



Redevelopment Agency Dissolution and Its Impact on the General Fund

**City Council Study Session
March 12, 2013**



Background

- The Redevelopment Agency (RDA) was funded from incremental property tax and provided for many infrastructure and other local improvements throughout the City
- The RDA was killed on February 1, 2012. The Successor Agency (SA) was born at the same time and funded from the same funding source
- Existing projects and programs would be funded through SA; but major uncertainty existed



Revenues Redirected To The General Fund

- Ongoing incremental tax no longer needed by SA for existing programs and services gets distributed to taxing entities (including the City at about 22%)
- One-time State “sweep” of SA fund balances also distributed to taxing entities



Successor Agency – A Major Success

- \$734m in projects and obligations approved
- FY 12 GF charge of \$3.6m in disallowed loan repayments
- Only \$8m one-time and about \$4m in ongoing costs potentially disallowed



General Fund Overview

- Substantial new General Fund revenue in FY 14 and beyond
- Any eventually disallowed FY 12 and FY 13 costs will be funded by the General Fund
- Potential disallowed costs are much less than the new revenue that will be received by the General Fund



General Fund Revenue From The SA

Item	FY 14 Budget (\$ millions)	
	One-Time	On-Going
To Be Received in FY 13	25.6	
To Be Received in FY 14		10.7
Total - Projected FY 14	25.6	10.7

This revenue is a major factor for the FY 14 budget



Potential Disallowed One-Time Costs

Item	(\$ millions)
FY 12 & FY 13 Debt Service/Loan Repayment	0.2
Reserve for Other Potential Prior Yr Costs	2.5
Fire Station #12 (not expended)	1.5
West Side Storm Drain (not expended)	3.0
Prom. North Storm Drain (not expended)	0.2
Atlantic Theater Demolition (not expended)	0.4
Total	7.8

To the extent recommended by the City Manager and approved by City Council, these costs could partially offset the SA one-time revenue



Potential Disallowed On-Going Costs

Item	(\$ millions)
Code Enforcement	0.7
Debt Service	1.5
Other Potential Costs	1.8
Total	4.0

To the extent recommended by the City Manager and approved by City Council, these costs could partially offset the SA on-going revenue



Summary

- \$734m in projects and obligations approved and funded through the Successor Agency
- Potentially, up to \$8m in one-time and \$4m in on-going disallowed costs, that could become a charge against new GF revenue resulting from RDA dissolution
- For FY 14, \$25.6m in one-time and \$10.7m in on-going revenue from RDA dissolution – single biggest factor impacting FY 14



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