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RESOLUTION NUMBER R- 307191

DATE OF FINAL PASSAGE DEC 15 2011

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE CHIEF FINANCIAL OFFICER TO TAKE VARIOUS ACTIONS, ALL NECESSARY TO ALLOW THE CITY TO MAKE PAYMENT TO THE SAN DIEGO COUNTY AUDITOR-CONTROLLER IN THE AMOUNT OF \$69,255,216, AS REQUIRED UNDER ASSEMBLY BILL X1 27 (AB 27), TO ALLOW FOR THE CONTINUED EXISTENCE OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO, CONTINGENT UPON THE CALIFORNIA SUPREME COURT UPHOLDING THE VALIDITY OF AB 27.

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) is engaged in activities necessary to carry out and implement redevelopment plans in various geographical areas throughout the City of San Diego (City); and

WHEREAS, on February 28, 2011, the City and the Agency entered into that certain Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects (Cooperation Agreement); and

WHEREAS, in March 2011, the Agency transferred approximately \$289 million to the City pursuant to the Cooperation Agreement and on June 14, 2011, the Agency adopted its fiscal year 2012 Budget which includes an additional \$57 million of Funding to the City for Cooperation Agreement projects; and

WHEREAS, pursuant to Resolution Nos. R-04667, R-04668, and R-04669, all adopted effective June 27, 2011, the Agency approved the Program Budgets for Fiscal Year 2011-2012, which covers the period of time from July 1, 2011, through June 30, 2012, for the redevelopment projects managed, respectively, by the Centre City Development Corporation, Inc. (CCDC), the

Southeastern Economic Development Corporation (SEDC), and the City's Redevelopment Department (City Redevelopment) (collectively, the Agency's FY 12 Program Budgets); and

WHEREAS, on June 28, 2011, after the final passage of the resolutions approving the Agency's FY 12 Program Budgets, Governor Edmund G. Brown Jr. approved Assembly Bill x1 26 (AB 26) and Assembly Bill x1 27 (AB 27), which had been earlier passed by the California Legislature; and

WHEREAS, AB 26 generally prevents redevelopment agencies from entering into new or amended obligations or contracts, and eliminates redevelopment agencies and winds down their operations; and

WHEREAS, AB 27 allows redevelopment agencies to remain in existence, and to gain an exemption from the provisions of AB 26, in exchange for the payment of substantial sums of money on an annual basis; and

WHEREAS, on July 18, 2011, the California Redevelopment Association and other parties filed litigation designated as Case No. S194861 (Litigation), challenging the validity of both AB 26 and AB 27, and it is anticipated that the California Supreme Court (Supreme Court) will issue a final written opinion in the Litigation by January 15, 2012; and

WHEREAS, AB 27 codified Part 1.9 of Division 24 of the California Health and Safety Code (Part 1.9), which now comprises a portion of the California Community Redevelopment Law; and

WHEREAS, on August 1, 2011, the City enacted Ordinance No. O-20078, whereby the City agreed to make specified remittances to the San Diego County Auditor-Controller (County Auditor) in order to continue the existence of the Agency under the "voluntary alternative redevelopment program" instituted by Part 1.9; and

WHEREAS, on August 2, 2011, as authorized by AB 27, the City and the Agency entered into that certain Remittance Agreement, a copy of which is on file with the City Clerk's office as Document No. O-20078 (Remittance Agreement), whereby the Agency will transfer a portion of its available net tax increment and other funds to the City, in an amount sufficient to enable the City to pay the remittances under AB 27 to the County Auditor; and

WHEREAS, the California Department of Finance (DOF) has calculated the City's remittance amount under AB 27 for Fiscal Year 2011-12 at \$69,255,216, and the DOF has denied the City's appeal seeking to reduce such amount by approximately \$13 million; and

WHEREAS, the City must now amend the City's fiscal year 2012 Budget to reduce appropriations and to transfer Cooperation Agreement Funds, in accordance with the Cooperation Agreement Funds Transfer Schedule, to the Agency, effectively defunding specified projects in order to allow the Agency to transfer \$69,255,216 to the City, which in turn will remit such funds to the County Auditor in two equal installments during Fiscal Year 2011-12, all in accordance with the Remittance Agreement and the provisions of AB 27; and

WHEREAS, a new fund, the AB 27 Remittance Fund shall be established to accept payments from the Agency to the City to allow the City to remit payment to the County Auditor; and

WHEREAS, the proposed amendments to the City's FY 2012 Budget related to the Cooperation Agreement (FY 12 Cooperation Agreement Budget Amendments) are identified in the "City Budget Amendment (Cooperation Agreement) Accounting Detail" included as Attachment 3 to Staff Report No. RTC-11-142; NOW, THEREFORE,

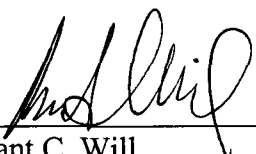
BE IT RESOLVED, as follows:

1. The Chief Financial Officer is authorized to reduce appropriations and transfer Cooperation Agreement for Payment of Costs Associated with Certain Redevelopment Agency Funded Projects Funds, in accordance with the Cooperation Agreement Funds Transfer Schedule, to the Redevelopment Agency, effectively defunding specified projects and utilizing those monies to fund the City's Fiscal Year 2012 remittance to the County Auditor pursuant to AB 27 and City Ordinance O-20078, contingent upon a ruling by the California Supreme Court that upholds AB 27.

2. The Chief Financial Officer is authorized to establish a new fund, AB 27 Remittance Fund, to accept funding from the Redevelopment Agency and remit payment to the County Auditor in accordance with AB 27, contingent upon a ruling by the California Supreme Court that upholds AB 27.

3. The Chief Financial Officer is authorized to accept \$69,255,216 from the Redevelopment Agency and to appropriate and expend those monies in the AB 27 Remittance Fund for the purpose of remitting the Fiscal Year 2012 payment to the County Auditor in accordance with AB 27, contingent upon a ruling by the California Supreme Court that upholds AB 27.

APPROVED: JAN I. GOLDSMITH, City Attorney

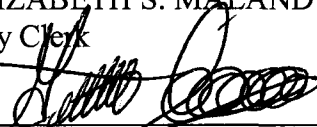
By 

Brant C. Will
Deputy City Attorney

BCW:jdf
11/21/11
Or.Dept:FM
Doc.No.:281156
Companion No.:RA-2012-12

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of ~~DEC 06 2011~~

ELIZABETH S. MALAND
City Clerk

By 
Deputy City Clerk

Approved: 12.15.11
(date)


JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor