



# City of Culver City

Mike Balkman  
Council Chambers  
9770 Culver Blvd.  
Culver City, CA 90232  
(310) 253-5851

## Staff Report

---

File #: 18-0619, Version: 2

Item #: C-6.

---

**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.**

**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:

| <b>Account</b>        | <b>Description</b>                | <b>Amount</b> |
|-----------------------|-----------------------------------|---------------|
| 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.