



CITY COUNCIL AGENDA REPORT

TO: Chairman Molina and Members of the Agency Board

FROM: Rod B. Butler, City Manager/RDA Executive Director

MEETING DATE: August 16, 2011

ITEM NO: 6.c.

SUBJECT: Consideration of a Resolution of the Redevelopment Agency of the City of Patterson, Approving and Adopting an Enforceable Obligations Payment Schedule Pursuant to AB 1X 26

RECOMMENDATION

That the City Council of the City of Patterson, sitting in its capacity as the Governing Board of the Patterson Redevelopment Agency, adopt the attached Resolution approving and adopting an Enforceable Obligations Payment Schedule in compliance with AB 1X 26.

SUMMARY

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 Obligations 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.

BACKGROUND

The Redevelopment Agency of the City of Patterson ("Agency") was created by the City Council for the purposes of implementing redevelopment activities in the City. In 1998, the City Council adopted the Redevelopment Plan for the Patterson Project Area in accordance with the Community Redevelopment Law (Health and Safety Code § 33000 *et seq.*) ("CRL"). The Patterson Redevelopment Project Area was 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 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 as a way to help balance the State budget. The Legislature then enacted, and the Governor signed, Assembly Bill 1X 26 and Assembly Bill 1X 27; many believe these bills violate a number of provisions in the California Constitution, including the recently enacted Proposition 22. These bills 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 stating it will comply with the Alternate Redevelopment Program and pay specified "community remittances."

DISCUSSION

It is only the adoption of the ordinance pursuant to Assembly Bill 1X 27 that allows the Agency to continue its activities. If the City determines not to participate in the Alternate Redevelopment Program and pay the community remittances, or if the ordinance is not adopted by August 27, 2011, the Agency must adopt an EOPS. The EOPS must list all of the "enforceable obligations" of the Agency, and is subject to approval by the Department of Finance. Until October 1, 2011, "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, preexisting 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. After an EOPS is adopted, the Agency cannot make any payment unless it is listed in an adopted EOPS.

The EOPS must be adopted at a public meeting, and must be posted on the Agency or City website.

The EOPS is important as it is the basis for future actions following dissolution of the Agency. If an ordinance is not adopted and the redevelopment agency is dissolved, then starting October 1, 2011, a successor agency takes over, and is required to prepare a Recognized Obligation Payment Schedule ("ROPS") covering a 6 month period (the first to cover January 1, 2012 to June 30, 2012), based on the EOPS, to fulfill the enforceable obligations during that period. The ROPS must be reviewed and approved by the oversight board, and then submitted to the county auditor-controller, the State Controller and the Department of Finance and posted on the

Agency Resolution Adopting an EOPS

August 16, 2011

Page 3

successor agency's website. Prior to January 1, 2012, the successor agency is authorized to make payments under the adopted EOPS. After January 1, 2012, only payments listed in the approved ROPS may be made by the successor agency. Further, after January 1, 2012, all contracts entered into between the agency and the city or county that created it are declared to be invalid by the Dissolution Act, and no longer binding on the successor agency, except for written agreements to pay certain debt obligations in connection with issuance of bonds, or written agreements that provided loans or other startup funding for the agency that were entered into within two years of the formation of the agency.

FISCAL IMPACT

None with this action.

**PATTERSON REDEVELOPMENT AGENCY
RESOLUTION NO. 2011-03**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY
OF PATTERSON APPROVING AND ADOPTING AN ENFORCEABLE
OBLIGATIONS 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 Patterson (“City”) created the Redevelopment Agency of the City of Patterson (“Agency”); and

WHEREAS, the Agency has been responsible for implementing the Redevelopment Plan for the Patterson Redevelopment Project covering certain properties within the City (“Project Area”); 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 agreeing to participate in an Alternative Voluntary Redevelopment Program (“Alternate Redevelopment Program”) which requires the payment of an annual “community remittance” payment; and

WHEREAS, AB 1X 26 also requires redevelopment agencies to adopt, by August 27, 2011, an Enforceable Obligations 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; and

WHEREAS, should the City determine by the time set forth in the legislation that it will participate in the Alternate Redevelopment Program, then the Agency will remain in operation, and the EOPS will no longer be necessary;

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF PATTERSON 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 Obligations Payment Schedule, in substantially the form attached hereto as Exhibit A, as required by 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 Stanislaus 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 Patterson, on the 16th day of August, 2011, by the following vote:

AYES: Members Farinha, Smith, Novelli, Buehner and Chair Molina

NOES: None

EXCUSED: None


ABSTAINED: None

APPROVED:



Luis I. Molina, Chair

ATTEST:



Maricela L. Vela, Secretary

I hereby certify that the foregoing is a full, correct and true copy of a resolution passed by the Patterson Redevelopment Agency of the City of Patterson, a Municipal Corporation of the County of Stanislaus, State of California, at a regular meeting held on the 16th day of August 2011, and I further certify that said resolution is in full force and effect and has never been rescinded or modified.

DATED:

Secretary, Patterson Redevelopment Agency

EXHIBIT A

ENFORCEABLE OBLIGATIONS PAYMENT SCHEDULE

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE Per AB 26 - Section 34167 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) Contract for Construction	Pinnacle Roofing Company	Fire Station I Roof Replacement	92,000.00	92,000.00	92,000.00						\$ 92,000.00
2) Employee Costs	Employees of the Agency	Payroll For Employees	77,856.00	77,856.00	3,244.00	6,488.00	6,488.00	6,488.00	6,488.00	6,488.00	\$ 29,196.00
3) RDA Reimbursement Agreement with City	City of Patterson	Project Administration Costs	1,513,395.00	73,606.00							\$ 73,606.00
4) RDA Project Administration Costs	Various	Project Administration Costs	64,790.00	64,790.00	2,700.00	5,400.00	5,400.00	5,400.00	5,400.00	5,400.00	\$ 24,300.00
5)											\$ -
6)											\$ -
7)											\$ -
8)											\$ -
9)											\$ -
10)											\$ -
OTHER OBLIGATIONS PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11) Statutory Pass Through	County General	Per Section 33607.5 & 33607.7	12,903.08	12,903.08						6,451.54	\$ 6,451.54
12) Statutory Pass Through	County Fire Service	Per Section 33607.5 & 33607.7	342.73	342.73						171.37	\$ 171.37
13) Statutory Pass Through	City of Patterson	Per Section 33607.5 & 33607.7	5,624.99	5,624.99						2,812.50	\$ 2,812.50
14) Statutory Pass Through	Patterson Hospital	Per Section 33607.5 & 33607.7	2,086.10	2,086.10						1,043.05	\$ 1,043.05
15) Statutory Pass Through	Patterson Cemetery	Per Section 33607.5 & 33607.7	466.43	466.43						233.22	\$ 233.22
16) Statutory Pass Through	West Stanislaus Fire	Per Section 33607.5 & 33607.7	225.81	225.81						112.91	\$ 112.91
17) Statutory Pass Through	Turlock Mosquito	Per Section 33607.5 & 33607.7	686.00	686.00						343.00	\$ 343.00
18) Statutory Pass Through	West Stan Resource Cons	Per Section 33607.5 & 33607.7	47.21	47.21						23.61	\$ 23.61
19) Statutory Pass Through	County Education	Per Section 33607.5 & 33607.7	2,582.66	2,582.66						1,291.33	\$ 1,291.33
20) Statutory Pass Through	Yosemite College	Per Section 33607.5 & 33607.7	2,082.97	2,082.97						1,041.49	\$ 1,041.49
21) Statutory Pass Through	Patterson School	Per Section 33607.5 & 33607.7	12,489.09	12,489.09						6,244.55	\$ 6,244.55
Totals - This Page			\$ 1,748,041.00	\$ 308,252.00	\$ 97,944.00	\$ 11,888.00	\$ 11,888.00	\$ 11,888.00	\$ 11,888.00	\$ 85,494.00	\$ 219,102.00
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Other Obligations (Pass Through Obligations - This Page)			\$ 39,537.07	\$ 39,537.07	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,768.57	\$ 19,768.57
Totals - All Pages			\$ 1,787,578.07	\$ 347,789.07	\$ 97,944.00	\$ 11,888.00	\$ 11,888.00	\$ 11,888.00	\$ 11,888.00	\$ 105,262.57	\$ 238,870.57

* 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 for 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.