenue Funds per the assignment agreement approved on March 14, 2011:

- B. Appropriate \$1,502,638 in revenues as follows:
- Parking Lot Revenues: \$17,750
 - Parking Structure Revenues: \$360,165
 - Film Parking Revenue: \$23,427
 - Farmers Market: \$27,143
 - Pacific Theater Revenues: \$643,319
 - Grant Revenue: \$12,000
 - Interest Income (Unrestricted): \$47,602
 - Interest Income (Bonds): \$183,576
 - Interest Income (Housing): \$149,656
 - Rent (Housing): \$38,000

City budget amendments require a 4/5th vote.

FISCAL ANALYSIS:

The recommended budget amendments outlined in this report will provide the budget authority necessary for the City to meet the obligations approved by the City Council and Agency Board. All of these budget amendments, including the revenue amendments, have already been approved by the Agency Board, except the amendment related to the Cardiff Parking Structure, and simply represent transferring the appropriation from the Agency to the City in accordance with the assignment of the Agency's assets and obligations to the City.

Approval for the Cardiff Parking Structure Purchase Agreement did not include a corresponding budget amendment as funding for this purchase had not been identified at that time. Subsequent to approval of the Purchase Agreement, the Agency sold taxable bonds and received sufficient proceeds to fund the Purchase Agreement. Therefore, a budget amendment appropriating 2011 Taxable Bond funds for the Cardiff Parking Structure Purchase Agreement is being recommended at this time.

ATTACHMENTS:

None

MOTION:

That the City Council:

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Approve the following budget amendments:

- A. Appropriate \$4,875,000 in Washington/National Sites, Cooperation Agreements – Unrestricted Capital Fund (48592620) for the purchase of the Kalmuk and Dawson; and
- B. Appropriate \$13,500,000 in Washington/National Sites, Cooperation Agreements – 2011 Taxable Bonds Fund (48992620) for the purchase of the Feldman, Rhodes and Segal properties; and
- C. Appropriate \$15,400,000 in Property Acquisition, Low/Moderate Income Housing Fund (48297500) for the LAHP purchase agreement; and
- D. Appropriate \$1,050,000 in Hayden Tract Improvements, Cooperation Agreement - 2011 Taxable Bond Funds (48994110) for approved Hayden Tract – Spur parking improvements; and
- E. Appropriate \$14,020,000 in Land Sale Proceeds (10115100) for the sale of the Cardiff Parking Structure to the Agency; and
- F. Appropriate \$976,573 in expenditures to fund the Capital Projects included in the Cooperation Agreements and the Agency's FY 2010-11 Adopted budget, as identified in this staff report; and
- G. Appropriate \$1,502,638 in revenues to the new Special Revenue Funds, as identified in this staff report

AND

Authorize the Chief Financial Officer to create additional Special Revenue Funds and administratively transfer appropriations between Special Revenue Funds, if necessary.

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

That the Agency Board:

Approve the following budget amendments:

- A. Reduce Washington/National Sites (55092620) by \$12,101,600 from unrestricted tax increment funds for the purchase of the Kalmuk, Feldman, Dawson, and Rhodes properties; and

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- B. Reduce Washington/National Sites (58592620) by \$6,100,000 from 2011 taxable bond funds for the purchase of the Segal property; and
- C. Reduce Low/Moderate Income Housing Fund (55497500) appropriation for the LAHP purchase agreement by \$15,400,000; and
- D. Reduce Hayden Tract Improvements (58594110) by \$1,050,000 from 2011 taxable bond funds for the approved Hayden Tract – Spur parking improvements; and
- E. Appropriate \$14,020,000 in 2011 taxable bond funds – Property Acquisition (58596000) for the purchase of Cardiff Parking Structure from the City.