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## Controller Completes Review of San Bernardino RDA

**SACRAMENTO** – State Controller John Chiang today announced completing his [review](#) of the assets transferred by the City of San Bernardino's redevelopment agency (RDA) prior to its dissolution. The review found \$108.4 million of the RDA's real properties, cash, and invested funds were inappropriately transferred to the City's Economic Development Corporation, and another \$420.5 million of assets are still being held by the City.

"I'm working to make sure redevelopment assets go where they belong: to retiring RDA debt and paying for critical services at the local level," Chiang said.

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. The EDC cannot be considered a private third party under State law because:

- 1 The City council exercises control over EDC operations
- 1 It shares common governing boards with the City
- 1 It performs functions customarily or historically performed by cities and is financed by tax levies.

Therefore the \$108.4 million in assets transferred from the RDA to the EDC between January 1, 2011 and January 31, 2012, must be sent to the RDA's successor agency.

In addition, the review found another \$420.5 million worth of RDA assets that were never transferred to the successor agency. In total, the review determined that \$528.9 million in RDA assets are owed to the successor agency, and both the City and its Economic Development Corporation are 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, when reviewing RDAs in West Sacramento and Signal Hill, the Controller's office identified assets that were transferred to cities instead of successor agencies. But in both cases, the local oversight board decided that the assets served a governmental purpose, and should therefore stay with the cities.

To date, the Controller has completed 20 asset reviews. As required by AB1x 26 and AB 1484, the Controller will perform reviews of all remaining redevelopment agencies across the State. Read more about the Controller's role in conducting asset reviews , and see a list of completed reviews .

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