

**ALBANY OVERSIGHT BOARD  
BOARD AGENDA STAFF REPORT**

Agenda Date: February 24, 2014

**SUBJECT:** Information Item – Financial and Legal Update (Litigation Filed by Successor Agency and City of Albany against Department of Finance)

**REPORT BY:** Paul S. Rankin, Interim Finance Director, City of Albany

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**STAFF RECOMMENDATION**

Staff recommends that the Albany Oversight Board receive this informational report.

**BACKGROUND**

The dissolution process includes a review by State agencies of the disposition of assets; funds to be returned; and / or retention of specified funds for on-going obligations. Staff will update the Oversight Board on the status of efforts to obtain a Finding of Completion from the State Department of Finance. The City Attorney will update the Board on any public information related to the status of the pending case filed by the Successor Agency and City against the State Department of Finance.

**DISCUSSION & ANALYSIS**

As reported at the September 24, 2013 Oversight Board meeting the City and Successor Agency went through a lengthy review process regarding asset transfers prior to the dissolution of the redevelopment agency as required by State law. The State Department of Finance (DOF) disallowed a cash transfer in the amount of \$1,050,000 related to a January 2011 Cooperative Funding Agreement between the City and the Albany Community Reinvestment Agency (CRA). This funding was utilized to pay part of the cost to purchase a parcel of land on Pierce Street from CalTrans. The purchase and sale transaction was completed in 2012 and the land is now owned by the City.

Litigation of the dispute was pursued as the final option available to the City short of making the payment demanded by DOF. As reported to the Oversight Board, a legal action has been filed. The City Attorney will update the Board on any public information related to the status of the pending case.

In December Staff provided documentation and records related to Redevelopment Agency Asset Transfers to the State Controller's Office. The State Controller is conducting reviews of all Redevelopment Asset Transfers and issuing reports. As part of their work they also conducted an on-site audit. As of February 12, 2014 the Controller's final report for the Albany Community Reinvestment has not been issued.

**FINANCIAL IMPACT**

Until there is a resolution of the amount under dispute, the Department of Finance will not issue a Finding of Completion. The disputed amount is \$1,050,000. As previously reported, these funds were used to purchase a parcel in the Redevelopment Project area; and therefore another source would need to be identified if the City does not prevail on the matter.