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**Title:** SUBJECT: Reversal of Transfer and Return of Former Redevelopment Agency Assets to City of Merced Designated Local Authority

REPORT IN BRIEF  
Reverses or Returns Former Redevelopment Agency Assets to the Merced Designated Local Authority

**Sponsors:**

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**Attachments:** 1. Resolution 2017-03.pdf, 2. Resolution PA 2017-01.pdf, 3. Resolution PFA 2017-01.pdf

Date	Ver.	Action By	Action	Result
1/17/2017	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

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**SUBJECT:** Reversal of Transfer and Return of Former Redevelopment Agency Assets to City of Merced Designated Local Authority

**REPORT IN BRIEF**

Reverses or Returns Former Redevelopment Agency Assets to the Merced Designated Local Authority

**RECOMMENDATION**

Adopt the following motions:

**City Council:**

A. Adopting **Resolution 2017-03**, a Resolution of the City Council of the City of Merced California, authorizing the City Manager to transfer certain real properties of the former Redevelopment Agency to the City of Merced Designated Local Authority.

**Parking Authority:**

B. Adopting **Resolution PA 2017-01**, a Resolution of the City of Merced Parking Authority authorizing the Executive Director to transfer certain real properties of the former Redevelopment

Agency to the City of Merced Designated Local Authority.

**PFEDA:**

C. Adopting **Resolution PFA 2017-01**, a Resolution of the City of Merced Public Financing and Economic Development Authority authorizing the Executive Director to transfer certain real properties of the former Redevelopment Agency to the City of Merced Designated Local Authority.

**AUTHORITY**

Municipal Code section 200

**CITY COUNCIL PRIORITIES**

Not Applicable.

**DISCUSSION**

In accordance with the provisions of the California Community Redevelopment Law (Health and Safety Code Section 3300 et seq.) (“CRL”), the City Council of the City of Merced (“City”) previously established the Redevelopment Agency of the City of Merced, a public body, corporate and politic (“Redevelopment Agency”) to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL.

Pursuant to AB 1x 26, as modified by the California Supreme in *California Redevelopment Association v. Matosantos*, and other subsequent legislation (collectively the “Dissolution Act”), all redevelopment agencies in the State of California were dissolved on February 1, 2012.

Successor agencies were established under CRL Section 34173 as successor entities for the non-housing functions and assets of the former redevelopment agencies. Pursuant to CRL Section 34173(d)(1), a city or other entity that formed the redevelopment agency could elect not to serve as a successor agency. Accordingly, the City Council exercised its right under AB 1x 26 and adopted Resolution No. 2012-6 electing that the City of Merced not be the successor agency to the former Redevelopment Agency for non-housing purposes. As a result of that action, the City of Merced Designated Local Authority (“DLA”) was formed pursuant to CRL Section 34173(d)(3)(A) and assumed the former Redevelopment Agency’s non-housing functions and obligations.

CRL Section 34176(a) authorized the city or other entity that created the redevelopment agency to elect to retain the housing assets and functions previously performed by the Redevelopment Agency (“Housing Successor”). The City made such election and, under said Section 34176, all rights, powers, duties, obligations and housing assets of the former Redevelopment Agency were transferred to the City, as the Housing Successor.

Prior to its dissolution, the Redevelopment Agency, pursuant to the authority granted in Resolution No. RDA 698, adopted on January 31, 2011, conveyed certain assets to the City of Merced Public Financing and Economic Development Authority (“PFEDA”), a joint powers authority, in March 2011. The PFEDA accepted such conveyances pursuant to the authority contained in Resolution No. PFA 2011-4, adopted on January 31, 2011. In April 2012, PFEDA subsequently transferred certain of these assets to the City that had initially been determined to be housing assets and governmental use properties of the Redevelopment Agency, and transferred certain of the parking facilities and properties to the City of Merced Parking Authority (“Parking Authority”).

As part of the dissolution of the former Redevelopment Agency, Health and Safety Code Section 34167.5 required the State Controller to review the asset transfers between the Redevelopment Agency and the City or any other public agency after January 1, 2011. Section 34167.5 further provides that such an asset transfer is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized. If such an asset transfer did occur and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, the Controller shall order the available assets to be returned to the successor agency.

In its final Asset Transfer Review Report, dated July 2015, the State Controller found that the land transferred to the PFEDA in 2011 was “unallowable” and ordered that such assets be turned over to the successor agency. Health and Safety Code Section 34179.9 provides, in part, that the City “shall return to the successor agency all assets transferred to the city ... ordered returned pursuant to Section 34167.5.” The State Controller, however, noted that some of those assets may be subject to the provisions of CRL Section 34181(a).

CRL Section 34181(a) provides that the Oversight Board shall direct the successor agency to dispose of all assets and properties of the former redevelopment agency, however, the Oversight Board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, parks, and parking facilities and lots dedicated solely to public parking, to the appropriate public jurisdiction. In addition, CRL Section 34181(c) provides that the Oversight Board shall direct the successor agency to transfer housing assets to the housing successor pursuant to CRL Section 34176.

The City Council and Parking Authority, under separate actions, have provided or will provide to the Oversight Board supporting documentation to evidence that certain of the assets previously transferred by PFEDA to the City and Parking Authority, as applicable, meet the criteria for housing assets under CRL Section 34176, and government use properties under CRL Section 34181(a), and requested that the Oversight Board authorize the City and Parking Authority, as applicable, to retain ownership of such assets.

The following parcels previously conveyed to PFEDA, some of which were subsequently transferred by PFEDA to the City and Parking Authority, were determined to be disallowed or unauthorized transfers and must be returned to the DLA, as the successor agency to the former Redevelopment Agency.

**PROPERTIES TO BE CONVEYED BY THE CITY TO DLA:**

<b>Property</b>	<b>APN</b>
376 S. West Avenue	059-240-018
2490 G Street	033-032-015
25 E Santa Fe	033-032-012
33 N. Parsons Ave	035-140-018
823 W. 14th Street	031-213-012
843 W. 14th Street	031-213-015
849 W. 14th Street	031-213-016

