

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

369



FROM: County Executive Office

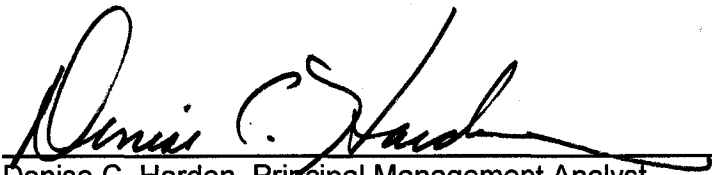
SUBMITTAL DATE:
June 22, 2010

SUBJECT: RDA Capital Improvement Fund Budget Adjustments

RECOMMENDED MOTION: That the Board of Supervisors approve and direct the Auditor-Controller to make the budget adjustments listed in Schedule A.

BACKGROUND: The RDA Capital Improvement Fund is a special fund managed by the County Executive Office that collects county discretionary general-purpose property tax increment received from city redevelopment projects pursuant to the terms of redevelopment pass-through agreements. This fund should not be confused either with capital improvement funds managed by the county redevelopment agency, or with the CIP fund set up to manage general fund capital projects. At this time, the Executive Office recommends a number of budgetary changes to the handling of certain contractually-restricted property tax increment.

(Continued)


Denise C. Harden, Principal Management Analyst

Departmental Concurrence

FISCAL PROCEDURES APPROVED
ROBERT E. BYRD, AUDITOR-CONTROLLER
BY: 
SAMUEL WONG

FINANCIAL DATA	Current F.Y. Total Cost:	\$ (9,113,495)	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ (9,113,495)	Budget Adjustment:	Yes
	Annual Net County Cost:	\$	For Fiscal Year:	2009/10

SOURCE OF FUNDS: Contractual Redevelopment Tax Increment	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE
BY: 
Christopher M. Hans

County Executive Office Signature

Policy Policy

Consent Consent
ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

First, to comply with generally accepted accounting principles, the Executive Office recommends recognizing revenue, as appropriate, from two escrow accounts held by the City of Riverside and the City of Palm Desert in the County RDA Capital Improvement Fund at the time the revenue is allocated to those escrow accounts, rather than when it is drawn down and deposited to the County treasury. This accounting change results in a **\$41.6 million** increase in current year revenue to recognize **\$26 million** in revenue accumulated in those escrow accounts in past years, and **\$15.6 million** in FY 09/10 estimated revenue projected, but not previously budgeted.

Second, it has been past practice to ask the City of Palm Desert to pay expenses directly from the tax increment in the escrow account held there. To comply with generally accepted accounting principles and ensure proper accounting for expenditure of County revenue, the Executive Office recommends channeling expenditure of all tax increment proceeds held in the Palm Desert escrow account through Board-approved appropriations in the County's RDA Capital Improvement Fund.

This necessitates a **\$5.2 million** increase in appropriations to cover debt service costs previously paid directly out of the escrow account, including **\$4.9 million** in debt service payable to the Riverside County Palm Desert Finance Authority and **\$310,462** in debt service payable to the City of Palm Desert.

Third, the Executive Office recommends using accumulated balances and current revenue in the RDA Capital Improvement Fund, Riverside escrow account, and Palm Desert escrow account not already obligated to pay general fund debt service obligations. This will free general fund resources for other purposes. Specifically, the Executive Office recommends reducing general fund costs by **\$9.1 million** by:

- a) Tapping the existing balance in the RDA Capital Improvement Fund to pay **\$580,164** in general fund debt service costs on the, the Health Clinic and the Assessor's and Probation offices in Temecula, the Mental Health Treatment Facility, Riverside Juvenile Hall and the Riverside Juvenile Court Addition, and paying **\$5.2 million** in capital costs for the Riverside County Medical Center health information system project;
- b) Tapping the existing balance in the City of Riverside escrow account to pay **\$1.99 million** in debt service on the Wilderness Animal Shelter, Justice Support Building, and Presley Detention Center; and,
- c) Tapping the existing balance in the City of Palm Desert escrow account to pay **\$1.6 million** in debt service on the Monterey Avenue interchange, Indio Date Festival, and Indio Jail Remodel.

Fourth, the County general fund expended considerable legal and staff costs defending against litigation pertaining to certain tax increment revenue. Since settlement of these suits did not entail recovery of litigation expenses, the Executive Office recommends reimbursing **\$195,641** of its general fund costs from tax increment in the RDA Capital Improvement Fund.

Finally, in order to defray \$2.6 million of the current year general fund costs of operating the West County/City Animal Shelter and \$4.5 million of the current year general fund costs of the Coachella Valley Animal Campus, the Executive Office recommends drawing **\$1.79 million** of the existing balance from the RDA Capital Improvement Fund, **\$811,632** from the Riverside escrow, and **\$4.5 million** from the Palm Desert escrow.

Schedule A

Increase Estimated Revenue

31540-1100100000-781000	Contractual Revenue	41,623,857
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Increase Appropriations

31540-1100100000-551000	Operating Transfers Out	21,648,022
31540-1100100000-536200	Contribution to Non-County Agency	310,462
31540-1100100000-524660	Consultants	<u>6,000</u>
		21,964,484

Increase Designated Fund Balance

31540-1100100000-320108	Designated for deficit reserve (Palm Desert)	1,500,000
31540-1100100000-320109	Designated for capital projects (Palm Desert)	4,398,591
31540-1100100000-320109	Designated for capital projects (Van Horn)	<u>4,951,172</u>
		10,849,763

Anticipated Increase in Reserved Net Assets

31540-1100100000-308158	Reserve for RDA Capital Improvements	8,809,610
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Increase Estimated Revenue

10000-1100100000-790500	Operating Transfers In	41,903
10000-1102900000-790500	Operating Transfers In	<u>153,738</u>
		195,641

Anticipated Increase in Unreserved Fund Balance

10000-1100100000-325100	Unreserved Fund Balance	195,641
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Increase Estimated Revenue

35900-925001-790500	Operating Transfers In	9,113,495
30100-7200800000-790500	Operating Transfers In	<u>6,983</u>
		9,120,478

Decrease Estimated Revenue

35900-925001-741000	Rent	9,113,495
30100-7200800000-778280	Interfnd -Reimb for Service	<u>6,983</u>
		9,120,478

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Decrease Appropriations

10000-1101000000-551100	Contribution To Other Funds	8,575,442
10000-1200100000-537130	Interfund Expense – Rent CORAL	44,956
10000-2500100000-537130	Interfund Expense – Rent CORAL	175,969
10000-2500300000-537130	Interfund Expense – Rent CORAL	84,347
10000-2600200000-537130	Interfund Expense – Rent CORAL	6,216
10000-4100200000-537130	Interfund Expense – Rent CORAL	76,000
10000-4200100000-537130	Interfund Expense – Rent CORAL	47,760
10000-4200600000-537130	Interfund Expense – Rent CORAL	<u>102,805</u>
		9,113,495

Anticipated Increase in Unreserved Fund Balance

10000-1101000000-325100	Unreserved Fund Balance	8,575,442
10000-1200100000-325100	Unreserved Fund Balance	44,956
10000-2500100000-325100	Unreserved Fund Balance	175,969
10000-2500300000-325100	Unreserved Fund Balance	84,347
10000-2600200000-325100	Unreserved Fund Balance	6,216
10000-4100200000-325100	Unreserved Fund Balance	76,000
10000-4200100000-325100	Unreserved Fund Balance	47,760
10000-4200600000-325100	Unreserved Fund Balance	<u>102,805</u>
		9,113,495

Increase Estimated Revenue

10000-4200600000-790500	Operating Transfers In	7,131,903
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Anticipated offset in Unreserved Fund Balance

10000-4200600000-325100	Unreserved Fund Balance	7,131,903
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