



# City of Culver City

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## Staff Report

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**File #:** 18-0618, **Version:** 2

**Item #:** C-4.

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**SA - Adoption of a Resolution of the Board of Directors of the Successor Agency to the Culver City Redevelopment Agency Finding, and Recommending to its Oversight Board that the Oversight Board Find, that the Loan Totaling \$100,620,000 Made by the City of Culver City to the Former Culver City Redevelopment Agency was for Legitimate Redevelopment Purposes, was an Agreement of the Type Described in Health and Safety Code Section 34191.4(b)(2)(C) (i), that the Repayment of Such Loan is Authorized to the Fullest Extent of Law, and Approving the Agreement as an Enforceable Obligation and the Schedule for Repayment of said Loan by the Successor Agency in Accordance with Health and Safety Code Section 34191.4(b)(3).**

**Meeting Date:** January 8, 2018

**Contact Person/Dept:** Jeff Muir / Finance

**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 (01/03/2018);

**Department Approval:** Jeff Muir, Chief Financial Officer (12/11/17)

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### **RECOMMENDATION**

It is recommended that the Board of Directors of the Successor Agency to the Culver City Redevelopment Agency (Successor Agency) adopt a Resolution finding, and recommending to its Oversight Board that the Oversight Board find, that the loan totaling \$100,620,000 made by the City of Culver City to the former Culver City Redevelopment Agency (CCRA) was for legitimate redevelopment purposes, was an agreement of the type described in Health and Safety Code Section 34191.4(b)(2)(C)(i), that the repayment of such loan is authorized to the fullest extent of law, and approving the Agreement as an enforceable obligation and the schedule for repayment of said loan by the Successor Agency in accordance with Health and Safety Code Section 34191.4(b)(3).

### **BACKGROUND/DISCUSSION**

On December 15, 2009, the City and former CCRA entered into a loan agreement for an amount of \$100,620,000, under which the City would contract with third parties on behalf of the former CCRA for the development of infrastructure in connection with redevelopment projects listed in a redevelopment plan, and the former CCRA was obligated to reimburse the City for the payments made by the City to third parties. The proposed infrastructure improvements included in the loan agreement included the following:

<b>Proposed Public Infrastructure Improvement</b>	<b>Estimated Cost to CCRA</b>
New Police Department Headquarters Facility	\$31,200,000
Park Improvements	\$500,000
New Public Works Laydown Facility	\$5,400,000
Overland Avenue Bridge Replacement	\$2,000,000
East Washington Medians	\$1,560,000
Improvements to Public Facilities	\$2,600,000
Street Light Replacement	\$8,740,000
Washington Boulevard Repaving	\$7,800,000
Expansion of Transfer Plant	\$3,120,000
New Fire Training Yard	\$2,700,000

The total of the estimated public infrastructure costs was \$65,620,000, and there was an assumption of \$35,000,000 in additional costs for issuing bonds and related charges to pay for the improvements.

On June 28, 2011, Assembly Bill No. X1 26 (2011-2012 1st Ex. Sess.) ("AB 26") was signed by the Governor of California, making certain changes to the California Community Redevelopment Law. AB 26 was subsequently modified by the California Supreme Court on December 29, 2011 by its decision in *California Redevelopment Association v. Matosantos*, and all California redevelopment agencies, including the former CCRA were dissolved on February 1, 2012, and successor agencies were designated and vested with the responsibility of paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and expeditiously winding down the business and fiscal affairs of the former redevelopment agencies. AB 26 has since been amended by various assembly and senate bills enacted by the California Legislature and signed by the Governor (AB 26 as amended is referred to as the "Dissolution Law").

According to Health and Safety Code Section 34191.4(b) of the Dissolution Law, after a Successor Agency receives its Finding of Completion and upon application by the Successor Agency and approval of the Oversight Board, loan agreements entered into between the Former CCRA and the City shall be deemed enforceable obligations provided that the Oversight Board makes a finding that the loan was for legitimate redevelopment purposes and that the loan agreement meets the definition of a loan agreement pursuant to Health and Safety Code Section 34191.4(b)(2).

The Successor Agency received its finding of completion on December 5, 2013. The loan was entered into for legitimate redevelopment purposes that provided for the development of infrastructure public improvements, including park facilities, bridge replacement, medians, street light replacement and boulevard repaving.

Based on the current statutory requirements of Health and Safety Code Section 34191.4(b)(2)(C)(ii), the repayment of the loan to the City cannot exceed \$5,000,000.

## FISCAL ANALYSIS

Approval of the proposed resolution by the Successor Agency, contingent upon subsequent approval by the Oversight Board and the Department of Finance, will allow the City to be reimbursed up to \$5,000,000 for the eligible projects over time, as defined by the Dissolution Law.

## ATTACHMENTS

1. Proposed Resolution
2. 2009 Cooperation Agreement

## MOTION

That the Board of the Successor Agency:

Adopt a Resolution Finding, and Recommending to its Oversight Board that the Oversight Board Find, that the Loan Totaling \$100,620,000 Made by the City of Culver City to the Former Culver City Redevelopment Agency was for Legitimate Redevelopment Purposes, was an Agreement of the Type Described in Health and Safety Code Section 34191.4(b)(2)(C)(i), that the Repayment of Such Loan is Authorized to the Fullest Extent of Law, and Approving the Agreement as an Enforceable Obligation and the Schedule for Repayment of said Loan by the Successor Agency in Accordance with Health and Safety Code Section 34191.4(b)(3).