



City of Culver City

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Staff Report Details (With Text)

File #: 18-0619 **Version:** 2 **Name:**
Type: Minute Order **Status:** Consent Agenda
File created: 12/13/2017 **In control:** City Council Meeting Agenda
On agenda: 1/8/2018 **Final action:**
Title: CC - FOUR-FIFTHS VOTE REQUIREMENT: (1) Approve Budget Amendments to (A) Eliminate Unnecessary Accounts Associated with the Dissolution of the Former Culver City Redevelopment Agency and Combine Remaining Appropriations, and (B) Transfer Land Sale Proceeds to the General Fund; and (2) Authorize the Chief Financial Officer to Perform the Necessary Accounting Entries.

Sponsors:

Indexes:

Code sections:

Attachments:

Date	Ver.	Action By	Action	Result
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Meeting Date: January 8, 2018

Contact Person/Dept: Jeff Muir / Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☒ No ☐

Public Hearing: ☐ **Action Item:** ☐ **Attachments:** ☐

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (01/02/2018).

Department Approval: Jeff Muir (12/13/17)

RECOMMENDATION

Staff recommends that the City Council:

1. Approve budget amendments to:
 - a. Eliminate unnecessary accounts associated with the dissolution of the former Culver City Redevelopment Agency (CCRA); and
 - b. Transfer land sale proceeds to the General Fund (**budget amendments require four-fifths vote**); and
2. Authorize the Chief Financial Officer to perform the necessary accounting entries.

BACKGROUND / DISCUSSION

In 2010, due to significant budget deficits faced by the State as a result of the Great Recession, Governor Brown began to discuss the idea of eliminating redevelopment as a means to reallocate tax revenues to the benefit of the State. In January of 2011, the City and former CCRA entered into a series of cooperation agreements in an effort to protect the assets of the CCRA. As a result of these agreements, the assets of the Agency were transferred to the City. This required creation of a multitude of new funds and accounts in the City's general ledger. Later in 2011, AB 1X 26 and AB 1X 27 were introduced to eliminate redevelopment agencies. After substantial litigation, AB 1X 26 was upheld, and redevelopment agencies were eliminated on February 1, 2012. AB 1X 26 was further amended by AB 1484, and this was referred to as the Dissolution Law. During the dissolution process, the City was required to transfer the vast majority of the assets of the former CCRA back to the Successor Agency in order to comply with the Dissolution Law. Since that time, the Successor Agency received approval from the State to transfer some of the assets back to the City to fund certain approved projects. The result over the years has created unnecessarily complex accounting for these funds. Staff is recommending combining and collapsing as many of the funds and accounts as possible to simplify future accounting and financial reporting. To do this requires a budget amendment.

FISCAL ANALYSIS

Specifically, staff will formally close out the following funds: 481 - Econ Dev Programs & Operations and 482 - Housing Funds, which have virtual zero balances. Funds 484, 486 and 487, which are used to account for projects funded by former CCRA bond funds, have approximately \$10.5 million that will be transferred into existing Fund 485 to be renamed as Economic Development Capital Projects Fund. Funds 488 and 489, which accounted for 2011 bond proceeds, will also be closed. The active projects currently appropriated will remain appropriated. All other appropriations will be eliminated. The table below summarizes the new appropriated amounts:

Account	Description	Amount
48416100.952485	Transfer Out to Fund 485	\$1,733,719
48616100.952485	Transfer Out to Fund 485	\$475,224
48716100.952485	Transfer Out to Fund 485	\$8,310,043
48516100.391484	Transfer In from Fund 484	\$1,733,719
48516100.391486	Transfer In from Fund 486	\$475,224
48516100.391487	Transfer In from Fund 487	\$8,310,043

48580000.730100.PZ553	Higuera Street Bridge Replacement	\$800,000
48580000.730100.R4274	Washington Blvd AIP	\$750,000
48580000.730100.R3262	Washington/National Offsites	\$700,000
48580000.730100.R4261	Washington/Centinela Site	\$6,800,000
48580000.730100.R3340	Town Plaza Improvements	\$120,000
48580000.730100.R3341	Town Plaza Parking	\$350,000
48516100.910200	Appropriated Reserve	\$998,986

Additionally, approximately \$5.4 million in land sale proceeds received as part of the Ivy Station development closing for City-owned parcels will be transferred to the General Fund. These funds were originally anticipated as Land Sale Proceeds in the General Fund as part of the Adopted Fiscal Year 2017-18 Budget, but because the parcels had been accounted for previously in different funds, the cash received had to be accounted for in these same funds. A budget amendment allowing their transfer to the General Fund is consistent with the original intent. The revenue budget for the land sale proceeds in the General Fund will be eliminated.

Account	Description	Amount
48516100.952101	Transfer Out to Fund 101	\$1,504,420
48916100.952101	Transfer Out to Fund 101	\$3,967,239
10116100.391485	Transfer In from Fund 485	\$1,504,420
10116100.391489	Transfer In from Fund 489	\$3,967,239
10116100.386350	Land Sale Proceeds	(\$5,400,000)

ATTACHMENTS

None.

MOTION

That the City Council:

1. Approve budget amendments to: (a) eliminate unnecessary accounts associated with the dissolution of the former Culver City Redevelopment Agency (CCRA), and (b) transfer land sale proceeds to the General Fund (**budget amendments require four-fifths vote**); and
2. Authorize the Chief Financial Officer to perform the necessary accounting entries.