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Controller Completes Review of Hercules and West Sacramento RDA Assets

SACRAMENTO – State Controller John Chiang today announced completing reviews of the assets transferred by redevelopment agencies (RDAs) in [Hercules](#) and [West Sacramento](#) prior to their dissolution. In Hercules, the review found \$51.1 million of the RDA's real properties, cash, and invested funds were either inappropriately transferred to the City or unlawfully retained by the former RDA. In West Sacramento, however, all asset transfers made by the City's RDA were lawfully executed.

"By dissolving RDAs, the Governor and Legislature made the choice to redistribute their assets and property taxes to schools, public safety and other local services across the State," said Chiang. "My office is tasked with making sure RDA assets go where they belong: retiring RDA debt and funding critical services at the local level."

The Controller's review is mandated by AB1x 26 and AB 1484. These recently-enacted laws require all RDAs to cease operations by February 1, 2012. Their assets and liabilities must be transferred to a "successor agency" and placed under the direction of an oversight board to dispose of the assets, pay off obligations, and redistribute excess cash to fund schools, public safety, and other local public services.

The law requires that all RDA assets transferred to a city, county or other public agency after January 1, 2011, must be returned to its successor agency unless the assets were committed to a private third party by June 28 of that year.

In Hercules, the city's RDA transferred \$124.1 million in assets to the City between January 1, 2011, and January 31, 2012. Of that amount, the Controller's review found that existing law prohibits \$35.5 million of the transfers. In addition, the review found another \$15.6 million worth of RDA assets that were never transferred to the successor agency. In total, the review determined that \$51.1 million in RDA assets are owed to the successor agency, and the City is ordered to transfer those assets, which include land, property improvements, and cash accounts, to its successor agency.

Existing law empowers a successor agency's oversight board, made up of local appointees, to return assets and property to a local government if it serves a legitimate governmental purpose and if there is no objection by the State Department of Finance. For example, during the course of the review of West Sacramento, the Controller's office identified 12 RDA assets that were transferred to the city itself, rather than to its successor agency. The oversight board then quickly decided those assets should stay in the City's possession because they serve a governmental purpose. This is the first RDA asset review that does not order any action on the City's part.

The Controller recently completed similar asset reviews in the cities of [Milpitas](#) and [Morgan Hill](#). As required by AB1x 26 and AB 1484, the Controller will perform reviews of the other 398 dissolved redevelopment agencies across the State.

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