



MINUTES
JOINT CITY COUNCIL/
SAN DIMAS REDEVELOPMENT AGENCY
TUESDAY, JANUARY 10, 2012, 7:00 P. M.
SAN DIMAS COUNCIL CHAMBERS
245 E. BONITA AVE.

PRESENT:

Mayor Curtis W. Morris
Mayor Pro Tem Jeff Templeman
Councilmember Emmett Badar
Councilmember Denis Bertone
Councilmember John Ebner

City Manager Blaine Michaelis
City Attorney J. Kenneth Brown
City Clerk Ina Rios
Assistant City Manager for 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

1. CALL TO ORDER

Mayor/Chairman Morris called the meeting to order at 7:53 p.m.

- a. **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 speakers who stepped forward to comment.

- b. **APPROVAL OF SAN DIMAS REDEVELOPMENT AGENCY MINUTES**

It was moved by Mr. Badar, seconded by Mr. Templeman, to approve the San Dimas Redevelopment Agency minutes for the meeting of December 13, 2011. The motion carried unanimously.

- c. **REPORT ON AB1X26 IMPLICATIONS – DISSOLUTION OF SAN DIMAS REDEVELOPMENT AGENCY**

- (1) **RESOLUTION NO. 2012-02, A RESOLUTION OF THE CITY OF SAN DIMAS DETERMINING THAT THE CITY OF SAN DIMAS ELECTS TO, AND SHALL, SERVE AS THE SUCCESSOR AGENCY TO THE DISSOLVED SAN DIMAS REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34173.**

City Manager/Executive Director Michaelis stated that he met with City/Agency Attorney Brown and Assistant City Manager Duran to discuss actions after the California Supreme Court announced their ruling on December 29, 2011. He said Mr. Duran will provide a summary of the actions and recommendations on those actions, and stated that this is an ongoing situation as more information becomes available.

Assistant City Manager/Deputy Executive Director Duran summarized key points and terminology on the analysis and dissolution process for redevelopment agencies and said Senate Bill 659 was introduced last week to extend the implementation of AB 26 from its current effective date of February 1st to April 15th. He mentioned that a separate lawsuit, filed by a number of cities and redevelopment agencies challenging the constitutional aspects of AB 26 and AB 27, will be heard Thursday.

Court Ruling: Assistant City Manager Duran provided a Powerpoint outline of the December 29, 2011 California Supreme Court ruling to uphold Bill AB1X26, which would dissolve redevelopment agencies, and to invalidate Bill AB1X27, which would have allowed redevelopment agencies to continue if a voluntary payment were made to the State.

Effective Date: February 1, 2012 is the effective date that the redevelopment agency would be dissolved as a legal entity.

Successor Agency: The City of San Dimas has until January 13, 2012 to formally determine if the City of San Dimas will serve as the Successor Agency to the San Dimas Redevelopment Agency. If the City Council declines to serve as the Successor Agency, the City would not be in a position to control the preparation and contents of the Agency's Recognized Obligation Payment Schedule, which lists the Agency's financial obligations to be paid from former tax increment funds. Additionally, the City is likely to incur administrative costs throughout the dissolution process with no means of securing funds from the State to pay for those expenses.

Staff recommended that the City Council adopt Resolution No. 2012-02 electing to serve as Successor Agency to the dissolved San Dimas Redevelopment Agency and take responsibility for managing the operation of all prior obligations of the Redevelopment Agency prior to dissolution.

In response to Councilmember Ebner, Mr. Duran replied that if the City opts to not serve as Successor Agency, it would default to an agency that would be created under the auspices of the County of Los Angeles and members to that Board would be appointed by the Governor. The City would not be involved in any continued operation of the Agency.

In response to Councilmember Badar, Mr. Duran replied that the legislation did not require a resolution to affirm the desire to s Successor Agency, however, it was staff's intent to err on the side of caution.

Oversight Board: Effective March 1, 2012, an Oversight Board will be established to direct staff of the Successor Agency to perform the work to continue with the prior obligations of the former agency. Mr. Duran said the Board shall be comprised of seven members: two appointed by the City; two by the County; one by the largest Special District, which is believed to be the Fire District; one by the County Supervisor of Education, and one by the Chancellor of California Community Colleges. He said the Board will approve payments, liquidation of assets, sale of property and all functions associated with the dissolution of the agency.

Enforceable Obligation Payment Schedule (EOPS) and Recognized Obligation Payment Schedule (ROPS): Prior to dissolution of the Agency, the City and Existing Agency are required to identify and list on the EOPS and the ROPS all financial obligations committed prior to adoption of legislation in June 2011. Staff recommends adoption of the Enforceable Obligation Payment Schedule. The Recognized Obligation Payment Schedule (ROPS) will be brought before the City Council at their next meeting. He said the Oversight Board would need to approve the Recognized Obligation Payment Schedule (ROPS.)

Administrative Cost Allowance: There is a provision to allow a cost allowance to pay for administrative costs of the Successor Agency in the performance of the agency functions. Mr. Duran said the allowance may be up to 5% of the tax increment allocation, or a minimum of \$250,000, and up to 3% or a minimum of \$250,000 each year thereafter.

Redevelopment Property Tax Trust Fund: All tax increments previously allocated to the Redevelopment Agency will be deposited into a Trust Fund established by the County Auditor/Controller, as a source of funding to pay prior obligations from the ROPS, including the administrative cost allowance.

Housing Functions: The dissolution of redevelopment agencies eliminates the requirement for low-moderate income housing in a housing project within a redevelopment project. The 20% set aside revenue source is also eliminated and any surplus funds shall be deposited into the Redevelopment Trust Fund. The City may elect to retain the existing housing responsibilities without any new revenue stream. He said Senator Steinberg introduced SB 654 to allow for accumulated housing revenue to be transferred to the Successor Agency that assumes the housing obligations.

Redevelopment Owned Property: Title to Agency-owned property must be transferred to the Successor Agency or other entity. Pursuant to AB 26, that property must be liquidated and proceeds transferred to the Trust Fund, to be made available for redistribution to other taxing entities.

In response to Mayor Pro Tem Templeman, Mr. Duran replied that Charter Mobile Home Park is owned and titled by the Housing Authority, and title to other properties are in the name of the City, Housing Authority, or the Redevelopment Agency. He added that staff is reviewing title to all properties to figure out options regarding transfer of title to another entity prior to February 1, 2012.

In response to Councilmember Bertone, Mr. Duran stated that Costco is a prior obligation with a binding Development Agreement. He said funds come from property taxes that will be deposited into the Trust Fund and it is staff's intention to request funds from the Oversight Board for annual payment. He noted that the schedule has to be approved by the Oversight Board, County Auditor/Controller and ultimately by the Department of Finance. If any of those agencies make the determination that it was not a legal contract, that contract could be nullified.

In response to Councilmember Ebner, Mr. Duran replied that bond obligations would be identified in the Recognized Obligation Payment Schedule (ROPS) to be paid directly by the Successor Agency. He explained that all funds are deposited to the Trust Fund and requests would be submitted to the County Auditor/Controller for remittance to the Successor Agency, who is responsible for making payments toward the debt.

In response to Mayor Pro Tem Templeman, Mr. Duran stated that legislature is silent on any interest earned on the funds while in the Trust Fund. He said the County Auditor/Controller has a lot of responsibility in the Oversight Board, and are authorized to reimburse themselves for administrative costs.

Mr. Duran reviewed key operative dates for the Agency/City and said the determination of Successor Agency and the amended Enforceable Obligation Payment Schedule (EOPS) are on the agenda for approval tonight. It is staff's plan to revise the Recognized Obligation Payment Schedule (ROPS) for consideration at the next meeting. Also at their next meeting, the Council will need to make the determination whether or not they want to assume responsibility of the housing functions and how properties will be transferred. Effective February 1, the Agency is dissolved and the Successor Agency becomes operative. Only payments under the Enforceable Obligation Payment Schedule (EOPS) could be made until the Oversight Board adopts the Recognized Obligation Payment Schedule (ROPS.) The Oversight Board is in place by March 1, and will begin reviewing the Recognized Obligation Payment Schedule (ROPS.)

In response to Councilmember Badar, Mr. Duran replied that assuming there is no change to the legislation and that AB 26 and the State Supreme Court ruling is intact without modification, staff will recommend quit claim title transfers for the Agency-owned properties. He said an urgency ordinance to modify AB 26 would need to be enacted prior to February 1 and requires a 2/3 vote of the legislators. However, if the Governor vetoes the Bill, another political issue would need to be addressed.

After the title was read, it was moved by Councilmember Badar, seconded by Councilmember Ebner, to waive further reading and adopt **RESOLUTION NO. 2012-02**, A RESOLUTION OF THE CITY OF SAN DIMAS DETERMINING THAT THE CITY OF SAN DIMAS ELECTS TO, AND SHALL, SERVE AS THE SUCCESSOR AGENCY TO THE DISSOLVED SAN DIMAS REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34173. The motion carried unanimously.

(2i) **RESOLUTION NO. 2012-03**, A RESOLUTION OF THE CITY OF SAN DIMAS MAKING A DECLARATION UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 33354.8 THAT, DURING THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2011, THE CITY HAS NOT FORGIVEN THE REPAYMENT, WHOLLY OR PARTIALLY, OF ANY LOAN, ADVANCE, OR INDEBTEDNESS OWED TO THE CITY BY THE SAN DIMAS REDEVELOPMENT AGENCY.

(2ii) **RESOLUTION NO. 193**, A RESOLUTION OF THE SAN DIMAS REDEVELOPMENT AGENCY MAKING A DECLARATION UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 33354.8 THAT, DURING THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2011, THE AGENCY HAS NOT FORGIVEN THE REPAYMENT, WHOLLY OR PARTIALLY, OF ANY LOAN, ADVANCE, OR INDEBTEDNESS OWED TO THE AGENCY BY A PUBLIC BODY.

Assistant City Manager/Deputy Executive Director Duran provided a brief background on Governor Brown's Assembly Bill 936 requiring public disclosure of any Redevelopment Agency loans to or from public entities that were forgiven by said Agency or public entity between the time period of January 1, 2010 through December 31, 2011. Health and Safety Code Section 33354.8 requires the City of San Dimas and the San Dimas Redevelopment Agency to each adopt a Resolution between January 1, 2012 and February 1, 2012, declaring whether or not they have forgiven, during the period between January 1, 2010 ending December 31, 2011, the repayment, wholly or partially, of a loan, advance, or indebtedness that has been owed to the City or Agency by a public body. Mr. Duran said neither the City of San Dimas or the San Dimas Redevelopment Agency have forgiven the repayment, wholly or partially, of a loan, advance, or indebtedness that has been owed to the City by the Agency or to the Agency by a public body, between January 1, 2010 and December 31, 2011. Staff recommended adoption of City of San Dimas Resolution No. 2012-03 and San Dimas Redevelopment Agency Resolution No. 193.

After the title was read, it was moved by Councilmember Ebner, seconded by Councilmember Bertone, to waive further reading and adopt **RESOLUTION NO. 2012-03**, A RESOLUTION OF THE CITY OF SAN DIMAS MAKING A DECLARATION UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 33354.8 THAT, DURING THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2011, THE CITY HAS NOT FORGIVEN THE REPAYMENT, WHOLLY OR PARTIALLY, OF ANY LOAN, ADVANCE, OR INDEBTEDNESS OWED TO THE CITY BY THE SAN DIMAS REDEVELOPMENT AGENCY. The motion carried unanimously.

After the title was read, it was moved by Mr. Bertone, seconded by Mr. Ebner, to waive further reading and adopt **RESOLUTION NO. 193**, A RESOLUTION OF THE SAN DIMAS REDEVELOPMENT AGENCY MAKING A DECLARATION UNDER CALIFORNIA HEALTH AND SAFETY CODE SECTION 33354.8 THAT, DURING THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2011, THE AGENCY HAS NOT FORGIVEN THE REPAYMENT, WHOLLY OR PARTIALLY, OF ANY LOAN, ADVANCE, OR INDEBTEDNESS OWED TO THE AGENCY BY A PUBLIC BODY. The motion carried unanimously.

(1) Adoption of Amended Agency Enforceable Obligation Payment Schedule.

Deputy Executive Director Duran provided a summary of AB 26 requiring that all Redevelopment Agencies adopt a schedule of Enforceable Obligation Payment Schedule (EOPS). The Agency adopted an EOPS in August 2011. Staff recommends the Agency adopt the amended EOPS.

In response to Chair Morris, Mr. Duran replied that this is an amended schedule to reflect actual dollar amounts and additional categories.

It was moved by Mr. Bertone, seconded by Mr. Templeman, to adopt the amended Agency Enforceable Obligation Payment Schedule pursuant to AB 26, Section 34167 and 34169. The motion carried unanimously.

d. **EXECUTIVE DIRECTOR**

Executive Director Michaelis had nothing further to report.

e. **MEMBERS OF THE AGENCY**

Mr. Templeman expressed his disappointment that there is no possibility of paying off Charter Oak Mobile Home Estates with surplus housing funds. He is proud of the projects that were accomplished that the community seems to enjoy. He added that city government got seven cents of property tax dollars to eliminate blight in the city.

f. **ADJOURNMENT**

Mayor/Chairman Morris adjourned the joint meeting of the City of San Dimas and San Dimas Redevelopment Agency and reconvened the regular City Council meeting at 8:40 p.m..

Respectfully submitted,

Ina Rios, CMC, City Clerk/Secretary