

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: September 19, 2011
Reviewed by: BP

SUBJECT: Resolution No. 2011-43, RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALBANY APPROVING AND AUTHORIZING THE EXECUTION OF THE AGENCY TRANSFER PAYMENT AGREEMENT WITH THE ALBANY COMMUNITY REINVESTMENT AGENCY PURSUANT TO PART 1.9 OF THE REDEVELOPMENT LAW

REPORT BY: Beth Pollard, City Manager

STAFF RECOMMENDATION

That Council approve Resolution No. 2011-43.

BACKGROUND

As allowed under ABx1 27, the Voluntary Program Act, the City held its first and second reading of the ordinance to opt into the Alternative Redevelopment Voluntary Program on September 6, 2011 and September 19, 2011, respectively. By opting in, the City is required to make annual remittance payments on behalf of the Agency in order to allow the City's Redevelopment Agency to continue operations.

The City and Agency must enter into an Agency Transfer Payment Agreement whereby the Agency reimburses the City for the cost of annual remittance payments.

DISCUSSION

Despite a current stay granted by the California Supreme Court on ABx1 26 and ABx1 27, staff believes conditional approval of the Agency Transfer Payment Agreement is in the best interest of the Agency, and the City. Approving these conditional agreements will have the following effect when the lawsuit is determined: the Agency Transfer Payment Agreement will either be valid or it will be null and void.

Approval of the Agency Transfer Payment Agreement is also on the September 19, 2011 meeting of the Board of Directors of the Albany Community Reinvestment Agency.

FINANCIAL IMPACT

Approval of the Agency Transfer Payment Agreement authorizes the Agency to transfer funds to the City to make the voluntary payment. The Agency currently has \$182,000 cash in its Capital Projects and Debt Service Funds that may be used for the fiscal year 2011-12

voluntary payment. The shortfall of \$6,000 will be covered either by revenues received prior to the required payment date, or by short term borrowing from either the General Fund or the Reinvestment Housing Fund. The projected net tax increment revenue to the Capital Projects Fund for fiscal year 2011-12 is \$350,000, and budgeted debt service payment are \$170,000, leaving unencumbered net revenue of \$180,000 available for operating expenses, special projects and the voluntary payment of \$45,000.

While unencumbered net revenue may fluctuate in future years, if debt service commitments are not increased, the unencumbered revenue will provide a comfortable coverage margin for future voluntary payments to the State.

Attachments:

Resolution No. 2011-43