



# CITY OF EL MONTE

CITY MANAGER'S OFFICE  
CITY COUNCIL AGENDA REPORT

CITY COUNCIL MEETING OF JULY 22, 2014

July 8, 2014

The Honorable Mayor and City Council  
City of El Monte and Members of the  
Successor Agency Governing Board  
11333 Valley Boulevard  
El Monte, CA 91731

Dear Mayor and City Council:

**APPROVAL OF REVISED SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2013-14 (JULY 1, 2013 – JUNE 30, 2014) AND APPROVAL OF SUCCESSOR AGENCY ADMINISTRATIVE COST FOR FISCAL YEAR 2014-15 (JULY 1, 2014 – JUNE 30, 2015)**

**IT IS RECOMMENDED THAT THE CITY COUNCIL AND THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY REDEVELOPMENT AGENCY:**

1. Approve the Revised Administrative Budget for the Successor Agency for Fiscal Year 2013-14; and
2. Approve the Administrative Budget for the Successor Agency for Fiscal Year 2014-15.

**BACKGROUND/JUSTIFICATION OF RECOMMENDED ACTION**

On June 29, 2011, the Governor signed into law ABX1 26. The California Supreme Court upheld the constitutionality of ABX1 26 on December 29, 2011. These actions effectively eliminated all redevelopment agencies in the State as of February 1, 2012. The City of El Monte elected to become the successor agency for the El Monte Community Redevelopment Agency. The Successor Agency is responsible for winding down the affairs of the former El Monte Community Redevelopment Agency with oversight from its Oversight Board.

As a part of ABX1 26, the City is entitled to a statutory “administrative allowance” of \$125,000 every six-month period. The Administrative Budget attached to this

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memorandum is the allocation of that administrative allowance and other additional costs that are specifically allowed under ABX1 26 or approved by previous actions of the City Council and Oversight Board (“Board”).

Revised Administrative Budget - Fiscal Year 2013-14

At its January 25, 2014 meeting, the City Council authorized City staff to enter into the Fifth Addendum to the Option Agreement with the El Monte Development Company (EMDC) relating to property located at 3333 Santa Anita Avenue, El Monte, CA which extended the contract term and modified the terms. The sixth amendment applies to payments due for February, March, and April 2014 at \$80,000 per month for a total of \$240,000. At its April 22, 2014 meeting, the City Council authorized approval of the Sixth Addendum to the Option Agreement with the El Monte Development Company (EMDC) relating to property located at 3333 Santa Anita Avenue, El Monte, CA which extended the contract term and modified the terms. The sixth amendment applies to payments due for May, June and July 2014 at a total of \$50,000 per month for a total of \$150,000. These costs are anticipated to be received from future deposits into the Redevelopment Property Tax Trust Fund (RPTTF) by inclusion on ROPs 14-15B or from the option to purchase credit which has accumulated each month. The Fiscal Year 2013-14 Budget should reflect the changes in the terms of the EMDC lease. City staff also reallocated budgeted items between line items to better reflect Successor Agency operations. (See Attachment 1)

Administrative Cost Budget – Fiscal Year 2014-15

The Revenues presented in the administrative budget represent the proceeds from loans approved in previous years or anticipated to be approved by the Oversight Board and the City Council (serving as both the City Council of The City of El Monte and as the governing board of the Successor Agency to the former El Monte Community Redevelopment Agency) during fiscal year 2014-15.

The administrative costs center on the approval and implementation of the Property Management Plan and the disposition of specific sites. The carryover expenditures are property disposition expenditures as previously presented to Council in the approval of the related loans. Administrative cost allocations of \$250,000 annually will fund such items as the City Attorney, consultants and city staff to continue the dissolution of the former Redevelopment Agency. (See Attachment 2)

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**CONCLUSION**

Staff recommends that the City Council for the City and the Governing Board of the Successor Agency to the former El Monte Community Redevelopment Agency approve the Revised Administrative Budget for the Successor Agency for Fiscal Year 2013-14 and the Administrative Budget for the Successor Agency for Fiscal Year 2014-15.

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Respectfully submitted,

RAÚL GODINEZ II  
City Manager

JESUS M. GOMEZ  
Assistant City Manager

DANIEL S. BRINEY  
Finance Department Consultant

Attachments:

1. Revised Successor Agency Administrative Budget – Fiscal Year 2013-14
2. Successor Agency Administrative Budget – Fiscal Year 2014-15

|  |
|--|
| DATE: JULY 22, 2014                        |
| PRESENTED TO EL MONTE<br>CITY COUNCIL      |
| <input type="checkbox"/> APPROVED          |
| <input type="checkbox"/> DENIED            |
| <input type="checkbox"/> PULLED            |
| <input type="checkbox"/> RECEIVED AND FILE |
| <input type="checkbox"/> CONTINUED         |
| <input type="checkbox"/> REFERRED TO       |
|  |
|  |
| CHIEF DEPUTY CITY CLERK                    |

ATTACHMENT 1

City of El Monte  
 Successor Agency  
 Revised Administrative Budget - Fiscal Year 2013-14

|                                     | Adopted               |                                 |        | Revised                 |                     |
|-------------------------------------|-----------------------|---------------------------------|--------|-------------------------|---------------------|
|                                     | Administrative Budget | Additional and Revised Requests |        | FY13-14 Cost projection | Projected Carryover |
| <b>Revenues</b>                     |                       |                                 |        |                         |                     |
| Proceeds from loans from the City:  |                       |                                 |        |                         |                     |
| Administrative Costs loans          | \$ 250,000            | \$ -                            |        | \$ 250,000              | \$ -                |
| Loans for preparation of PMP        | 88,000                | (11,386)                        | (1)    | 76,614                  | 791                 |
| Loan for implementaion of PMP       | 115,000               |                                 |        | 45,000                  | 70,000              |
| Loans for Metro Parking Lot Lease   | 1,255,570             | 558,000                         | (2)    | 1,783,570               | 30,000              |
| Loan for Oversight Board Costs      | 20,000                | (5,109)                         | (1)    | 14,891                  | -                   |
| Loans for Festival site Disposition | 50,000                |                                 |        | -                       | 50,000              |
| Loans for Bailey Tire Disposition   | 360,000               | -                               |        | 352,000                 | 8,000               |
| <b>Total</b>                        | <b>2,138,570</b>      | <b>541,505</b>                  |        | <b>2,680,075</b>        | <b>158,791</b>      |
| <b>Expenditures</b>                 |                       |                                 |        |                         |                     |
| Professional Services:              |                       |                                 |        |                         |                     |
| Oversight Board - Administration    | 20,000                | (5,109)                         | (1)    | 14,891                  | -                   |
| Attorney - Successor Agency         | -                     | 80,000                          | (3)    | 80,000                  | -                   |
| Appraisal                           | 100,000               | (30,000)                        | (3)    | 70,000                  | 70,000              |
| Audit                               | 30,000                | (21,500)                        | (3)    | 8,500                   | -                   |
| Other Consultants                   | 103,000               | 63,845                          | (1)(3) | 166,845                 | 791                 |
| Acquisition/Disposition Expenses    | 410,000               | -                               |        | (352,000)               | 58,000              |
| <b>Total</b>                        | <b>663,000</b>        | <b>87,236</b>                   |        | <b>(621,445)</b>        | <b>128,791</b>      |
| Metro Parking Lot Lease Costs       | 1,255,570             | 603,000                         | (2)(3) | (1,828,570)             | 30,000              |
| Other Administrative Costs          | -                     | 10,000                          | (3)    | (10,000)                | -                   |
| Administrative Cost Allocation      | 220,000               | (158,731)                       | (3)    | (61,270)                | -                   |
| <b>Total Expenditures</b>           | <b>\$ 2,138,570</b>   | <b>\$ 541,505</b>               |        | <b>\$ (2,521,284)</b>   | <b>\$ 158,791</b>   |

- (1) Reduce budgeted loans and costs for reduction in carry over costs accrued in FY13
- (2) Metro Property Lease Costs - 3 months at \$80,000 and 3 moths at \$50,000;Property Taxes of \$168,000
- (3) Reprogram administrative cost allocation to pay direct charges (attorney, consultants, trustee and other). Includes \$45,000 of site disposition costs.

City of El Monte  
 Successor Agency  
 Administrative Budget - Fiscal Year 2014-15

|  | <b>Carryover<br/>from FY14</b> | <b>FY 2014-15<br/>Requests</b> | <b>Total</b>      |
|--|--------------------------------|--------------------------------|-------------------|
| <b>Revenues</b>                            |                                |                                |                   |
| Proceeds from loans from the City:         |                                |                                |                   |
| Administrative Costs loans                 | \$ -                           | \$ 250,000                     | \$ 250,000        |
| Loans for preparation of PMP               | 791                            |                                | 791               |
| Loan for implementaion of PMP              | 70,000                         |                                | 70,000            |
| Loans for Metro Parking Lot Lease          | 30,000                         |                                | 30,000            |
| Loan for Oversight Board Costs             | -                              | 45,000                         | 45,000            |
| Loan to Establish Section 108 Bond Reserve |                                | 170,000                        | 170,000           |
| Loans for Festival site Disposition        | 50,000                         |                                | 50,000            |
| Loans for Bailey Tire Disposition          | 8,000                          | -                              | 8,000             |
|  | <u>158,791</u>                 | <u>465,000</u>                 | <u>623,791</u>    |
| <b>Total</b>                               | <b>158,791</b>                 | <b>465,000</b>                 | <b>623,791</b>    |
| <b>Expenditures</b>                        |                                |                                |                   |
| Professional Services:                     |                                |                                |                   |
| Oversight Board - Administration           | -                              | 15,000                         | 15,000            |
| Attorney - Successor Agency                | -                              | 80,000                         | 80,000            |
| Appraisal                                  | 70,000                         | 30,000                         | 100,000           |
| Audit                                      | -                              | 10,000                         | 10,000            |
| Other Consultants                          | 791                            | 100,000                        | 100,791           |
| Acquisition/Disposition Expenses           | 58,000                         | -                              | 58,000            |
|  | <u>128,791</u>                 | <u>235,000</u>                 | <u>363,791</u>    |
| <b>Total</b>                               | <b>128,791</b>                 | <b>235,000</b>                 | <b>363,791</b>    |
| <br>                                       |                                |                                |                   |
| Metro Parking Lot Lease Costs              | 30,000                         |                                | 30,000            |
| Establish HUD Section 108 Bond Reserve     |                                | 170,000                        | 170,000           |
| Other Administrative Costs                 | -                              | 10,000                         | 10,000            |
| Administrative Cost Allocation             | -                              | 50,000                         | 50,000            |
|  | <u>30,000</u>                  | <u>170,000</u>                 | <u>170,000</u>    |
| <b>Total Expenditures</b>                  | <b>\$ 158,791</b>              | <b>\$ 465,000</b>              | <b>\$ 623,791</b> |

In addition to the administrative and special purpose loans listed above, City personnel estimates that the following Cash Flow Advances will be needed to fund the principal and Interest payments for the 2007 TABs due in December 2014 and May 2015. The cash Flow loans will be funded from the next subsequent payment to the Redevelopment Property Tax Trust Fund.

|   |            |
|---|------------|
| December 2014 Interest (due 11/15/14)         | \$ 100,000 |
| May 2015 Principal and Interest (due 5/15/15) | 600,000    |