

REQUEST FOR REDEVELOPMENT AGENCY ACTION CITY OF SAN DIEGO	CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY) N/A
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TO: Redevelopment Agency	FROM (ORIGINATING DEPARTMENT): City Redevelopment	DATE: 01/24/2012
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SUBJECT: Amended and Restated Enforceable Obligation Payment Schedule

PRIMARY CONTACT (NAME, PHONE): Janice Weinrick ,236-6250, 56D	SECONDARY CONTACT (NAME, PHONE): Scott Mercer , 236-6242, 56D
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COMPLETE FOR ACCOUNTING PURPOSES

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

FUND					
DEPT / FUNCTIONAL AREA					
ORG / COST CENTER					
OBJECT / GENERAL LEDGER ACCT					
JOB / WBS OR INTERNAL ORDER					
C.I.P./CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00

COST SUMMARY (IF APPLICABLE): The fiscal impact to the City as successor agency is dependent on the review and potential challenge of the Amended and Restated EOP Schedule. AB 26 limits administrative cost reimbursements paid to the City as successor agency. The actual level of funds for the City to utilize in fulfilling its role as the Agency's successor agency will not be known until the State reviews and potentially successfully challenge items listed on the Amended EOP Schedule.

ROUTING AND APPROVALS

CONTRIBUTORS/REVIEWERS:	APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED
Comptroller	ORIG DEPT.	Weinrick, Janice	1/25/2012
Liaison Office	CFO		
	DEPUTY CHIEF		
	COO	Hill, Wally	1/26/2012
	CITY ATTORNEY	Reisch, Kevin	1/26/2012
	COUNCIL PRESIDENTS OFFICE	Juardo-Sainz, Diana	1/26/2012

PREPARATION OF: RESOLUTIONS ORDINANCE(S) AGREEMENT(S) DEED(S)

The proposed action calls for the adoption of an Amended and Restated Enforceable Obligation Payment Schedule

that lists all of the Agency's "enforceable obligations" as defined under AB 26. This action is required by the Agency Board to be in compliance with AB 26 a result of a State Supreme Court decision.

STAFF RECOMMENDATIONS:

Adopt the Amended and Restated EOP Schedule.

SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)

COUNCIL DISTRICT(S): 1,2, 3, 4, 5, 6, 7, 8

COMMUNITY AREA(S): ALL SAN DIEGO COMMUNITIES

ENVIRONMENTAL IMPACT: The proposed action is not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines section 15378(b)(4)-(5), and thus is not subject to CEQA pursuant to CEQA Guidelines section 15060(c)(3).

HOUSING IMPACT: None with this direct action although AB 26 lowers the level of funding that will be available in the future to assist in the production of affordable housing.

**CITY CLERK
INSTRUCTIONS:**

**REDEVELOPMENT AGENCY ACTION
EXECUTIVE SUMMARY SHEET
CITY OF SAN DIEGO**

DATE: 01/24/2012

ORIGINATING DEPARTMENT: City Redevelopment

SUBJECT: Amended and Restated Enforceable Obligation Payment Schedule

COUNCIL DISTRICT(S): 1,2, 3, 4, 5, 6, 7, 8

CONTACT/PHONE NUMBER: Janice Weinrick /236-6250, 56D

DESCRIPTIVE SUMMARY OF ITEM:

The proposed action calls for the adoption of an Amended and Restated Enforceable Obligation Payment Schedule (“Amended and Restated EOP Schedule”) that lists all of the Agency’s “enforceable obligations” as defined under AB 26. This action is immediately required by the Agency Board to be in compliance with State Law and a recent court decision of the California Supreme Court.

STAFF RECOMMENDATION:

Adopt the Amended and Restated EOP Schedule.

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

The California Supreme Court (“Court”) issued its final opinion in the redevelopment related litigation action, California Redevelopment Association et al. v. Ana Matosantos et al. (“CRA Litigation”), on December 29, 2011. The Court upheld Assembly Bill 1X 26, the “Dissolution Act” (“AB26”) as constitutional. Under this decision, each redevelopment agency will be dissolved and its rights, powers, duties and obligations will vest in its successor agency as of February 1, 2012. The successor agency and an oversight board will oversee the winding down of each former agency’s affairs and the liquidation of the former agency’s unencumbered assets for distribution to counties, school districts and other local public agencies.

The Court’s final opinion in the CRA Litigation established a modified set of deadlines for the implementation of AB 26, to account for the circumstance in which the Supreme Court had suspended the Dissolution Provisions for approximately four-months while deciding the merits of the CRA Litigation. The Agency’s initial EOP Schedule is no longer current and requires amendments to include payments for the months January 2012 through June 2012. In addition, greater reference to document the background and authority for the listed Enforceable Obligations has been added and Enforceable Obligations that have been fulfilled have been deleted.

FISCAL CONSIDERATIONS:

The fiscal impact to the City as successor agency is dependent on the review and potential challenge of the Amended and Restated EOP Schedule. AB 26 limits the “administrative cost allowance” available to the City as successor agency. The actual level of funds that the City may utilize in fulfilling its role as the Agency’s successor agency will not be known until the DOF and State Controller review and potentially challenge items listed in the Amended and Restated EOP Schedule, and until any such challenge is finally resolved.

Under Section 34167(h), the City as successor agency is generally prohibited from remitting payment for any purpose, other than payments required to meet obligations with respect to

bonded indebtedness, unless the payment relates to an “enforceable obligation” listed in the Amended and Restated EOP Schedule adopted by the Agency Board and approved or deemed approved by the DOF. The Amended and Restated EOP Schedule will remain the document that governs payments made by the City as successor agency until the ROP Schedules have been reviewed and approved by the appropriate entities, as described immediately below. The subsequent ROP Schedules and administrative budgets to be approved by the City as successor agency, subject to certification by the County Auditor-Controller and review and approval by the Oversight Board, will determine the exact amount of administrative cost allowance available to the successor agency for every six-month fiscal period. The administrative cost allowance for a successor agency is defined in Section 34171(b) as an amount that, subject to the approval of the Oversight Board, is payable from the property tax revenue of up to five percent (5%) of the property taxes allocated to the successor agency for the 2011-12 fiscal year and up to three percent (3%) of the property taxes allocated to the Redevelopment Obligation Retirement Fund administered by the successor agency for each fiscal year thereafter. The DOF has indicated in a recent guidance document that the payment schedules under AB 26 may include expenses for ongoing project management and construction inspection where required on specific projects, without subjecting such expenses to the cap on the administrative cost allowance.

Any costs to the successor agency beyond those allowed by AB 26 would impact the City’s general fund. These costs could be offset by increased property tax revenues distributed to the City, given that a portion of the tax increment revenue previously allocated to the Agency will be reallocated to the City and other local taxing entities as general property taxes, to the extent that the City as successor agency does not need the continued property tax revenue in order to pay enforceable obligations. It is anticipated that the City will receive approximately 17% of the general property taxes that are reallocated to local taxing entities in accordance with AB 26.

ENVIRONMENTAL IMPACT:

The proposed action is not a “project” within the meaning of the California Environmental Quality Act (“CEQA”), specifically CEQA Guidelines section 15378(b)(4)-(5), and thus is not subject to CEQA pursuant to CEQA Guidelines section 15060(c)(3).

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): None

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

On July 18, 2011, the City Council introduced an Opt-In Ordinance pursuant to AB 27, whereby the City commits to utilize solely redevelopment funds to make annual payments to the County Auditor-Controller in exchange for the Agency’s exemption from the provisions of AB 26 and the Agency’s continued operation pursuant to California Community Redevelopment Law. In addition, the Agency and City approved a Remittance Agreement, whereby the Agency will transfer redevelopment funds to the City in an amount sufficient for the City to make the required payments to the County Auditor-Controller. The Opt-In Ordinance was enacted by the City Council, and signed by the Mayor, on August 1, 2011. The Agency approved an EOP Schedule on September 13, 2011 cover the period September 1, 2011 through December 31, 2011. The City took action to serve as the Agency’s successor agency on January 10, 2012.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Redevelopment Project Area Committees (PACs), the Southeastern Economic Development Corporation Board, the Centre City Development Corporation Board, and pertinent community groups have received updates on the legislative matters that have been considered by the State Legislature since January 2011. There has been no opportunity for additional formal community participation or public outreach on the Amended and Restated EOP Schedule due to the short time frame provided to prepare the Amended and Restated EOP Schedule for Agency consideration and transmittal to the City as successor agency since the Court decision on the CRA Litigation.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Key stakeholders include City, the communities within the boundaries of the fourteen (14) redevelopment project areas as well as the communities outside of the project areas who benefit from the revitalization of the project areas. Key stakeholders also include the Agency's vendors, consultants and development partners.

Weinrick, Janice

Originating Department

Hill, Wally

Deputy Chief/Chief Operating Officer