



**MINUTES**  
**SAN DIMAS REDEVELOPMENT AGENCY MEETING**  
**TUESDAY, July 12, 2011**  
**SAN DIMAS COUNCIL CHAMBERS**  
**245 E. BONITA AVENUE**

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**PRESENT:**

Chairman Curtis W. Morris  
Vice Chairman Jeffrey W. Templeman  
Mr. Emmett G. Badar  
Mr. Denis Bertone  
Mr. John Ebner  
Executive Director Blaine Michaelis  
Agency Attorney Ken Brown  
Secretary Ina Rios  
Assistant City Manager of Community Development Larry Stevens  
Assistant City Manager Ken Duran  
Director of Development Services Dan Coleman  
Director of Public Works Krishna Patel  
Director of Parks and Recreation Theresa Bruns

**CALL TO ORDER**

Chairman Morris called the meeting of the San Dimas Redevelopment Agency to order at 7:57 p.m.

**ORAL COMMUNICATIONS** (This is the time set aside for members of the audience to address the Board. Speakers are limited to three minutes.)

There were no comments.

**APPROVAL OF MINUTES**

It was moved by Mr. Bertone, seconded by Mr. Ebner, to approve the minutes of the June 28, 2011 meeting. The motion carried unanimously.

**EXECUTIVE DIRECTOR**

- 1) Report on State Legislation AB1X 26 & 27 – Legislation affecting California Redevelopment Agencies.

Executive Director Michaelis stated he and Assistant City Manager Duran will present an oral report on the recent action by the State.

Assistant City Manager Duran provided a chronology of how the State Budget was adopted and ultimately how legislators approved and the Governor signed two bills that impact the Redevelopment Agency. Mr. Duran explained AB1x 26 that abolishes all Redevelopment Agencies effective October 1, 2011 and AB1x 27 that allows for the continuation of Redevelopment Agencies if the Agency agrees to voluntarily pay the proportionate share of \$1.7 billion statewide. He said the City of San Dimas' proportionate share is \$1.8 million for the primary year and \$400,000 annually thereafter. He said there is a provision in the law that would allow a one-time use of set aside funds contingent upon the Agency making a finding that there is no other source of revenue to make that payment. The estimated 20% set aside contributions would be approximately \$1.4 million. The balance of \$400,000 would come from City or Redevelopment funds. The \$1.8 million would be paid to the State in two installments –the first 50% installment is due January 15, 2012 and the second installation is due on May 15, 2012.

In response to Mr. Bertone, Mr. Duran replied that if the Agency decided to make the payment, AB1x27 keeps the Agency in existence with the ability to continue to operate with all current redevelopment laws intact. He emphasized that from this point until August 1, 2011, the Agency cannot commit to or enter into any new agreements or contracts.

In response to Chairman Morris, Mr. Duran said the total tax increment is just under \$7 million and for the current fiscal year, including debt obligations, pass-through obligations, and administrative costs, the estimated ending fund balance would be \$400,000.

In response to Vice-Chairman Templeman, Mr. Duran said the two new restaurants that participated with Costco in the overall project, were informed that there would not be Agency participation available.

In response to Vice-Chairman Templeman, Executive Director Michaelis provided a history of the State pattern of taking billions of Redevelopment funds since the mid-1990's and said a legal case was filed in 2009 challenging the constitutionality of taking the \$2.7 billion statewide. A decision on that case may be rendered by December. He said in response to recent legislation passed and signed by the Governor, there is another legal challenge being prepared which will be filed shortly. The main purpose is first to seek a stay to prevent the implementation of the legislation and second, part of the lawsuit challenges the constitutionality of taking Redevelopment Agency funds for other purposes, based on the 1956 enabling law, as well as Proposition 22 passed in 2010. He said the court's reaction is unknown on the stay request until mid-August or it might be argued sometime in the Fall, with a decision in December, and depending on the outcome, there may be a subsequent appeal.

In response to Mr. Bertone, Mr. Michaelis stated that if the Redevelopment Agency is dissolved on October 1, 2011 the housing set aside money goes back into distribution to all the other taxing entities and there will be no resources available for the affordable housing program.

Chairman Morris stated that if \$1.4 million is paid to the State, funds will not be available next year because \$1.4 million will go to the housing fund and the remaining \$400,000 will go to the State. He added that if the Agency is dissolved, the State will take over and dispose of all agency owned property.

Vice-Chairman Templeman said that Costco, Lowe's, Target, Albertson's and other projects were energy to the economic conditions of the State. He added that taking away that opportunity, the Agency could lose two restaurants that are looking at the Costco site and are trying to get into plan check; and the Agency can also lose the Grove Station and housing at San Dimas Canyon Road.

In response to Vice-Chairman Templeman, Mr. Duran stated that when Costco was built, the pass-through tax increment to the School District, County and Fire District increased tremendously. Mr. Michaelis added that property taxes tripled after the Costco project was built.

Mr. Badar stated that the Agency has a fairly substantial debt commitment to the General Fund and if the Agency paid the \$1.4 million, does that give the ability to continue reimbursing or making payments to the General Fund.

In response, Mr. Duran stated that if the payment is made, the Agency would be retained under its current configuration. He said it is unclear if the Agency is eliminated whether the State would consider prior loans for purposes of paying back debt of approximately \$10 million. He said a Statement of Indebtedness is submitted to the State each year that identifies all of the Agency's outstanding debt.

In response to Mayor Morris, Mr. Duran stated that he conversed with City Attorney Brown who concluded that there may be some protection for the Mobile Home Park and the Monte Vista Apartments above the Hardware Store which are under the Housing Authority, a separate entity. However, if the Agency is dissolved, Agency owned property on Bonita Avenue and Cataract would be a liquidated asset and funds would go to the State.

In response to Councilmembers Badar and Templeman, Mr. Duran said there is an existing agreement to purchase and sell the Grove Station units. He said it is uncertain whether or not the City would acquire the revenue from the sale of those units.

Agency Attorney Brown stated that the California Redevelopment Agency Special Counsel is preparing a lawsuit, which will be filed shortly, that identifies several areas where the adopted legislation violates provisions of the State Constitution, primarily the violation of Proposition 22, an initiative that protected redevelopment funds. He said one key point in the lawsuit is a request to stay implementation of the legislation. If the stay is not granted, the Agency has until November 1, 2011 to adopt the ordinance to keep the Redevelopment Agency in business.

### **MEMBERS OF THE AGENCY**

1) Mr. Bertone desires that Mr. Stevens work on the purchase of the gas station at the intersection of Bonita Avenue and San Dimas Avenue.

Assistant City Manager Stevens stated that all projects are essentially on hold until a decision is made about continuing the Agency.

2) In response to Mr. Badar, Mr. Michaelis replied that there is an existing contract with VCH for a housing assistance program that can still be honored, although VCH needs to transfer the contract to a new entity to move forward with the construction of the project.

### **ADJOURNMENT**

There being no further business, Chairman Morris adjourned the meeting at 8:34 p.m.

Respectfully submitted,

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Ina Rios, Secretary