



Legislation Details (With Text)

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Title: RESOLUTION - Requiring the Deposit of Redevelopment Agency Loan Repayment Funds into the Emergency Reserve until the Emergency Reserve reaches 10% of the Sum of General Fund Appropriations Plus Transfers.

Sponsors: Finance Department

Indexes:

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Attachments: 1. RDA Loan Repayment Resoluton.pdf

Date	Ver.	Action By	Action	Result
6/23/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

June 23, 2016

FROM: BRUCE RUDD, City Manager
City Manager’s Office

BY: MICHAEL LIMA, Controller/Finance Director
Finance Department

SUBJECT

RESOLUTION - Requiring the Deposit of Redevelopment Agency Loan Repayment Funds into the Emergency Reserve until the Emergency Reserve reaches 10% of the Sum of General Fund Appropriations Plus Transfers.

RECOMMENDATION

Staff recommends that Council approve the accompanying resolution requiring the deposit of Redevelopment Agency loan repayment funds (for loans made from the General Fund to the RDA) into the Emergency Reserve, until the Emergency Reserve reaches 10% of the sum of General Fund appropriations plus transfers.

EXECUTIVE SUMMARY

Since Fiscal Year 2015, the City has been receiving reimbursement from the Successor Agency to the City of Fresno's Redevelopment Agency (Successor Agency) for loans made to the City of Fresno's Redevelopment Agency (RDA) from the City. To date, the City has received \$6.1 million of loan repayments. Those monies have been deposited in the City's Emergency Reserve as part of a plan to increase that reserve to 10% of the sum of General Fund appropriations plus transfers per the requirements of the Reserve Management Act (RMA). The accompanying resolution will commit the City to continue depositing RDA loan repayments into the Emergency Reserve until such time as the Emergency Reserve reaches the 10% threshold specified in the RMA.

BACKGROUND

In 2011, the State of California passed ABX1 26, which abolished the Redevelopment Agencies within the state. A provision of that legislation made the repayment of loans issued from sponsoring communities unenforceable. The passage of AB 1484 in 2012 amended ABX1 26 and repealed the prohibition of repayment of loans issued from sponsoring communities, pending approval from the community's Successor Agency board, its Oversight Board, and the State Department of Finance.

In August 2014, the Successor Agency's board approved the repayment of several loans made by the City to the RDA. This decision was ratified by the Oversight Board in September 2014 and by the State Department of Finance in February 2015. The City received loan repayments in March 2015 and September 2015. The total repaid to the City to date is \$6,102,714.

At the Mayor and City Manager's direction as approved by the City Council, the repaid funds have been deposited in the City Emergency Reserve. Under the RMA, the City is required to maintain an emergency reserve equal to 10 % of the sum of General Fund appropriations plus transfers. The repayments, supplemented by contributions from the General Fund, are anticipated to result in a \$15.8 million Emergency Reserve by the end of Fiscal Year 2016, which represents about 5% of General Fund appropriations plus transfers.

To insure that the Emergency Reserve meets the requirements established under the RMA, the Administration seeks Council approval to require deposit of future RDA loan repayments into the Emergency Reserve until such time as the reserve meets the thresholds specified under the RMA. The City has commitments from the State to provide these loan reimbursements for at least the next five years, at an anticipated amount of \$3.5 million per year. Assuming actual repayment receipts are at the anticipated level, the Emergency Reserve should reach its legal threshold in Fiscal Year 2021.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference was not considered because this Resolution does not include a bid or award of a construction or service contract.

FISCAL IMPACT

Approving this Resolution will dedicate to the Emergency Reserve all repayment proceeds for loans issued from the City's General Fund to the RDA, until such time as the Emergency Reserve equals 10% of the sum of General Fund appropriations and transfers. The amount anticipated to be deposited annually is approximately \$3.5 million.

Attachment:

Resolution authorizing the deposit of RDA loan repayment proceeds into the City's Emergency Reserve