



Successor Agency Staff Report

DATE: FEBRUARY 15, 2012 CONSENT CALENDAR

SUBJECT: ESTABLISHMENT OF NEW FUNDS AND ACCOUNTS FOR THE SUCCESSOR AGENCY OBLIGATIONS OF THE CITY RELATED TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY PURSUANT TO AB 1X 26

FROM: David H. Ready, City Manager

BY: Department of Finance and Treasury

SUMMARY

On December 29, 2011, the California Supreme Court upheld AB 1X 26, which dissolves all of the redevelopment agencies in the State of California, and struck down AB 1X 27, which allowed redevelopment agencies to remain in existence if such agency opted to the "Voluntary Alternative Redevelopment Program" ("VARP").

Under the Law, all accounts of the former Redevelopment Agency (RDA) transfer to the Successor Agency. To preserve the limited liability of the Successor Agency provided in AB 1X 26, the Successor Agency should hold all former RDA accounts separately from its other accounts and as the Successor Agency to the former RDA. These accounts should initially include a "housing account" where the existing balance in the RDA's Housing Fund should be placed pending the County audit and possible new legislative direction pending the outcome of SB 654, which would allow Successor Housing Agencies to retain their Low and Moderate Income Housing Fund Balances..

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ACTING SOLELY IN ITS CAPACITY AS THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY, AUTHORIZING THE CREATION OF NEW FUNDS AND ACCOUNTS FOR THE SUCCESSOR AGENCY OBLIGATIONS OF THE CITY RELATED TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY, PURSUANT TO AB 1X 26."

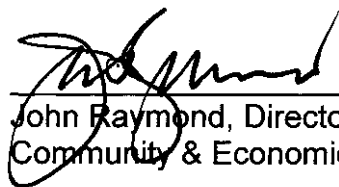
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The Successor Agency is also required to establish a Redevelopment Obligation Retirement Fund. Funds transferred from the former RDA on February 1, 2012 and Funds received from future asset dispositions shall be held in the accounts described in the previous item and not in the Redevelopment Obligation Retirement Fund, which is intended as the repository for property taxes received from the County Auditor-Controller to pay enforceable obligations as set forth in the EOPS or, when effective, the ROPS. Since Palm Springs administered multiple project areas, it is recommended the Successor Agency set up sub-accounts in the Redevelopment Obligation Retirement Fund to track property taxes received and obligations paid with respect to each separate project area.

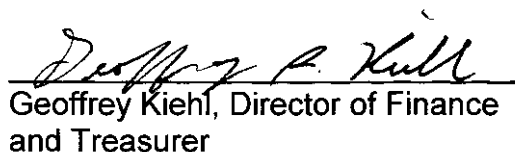
This fund shall be established in the Successor Agency; however, due to the nature of bonding covenants and requirements, CRA has suggested that one of these funds be created for each of the current project areas present in the Agency. Hopefully, the County will allocate monies to the Successor Agency by project area and the Successor Agency can record those amounts in the Redevelopment Obligation Retirement Fund of the applicable project area(s). Then transfers of the amount to the appropriate debt servicing funds and to the Successor Housing Agency (for housing debt) to accomplish debt repayment can occur.

FISCAL IMPACT:

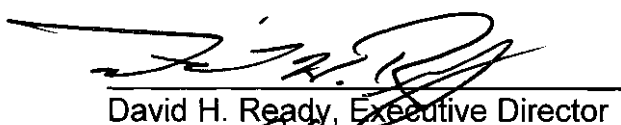
There will be no fiscal impact other than moving the assets, liabilities, and appropriations from the former CRA funds to the new successor funds.



John Raymond, Director of
Community & Economic Development



Geoffrey Kiehl, Director of Finance
and Treasurer



David H. Ready, Executive Director



Tom Wilson, Assistant City Manager



Douglas C. Holland, City Attorney

Attachments:

1. Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, AUTHORIZING THE CREATION OF NEW FUNDS AND ACCOUNTS FOR THE SUCCESSOR AGENCY OBLIGATIONS OF THE CITY RELATED TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY, PURSUANT TO ASSEMBLY BILL 1X 26 (AB1X26).

WHEREAS, on December 29, 2011, the California Supreme Court upheld AB 1X 26, which dissolves all of the redevelopment agencies in the State of California, and struck down AB 1X 27, which allowed redevelopment agencies to remain in existence if such agency opted to the "Voluntary Alternative Redevelopment Program" ("VARP"); and

WHEREAS, under the Law, all accounts of the former Redevelopment Agency (RDA) transfer to the Successor Agency; and

WHEREAS, the City Council of the City of Palm Springs, California, adopted Resolution 23071 on January 4, 2012, designating the City of Palm Springs as the Successor Agency to the Palm Springs Community Redevelopment Agency Pursuant to Cal. Health and Safety Code Section 34173.

NOW THEREFORE THE CITY COUNCIL DETERMINES, RESOLVES AND APPROVES AS FOLLOWS:

Section 1. To preserve the limited liability of the Successor Agency provided in AB 1X 26, the Successor Agency should hold all former RDA accounts separately from its other accounts.

Section 2. The Department of Finance and Treasury is hereby authorized to create new and separate funds and accounts for the Successor Agency obligations of the City related to the former Community Redevelopment Agency Pursuant to AB 1X 26.

ADOPTED THIS 15TH DAY OF FEBRUARY, 2012.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California