



## City of Sonora

Community Development Department  
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### MEMORANDUM

**DATE:** November 5, 2018  
**TO:** Honorable Mayor and Council Members of the City of Sonora  
And  
Honorable Chair and Members of the Successor Agency to the Redevelopment Agency of the City of Sonora  
**FROM:** Rachelle Kellogg, Community Development Director  
**SUBJECT:** Reversal of Unallowable Asset Transfers between the Redevelopment Agency and City on November 30, 2011

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#### RECOMMENDATION:

City and Successor Agency staff recommends approval of the following:

- 1) Resolution No. SA 11-05-2018-A, approving and authorizing the conveyance by the Successor Agency to the City of certain properties previously conveyed by the City to the former Redevelopment Agency, and acceptance of the return of funds from the City determined to be a disallowed transfers of assets under the Dissolution Act.
- 2) Resolution No. 11-05-2018-A approving and authorizing the return of funds to the Successor Agency determined to be a disallowed transfer of assets under the Dissolution Act, and acceptance of the transfer from the Successor Agency of certain properties previously conveyed by the City to the former Redevelopment Agency.
- 3) Authorize and direct the City Administrator to sign an acceptance of the grant deeds, or other acceptable documentation, on behalf of the City and to execute the grant deeds, or other acceptable documents, on behalf of the Successor Agency, and to take such other actions and sign such other documents as may be necessary or convenient to accomplish the Successor Agency's conveyance of the Site to the City, and the return to the Successor Agency of funds in the amount of \$326,612.

#### BACKGROUND:

Assembly Bill 1X 26, enacted in June 2011, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, and further modified by Assembly Bill 1484, enacted in June 2012, and other subsequent legislation (collectively, the "Dissolution Act") dissolved and set out procedures for the wind-down of the affairs of all redevelopment agencies throughout the State effective February 1, 2012.

The Successor Agency to the Redevelopment Agency of the City of Sonora (“Successor Agency”) is the successor entity to the former Redevelopment Agency of the City of Sonora (“Former Redevelopment Agency”) and, pursuant to the Dissolution Act, is responsible for the wind-down of the affairs of the Former Redevelopment Agency. The Oversight Board is the Successor Agency’s oversight board pursuant to Health and Safety Code Section 34179(a).

In furtherance of the Former Redevelopment Agency’s activities to carry out the Redevelopment Plan for the Sonora Redevelopment Project, the Former Redevelopment Agency acquired from the City certain property consisting of two affordable rental properties located generally at 178 Fairview Lane and 184 Fairview Lane (the “Site”). A grant deed conveying the Site to the Former Redevelopment Agency was recorded on November 30, 2011, and the amount of \$326,612 in Low and Moderate Income Housing Funds was paid to the City for such acquisition.

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 Former Redevelopment Agency and the City after January 1, 2011. In its draft Asset Transfer Review Report, issued March 10, 2014, and final Asset Transfer Review Report, dated December 31, 2015, the State Controller found that the Former Redevelopment Agency transferred various assets after January 1, 2011, including “unallowable transfers to the City of Sonora totaling \$438,277.” On April 17, 2013, the City remitted \$111,665 to the Tuolumne County Auditor-Controller to reverse two payments made by the Former Redevelopment Agency on loans from the City. The State Controller’s Report acknowledged this remittance, but found that the “remaining \$326,612 in cash must be turned over to the Successor Agency.”

#### **DISCUSSION:**

Health and Safety Code Section 34167.5 requires that, if an asset transfer occurred between a redevelopment agency and the city, county or city and county that created the redevelopment agency, the “Controller shall order the available assets to be returned to the ... successor agency.” Health and Safety Code Section 34179.9, added by SB 107 adopted in September 2015, also 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’s Report also notes that the two rental properties from the City were “subsequently transferred ... back to the City on February 1, 2012.” The Report further orders that “the City may retain the two rental properties, but must turn over \$326,612 in cash to the Successor Agency.” In fact, the actual transfer to the City of title to the Site has not occurred, and fee title to the Site is in the name of the Former Redevelopment Agency, and is therefore now held by the Successor Agency as the successor entity to the Former Redevelopment Agency under the Dissolution Act.

In order to comply with the Order of the State Controller’s Office, and Health and Safety Code Sections 34176.5 and 34179.9, staff requests the City Council and Successor Agency authorize the transfer of title to the Site by the Successor Agency to the City, and acceptance thereof by the City, and the return of funds in the amount of \$326,612 by the City to the Successor Agency.

Health and Safety Code 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. Pursuant to Health and Safety Code Section 34181(f), all actions taken pursuant to Section 34181(a) must be approved by resolution of the Oversight Board at a public meeting after at least

10 days' notice to the public of the specific proposed action. Such actions of the Oversight Board are then subject to review by the Department of Finance pursuant to Health and Safety Section 34179.

On October 3, 2018 the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sonora adopted Resolution No. OB 10-03-2018-A authorizing and directing the conveyance of said properties by the Successor Agency to the City and accepting the return of funds from the City in the amount of \$326,612. The City received notification from the Department of Finance on October 9, 2018 that no further review will be required.

**FISCAL IMPACT:**

As ordered by the State Controller's Office, and as required by the Dissolution Act, the City must return to the Successor Agency the amount of \$326,612. Upon receipt by the Successor Agency, that amount must then be turned over to the Tuolumne County Auditor-Controller for distribution to the local taxing entities. As the City is one of the local taxing entities, it will receive its proportional share of this amount when the funds are distributed by the County Auditor-Controller to the taxing entities.

# **RESOLUTION NO. SA 11-05-2018-A**

## **A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SONORA APPROVING AND AUTHORIZING THE CONVEYANCE BY THE SUCCESSOR AGENCY TO THE CITY OF CERTAIN PROPERTIES PREVIOUSLY CONVEYED BY THE CITY TO THE FORMER REDEVELOPMENT AGENCY, AND ACCEPTANCE OF THE RETURN OF FUNDS FROM THE CITY DETERMINED TO BE A DISALLOWED TRANSFER OF ASSETS UNDER THE DISSOLUTION ACT**

**WHEREAS**, Assembly Bill 1X 26, enacted in June 2011, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, and further modified by Assembly Bill 1484, enacted in June 2012, and other subsequent legislation (collectively, the “Dissolution Act”) dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012; and

**WHEREAS**, the Successor Agency to the Redevelopment Agency of the City of Sonora (“Successor Agency”) is the successor entity to the former Redevelopment Agency of the City of Sonora (“Former Redevelopment Agency”) and pursuant to the Dissolution Act, is responsible for the wind-down of the affairs of the former Redevelopment Agency; and

**WHEREAS**, in furtherance of the Former Redevelopment Agency’s activities to carry out the Redevelopment Plan for the Sonora Redevelopment Project, the Former Redevelopment Agency acquired from the City certain property consisting of two affordable rental properties located generally at 178 Fairview Lane and 184 Fairview Lane (the “Site”), and the amount of \$326,612 in Low and Moderate Income Housing Funds was paid to the City for such acquisition; and

**WHEREAS**, 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 Former Redevelopment Agency and the City after January 1, 2011; and

**WHEREAS**, in its draft Asset Transfer Review Report, issued March 10, 2014, and final Asset Transfer Review Report, dated December 31, 2015, the State Controller found that the Former Redevelopment Agency transferred various assets after January 1, 2011, including “unallowable transfers” to the City of Sonora, and further found that “\$326,612 in cash must be turned over to the Successor Agency;” and

**WHEREAS**, Health and Safety Code Section 34167.5 requires that, if an asset transfer occurred between a redevelopment agency and the city, county or city and county that created the redevelopment agency, the “Controller shall order the available assets to be returned to the ... successor agency;” and Health and Safety Code Section 34179.9, added by SB 107 adopted in September 2015, also 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;”and

**WHEREAS**, the State Controller’s Report also notes that “the City may retain the two rental properties, but must turn over \$326,612 in cash to the Successor Agency;” and

**WHEREAS**, Health and Safety Code 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, and pursuant to Health and Safety Code Section 34181(f), all actions taken pursuant to Section 34181(a) must be approved by resolution of the Oversight Board at a noticed public meeting, and the Oversight Board actions are then subject to review by the Department of Finance pursuant to Health and Safety Section 34179; and

**WHEREAS**, on October 3, 2018 the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sonora adopted Resolution No. OB 10-03-2018-A authorizing and directing the conveyance of said properties by the Successor Agency to the City and accepting the return of funds from the City in the amount of \$326,612 and subsequently the City received notification by the Department of Finance that no further review will be required.

**NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SONORA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Incorporation of Recitals. The foregoing recitals are true and correct, and are incorporated herein and made an operative part of this Resolution.

**Section 2.** Approval of Conveyance of Property. The Successor Agency hereby approves and authorizes the conveyance to the City of the properties located generally at 178 Fairview Lane and 184 Fairview Lane, which properties were previously conveyed by the City to the Former Redevelopment Agency in 2011. The Site shall be transferred to the City by grant deed, or other acceptable mechanism, in form and content acceptable to Successor Agency’s counsel and the City Attorney.

**Section 3.** Approval of Return of Funds. The Successor Agency hereby further authorizes the acceptance by the Successor Agency of funds in the amount of \$326,612, which amount has been determined by the State Controller’s Office to be a disallowed transfer of assets by the Successor Agency under the Dissolution Act. Following receipt of such funds by the Successor Agency, such funds shall be turned over to the Tuolumne County Auditor-Controller for distribution to the local taxing entities.

**Section 4.** Authorization to Implement Resolution. The Successor Agency hereby authorizes and directs the City Administrator to execute the grant deeds, or other acceptable documentation, on behalf of the Successor Agency, and to take such other actions and sign such other documents as may be necessary or convenient to accomplish the Successor Agency’s conveyance of the Site to the City, and the return to the Successor Agency of funds in the amount of \$326,612, all as contemplated in this Resolution.

**Section 5.** CEQA. The Successor Agency has determined that the transfer of land is exempt from the requirements of the California Environmental Quality Act (“CEQA”), pursuant to State CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that the

mere transfer of title from the Successor Agency to the City will not have a significant effect on the environment. The Successor Agency hereby directs City staff to file a Notice of Exemption with the Clerk of Tuolumne County within five (5) calendar days following approval of this Resolution.

**Section 6.** Severability. If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

**Section 7.** Effective Date. This Resolution shall become effective immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** at a regular meeting of the Successor Agency to the Redevelopment Agency of the City of Sonora on the 5th day of November, 2018, by the following vote:

AYES: \_\_\_\_\_  
\_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Dated: November 5, 2018

\_\_\_\_\_  
James M. Garaventa, Chair

ATTEST:

\_\_\_\_\_  
Marijane Cassinetto, Secretary

# **RESOLUTION NO. 11-05-2018-A**

## **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SONORA APPROVING AND AUTHORIZING THE RETURN OF FUNDS TO THE SUCCESSOR AGENCY DETERMINED TO BE A DISALLOWED TRANSFER OF ASSETS UNDER THE DISSOLUTION ACT, AND ACCEPTANCE OF THE TRANSFER FROM THE SUCCESSOR AGENCY OF CERTAIN PROPERTIES PREVIOUSLY CONVEYED BY THE CITY TO THE FORMER REDEVELOPMENT AGENCY**

**WHEREAS**, Assembly Bill 1X 26, enacted in June 2011, and as modified by the Supreme Court of the State of California in the matter of *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, and further modified by Assembly Bill 1484, enacted in June 2012, and other subsequent legislation (collectively, the “Dissolution Act”) dissolved and set out procedures for the wind-down of all redevelopment agencies throughout the State effective February 1, 2012; and

**WHEREAS**, the Successor Agency to the Redevelopment Agency of the City of Sonora (“Successor Agency”) is the successor entity to the former Redevelopment Agency of the City of Sonora (“Former Redevelopment Agency”) and pursuant to the Dissolution Act, is responsible for the wind-down of the affairs of the former Redevelopment Agency; and

**WHEREAS**, in furtherance of the Former Redevelopment Agency’s activities to carry out the Redevelopment Plan for the Sonora Redevelopment Project, the Former Redevelopment Agency acquired from the City certain property consisting of two affordable rental properties located generally at 178 Fairview Lane and 184 Fairview Lane (the “Site”), and the amount of \$326,612 in Low and Moderate Income Housing Funds was paid to the City for such acquisition; and

**WHEREAS**, 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 Former Redevelopment Agency and the City after January 1, 2011; and

**WHEREAS**, in its draft Asset Transfer Review Report, issued March 10, 2014, and final Asset Transfer Review Report, dated December 31, 2015, the State Controller found that the Former Redevelopment Agency transferred various assets after January 1, 2011, including “unallowable transfers” to the City of Sonora, and further found that “\$326,612 in cash must be turned over to the Successor Agency;” and

**WHEREAS**, Health and Safety Code Section 34167.5 requires that, if an asset transfer occurred between a redevelopment agency and the city, county or city and county that created the redevelopment agency, the “Controller shall order the available assets to be returned to the ... successor agency,” and Health and Safety Code Section 34179.9, added by SB 107 adopted in September 2015, also 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;”and

**WHEREAS**, the State Controller’s Report also notes that “the City may retain the two rental properties, but must turn over \$326,612 in cash to the Successor Agency;” and

**WHEREAS**, Health and Safety Code 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, and pursuant to Health and Safety Code Section 34181(f), all actions taken pursuant to Section 34181(a) must be approved by resolution of the Oversight Board at a noticed public meeting, and the Oversight Board actions are then subject to review by the Department of Finance pursuant to Health and Safety Section 34179; and

**WHEREAS**, on October 3, 2018 the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Sonora adopted Resolution No. OB 10-03-2018-A authorizing and directing the conveyance of said properties by the Successor Agency to the City and accepting the return of funds from the City in the amount of \$326,612 and subsequently the City received notification by the Department of Finance that no further review will be required.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SONORA DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1.** Incorporation of Recitals. The foregoing recitals are true and correct, and are incorporated herein and made an operative part of this Resolution.

**Section 2.** Approval of Acceptance of Conveyance of Property. The City Council hereby approves and authorizes acceptance by the City of the conveyance of the properties located generally at 178 Fairview Lane and 184 Fairview Lane, which properties were previously conveyed by the City to the Former Redevelopment Agency in 2011. The Site shall be transferred to, and accepted by, the City by grant deed, or other acceptable mechanism, in form and content acceptable to Successor Agency’s counsel and the City Attorney.

**Section 3.** Approval of Return of Funds. The City Council hereby further approves and authorizes the return to the Successor Agency of funds in the amount of \$326,612, which amount has been determined by the State Controller’s Office to be a disallowed transfer of assets by the Successor Agency under the Dissolution Act.

**Section 4.** Authorization to Implement Resolution. The City Council hereby authorizes and directs the City Administrator to sign an acceptance of the grant deeds, or other acceptable documentation, on behalf of the City and to take such other actions and sign such other documents as may be necessary or convenient to accomplish the Successor Agency’s conveyance of the Site to the City, and the return to the Successor Agency of funds in the amount of \$326,612, all as contemplated in this Resolution.

**Section 5.** CEQA. The City Council has determined that the transfer of land is exempt from the requirements of the California Environmental Quality Act (“CEQA”), pursuant to State CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that the mere transfer of title from the Successor Agency to the City will not have a significant effect on the environment. The City Council hereby directs City staff to file a Notice of Exemption with



the Clerk of Tuolumne County within five (5) calendar days following approval of this Resolution.

**Section 6.** Severability. If any provision of this Resolution is held invalid, the remainder of this Resolution shall not be affected by such invalidity, and the provisions of this Resolution are severable.

**Section 7.** Effective Date. This Resolution shall become effective immediately upon its adoption.

PASSED, APPROVED AND ADOPTED as a Resolution by the Sonora City Council at a meeting held by the City Council on the 5th day of November 2018, by the following vote:

AYES: \_\_\_\_\_

\_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

Dated: November 5, 2018

\_\_\_\_\_  
James M. Garaventa, Mayor

ATTEST: \_\_\_\_\_  
Marijane Cassinetto, City Clerk