

Special Meeting Agenda

Visalia City Council



Mayor: Bob Link
Vice Mayor: Amy Shuklian
Council Member: Warren Gubler
Council Member: Steve Nelsen
Council Member: Don Sharp

Wednesday, August 24, 2011

City Hall Council Chambers, 707 W. Acequia, Visalia CA 93291
Work Session 4:00 p.m. (Closed Session immediately following)

4:00 p.m.

PUBLIC COMMENTS

Convene as the Visalia Redevelopment Agency to consider the following:

RDA ACTION ITEM

1. Consideration of a resolution of the Redevelopment Agency of the City of Visalia approving and adopting an Enforceable Obligation Payment Schedule pursuant to AB 1X 26. **RDA Resolution 2011-03 required.**

Adjourn as the Visalia Redevelopment Agency and convene as the Visalia City Council to consider the following:

ITEMS OF INTEREST

CLOSED SESSION (immediately following Work Session)

2. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of Section 54956.9)
Name of Case: McGee v. City of Visalia, TCSC # 10-237119
3. Conference with Real Property Negotiators (G.C. 54956.8)
Property: 625 E. Douglas Avenue, between Burke and Santa Fe
Under Negotiation: Price, terms and conditions
Negotiating parties: Steve Salomon, Cheryl Chrisman and Bill Whitlatch for Imagine U

Upcoming Council Meetings

- Tuesday, September 6, 2011, 4:00 Work Session, 7:00 p.m. Regular Session – Visalia Convention Center, 303 E. Acequia
- Monday, September 19, 2011, 4:00 Work Session, 7:00 p.m. Regular Session - City Hall Council Chambers 707 W. Acequia
- Monday, October 3, 2011, 4:00 Work Session, 7:00 p.m. Regular Session - City Hall Council Chambers 707 W. Acequia

Note: Meeting dates/times are subject to change, check posted agenda for correct details.

In compliance with the American Disabilities Act, if you need special assistance to participate in meetings call (559) 713-4512 48-hours in advance of the meeting. For Hearing-Impaired - Call (559) 713-4900 (TDD) 48-hours in advance of the scheduled meeting time to request signing services.

Any written materials relating to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the Office of the City Clerk, 425 E. Oak Street, Visalia, CA 93291, during normal business hours.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: August 24, 2011

Agenda Item Number (Assigned by City Clerk): 1

Agenda Item Wording: Consideration of a resolution of the Redevelopment Agency of the City of Visalia approving and adopting an Enforceable Obligation Payment Schedule pursuant to AB 1X 26.

Deadline for Action: August 27, 2011

Submitting Department: Housing and Economic Development, Administrative Services

Contact Name and Phone Number: Ricardo Noguera, 713-4190 Eric Frost, 713-4474

RECOMMENDATION: That the Redevelopment Agency of the City of Visalia adopt the attached Resolution approving and adopting an Enforceable Obligation Payment Schedule in compliance with AB 1X 26.

SUMMARY/BACKGROUND

The Governor recently signed into law Assembly Bill 1X 26 and Assembly Bill 1X 27 as part of the State budget package which have the combined effect of abolishing every redevelopment agency unless the community that created the agency agrees to participate in an Alternative Voluntary Redevelopment Program ("Alternate Redevelopment Program") and pay a "community remittance" pursuant to AB 1X 27. Health and Safety Code Section 34169, added by AB 1X 26, requires redevelopment agencies to adopt, by August 27, 2011, an Enforceable Obligation Payment Schedule ("EOPS"), which will serve as the basis for the payment of the Agency's outstanding financial obligations if the City does not adopt an ordinance electing to participate in the Alternate Redevelopment Program and the Agency is dissolved.

The Redevelopment Agency of the City of Visalia ("Agency") was created by the City Council for the purposes of implementing redevelopment activities in the City beginning August 3, 1970 with the establishment of the Downtown RDA Project Area. The City Council adopted the Redevelopment Plan for the four redevelopment project areas (Central, East, Mooney, Mooney Amended, and Downtown in accordance with the Community Redevelopment Law (Health and Safety Code § 33000 *et seq.*) ("CRL"). The four redevelopment project areas were found to have a significant number of physical and economic blighting conditions that necessitated adoption of the Redevelopment Plan. The Redevelopment Plan authorizes the Agency to

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

receive tax increment revenue to pay for programs and projects that address these conditions consistent with the CRL.

In January, 2011, the Governor announced his intent to eliminate redevelopment agencies in an attempt to balance the State budget. The Legislature then enacted, and the Governor signed, Assembly Bill 1X 26 and Assembly Bill 1X 27, which took effect on June 29, 2011.

Assembly Bill 1X 26 immediately suspended all new redevelopment activities and incurrence of indebtedness, and dissolves redevelopment agencies effective October 1, 2011 (the "Dissolution Act"). It does this by terminating virtually all otherwise legal functions of the redevelopment agency and mandating a liquidation of any assets for the benefit of local taxing agencies. Some debts would be allowed to be repaid, but any such remittances would be managed by a successor agency, that would function primarily as a debt repayment administrator. The successor agency could not continue or initiate any new redevelopment projects or programs. The activities of the successor agency would be overseen by an oversight board, comprised primarily of representatives of other taxing agencies, until such time as the remaining debts of the former redevelopment agency were paid off, all agency assets liquidated and all property taxes were redirected to local taxing agencies.

Assembly Bill 1X 27 allows a city or county that has created a redevelopment agency to avoid the consequences of the Dissolution Act by adopting an ordinance ("Continuation Ordinance") stating it will comply with the Alternate Redevelopment Program and pay specified "community remittances." However, as noted above, all of AB 1X 27 is subject to the recent Courts ruling of a stay on the implementation of AB 1x26 and AB 1x27. The courts have concluded they will issue a decision prior to January 15, 2012, when payments due through AB 1x27 come into effect.

DISCUSSION

On July 18, 2011, the League of California Cities and the California Redevelopment Association filed suit in the Supreme Court of the State of California challenging the constitutionality of these bills. On August 11, 2011, the Supreme Court agreed to take the case and issued an immediate stay of enforcement of AB 1X 26 in part and a stay of AB 1X 27 in its entirety.

On August 17, 2011, the Supreme Court modified the stay to clarify that Health and Safety Code sections 34161 through 34169.5 were not subject to the stay and remain in effect. These sections preclude agencies from incurring new indebtedness, transferring assets, acquiring real property, entering into new contracts or modifying existing contracts, or adopting or amending redevelopment plans. Section 34169 requires agencies to adopt an Enforceable Obligation Payment Scheduled ("EOPS"). The EOPS must be adopted by August 27, 2011 at a public meeting, and posted on the Agency or City website. The Supreme Court stayed enforcement of AB 1X 26 in all other respects.

The EOPS must list all of the "enforceable obligations" of the Agency, and is subject to approval by the State Department of Finance. "Enforceable obligations" include: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, pre-existing obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies. While the stay is in effect, the Agency

cannot make any payment unless it is listed in an adopted EOPS. The Supreme Court has announced its intent to decide the case by January 15, 2012.

Prior Council/Board Actions:

- August 6, 2011; City Council approved 1st reading of an Ordinance to adopt AB 1x27;
- July 18, 2011; Status Report on RDA Budget

Committee/Commission Review and Actions: None

Alternatives: None

Attachments:

- Enforcement Obligation Schedule for Mooney, Central, East, and Downtown RDA Project Areas

Recommended Motion (and Alternative Motions if expected): I move to authorize the following:

That the Redevelopment Agency of the City of Visalia adopt the attached Resolution approving and adopting an Enforceable Obligation Payment Schedule in compliance with AB 1X 26.

Environmental Assessment Status

CEQA Review: N/A

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

AGENCY RESOLUTION NO. 2011-03

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF VISALIA APPROVING AND ADOPTING AN ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO AB 1X 26

WHEREAS, pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*), the City Council of the City of Visalia (“City”) created the Redevelopment Agency of the City of Visalia (“Agency”); and

WHEREAS, the Agency has been responsible for implementing the Redevelopment Plan(s) for the four (4) Redevelopment Project Areas (East, Downtown, Central, and Mooney Boulevard) covering certain properties within the City; and

WHEREAS, as part of the 2011-2012 State budget bill, the California State Legislature recently enacted, and the Governor signed, companion bills AB 1X 26 and AB 1X 27, which eliminate every redevelopment agency unless the community that created it adopts an ordinance (“Continuation Ordinance”) agreeing to participate in an Alternative Voluntary Redevelopment Program (“Alternate Redevelopment Program”) which requires the payment of an annual “community remittance” payment; and

WHEREAS, Health and Safety Code Section 34169, enacted by AB 1X 26, requires redevelopment agencies to adopt, by August 27, 2011, an Enforceable Obligation Payment Schedule (“EOPS”) which will serve as the basis for the payment of the Agency’s outstanding financial obligations if the City does not adopt the Continuation Ordinance and the Agency is dissolved; and

WHEREAS, on July 18, 2011, the League of California Cities and the California Redevelopment Association filed suit in the Supreme Court of the State of California challenging the constitutionality of and requesting a stay of enforcement of AB 1X 26 and AB 1X 27; and

WHEREAS, on August 11, 2011, the Supreme Court agreed to take the case and issued an order for the immediate stay of the enforcement of AB 1X 26 in part and AB 1X 27 in its entirety; and

WHEREAS, on August 17, 2011, the Court modified its stay to clarify that Health and Safety Code Sections 34161 through 34169.5 are not subject to the stay; and

WHEREAS, Health and Safety Code section 34169 requires agencies to adopt an EOPS; and

WHEREAS, adoption of the EOPS would allow the Agency to make payments on debts and obligations listed on the EOPS while the stay is in effect.

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF VISALIA DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. Approval of EOPS. The Agency hereby approves and adopts the Enforceable Obligation Payment Schedule, in substantially the form attached hereto as Exhibit A, as required by Health and Safety Code Section 34167 and in accordance with the requirements of Health and Safety Code Section 34169, added by the recently enacted legislation AB 1X 26.

Section 3. Posting; Transmittal to Appropriate Agencies. The Executive Director is hereby authorized and directed to post a copy of the EOPS on the City's website. The Executive Director is further authorized and directed to transmit, by mail or electronic means, to the Tulare County Auditor-Controller, the State Controller and the Department of Finance, notification providing the website location of the posted EOPS and other information as required by AB 1X 26.

Section 4. Effective Date. Pursuant to Health and Safety Code Section 34169(i), the Agency's action to adopt the EOPS as set forth herein shall not be effective for three (3) business days following adoption of this Resolution, pending a request for review of the EOPS by the Department of Finance.

PASSED AND ADOPTED at a regular meeting of the Redevelopment Agency of the City of Visalia on the ____ day of _____, 2011, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_____, Chair

ATTEST:

_____, Agency Secretary

EXHIBIT A

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34267 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					
						Aug**	Sept	Oct	Nov	Dec	Total
1	2003 Tax Allocation Bond	US Bank Trustee	Bonds issued for non-housing projects	5,184,265	370,432						
2	City of Visalia General Fund Advance	City of Visalia General Fund	Payment for advance of funds for purchase of property	3,632,723	253,474						
3	County Admin Fees	Tulare County	County administration fee	1,730,157	66,321						
4	Continued Administration	Employees & Vendors	Project administration	2,769,234	106,151	8,846	8,846	8,846	8,846	8,846	44,230
5	20% Housing Set-Aside Deposit	RDA Low/Mod Housing Fund	Required 20% of funds deposited into housing account	7,844,968	339,085						
6	SERAF 09-10 Loan Repayment to 20% Housing Fund	RDA Low/Mod Housing Fund	Repayment of loan for required SERAF payment in 09-10	296,500	59,300						
7											
8											
9											
10											
OTHER OBLIGATIONS PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11	Pass Through Agreements	Tulare County & Agencies	Per Agreement	19,731,061	586,379	48,865	48,865	48,865	48,865	48,865	244,325
12											
Totals - This Page				41,188,908	1,194,763	8,846	8,846	8,846	8,846	8,846	44,230
Totals - Page 2				76,205,090	2,788,189	9,421	166,680	9,421	9,421	165,391	360,332
Totals - Page 3				3,423,897	267,328	8,316	8,316	8,316	8,316	8,316	41,578
Totals - Page 4				147,279,911	1,997,133	9,094	9,094	9,094	9,094	9,094	45,469
Totals - Other Obligations											
Totals - All Pages				268,097,806	6,247,413	35,676	192,935	35,676	35,676	191,646	491,608

* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the Redevelopment Agency no later than late August. It is valid through 12/31/11. It is the basis of the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the successor Agency by 11/30/11).

If an agency adopts a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.

** Include only payments to be made after the adoption of the EOPS.

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34267 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					
						Aug**	Sept	Oct	Nov	Dec	Total
1	2005 West America Bank Loan	West America Bank	Loan for public works projects	2,928,198	154,673						
2	2007 Citizens Bank Loan - Principal	Citizens Bank	Loan for public works projects	6,244,700	-						
3	2007 Citizens Bank Loan - Interest	Citizens Bank	Loan for public works projects	5,648,027	408,403		157,259			155,970	313,229
4	Developer Note - Costco	Costco	Tax increment reimbursement	1,137,504	141,892						
5	County Admin Fees	Tulare County	County administration fee	1,866,093	73,824						
6	Continued Administration	Employees & Vendors	Project administration	2,857,565	113,047	9,421	9,421	9,421	9,421	9,421	47,103
7	20% Housing Set-Aside Deposit	RDA Low/Mod Housing Fund	deposited into housing account	14,072,043	505,318						
8	SERAF 09-10 Loan Repayment to 20% Housing Fund	RDA Low/Mod Housing Fund	required SERAF payment in 09-10	463,000	92,600						
9											
10											
OTHER OBLIGATIONS PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11	Pass Through Agreements	Tulare County & Agencies	Per Agreement	40,987,960	1,298,432						
12											
Totals - This Page				76,205,090	2,788,189	9,421	166,680	9,421	9,421	165,391	360,332
Totals - Page 2											
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 Per AB 26 - Section 34267 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					
						Aug**	Sept	Oct	Nov	Dec	Total
1	2005 West America Bank Loan	West America Bank	Loan for public works projects	1,103,475	110,348						-
2	County Admin Fees	Tulare County	County administration fee	87,138	5,564						-
3	Continued Administration	Employees & Vendors	Project administration	1,562,714	99,786	8,316	8,316	8,316	8,316	8,316	41,578
4	20% Housing Set-Aside Deposit	RDA Low/Mod Housing Fund	deposited into housing account	625,570	42,630						
5	SERAF 09-10 Loan Repayment to 20% Housing Fund	RDA Low/Mod Housing Fund	required SERAF payment in 09-10	45,000	9,000						
6											
7											
8											
9											
10											
OTHER OBLIGATIONS PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11	Pass Through Agreements	Tulare County & Agencies	Per Agreement	-	-	-	-	-	-	-	-
12											
Totals - This Page				3,423,897	267,328	8,316	8,316	8,316	8,316	8,316	41,578
Totals - Page 2											
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						Aug**	Sept	Oct	Nov	Dec	Total
1	2005 West America Bank Loan	West America Bank	Loan for public works projects	1,948,980	105,282						
2	2009 General Fund Loan - Principal	Citizens Bank	Loan for public works projects	3,496,127	75,199						
3	2009 General Fund Loan - Interest	Citizens Bank	Loan for public works projects	1,609,070	89,485						
4	County Admin Fees	Tulare County	County administration fee	4,534,007	84,606						
5	Continued Administration	Employees & Vendors	Project administration	3,668,499	109,126	9,094	9,094	9,094	9,094	9,094	45,469
6	PBID/Downtown Visalians	Downtown Visalians	Downtown security and maintenance	673,039	67,304						
7	20% Housing Set-Aside Deposit	RDA Low/Mod Housing Fund	deposited into housing account	30,277,694	631,537						
8	SERAF 09-10 Loan Repayment to 20% Housing Fund	RDA Low/Mod Housing Fund	required SERAF payment in 09-10	1,111,610	222,322						
9	Paradise & Court Multifamily Housing Project	Kaweah Management Co	Multifamily Housing Project	375,272	372,272						
10	Kaweah Multifamily Rehabilitation	Kaweah Management Co	Multifamily Housing Project	240,000	240,000						
OTHER OBLIGATIONS PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11	Pass Through Agreements	Tulare County & Agencies	Per Agreement	99,345,613	1,879,928						-
12	Totals - This Page			147,279,911	1,997,133	9,094	9,094	9,094	9,094	9,094	45,469
Totals - Page 2											
Totals - Page 3											
Totals - Page 4											
Totals - Other Obligations											
Totals - All Pages											

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