



CITY COUNCIL/COMMUNITY  
REDEVELOPMENT AGENCY STAFF REPORT

DATE: June 15, 2011 CONSENT CALENDAR

SUBJECT: REPAYMENT AND RELENDING OF COMMUNITY REDEVELOPMENT  
AGENCY LOANS

FROM: David H. Ready, City Manager

BY: Community and Economic Development Department and  
Department of Finance and Treasury

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SUMMARY

These recommended actions authorize the Community Redevelopment Agency to repay its Fiscal Year 2010-11 annual administrative loan from the City of Palm Springs and provide that the City accept such repayment. In addition, it authorizes the City to make the annual administrative loan to the Agency for Fiscal Year 2011-12 administrative costs.

RECOMMENDATION:

CITY COUNCIL RECOMMENDATION:

Approve the issuance of new loans at 6% interest from the General Fund to Merged Area No. 1 and Merged Area No. 2 Capital Projects Funds, in the amount of \$1,466,785 and of \$545,000, respectively, effective June 15, 2011.

COMMUNITY REDEVELOPMENT AGENCY RECOMMENDATION:

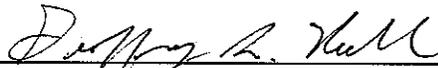
Agency accept new loans at 6% interest from the General Fund to Merged Area No. 1 and Merged Area No. 2 Capital Projects Funds, in the amount of \$1,466,785 and \$545,000, respectively, effective June 15, 2011.

**BACKGROUND:**

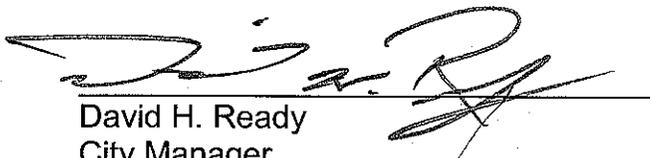
The State Redevelopment Law provides that tax increment revenues received by the Agency will be used to repay indebtedness of the Agency. The City annually makes a loan to the Agency's Capital Project Fund to fund administrative costs and other capital expenditures, and the Agency annually repays this loan from tax increment revenues (Debt Service Fund).

As administrative costs have remained stable over the past several years, the requested amount of the loans for Fiscal Year 2011-12 to Merged Project Area No. 1 and Merged Project Area No. 2 are the same as Fiscal Year 2010-11. Since the loan from Fiscal Year 2010-11 will be repaid and the loan for Fiscal Year 2011-12 will be made in the same amount, the net indebtedness of the Agency to the City remains the same and there is no net impact on the General Fund.

These actions allow the City to accept the repayment of the prior loan and to make a new loan, and for the Agency to repay the prior loan and accept a new loan for Merged Project Area No. 1 and No. 2. These actions are necessary to comply with the accounting rules.

  
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Geoffrey S. Kiehl  
Director of Finance and Treasurer

  
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John Raymond  
Director of Community & Economic  
Development

  
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David H. Ready  
City Manager