

**Santa Cruz County Successor Agency
Oversight Board**

AGENDA

Tuesday, March 27, 2012	Simpkins Family Swim Center
9:00 a.m.	979 17th Avenue
<u>Special Meeting</u>	<u>Santa Cruz, CA 95062</u>

CALL TO ORDER / ROLL CALL

AGENDA MODIFICATIONS OR LATE ADDITIONS

WELCOME & INTRODUCTIONS OF BOARD MEMBERS AND STAFF

PRESENTATIONS

1. Election of Chair and Vice-Chair
2. Presentation on the Overview of the Former Santa Cruz County Redevelopment Agency and the Purpose of the Oversight Board
3. Presentation by the Auditor-Controller, County of Santa Cruz

CONSENT AGENDA

4. Approve a Resolution Adopting Bylaws of the Oversight Board to the Santa Cruz County Successor Agency, Approve a Schedule for 2012 Meetings, and Designate the Contact Person for the Department of Finance
5. Approve a Resolution Adopting a Conflict of Interest Code

REGULAR AGENDA

6. Consideration of the Administrative Budget of the Successor Agency for January 1, 2012 through June 30, 2012
7. Consideration of the Certified ROPS of the Successor Agency for January 1, 2012 through June 20, 2012

ORAL COMMUNICATIONS

Opportunity for persons to address the Board on matters which are within the scope of responsibility of the Board but not on today's agenda.

WRITTEN CORRESPONDENCE

ADJOURNMENT

Next Meeting, Tuesday, April 24, 2012, in the Board of Supervisors Chambers of the County Government Center, 701 Ocean Street, Santa Cruz, CA 95060



County of Santa Cruz

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4073

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

March 21, 2012

Agenda: March 27, 2012

Oversight Board
Santa Cruz County Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

ELECTION OF CHAIRPERSON AND VICE CHAIRPERSON

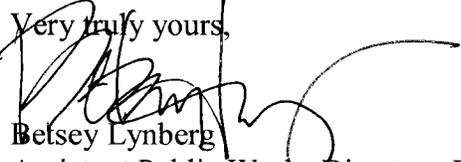
Dear Members of the Board:

A Chairperson of the Oversight Board must be selected to preside over the Oversight Board's meetings. A Vice Chairperson should also be selected to preside over the meeting when the Chair is unavailable. Staff recommends that one-year terms be adopted.

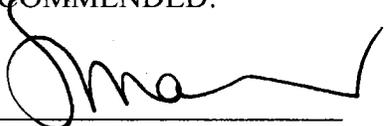
Given the lack of a Chairperson or Vice Chairperson, staff will open and close nominations to the Oversight Board for Chairperson. A vote will be taken. All actions must be taken on a majority vote of the total membership of the Board. Given that the Oversight Board has seven members, four affirmative votes are needed to pass a motion. The process will be repeated for Vice Chairperson.

It is therefore **RECOMMENDED** that your Board elect one member to serve as Chairperson and one person to serve as Vice Chairperson for the Santa Cruz County Successor Agency Oversight Board.

Very truly yours,


Betsy Lynberg
Assistant Public Works Director - Parks

RECOMMENDED:


Susan A. Mauriello
County Administrative Officer

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County of Santa Cruz

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OVERVIEW OF THE SANTA CRUZ COUNTY REDEVELOPMENT AGENCY AND THE PURPOSE OF THE OVERSIGHT BOARD

Dear Members of the Oversight Board:

The purpose of this letter and the accompanying presentation is to give Oversight Board members an overview of the Santa Cruz County Redevelopment Agency, the legislation shutting down the Agency, and the roles of the Successor Agency and Oversight Board in the winding-down of the affairs of the former redevelopment agency. The full text of the legislation dissolving redevelopment agencies is provided as Attachment 1 to this letter. In addition a report prepared by the California Legislative Analyst, "Unwinding Redevelopment", is provided as Attachment 2. This report reviews the history of RDAs, the events that led to their dissolution, and the process to resolve the financial obligations of the former redevelopment agency.

Overview of Santa Cruz County Redevelopment Agency

The Santa Cruz County Redevelopment Agency was established May 27, 1987 in order to improve public infrastructure and facilities, assist in business development and to preserve and expand affordable housing opportunities. The Santa Cruz County Redevelopment Agency had one project area encompassing the unincorporated areas of the county known as Live Oak and Soquel. Under redevelopment law, a minimum of 20% of the Agency's tax increment must be designated for Low and Moderate Income Housing Projects and Programs. The Agency had elected to spend these funds throughout the unincorporated areas of the County and in recent years had designated 25% of the Agency's tax increment for these purposes.

Redevelopment activities were financed by bond proceeds and tax increment financing, a well-leveraged use of local property tax dollars generated within the Redevelopment Project Area. Bond proceeds were the primary source of financing for capital projects and low and moderate income housing activities. Bond debt service was paid by the tax increment funds. Tax increment funds were also used to make pass-through payments to other taxing entities in the Live Oak – Soquel Project Area.

Over \$139 million of community improvement projects have been completed since 1987. Approximately 50% of those funds were used to finance road and drainage improvements, another 43% for parks and recreational facilities, approximately 5% for business assistance and approximately 2% for other purposes.

Agency-assisted affordable housing projects and programs assisted approximately 1385 units for families, seniors, farm workers and special needs populations throughout the unincorporated County. Partnerships with non-profit housing developers and others were successfully used to leverage significant outside funds. Funds in excess of \$48 million were committed by the Agency to completed housing projects which was matched by over \$160 million in outside funds.

Successor Agency

As of February 1, 2012, the Santa Cruz County Redevelopment Agency was dissolved and all assets, properties, and obligations (with the exception of affordable housing assets, properties and contracts) of the former redevelopment agency were transferred by operation of law to the successor agency. Santa Cruz County elected to assume the responsibilities as the successor agency to the former redevelopment agency. As the successor agency, the County manages redevelopment projects currently underway, makes payments identified in the Enforceable Obligation Payment Schedule, and later the Recognized Obligation Payment Schedule, and disposes of redevelopment assets and properties as directed by the oversight board. The work of the successor agency is funded from the former tax increment revenues. Santa Cruz County, as a separate agency, elected to assume the Low and Moderate Income Housing Program assets, properties and contracts.

Oversight Boards

California Health & Safety Code Section 34179 (Attachment 3) requires the formation of oversight boards to the successor agencies of the former redevelopment agencies; defines the composition of the oversight board; defines what constitutes a quorum; that an oversight board must comply with the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974; and that oversight boards have a fiduciary responsibility to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenue.

The members of the Oversight Board for the Santa Cruz County Successor Agency include:

- 1) One member appointed by the County Board of Supervisors
- (2) One member appointed by Central Fire District as the largest special district by property tax share in the territorial jurisdiction of the former redevelopment agency
- (3) One member appointed by the County Superintendent of Education to represent schools
- (4) One member appointed by the Chancellor of the California Community Colleges to represent community college districts
- (5) One member of the public appointed by the County Board of Supervisors
- (6) One member representing the employees of the former redevelopment agency appointed by the Chair of the Board of Supervisors, from the Mid-Management Bargaining Unit, as the recognized employee organization representing the largest number of former redevelopment agency employees, and
- (7) One member selected by the City of Santa Cruz, as the largest city by acreage in the territorial jurisdiction of the former redevelopment agency.

The primary purpose of the oversight board, and as further defined in Health & Safety Code Sections 34180 and 34181, is to assist with the disposition of assets of the former redevelopment agency. Oversight boards approve the successor agency's administrative budget; duly approve the Recognized Obligation Payment Schedule (ROPS) as certified by the County Auditor-Controller; may direct the successor agency to dispose of assets and properties of the former RDA or transfer them to a local government; and may terminate or renegotiate existing agreements of the former RDA if it finds that early termination or other terms would be in the best interest of the local agencies or that the agreement does not qualify as an enforceable obligation.

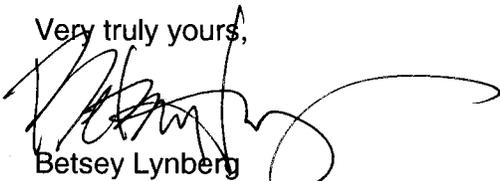
Actions of the oversight board do not go into effect for three business days. During this time, the Department of Finance may request a review of the oversight board's action. The Department of Finance, in turn, has ten days to approve the oversight board's action or return it to the oversight board for reconsideration.

Actions required of the Santa Cruz County Oversight Board at this time, are presented in separate letters on today's agenda.

Recommendation

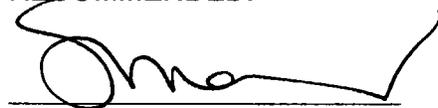
It is therefore recommended that the Santa Cruz County Oversight Board accept and file this report.

Very truly yours,



Betsey Lynberg
Assistant Public Works Director - Parks

RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

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Attachments

Assembly Bill No. 26

CHAPTER 5

An act to amend Sections 33500, 33501, 33607.5, and 33607.7 of, and to add Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of, the Health and Safety Code, and to add Sections 97.401 and 98.2 to the Revenue and Taxation Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor June 28, 2011. Filed with
Secretary of State June 29, 2011.]

LEGISLATIVE COUNSEL'S DIGEST

AB 26, Blumenfield. Community redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law provides that an action may be brought to review the validity of the adoption or amendment of a redevelopment plan by an agency, to review the validity of agency findings or determinations, and other agency actions.

This bill would revise the provisions of law authorizing an action to be brought against the agency to determine or review the validity of specified agency actions.

(2) Existing law also requires that if an agency ceases to function, any surplus funds existing after payment of all obligations and indebtedness vest in the community.

The bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective October 1, 2011, the bill would dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies, as defined, as successor entities. The bill would impose various requirements on the successor agencies and subject successor agency actions to the review of oversight boards, which the bill would establish.

The bill would require county auditor-controllers to conduct an agreed-upon procedures audit of each former redevelopment agency by March 1, 2012. The bill would require the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved and deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Revenues in the trust fund would be allocated to various taxing entities in the county and to cover specified expenses of the former agency. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(3) The bill would prohibit a redevelopment agency from issuing new bonds, notes, interim certificates, debentures, or other obligations if any legal challenge to invalidate a provision of this act is successful.

(4) The bill would appropriate \$500,000 to the Department of Finance from the General Fund for administrative costs associated with the bill.

(5) The bill would provide that its provisions take effect only if specified legislation is enacted in the 2011–12 First Extraordinary Session of the Legislature.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(7) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

(8) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The economy and the residents of this state are slowly recovering from the worst recession since the Great Depression.

(b) State and local governments are still facing incredibly significant declines in revenues and increased need for core governmental services.

(c) Local governments across this state continue to confront difficult choices and have had to reduce fire and police protection among other services.

(d) Schools have faced reductions in funding that have caused school districts to increase class size and layoff teachers, as well as make other hurtful cuts.

(e) Redevelopment agencies have expanded over the years in this state. The expansion of redevelopment agencies has increasingly shifted property taxes away from services provided to schools, counties, special districts, and cities.

(f) Redevelopment agencies take in approximately 12 percent of all of the property taxes collected across this state.

(g) It is estimated that under current law, redevelopment agencies will divert \$5 billion in property tax revenue from other taxing agencies in the 2011–12 fiscal year.

(h) The Legislature has all legislative power not explicitly restricted to it. The California Constitution does not require that redevelopment agencies must exist and, unlike other entities such as counties, does not limit the Legislature's control over that existence. Redevelopment agencies were created by statute and can therefore be dissolved by statute.

(i) Upon their dissolution, any property taxes that would have been allocated to redevelopment agencies will no longer be deemed tax increment. Instead, those taxes will be deemed property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies, with remaining balances allocated in accordance with applicable constitutional and statutory provisions.

(j) It is the intent of the Legislature to do all of the following in this act:

(1) Bar existing redevelopment agencies from incurring new obligations, prior to their dissolution.

(2) Allocate property tax revenues to successor agencies for making payments on indebtedness incurred by the redevelopment agency prior to its dissolution and allocate remaining balances in accordance with applicable constitutional and statutory provisions.

(3) Beginning October 1, 2011, allocate these funds according to the existing property tax allocation within each county to make the funds available for cities, counties, special districts, and school and community college districts.

(4) Require successor agencies to expeditiously wind down the affairs of the dissolved redevelopment agencies and to provide the successor agencies with limited authority that extends only to the extent needed to implement a winddown of redevelopment agency affairs.

SEC. 2. Section 33500 of the Health and Safety Code is amended to read:

33500. (a) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a redevelopment plan at any time within 90 days after the date of the adoption of the ordinance adopting or amending the plan, if the adoption of the ordinance occurred prior to January 1, 2011.

(b) Notwithstanding any other provision of law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within 90 days after the date on which the agency or the legislative body made those findings or determinations, if the findings or determinations occurred prior to January 1, 2011.

(c) Notwithstanding any other law, including Section 33501, an action may be brought to review the validity of the adoption or amendment of a

redevelopment plan at any time within two years after the date of the adoption of the ordinance adopting or amending the plan, if the adoption of the ordinance occurred after January 1, 2011.

(d) Notwithstanding any other law, including Section 33501, an action may be brought to review the validity of any findings or determinations by the agency or the legislative body at any time within two years after the date on which the agency or the legislative body made those findings or determinations, if the findings or determinations occurred after January 1, 2011.

SEC. 3. Section 33501 of the Health and Safety Code is amended to read:

33501. (a) An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of bonds and the redevelopment plan to be financed or refinanced, in whole or in part, by the bonds, or to determine the validity of a redevelopment plan not financed by bonds, including without limiting the generality of the foregoing, the legality and validity of all proceedings theretofore taken for or in any way connected with the establishment of the agency, its authority to transact business and exercise its powers, the designation of the survey area, the selection of the project area, the formulation of the preliminary plan, the validity of the finding and determination that the project area is predominantly urbanized, and the validity of the adoption of the redevelopment plan, and also including the legality and validity of all proceedings theretofore taken and (as provided in the bond resolution) proposed to be taken for the authorization, issuance, sale, and delivery of the bonds, and for the payment of the principal thereof and interest thereon.

(b) Notwithstanding subdivision (a), an action to determine the validity of a redevelopment plan, or amendment to a redevelopment plan that was adopted prior to January 1, 2011, may be brought within 90 days after the date of the adoption of the ordinance adopting or amending the plan.

(c) Any action that is commenced on or after January 1, 2011, which is brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity or legality of any issue, document, or action described in subdivision (a), may be brought within two years after any triggering event that occurred after January 1, 2011.

(d) For the purposes of protecting the interests of the state, the Attorney General and the Department of Finance are interested persons pursuant to Section 863 of the Code of Civil Procedure in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

(e) For purposes of contesting the inclusion in a project area of lands that are enforceably restricted, as that term is defined in Sections 422 and 422.5 of the Revenue and Taxation Code, or lands that are in agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, the Department of Conservation, the county agricultural commissioner, the

county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice, are interested persons pursuant to Section 863 of the Code of Civil Procedure, in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

SEC. 4. Section 33607.5 of the Health and Safety Code is amended to read:

33607.5. (a) (1) This section shall apply to each redevelopment project area that, pursuant to a redevelopment plan which contains the provisions required by Section 33670, is either: (A) adopted on or after January 1, 1994, including later amendments to these redevelopment plans; or (B) adopted prior to January 1, 1994, but amended, after January 1, 1994, to include new territory. For plans amended after January 1, 1994, only the tax increments from territory added by the amendment shall be subject to this section. All the amounts calculated pursuant to this section shall be calculated after the amount required to be deposited in the Low and Moderate Income Housing Fund pursuant to Sections 33334.2, 33334.3, and 33334.6 has been deducted from the total amount of tax increment funds received by the agency in the applicable fiscal year.

(2) The payments made pursuant to this section shall be in addition to any amounts the affected taxing entities receive pursuant to subdivision (a) of Section 33670. The payments made pursuant to this section to the affected taxing entities, including the community, shall be allocated among the affected taxing entities, including the community if the community elects to receive payments, in proportion to the percentage share of property taxes each affected taxing entity, including the community, receives during the fiscal year the funds are allocated, which percentage share shall be determined without regard to any amounts allocated to a city, a city and county, or a county pursuant to Sections 97.68 and 97.70 of the Revenue and Taxation Code, and without regard to any allocation reductions to a city, a city and county, a county, a special district, or a redevelopment agency pursuant to Sections 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and Section 33681.12. The agency shall reduce its payments pursuant to this section to an affected taxing entity by any amount the agency has paid, directly or indirectly, pursuant to Section 33445, 33445.5, 33445.6, 33446, or any other provision of law other than this section for, or in connection with, a public facility owned or leased by that affected taxing agency, except: (A) any amounts the agency has paid directly or indirectly pursuant to an agreement with a taxing entity adopted prior to January 1, 1994; or (B) any amounts that are unrelated to the specific project area or amendment governed by this section. The reduction in a payment by an agency to a school district, community college district, or county office of education, or for special education, shall be subtracted only from the amount that otherwise would be available for use by those entities for educational facilities pursuant to paragraph (4). If the amount of the reduction exceeds the amount that otherwise would have been available for use for educational

facilities in any one year, the agency shall reduce its payment in more than one year.

(3) If an agency reduces its payment to a school district, community college district, or county office of education, or for special education, the agency shall do all of the following:

(A) Determine the amount of the total payment that would have been made without the reduction.

(B) Determine the amount of the total payment without the reduction which: (i) would have been considered property taxes; and (ii) would have been available to be used for educational facilities pursuant to paragraph (4).

(C) Reduce the amount available to be used for educational facilities.

(D) Send the payment to the school district, community college district, or county office of education, or for special education, with a statement that the payment is being reduced and including the calculation required by this subdivision showing the amount to be considered property taxes and the amount, if any, available for educational facilities.

(4) (A) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to school districts, 43.3 percent shall be considered to be property taxes for the purposes of paragraph (1) of subdivision (h) of Section 42238 of the Education Code, and 56.7 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(B) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to community college districts, 47.5 percent shall be considered to be property taxes for the purposes of Section 84751 of the Education Code, and 52.5 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(C) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section to county offices of education, 19 percent shall be considered to be property taxes for the purposes of Section 2558 of the Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(D) Except as specified in subparagraph (E), of the total amount paid each year pursuant to this section for special education, 19 percent shall be considered to be property taxes for the purposes of Section 56712 of the

Education Code, and 81 percent shall not be considered to be property taxes for the purposes of that section and shall be available to be used for education facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance.

(E) If, pursuant to paragraphs (2) and (3), an agency reduces its payments to an educational entity, the calculation made by the agency pursuant to paragraph (3) shall determine the amount considered to be property taxes and the amount available to be used for educational facilities in the year the reduction was made.

(5) Local education agencies that use funds received pursuant to this section for school facilities shall spend these funds at schools that are: (A) within the project area, (B) attended by students from the project area, (C) attended by students generated by projects that are assisted directly by the redevelopment agency, or (D) determined by the governing board of a local education agency to be of benefit to the project area.

(b) Commencing with the first fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, including the community if the community elects to receive a payment, an amount equal to 25 percent of the tax increments received by the agency after the amount required to be deposited in the Low and Moderate Income Housing Fund has been deducted. In any fiscal year in which the agency receives tax increments, the community that has adopted the redevelopment project area may elect to receive the amount authorized by this paragraph.

(c) Commencing with the 11th fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivision (b) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 21 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate against the amount of assessed value by which the current year assessed value exceeds the first adjusted base year assessed value. The first adjusted base year assessed value is the assessed value of the project area in the 10th fiscal year in which the agency receives tax increment revenues.

(d) Commencing with the 31st fiscal year in which the agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, a redevelopment agency shall pay to the affected taxing entities, other than the community which has adopted the project, in addition to the amounts paid pursuant to subdivisions (b) and (c) and after deducting the amount allocated to the Low and Moderate Income Housing Fund, an amount equal to 14 percent of the portion of tax increments received by the agency, which shall be calculated by applying the tax rate

against the amount of assessed value by which the current year assessed value exceeds the second adjusted base year assessed value. The second adjusted base year assessed value is the assessed value of the project area in the 30th fiscal year in which the agency receives tax increments.

(e) (1) Prior to incurring any loans, bonds, or other indebtedness, except loans or advances from the community, the agency may subordinate to the loans, bonds, or other indebtedness the amount required to be paid to an affected taxing entity by this section, provided that the affected taxing entity has approved these subordinations pursuant to this subdivision.

(2) At the time the agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service and the payments required by this section, when due.

(3) Within 45 days after receipt of the agency's request, the affected taxing entity shall approve or disapprove the request for subordination. An affected taxing entity may disapprove a request for subordination only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the affected taxing entity. If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive.

(f) (1) The Legislature finds and declares both of the following:

(A) The payments made pursuant to this section are necessary in order to alleviate the financial burden and detriment that affected taxing entities may incur as a result of the adoption of a redevelopment plan, and payments made pursuant to this section will benefit redevelopment project areas.

(B) The payments made pursuant to this section are the exclusive payments that are required to be made by a redevelopment agency to affected taxing entities during the term of a redevelopment plan.

(2) Notwithstanding any other provision of law, a redevelopment agency shall not be required, either directly or indirectly, as a measure to mitigate a significant environmental effect or as part of any settlement agreement or judgment brought in any action to contest the validity of a redevelopment plan pursuant to Section 33501, to make any other payments to affected taxing entities, or to pay for public facilities that will be owned or leased to an affected taxing entity.

(g) As used in this section, a "local education agency" is a school district, a community college district, or a county office of education.

SEC. 5. Section 33607.7 of the Health and Safety Code is amended to read:

33607.7. (a) This section shall apply to a redevelopment plan amendment for any redevelopment plans adopted prior to January 1, 1994, that increases the limitation on the number of dollars to be allocated to the redevelopment agency or that increases, or eliminates pursuant to paragraph (1) of subdivision (e) of Section 33333.6, the time limit on the establishing of loans, advances, and indebtedness established pursuant to paragraphs (1)

and (2) of subdivision (a) of Section 33333.6, as those paragraphs read on December 31, 2001, or that lengthens the period during which the redevelopment plan is effective if the redevelopment plan being amended contains the provisions required by subdivision (b) of Section 33670. However, this section shall not apply to those redevelopment plans that add new territory.

(b) If a redevelopment agency adopts an amendment that is governed by the provisions of this section, it shall pay to each affected taxing entity either of the following:

(1) If an agreement exists that requires payments to the taxing entity, the amount required to be paid by an agreement between the agency and an affected taxing entity entered into prior to January 1, 1994.

(2) If an agreement does not exist, the amounts required pursuant to subdivisions (b), (c), (d), and (e) of Section 33607.5, until termination of the redevelopment plan, calculated against the amount of assessed value by which the current year assessed value exceeds an adjusted base year assessed value. The amounts shall be allocated between property taxes and educational facilities, including, in the case of amounts paid during the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive, land acquisition, facility construction, reconstruction, remodeling, maintenance, or deferred maintenance, according to the appropriate formula in paragraph (3) of subdivision (a) of Section 33607.5. In determining the applicable amount under Section 33607.5, the first fiscal year shall be the first fiscal year following the fiscal year in which the adjusted base year value is determined.

(c) The adjusted base year assessed value shall be the assessed value of the project area in the year in which the limitation being amended would have taken effect without the amendment or, if more than one limitation is being amended, the first year in which one or more of the limitations would have taken effect without the amendment. The agency shall commence making these payments pursuant to the terms of the agreement, if applicable, or, if an agreement does not exist, in the first fiscal year following the fiscal year in which the adjusted base year value is determined.

SEC. 6. Part 1.8 (commencing with Section 34161) is added to Division 24 of the Health and Safety Code, to read:

PART 1.8. RESTRICTIONS ON REDEVELOPMENT AGENCY OPERATIONS

CHAPTER 1. SUSPENSION OF AGENCY ACTIVITIES AND PROHIBITION ON CREATION OF NEW DEBTS

34161. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, no agency shall incur new or expand existing monetary or legal obligations except as provided in this

part. All of the provisions of this part shall take effect and be operative on the effective date of the act adding this part.

34162. (a) Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this act, an agency shall be unauthorized and shall not take any action to incur indebtedness, including, but not limited to, any of the following:

(1) Issue or sell bonds, for any purpose, regardless of the source of repayment of the bonds. As used in this section, the term “bonds,” includes, but is not limited to, any bonds, notes, bond anticipation notes, interim certificates, debentures, certificates of participation, refunding bonds, or other obligations issued by an agency pursuant to Part 1 (commencing with Section 33000), and Section 53583 of the Government Code, pursuant to any charter city authority or any revenue bond law.

(2) Incur indebtedness payable from prohibited sources of repayment, which include, but are not limited to, income and revenues of an agency’s redevelopment projects, taxes allocated to the agency, taxes imposed by the agency pursuant to Section 7280.5 of the Revenue and Taxation Code, assessments imposed by the agency, loan repayments made to the agency pursuant to Section 33746, fees or charges imposed by the agency, other revenues of the agency, and any contributions or other financial assistance from the state or federal government.

(3) Refund, restructure, or refinance indebtedness or obligations that existed as of January 1, 2011, including, but not limited to, any of the following:

(A) Refund bonds previously issued by the agency or by another political subdivision of the state, including, but not limited to, those issued by a city, a housing authority, or a nonprofit corporation acting on behalf of a city or a housing authority.

(B) Exercise the right of optional redemption of any of its outstanding bonds or elect to purchase any of its own outstanding bonds.

(C) Modify or amend the terms and conditions, payment schedules, amortization or maturity dates of any of the agency’s bonds or other obligations that are outstanding or exist as of January 1, 2011.

(4) Take out or accept loans or advances, for any purpose, from the state or the federal government, any other public agency, or any private lending institution, or from any other source. For purposes of this section, the term “loans” include, but are not limited to, agreements with the community or any other entity for the purpose of refinancing a redevelopment project and moneys advanced to the agency by the community or any other entity for the expenses of redevelopment planning, expenses for dissemination of redevelopment information, other administrative expenses, and overhead of the agency.

(5) Execute trust deeds or mortgages on any real or personal property owned or acquired by it.

(6) Pledge or encumber, for any purpose, any of its revenues or assets. As used in this part, an agency's "revenues and assets" include, but are not limited to, agency tax revenues, redevelopment project revenues, other agency revenues, deeds of trust and mortgages held by the agency, rents, fees, charges, moneys, accounts receivable, contracts rights, and other rights to payment of whatever kind or other real or personal property. As used in this part, to "pledge or encumber" means to make a commitment of, by the grant of a lien on and a security interest in, an agency's revenues or assets, whether by resolution, indenture, trust agreement, loan agreement, lease, installment sale agreement, reimbursement agreement, mortgage, deed of trust, pledge agreement, or similar agreement in which the pledge is provided for or created.

(b) Any actions taken that conflict with this section are void from the outset and shall have no force or effect.

(c) Notwithstanding subdivision (a), a redevelopment agency may issue refunding bonds, which are referred to in this part as Emergency Refunding Bonds, only where all of the following conditions are met:

(1) The issuance of Emergency Refunding Bonds is the only means available to the agency to avoid a default on outstanding agency bonds.

(2) Both the county treasurer and the Treasurer have approved the issuance of Emergency Refunding Bonds.

(3) Emergency Refunding Bonds are issued only to provide funds for any single debt service payment that is due prior to October 1, 2011, and that is more than 20 percent larger than a level debt service payment would be for that bond.

(4) The principal amount of outstanding agency bonds is not increased.

34163. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall not have the authority to, and shall not, do any of the following:

(a) Make loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose, including, but not limited to, all of the following:

(1) Loans of moneys or any other thing of value or commitments to provide financing to nonprofit organizations to provide those organizations with financing for the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing or the acquisition of commercial property for lease, each pursuant to Chapter 7.5 (commencing with Section 33741) of Part 1.

(2) Loans of moneys or any other thing of value for residential construction, improvement, or rehabilitation pursuant to Chapter 8 (commencing with Section 33750) of Part 1. These include, but are not limited to, construction loans to purchasers of residential housing, mortgage loans to purchasers of residential housing, and loans to mortgage lenders, or any other entity, to aid in financing pursuant to Chapter 8 (commencing with Section 33750).

(3) The purchase, by an agency, of mortgage or construction loans from mortgage lenders or from any other entities.

(b) Enter into contracts with, incur obligations, or make commitments to, any entity, whether governmental, tribal, or private, or any individual or groups of individuals for any purpose, including, but not limited to, loan agreements, passthrough agreements, regulatory agreements, services contracts, leases, disposition and development agreements, joint exercise of powers agreements, contracts for the purchase of capital equipment, agreements for redevelopment activities, including, but not limited to, agreements for planning, design, redesign, development, demolition, alteration, construction, reconstruction, rehabilitation, site remediation, site development or improvement, removal of graffiti, land clearance, and seismic retrofits.

(c) Amend or modify existing agreements, obligations, or commitments with any entity, for any purpose, including, but not limited to, any of the following:

(1) Renewing or extending term of leases or other agreements, except that the agency may extend lease space for its own use to a date not to exceed six months after the effective date of the act adding this part and for a rate no more than 5 percent above the rate the agency currently pays on a monthly basis.

(2) Modifying terms and conditions of existing agreements, obligations, or commitments.

(3) Forgiving all or any part of the balance owed to the agency on existing loans or extend the term or change the terms and conditions of existing loans.

(4) Increasing its deposits to the Low and Moderate Income Housing Fund created pursuant to Section 33334.3 beyond the minimum level that applied to it as of January 1, 2011.

(5) Transferring funds out of the Low and Moderate Income Housing Fund, except to meet the minimum housing-related obligations that existed as of January 1, 2011, to make required payments under Sections 33690 and 33690.5, and to borrow funds pursuant to Section 34168.5.

(d) Dispose of assets by sale, long-term lease, gift, grant, exchange, transfer, assignment, or otherwise, for any purpose, including, but not limited to, any of the following:

(1) Assets, including, but not limited to, real property, deeds of trust, and mortgages held by the agency, moneys, accounts receivable, contract rights, proceeds of insurance claims, grant proceeds, settlement payments, rights to receive rents, and any other rights to payment of whatever kind.

(2) Real property, including, but not limited to, land, land under water and waterfront property, buildings, structures, fixtures, and improvements on the land, any property appurtenant to, or used in connection with, the land, every estate, interest, privilege, easement, franchise, and right in land, including rights-of-way, terms for years, and liens, charges, or encumbrances by way of judgment, mortgage, or otherwise, and the indebtedness secured by the liens.

(e) Acquire real property by any means for any purpose, including, but not limited to, the purchase, lease, or exercising of an option to purchase or lease, exchange, subdivide, transfer, assume, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise acquire any real property, any interest in real property, and any improvements on it, including the repurchase of developed property previously owned by the agency and the acquisition of real property by eminent domain; provided, however, that nothing in this subdivision is intended to prohibit the acceptance or transfer of title for real property acquired prior to the effective date of this part.

(f) Transfer, assign, vest, or delegate any of its assets, funds, rights, powers, ownership interests, or obligations for any purpose to any entity, including, but not limited to, the community, the legislative body, another member of a joint powers authority, a trustee, a receiver, a partner entity, another agency, a nonprofit corporation, a contractual counterparty, a public body, a limited-equity housing cooperative, the state, a political subdivision of the state, the federal government, any private entity, or an individual or group of individuals.

(g) Accept financial or other assistance from the state or federal government or any public or private source if the acceptance necessitates or is conditioned upon the agency incurring indebtedness as that term is described in this part.

34164. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall lack the authority to, and shall not, engage in any of the following redevelopment activities:

(a) Prepare, approve, adopt, amend, or merge a redevelopment plan, including, but not limited to, modifying, extending, or otherwise changing the time limits on the effectiveness of a redevelopment plan.

(b) Create, designate, merge, expand, or otherwise change the boundaries of a project area.

(c) Designate a new survey area or modify, extend, or otherwise change the boundaries of an existing survey area.

(d) Approve or direct or cause the approval of any program, project, or expenditure where approval is not required by law.

(e) Prepare, formulate, amend, or otherwise modify a preliminary plan or cause the preparation, formulation, modification, or amendment of a preliminary plan.

(f) Prepare, formulate, amend, or otherwise modify an implementation plan or cause the preparation, formulation, modification, or amendment of an implementation plan.

(g) Prepare, formulate, amend, or otherwise modify a relocation plan or cause the preparation, formulation, modification, or amendment of a relocation plan where approval is not required by law.

(h) Prepare, formulate, amend, or otherwise modify a redevelopment housing plan or cause the preparation, formulation, modification, or amendment of a redevelopment housing plan.

(i) Direct or cause the development, rehabilitation, or construction of housing units within the community, unless required to do so by an enforceable obligation.

(j) Make or modify a declaration or finding of blight, blighted areas, or slum and blighted residential areas.

(k) Make any new findings or declarations that any areas of blight cannot be remedied or redeveloped by private enterprise alone.

(l) Provide or commit to provide relocation assistance, except where the provision of relocation assistance is required by law.

(m) Provide or commit to provide financial assistance.

34165. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall lack the authority to, and shall not, do any of the following:

(a) Enter into new partnerships, become a member in a joint powers authority, form a joint powers authority, create new entities, or become a member of any entity of which it is not currently a member, nor take on nor agree to any new duties or obligations as a member or otherwise of any entity to which the agency belongs or with which it is in any way associated.

(b) Impose new assessments pursuant to Section 7280.5 of the Revenue and Taxation Code.

(c) Increase the pay, benefits, or contributions of any sort for any officer, employee, consultant, contractor, or any other goods or service provider that had not previously been contracted.

(d) Provide optional or discretionary bonuses to any officers, employees, consultants, contractors, or any other service or goods providers.

(e) Increase numbers of staff employed by the agency beyond the number employed as of January 1, 2011.

(f) Bring an action pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of any issuance or proposed issuance of revenue bonds under this chapter and the legality and validity of all proceedings previously taken or proposed in a resolution of an agency to be taken for the authorization, issuance, sale, and delivery of the revenue bonds and for the payment of the principal thereof and interest thereon.

(g) Begin any condemnation proceeding or begin the process to acquire real property by eminent domain.

(h) Prepare or have prepared a draft environmental impact report. This subdivision shall not alter or eliminate any requirements of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

34166. No legislative body or local governmental entity shall have any statutory authority to create or otherwise establish a new redevelopment

agency or community development commission. No chartered city or chartered county shall exercise the powers granted in Part 1 (commencing with Section 33000) to create or otherwise establish a redevelopment agency.

34167. (a) This part is intended to preserve, to the maximum extent possible, the revenues and assets of redevelopment agencies so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services including police and fire protection services and schools. It is the intent of the Legislature that redevelopment agencies take no actions that would further deplete the corpus of the agencies' funds regardless of their original source. All provisions of this part shall be construed as broadly as possible to support this intent and to restrict the expenditure of funds to the fullest extent possible.

(b) For purposes of this part, "agency" or "redevelopment agency" means a redevelopment agency created or formed pursuant to Part 1 (commencing with Section 33000) or its predecessor or a community development commission created or formed pursuant to Part 1.7 (commencing with Section 34100) or its predecessor.

(c) Nothing in this part in any way impairs the authority of a community development commission, other than in its authority to act as a redevelopment agency, to take any actions in its capacity as a housing authority or for any other community development purpose of the jurisdiction in which it operates.

(d) For purposes of this part, "enforceable obligation" means any of the following:

(1) Bonds, as defined by Section 33602 and bonds issued pursuant to Section 5850 of the Government Code, including the required debt service, reserve set-asides and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the redevelopment agency.

(2) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, including, but not limited to, moneys borrowed from the Low and Moderate Income Housing Fund, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

(3) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, and unemployment payments.

(4) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(5) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy.

(6) Contracts or agreements necessary for the continued administration or operation of the redevelopment agency to the extent permitted by this part, including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134.

(e) To the extent that any provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) conflicts with this part, the provisions of this part shall control. Further, if any provision in Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) provides an authority that this part is restricting or eliminating, the restriction and elimination provisions of this part shall control.

(f) Nothing in this part shall be construed to interfere with a redevelopment agency's authority, pursuant to enforceable obligations as defined in this chapter, to (1) make payments due, (2) enforce existing covenants and obligations, or (3) perform its obligations.

(g) The existing terms of any memorandum of understanding with an employee organization representing employees of a redevelopment agency adopted pursuant to the Meyers-Milias-Brown Act that is in force on the effective date of this part shall continue in force until September 30, 2011, unless a new agreement is reached with a recognized employee organization prior to that date.

(h) After the enforceable obligation payment schedule is adopted pursuant to Section 34169, or after 60 days from the effective date of this part, whichever is sooner, the agency shall not make a payment unless it is listed in an adopted enforceable obligation payment schedule, other than payments required to meet obligations with respect to bonded indebtedness.

(i) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(j) For purposes of this part, "auditor-controller" means the officer designated in subdivision (e) of Section 24000 of the Government Code.

34167.5. Commencing on the effective date of the act adding this part, the Controller shall review the activities of redevelopment agencies in the state to determine whether an asset transfer has occurred after January 1, 2011, between the city or county, or city and county that created a redevelopment agency or any other public agency, and the redevelopment agency. If such an asset transfer did occur during that period and the government agency that received the assets is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the

extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170). Upon receiving such an order from the Controller, an affected local agency shall, as soon as practicable, reverse the transfer and return the applicable assets to the redevelopment agency or, on or after October 1, 2011, to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170). The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in the furtherance of the Community Redevelopment Law and is thereby unauthorized.

34168. (a) Notwithstanding any other law, any action contesting the validity of this part or Part 1.85 (commencing with Section 34170) or challenging acts taken pursuant to these parts shall be brought in the Superior Court of the County of Sacramento.

(b) If any provision of this part or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this part which can be given effect without the invalid provision or application, and to this end, the provisions of this part are severable.

CHAPTER 2. REDEVELOPMENT AGENCY RESPONSIBILITIES

34169. Until successor agencies are authorized pursuant to Part 1.85 (commencing with Section 34170), redevelopment agencies shall do all of the following:

(a) Continue to make all scheduled payments for enforceable obligations, as defined in subdivision (d) of Section 34167.

(b) Perform obligations required pursuant to any enforceable obligations, including, but not limited to, observing covenants for continuing disclosure obligations and those aimed at preserving the tax-exempt status of interest payable on any outstanding agency bonds.

(c) Set aside or maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Consistent with the intent declared in subdivision (a) of Section 34167, preserve all assets, minimize all liabilities, and preserve all records of the redevelopment agency.

(e) Cooperate with the successor agencies, if established pursuant to Part 1.85 (commencing with Section 34170), and provide all records and information necessary or desirable for audits, making of payments required by enforceable obligations, and performance of enforceable obligations by the successor agencies.

(f) Take all reasonable measures to avoid triggering an event of default under any enforceable obligations as defined in subdivision (d) of Section 34167.

(g) (1) Within 60 days of the effective date of this part, adopt an Enforceable Obligation Payment Schedule that lists all of the obligations that are enforceable within the meaning of subdivision (d) of Section 34167 which includes the following information about each obligation:

(A) The project name associated with the obligation.

(B) The payee.

(C) A short description of the nature of the work, product, service, facility, or other thing of value for which payment is to be made.

(D) The amount of payments obligated to be made, by month, through December 2011.

(2) Payment schedules for issued bonds may be aggregated, and payment schedules for payments to employees may be aggregated. This schedule shall be adopted at a public meeting and shall be posted on the agency's Internet Web site or, if no Internet Web site exists, on the Internet Web site of the legislative body, if that body has an Internet Web site. The schedule may be amended at any public meeting of the agency. Amendments shall be posted to the Internet Web site for at least three business days before a payment may be made pursuant to an amendment. The Enforceable Obligation Payment Schedule shall be transmitted by mail or electronic means to the county auditor-controller, the Controller, and the Department of Finance. A notification providing the Internet Web site location of the posted schedule and notifications of any amendments shall suffice to meet this requirement.

(h) Prepare a preliminary draft of the initial recognized obligation payment schedule, no later than September 30, 2011, and provide it to the successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170).

(i) The Department of Finance may review a redevelopment agency action taken pursuant to subdivision (g) or (h). As such, all agency actions shall not be effective for three business days, pending a request for review by the department. Each agency shall designate an official to whom the department may make these requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given agency action, the department shall have 10 days from the date of its request to approve the agency action or return it to the agency for reconsideration and this action shall not be effective until approved by the department. In the event that the department returns the agency action to the agency for reconsideration, the agency must resubmit the modified action for department approval and the modified action shall not become effective until approved by the department. This subdivision shall apply to a successor agency, if a successor agency is established pursuant to Part 1.85 (commencing with Section 34170), as a successor entity to a dissolved redevelopment agency, with

respect to the preliminary draft of the initial recognized obligation payment schedule.

CHAPTER 3. APPLICATION OF PART TO FORMER PARTICIPANTS OF THE
ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM

34169.5. (a) It is the intent of the Legislature that a redevelopment agency, that formerly operated pursuant to the Alternative Voluntary Redevelopment Program (Part 1.9 (commencing with Section 34192)), but that becomes subject to this part pursuant to Section 34195, shall be subject to all of the requirements of this part, except that dates and deadlines shall be appropriately modified, as provided in this section, to reflect the date that the agency becomes subject to this part.

(b) For purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, the following shall apply:

(1) Any reference to “January 1, 2011,” shall be construed to mean January 1 of the year preceding the year that the redevelopment agency became subject to this part, but no earlier than January 1, 2011.

(2) Any reference to a date “60 days from the effective date of this part” shall be construed to mean 60 days from the date that the redevelopment agency becomes subject to this part.

(3) Except as provided in paragraphs (1) and (2), any reference to a date certain shall be construed to be the date, measured from the date that the redevelopment agency became subject to this part, that is equivalent to the duration of time between the effective date of this part and the date certain identified in statute.

SEC. 7. Part 1.85 (commencing with Section 34170) is added to Division 24 of the Health and Safety Code, to read:

PART 1.85. DISSOLUTION OF REDEVELOPMENT AGENCIES AND
DESIGNATION OF SUCCESSOR AGENCIES

CHAPTER 1. EFFECTIVE DATE, CREATION OF FUNDS, AND DEFINITION
OF TERMS

34170. (a) Unless otherwise specified, all provisions of this part shall become operative on October 1, 2011.

(b) If any provision of this part or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this part which can be given effect without the invalid provision or application, and to this end, the provisions of this part are severable.

34170.5. (a) The successor agency shall create within its treasury a Redevelopment Obligation Retirement Fund to be administered by the successor agency.

(b) The county auditor-controller shall create within the county treasury a Redevelopment Property Tax Trust Fund for the property tax revenues related to each former redevelopment agency, for administration by the county auditor-controller.

34171. The following terms shall have the following meanings:

(a) “Administrative budget” means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency for the 2011–12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000) for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax.

(c) “Designated local authority” shall mean a public entity formed pursuant to subdivision (d) of Section 34173.

(d) (1) “Enforceable obligation” means any of the following:

(A) Bonds, as defined by Section 33602 and bonds issued pursuant to Section 58383 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency.

(B) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

(C) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies’ employees, including, but not limited to, pension payments, pension obligation debt service, unemployment payments, or other obligations conferred through a collective bargaining agreement.

(D) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(E) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. However, nothing in this act shall prohibit either the successor agency, with the approval or at the direction of the oversight board, or the oversight board itself from terminating any existing agreements or contracts and providing

any necessary and required compensation or remediation for such termination.

(F) Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134.

(G) Amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board.

(2) For purposes of this part, “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations.

(3) Contracts or agreements between the former redevelopment agency and other public agencies, to perform services or provide funding for governmental or private services or capital projects outside of redevelopment project areas that do not provide benefit to the redevelopment project and thus were not properly authorized under Part 1 (commencing with Section 33000) shall be deemed void on the effective date of this part; provided, however, that such contracts or agreements for the provision of housing properly authorized under Part 1 (commencing with Section 33000) shall not be deemed void.

(e) “Indebtedness obligations” means bonds, notes, certificates of participation, or other evidence of indebtedness, issued or delivered by the redevelopment agency, or by a joint exercise of powers authority created by the redevelopment agency, to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by the redevelopment agency in compliance with the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(f) “Oversight board” shall mean each entity established pursuant to Section 34179.

(g) “Recognized obligation” means an obligation listed in the Recognized Obligation Payment Schedule.

(h) “Recognized Obligation Payment Schedule” means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177.

(i) “School entity” means any entity defined as such in subdivision (f) of Section 95 of the Revenue and Taxation Code.

(j) “Successor agency” means the county, city, or city and county that authorized the creation of each redevelopment agency or another entity as provided in Section 34173.

(k) “Taxing entities” means cities, counties, a city and county, special districts, and school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, that receive passthrough payments and distributions of property taxes pursuant to the provisions of this part.

CHAPTER 2. EFFECT OF REDEVELOPMENT AGENCY DISSOLUTION

34172. (a) (1) All redevelopment agencies and redevelopment agency components of community development agencies created under Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100) that were in existence on the effective date of this part are hereby dissolved and shall no longer exist as a public body, corporate or politic. Nothing in this part dissolves or otherwise affects the authority of a community redevelopment commission, other than in its authority to act as a redevelopment agency, in its capacity as a housing authority or for any other community development purpose of the jurisdiction in which it operates. For those other nonredevelopment purposes, the community development commission derives its authority solely from federal or local laws, or from state laws other than the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(2) A community in which an agency has been dissolved under this section may not create a new agency pursuant to Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100). However, a community in which the agency has been dissolved and the successor entity has paid off all of the former agency’s enforceable obligations may create a new agency pursuant to Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100), subject to the tax increment provisions contained in Chapter 3.5 (commencing with Section 34194.5) of Part 1.9 (commencing with Section 34192).

(b) All authority to transact business or exercise powers previously granted under the Community Redevelopment Law (Part 1 (commencing with Section 33000)) is hereby withdrawn from the former redevelopment agencies.

(c) Solely for purposes of Section 16 of Article XVI of the California Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the dissolved redevelopment agency to pay the principal of and interest on loans, moneys advanced to, or indebtedness,

whether funded, refunded, assumed, or otherwise incurred by the redevelopment agency to finance or refinance, in whole or in part, the redevelopment projects of each redevelopment agency dissolved pursuant to this part.

(d) Revenues equivalent to those that would have been allocated pursuant to subdivision (b) of Section 16 of Article XVI of the California Constitution shall be allocated to the Redevelopment Property Tax Trust Fund of each successor agency for making payments on the principal of and interest on loans, and moneys advanced to or indebtedness incurred by the dissolved redevelopment agencies. Amounts in excess of those necessary to pay obligations of the former redevelopment agency shall be deemed to be property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution.

34173. (a) Successor agencies, as defined in this part, are hereby designated as successor entities to the former redevelopment agencies.

(b) Except for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised pursuant to the act adding this part, all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are hereby vested in the successor agencies.

(c) (1) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority addresses the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part and each shall have a share of assets and liabilities based on the provisions of the joint powers agreement.

(2) Where the redevelopment agency was in the form of a joint powers authority, and where the joint powers agreement governing the formation of the joint powers authority does not address the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part, a proportionate share of the assets and liabilities shall be based on the assessed value in the project areas within each entity's jurisdiction, as determined by the county assessor, in its jurisdiction as compared to the assessed value of land within the boundaries of the project areas of the former redevelopment agency.

(d) (1) A city, county, city and county, or the entities forming the joint powers authority that authorized the creation of each redevelopment agency may elect not to serve as a successor agency under this part. A city, county, city and county, or any member of a joint powers authority that elects not to serve as a successor agency under this part must file a copy of a duly authorized resolution of its governing board to that effect with the county auditor-controller no later than one month prior to the effective date of this part.

(2) The determination of the first local agency that elects to become the successor agency shall be made by the county auditor-controller based on

the earliest receipt by the county auditor-controller of a copy of a duly adopted resolution of the local agency's governing board authorizing such an election. As used in this section, "local agency" means any city, county, city and county, or special district in the county of the former redevelopment agency.

(3) If no local agency elects to serve as a successor agency for a dissolved redevelopment agency, a public body, referred to herein as a "designated local authority" shall be immediately formed, pursuant to this part, in the county and shall be vested with all the powers and duties of a successor agency as described in this part. The Governor shall appoint three residents of the county to serve as the governing board of the authority. The designated local authority shall serve as successor agency until a local agency elects to become the successor agency in accordance with this section.

(e) The liability of any successor agency, acting pursuant to the powers granted under the act adding this part, shall be limited to the extent of the total sum of property tax revenues it receives pursuant to this part and the value of assets transferred to it as a successor agency for a dissolved redevelopment agency.

34174. (a) Solely for the purposes of Section 16 of Article XVI of the California Constitution, commencing on the effective date of this part, all agency loans, advances, or indebtedness, and interest thereon, shall be deemed extinguished and paid; provided, however, that nothing herein is intended to absolve the successor agency of payment or other obligations due or imposed pursuant to the enforceable obligations; and provided further, that nothing in the act adding this part is intended to be construed as an action or circumstance that may give rise to an event of default under any of the documents governing the enforceable obligations.

(b) Nothing in this part, including, but not limited to, the dissolution of the redevelopment agencies, the designation of successor agencies, and the transfer of redevelopment agency assets and properties, shall be construed as a voluntary or involuntary insolvency of any redevelopment agency for purposes of the indenture, trust indenture, or similar document governing its outstanding bonds.

34175. (a) It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.

(b) All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on October 1, 2011, to the control of the successor agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the redevelopment agency as of October 1, 2011.

34176. (a) The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. If a city,

county, or city and county elects to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, duties, and obligations, excluding any amounts on deposit in the Low and Moderate Income Housing Fund, shall be transferred to the city, county, or city and county.

(b) If a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amounts in the Low and Moderate Income Housing Fund, shall be transferred as follows:

(1) Where there is no local housing authority in the territorial jurisdiction of the former redevelopment agency, to the Department of Housing and Community Development.

(2) Where there is one local housing authority in the territorial jurisdiction of the former redevelopment agency, to that local housing authority.

(3) Where there is more than one local housing authority in the territorial jurisdiction of the former redevelopment agency, to the local housing authority selected by the city, county, or city and county that authorized the creation of the redevelopment agency.

(c) Commencing on the operative date of this part, the entity assuming the housing functions formerly performed by the redevelopment agency may enforce affordability covenants and perform related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000), including, but not limited to, Section 33418.

CHAPTER 3. SUCCESSOR AGENCIES

34177. Successor agencies are required to do all of the following:

(a) Continue to make payments due for enforceable obligations.

(1) On and after October 1, 2011, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (e) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum.

(2) The Department of Finance and the Controller shall each have the authority to require any documents associated with the enforceable obligations to be provided to them in a manner of their choosing. Any taxing entity, the department, and the Controller shall each have standing to file a judicial action to prevent a violation under this part and to obtain injunctive or other appropriate relief.

(3) Commencing on January 1, 2012, only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from the funds specified in the Recognized Obligation Payment Schedule. In addition, commencing January 1, 2012, the Recognized Obligation Payment Schedule shall supersede the Statement of Indebtedness, which shall no longer be prepared nor have any effect under the Community Redevelopment Law.

(4) Nothing in the act adding this part is to be construed as preventing a successor agency, with the prior approval of the oversight board, as described in Section 34179, from making payments for enforceable obligations from sources other than those listed in the Recognized Obligation Payment Schedule.

(5) From October 1, 2011, to July 1, 2012, a successor agency shall have no authority and is hereby prohibited from accelerating payment or making any lump-sum payments that are intended to prepay loans unless such accelerated repayments were required prior to the effective date of this part.

(b) Maintain reserves in the amount required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(c) Perform obligations required pursuant to any enforceable obligation.

(d) Remit unencumbered balances of redevelopment agency funds to the county auditor-controller for distribution to the taxing entities, including, but not limited to, the unencumbered balance of the Low and Moderate Income Housing Fund of a former redevelopment agency. In making the distribution, the county auditor-controller shall utilize the same methodology for allocation and distribution of property tax revenues provided in Section 34188.

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188.

(f) Enforce all former redevelopment agency rights for the benefit of the taxing entities, including, but not limited to, continuing to collect loans, rents, and other revenues that were due to the redevelopment agency.

(g) Effectuate transfer of housing functions and assets to the appropriate entity designated pursuant to Section 34176.

(h) Expediently wind down the affairs of the redevelopment agency pursuant to the provisions of this part and in accordance with the direction of the oversight board.

(i) Continue to oversee development of properties until the contracted work has been completed or the contractual obligations of the former redevelopment agency can be transferred to other parties. Bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds.

(j) Prepare a proposed administrative budget and submit it to the oversight board for its approval. The proposed administrative budget shall include all of the following:

(1) Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.

(2) Proposed sources of payment for the costs identified in paragraph (1).

(3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

(k) Provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the county auditor-controller for each six-month fiscal period.

(l) (1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

(E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of this part.

(F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.

(2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:

(A) A draft Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency by November 1, 2011. From October 1, 2011, to July 1, 2012, the initial draft of that schedule shall project the dates and amounts of scheduled

payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved, and shall be reviewed and certified, as to its accuracy, by an external auditor designated pursuant to Section 34182.

(B) The certified Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board.

(C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by December 15, 2011, for the period of January 1, 2012, to June 30, 2012, inclusive. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

34178. (a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its oversight board.

(b) Notwithstanding subdivision (a), any of the following agreements are not invalid and may bind the successor agency:

(1) A duly authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

(2) A written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency.

(3) A joint exercise of powers agreement in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the successor agency by operation of the act adding this part, the successor agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

34178.7. For purposes of this chapter with regard to a redevelopment agency that becomes subject to this part pursuant to Section 34195, only references to "October 1, 2011," and to the "operative date of this part"

shall be modified in the manner described in Section 34191. All other dates shall be modified only as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

CHAPTER 4. OVERSIGHT BOARDS

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before January 1, 2012. Members shall be selected as follows:

- (1) One member appointed by the county board of supervisors.
- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.
- (10) Where a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, where such appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by

property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city where such an appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by January 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.

(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to the act adding this part. As such, all oversight board actions shall not be effective for three business days, pending a request for review by the department. Each oversight board shall designate an official to whom the department may make such requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given oversight board action, it shall have 10 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by the department. In the event that the department returns the

oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.

(6) One member of the public may be appointed by the county board of supervisors.

(7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.

(k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.

(l) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).

(m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

34180. All of the following successor agency actions shall first be approved by the oversight board:

(a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part.

(b) Refunding of outstanding bonds or other debt of the former redevelopment agency by successor agencies in order to provide for savings or to finance debt service spikes; provided, however, that no additional debt is created and debt service is not accelerated.

(c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Merging of project areas.

(e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, where assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by the county assessor.

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.

(i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.

CHAPTER 5. DUTIES OF THE AUDITOR-CONTROLLER

34182. (a) (1) The county auditor-controller shall conduct or cause to be conducted an agreed-upon procedures audit of each redevelopment agency in the county that is subject to this part, to be completed by March 1, 2012.

(2) The purpose of the audits shall be to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's passthrough payment obligations to other taxing agencies, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency and certify the initial Recognized Obligation Payment Schedule.

(3) The county auditor-controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the county auditor-controller pursuant to this part.

(b) By March 15, 2012, the county auditor-controller shall provide the Controller's office a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part.

The county auditor-controller shall calculate the property tax revenues using current assessed values on the last equalized roll on August 20, pursuant to Section 2052 of the Revenue and Taxation Code, and pursuant to statutory formulas or contractual agreements with other taxing agencies, as of the effective date of this section, and shall deposit that amount in the Redevelopment Property Tax Trust Fund.

(2) Each county auditor-controller shall administer the Redevelopment Property Tax Trust Fund for the benefit of the holders of former redevelopment agency enforceable obligations and the taxing entities that receive passthrough payments and distributions of property taxes pursuant to this part.

(3) In connection with the allocation and distribution by the county auditor-controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, in compliance with this part, the county auditor-controller shall prepare estimates of amounts to be allocated and distributed, and provide those estimates to both the entities receiving the distributions and the Department of Finance, no later than November 1 and May 1 of each year.

(4) Each county auditor-controller shall disburse proceeds of asset sales or reserve balances, which have been received from the successor entities pursuant to Sections 34177 and 34187, to the taxing entities. In making such a distribution, the county auditor-controller shall utilize the same methodology for allocation and distribution of property tax revenues provided in Section 34188.

(d) By October 1, 2012, the county auditor-controller shall report the following information to the Controller's office and the Director of Finance:

(1) The sums of property tax revenues remitted to the Redevelopment Property Tax Trust Fund related to each former redevelopment agency.

(2) The sums of property tax revenues remitted to each agency under paragraph (1) of subdivision (a) of Section 34183.

(3) The sums of property tax revenues remitted to each successor agency pursuant to paragraph (2) of subdivision (a) of Section 34183.

(4) The sums of property tax revenues paid to each successor agency pursuant to paragraph (3) of subdivision (a) of Section 34183.

(5) The sums paid to each city, county, and special district, and the total amount allocated for schools pursuant to paragraph (4) of subdivision (a) of Section 34183.

(6) Any amounts deducted from other distributions pursuant to subdivision (b) of Section 34183.

(e) A county auditor-controller may charge the Redevelopment Property Tax Trust Fund for the costs of administering the provisions of this part.

(f) The Controller may audit and review any county auditor-controller action taken pursuant to the act adding this part. As such, all county auditor-controller actions shall not be effective for three business days, pending a request for review by the Controller. In the event that the Controller requests a review of a given county auditor-controller action, he or she shall have 10 days from the date of his or her request to approve the

county auditor-controller's action or return it to the county auditor-controller for reconsideration and such county auditor-controller action shall not be effective until approved by the Controller. In the event that the Controller returns the county auditor-controller's action to the county auditor-controller for reconsideration, the county auditor-controller must resubmit the modified action for Controller approval and such modified county auditor-controller action shall not become effective until approved by the Controller.

34183. (a) Notwithstanding any other law, from October 1, 2011, to July 1, 2012, and for each fiscal year thereafter, the county auditor-controller shall, after deducting administrative costs allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code, allocate moneys in each Redevelopment Property Tax Trust Fund as follows:

(1) Subject to any prior deductions required by subdivision (b), first, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each local agency and school entity an amount of property tax revenues in an amount equal to that which would have been received under Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections read on January 1, 2011, or pursuant to any passthrough agreement between a redevelopment agency and a taxing jurisdiction that was entered into prior to January 1, 1994, that would be in force during that fiscal year, had the redevelopment agency existed at that time. The amount of the payments made pursuant to this paragraph shall be calculated solely on the basis of passthrough payment obligations, existing prior to the effective date of this part and continuing as obligations of successor entities, shall occur no later than January 16, 2012, and no later than June 1, 2012, and each January 16 and June 1 thereafter. Notwithstanding subdivision (e) of Section 33670, that portion of the taxes in excess of the amount identified in subdivision (a) of Section 33670, which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that taxing agency.

(2) Second, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, to each successor agency for payments listed in its Recognized Obligation Payment Schedule for the six-month fiscal period beginning January 1, 2012, or July 1, 2012, and each January 16 and June 1 thereafter, in the following order of priority:

(A) Debt service payments scheduled to be made for tax allocation bonds.

(B) Payments scheduled to be made on revenue bonds, but only to the extent the revenues pledged for them are insufficient to make the payments and only where the agency's tax increment revenues were also pledged for the repayment of the bonds.

(C) Payments scheduled for other debts and obligations listed in the Recognized Obligation Payment Schedule that are required to be paid from former tax increment revenue.

(3) Third, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, to each successor agency for the administrative cost allowance, as defined in Section 34171, for administrative costs set forth in an approved administrative budget for those payments required to be paid from former tax increment revenues.

(4) Fourth, on January 16, 2012, and June 1, 2012, and each January 16 and June 1 thereafter, any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by paragraphs (1) to (3), inclusive, shall be distributed to local agencies and school entities in accordance with Section 34188.

(b) If the successor agency reports, no later than December 1, 2011, and May 1, 2012, and each December 1 and May 1 thereafter, to the county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by paragraphs (1) to (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (4), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688, made passthrough payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for passthrough payments under paragraph (1), as provided in those sections, but only to the extent that the amounts remaining to be distributed to taxing entities pursuant to paragraph (4) and the amounts available for distribution for administrative costs in paragraph (3) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury that are necessary to ensure prompt payments of redevelopment agency debts.

(d) The Controller may recover the costs of audit and oversight required under this part from the Redevelopment Property Tax Trust Fund by presenting an invoice therefor to the county auditor-controller who shall set aside sufficient funds for and disburse the claimed amounts prior to making the next distributions to the taxing jurisdictions pursuant to Section 34188. Subject to the approval of the Director of Finance, the budget of the

Controller may be augmented to reflect the reimbursement, pursuant to Section 28.00 of the Budget Act.

34185. Commencing on January 16, 2012, and on each January 16 and June 1 thereafter, the county auditor-controller shall transfer, from the Redevelopment Property Tax Trust Fund of each successor agency into the Redevelopment Obligation Retirement Fund of that agency, an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule for that successor agency as payable from the Redevelopment Property Tax Trust Fund subject to the limitations of Sections 34173 and 34183.

34186. Differences between actual payments and past estimated obligations on recognized obligation payment schedules must be reported in subsequent recognized obligation payment schedules and shall adjust the amount to be transferred to the Redevelopment Obligation Retirement Fund pursuant to this part. These estimates and accounts shall be subject to audit by county auditor-controllers and the Controller.

34187. Commencing January 1, 2012, whenever a recognized obligation that had been identified in the Recognized Payment Obligation Schedule is paid off or retired, either through early payment or payment at maturity, the county auditor-controller shall distribute to the taxing entities, in accordance with the provisions of the Revenue and Taxation Code, all property tax revenues that were associated with the payment of the recognized obligation.

34188. For all distributions of property tax revenues and other moneys pursuant to this part, the distribution to each taxing entity shall be in an amount proportionate to its share of property tax revenues in the tax rate area in that fiscal year, as follows:

(a) (1) For distributions from the Redevelopment Property Tax Trust Fund, the share of each taxing entity shall be applied to the amount of property tax available in the Redevelopment Property Tax Trust Fund after deducting the amount of any distributions under paragraphs (2) and (3) of subdivision (a) of Section 34183.

(2) For each taxing entity that receives passthrough payments, that agency shall receive the amount of any passthrough payments identified under paragraph (1) of subdivision (a) of Section 34183, in an amount not to exceed the amount that it would receive pursuant to this section in the absence of the passthrough agreement. However, to the extent that the passthrough payments received by the taxing entity are less than the amount that the taxing entity would receive pursuant to this section in the absence of a passthrough agreement, the taxing entity shall receive an additional payment that is equivalent to the difference between those amounts.

(b) Property tax shares of local agencies shall be determined based on property tax allocation laws in effect on the date of distribution, without the revenue exchange amounts allocated pursuant to Section 97.68 of the Revenue and Taxation Code, and without the property taxes allocated pursuant to Section 97.70 of the Revenue and Taxation Code.

(c) The total school share, including passthroughs, shall be the share of the property taxes that would have been received by school entities, as

defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, in the jurisdictional territory of the former redevelopment agency, including, but not limited to, the amounts specified in Sections 97.68 and 97.70 of the Revenue and Taxation Code.

34188.8. For purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, a date certain identified in this chapter shall not be subject to Section 34191, except for dates certain in Section 34182 and references to “October 1, 2011,” or to the “operative date of this part.” However, for purposes of those redevelopment agencies, a date certain identified in this chapter shall be appropriately modified, as necessary to reflect the appropriate fiscal year or portion of a fiscal year.

CHAPTER 6. EFFECT OF THE ACT ADDING THIS PART ON THE COMMUNITY REDEVELOPMENT LAW

34189. (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, 33645, and subdivision (b) of Section 33670, shall be inoperative, except as those sections apply to a redevelopment agency operating pursuant to Part 1.9 (commencing with Section 34192).

(b) The California Law Revision Commission shall draft a Community Redevelopment Law cleanup bill for consideration by the Legislature no later than January 1, 2013.

(c) To the extent that a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100) conflicts with this part, the provisions of this part shall control. Further, if a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with Section 34100) provides an authority that the act adding this part is restricting or eliminating, the restriction and elimination provisions of the act adding this part shall control.

(d) It is intended that the provisions of this part shall be read in a manner as to avoid duplication of payments.

CHAPTER 7. STABILIZATION OF LABOR AND EMPLOYMENT RELATIONS

34190. (a) It is the intent of the Legislature to stabilize the labor and employment relations of redevelopment agencies and successor agencies in furtherance of and connection with their responsibilities under the act adding this part.

(b) Nothing in the act adding this part is intended to relieve any redevelopment agency of its obligations under Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code. Subject to the limitations set forth in Section 34165, prior to its dissolution, a

redevelopment agency shall retain the authority to meet and confer over matters within the scope of representation.

(c) A successor agency, as defined in Sections 34171 and 34173, shall constitute a public agency within the meaning of subdivision (c) of Section 3501 of the Government Code.

(d) Subject to the limitations set forth in Section 34165, redevelopment agencies, prior to and during their winding down and dissolution, shall retain the authority to bargain over matters within the scope of representation.

(e) In recognition that a collective bargaining agreement represents an enforceable obligation, a successor agency shall become the employer of all employees of the redevelopment agency as of the date of the redevelopment agency's dissolution. If, pursuant to this provision, the successor agency becomes the employer of one or more employees who, as employees of the redevelopment agency, were represented by a recognized employee organization, the successor agency shall be deemed a successor employer and shall be obligated to recognize and to meet and confer with such employee organization. In addition, the successor agency shall retain the authority to bargain over matters within the scope of representation and shall be deemed to have assumed the obligations under any memorandum of understanding in effect between the redevelopment agency and recognized employee organization as of the date of the redevelopment agency's dissolution.

(f) The Legislature finds and declares that the duties and responsibilities of local agency employer representatives under this chapter are substantially similar to the duties and responsibilities required under existing collective bargaining enforcement procedures and therefore the costs incurred by the local agency employer representatives in performing those duties and responsibilities under the act adding this part are not reimbursable as state-mandated costs. Furthermore, the Legislature also finds and declares that to the extent the act adding this part provides the funding with which to accomplish the obligations provided herein, the costs incurred by the local agency employer representatives in performing those duties and responsibilities under the act adding this part are not reimbursable as state-mandated costs.

(g) The transferred memorandum of understanding and the right of any employee organization representing such employees to provide representation shall continue as long as the memorandum of understanding would have been in force, pursuant to its own terms. One or more separate bargaining units shall be created in the successor agency consistent with the bargaining units that had been established in the redevelopment agency. After the expiration of the transferred memorandum of understanding, the successor agency shall continue to be subject to the provisions of the Meyers-Miliias-Brown Act.

(h) Individuals formerly employed by redevelopment agencies that are subsequently employed by successor agencies shall, for a minimum of two years, transfer their status and classification in the civil service system of the redevelopment agency to the successor agency and shall not be required

to requalify to perform the duties that they previously performed or duties substantially similar in nature and in required qualification to those that they previously performed. Any such individuals shall have the right to compete for employment under the civil service system of the successor agency.

CHAPTER 8. APPLICATION OF PART TO FORMER PARTICIPANTS OF THE
ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM

34191. (a) It is the intent of the Legislature that a redevelopment agency that formerly operated pursuant to the Alternative Voluntary Redevelopment Program (Part 1.9 (commencing with Section 34192)), that becomes subject to this part pursuant to Section 34195, shall be subject to all of the requirements of this part, except that dates and deadlines shall be appropriately modified, as provided in this section, to reflect the date that the agency becomes subject to this part.

(b) Except as otherwise provided by law, for purposes of a redevelopment agency that becomes subject to this part pursuant to Section 34195, the following shall apply:

(1) Any reference to "January 1, 2011," shall be construed to mean January 1 of the year preceding the year that the redevelopment agency became subject to this part, but no earlier than January 1, 2011.

(2) Any reference to "October 1, 2011," or to the "operative date of this part," shall mean the date that is the equivalent to the "October 1, 2011," identified in Section 34167.5 for that redevelopment agency as determined pursuant to Section 34169.5.

(3) Except as provided in paragraphs (1) and (2), any reference to a date certain shall be construed to be the date, measured from the date that the redevelopment agency became subject to this part, that is equivalent to the duration of time between the operative date of this part and the date certain identified in statute.

SEC. 8. Section 97.401 is added to the Revenue and Taxation Code, to read:

97.401. Commencing October 1, 2011, the county auditor shall make the calculations required by Section 97.4 based on the amount deposited on behalf of each former redevelopment agency into the Redevelopment Property Tax Trust Fund pursuant to paragraph (1) of subdivision (c) of Section 34182 of the Health and Safety Code. The calculations required by Section 97.4 shall result in cities, counties, and special districts annually remitting to the Educational Revenue Augmentation Fund the same amounts they would have remitted but for the operation of Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code.

SEC. 9. Section 98.2 is added to the Revenue and Taxation Code, to read:

98.2. For the 2011–12 fiscal year, and each fiscal year thereafter, the computations provided for in Sections 98 and 98.1 shall be performed in a manner which recognizes that passthrough payments formerly required under the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code) are continuing to be made under the authority of Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code and those payments shall be recognized in the TEA calculations as though they were made under the Community Redevelopment Law. Additionally, the computations provided for in Sections 98 and 98.1 shall be performed in a manner that recognizes payments to a Redevelopment Property Tax Trust Fund, established pursuant to Section 34170.5 of the Health and Safety Code as if they were payments to a redevelopment agency as provided in subdivision (b) of Section 33670 of the Health and Safety Code.

SEC. 10. If a legal challenge to invalidate any provision of this act is successful, a redevelopment agency shall be prohibited from issuing new bonds, notes, interim certificates, debentures, or other obligations, whether funded, refunded, assumed, or otherwise, pursuant to Article 5 (commencing with Section 33640) of Chapter 6 of Part 1 of Division 24 of the Health and Safety Code.

SEC. 11. The sum of five hundred thousand dollars (\$500,000) is hereby appropriated to the Department of Finance from the General Fund for allocation to the Treasurer, Controller, and Department of Finance for administrative costs associated with this act. The department shall notify the Joint Legislative Budget Committee and the fiscal committees in each house of any allocations under this section no later than 10 days following that allocation.

SEC. 12. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application and to this end, the provisions of this act are severable. The Legislature expressly intends that the provisions of Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code are severable from the provisions of Part 1.8 (commencing with Section 34161) of Division 24 of the Health and Safety Code, and if Part 1.85 is held invalid, then Part 1.8 shall continue in effect.

SEC. 13. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

SEC. 14. This act shall take effect contingent on the enactment of Assembly Bill 27 of the 2011–12 First Extraordinary Session or Senate Bill 15 of in the 2011–12 First Extraordinary Session and only if the enacted bill adds Part 1.9 (commencing with Section 34192) to Division 24 of the Health and Safety Code.

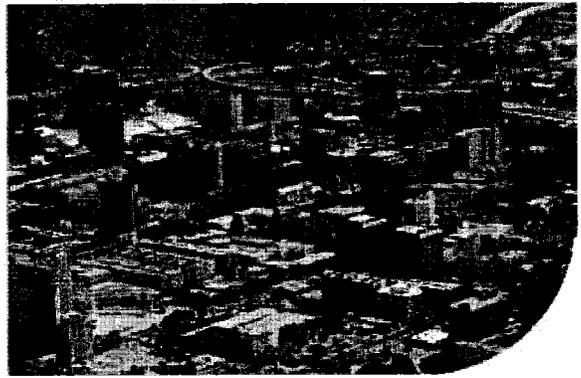
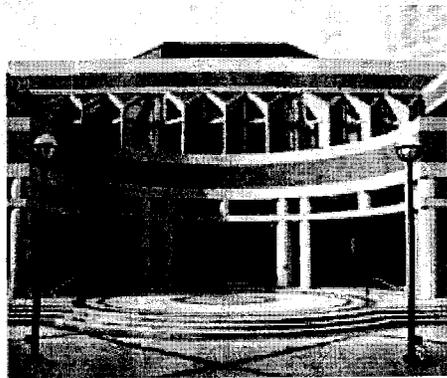
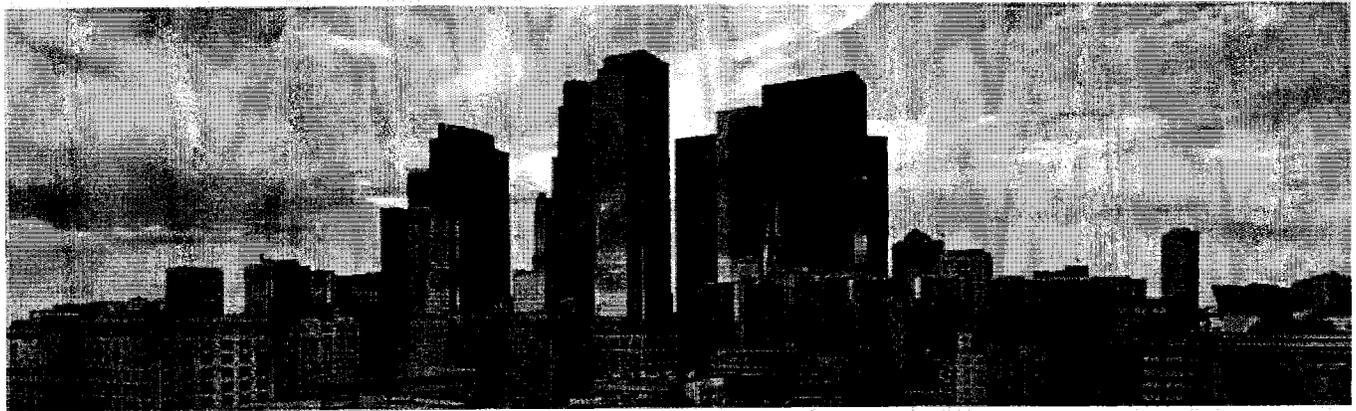
SEC. 15. This act addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation on January 20, 2011, pursuant to subdivision (f) of Section 10 of Article IV of the California Constitution.

SEC. 16. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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LAO
Mac Taylor
Legislative Analyst
February 17, 2012

The 2012-13 Budget: Unwinding Redevelopment



2012-13 BUDGET

EXECUTIVE SUMMARY

On February 1, 2012, all redevelopment agencies in California were dissolved and the process for unwinding their financial affairs began. Given the scope of these agencies' funds, assets, and financial obligations, the unwinding process will take time. Prior to their dissolution, redevelopment agencies (RDAs) received over \$5 billion in property tax revenues annually and had tens of billions of dollars of outstanding bonds, contracts, and loans.

This report reviews the history of RDAs, the events that led to their dissolution, and the process communities are using to resolve their financial obligations. Over time, as these obligations are paid off, schools and other local agencies will receive the property tax revenues formerly distributed to RDAs.

The report discusses these major findings:

- Although ending redevelopment was not the Legislature's objective, the state had few practical alternatives.
- Ending redevelopment changes the distribution of property tax revenues among local agencies, but not the amount of tax revenues raised.
- Decisions about redevelopment replacement programs merit careful review.
- The decentralized process for unwinding redevelopment promotes a needed local debate over the use of the property tax.
- Key state and local choices will drive the state fiscal effect.

The report recommends the Legislature amend the redevelopment dissolution legislation to address timing issues, clarify the treatment of pass-through payments, and address key concerns of redevelopment bond investors.

2012-13 BUDGET

HISTORY OF REDEVELOPMENT IN CALIFORNIA

Californians pay over \$45 billion in property taxes annually. County auditors distribute these revenues to local agencies—schools, community colleges, counties, cities, and special districts—pursuant to state law. Property tax revenues typically represent the largest source of local general purpose revenues for these local agencies.

In 1945, the Legislature authorized local agencies to create RDAs. Several years later, as shown in Figure 1 (see next page), voters approved a redevelopment financing program referred to as “tax increment financing.” Under this process, a city or county could declare an area to be blighted and in need of urban renewal. After this declaration, most of the growth in property tax revenue from the “project area” was distributed to the city or county’s RDA as “tax increment revenues” instead of being distributed as general purpose revenues to other local agencies serving the area. Under law, tax increment revenues could be used only to address urban blight in the community that established the RDA.

During Its Early Years, Redevelopment Was a Small Program

During the 1950s and 1960s, few communities established redevelopment project areas and most project areas were small—typically 10 acres (about six square city blocks) to 100 acres (an area about one-fifth of a square mile). The small size of the early project areas reflected, in part, competing community interests in property tax revenues, particularly from school and community college districts that otherwise would receive about half of any growth in property tax revenues. (Under the state school financing system of the time, the state did not backfill K-14 districts if some of their property tax revenues were redirected to RDAs.) Community interest in education and other local

programs, therefore, served as a fiscal check on redevelopment expansion.

The limited size of redevelopment project areas during this period also reflected the fiscal authority local governments had to raise funds from other sources to pay for local priorities. During this era, for example, the State Constitution allowed local governments to raise property and other tax rates upon a vote of their governing body and without local voter approval. Cities and counties also had wide authority to impose fees and assessments.

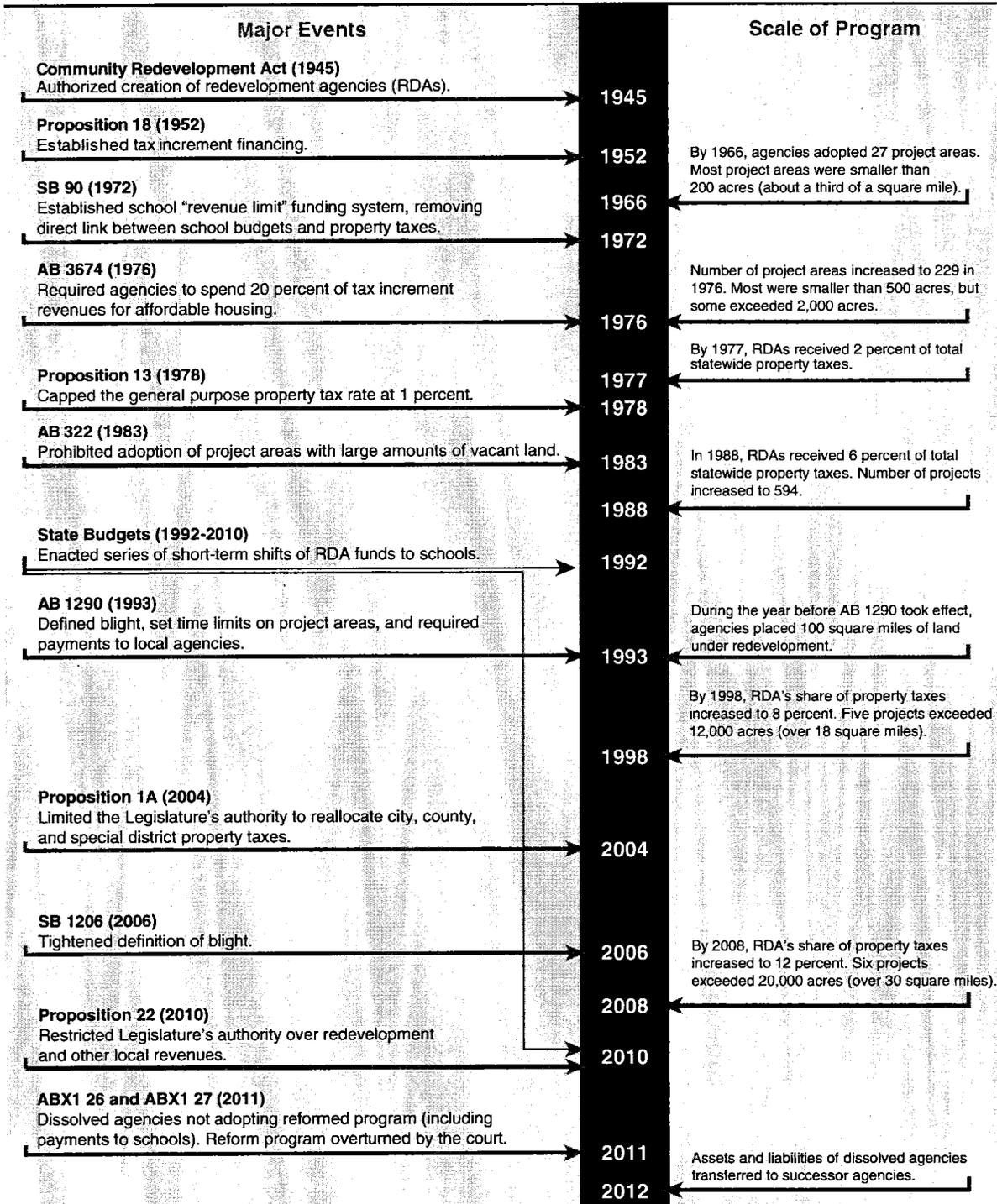
Use of Redevelopment Expanded After SB 90 and Proposition 13

After its modest beginnings, use of redevelopment expanded significantly in the 1970s and 1980s due to two major state policy changes. First, passage of Chapter 1406, Statutes of 1972 (SB 90, Dills) created a system of school “revenue limits,” whereby the state guarantees each school district an overall level of funding from local property taxes and state resources combined. Thus, if a district’s local property tax revenues do not grow—due to redevelopment or for other reasons—the state provides additional state funds to ensure that the district has sufficient funds to meet its revenue limit. Second, Proposition 13 in 1978 (and later Proposition 218 in 1996) significantly constrained local authority over the property tax and most other local revenues sources. These measures did not, however, reduce local authority over redevelopment.

With fewer fiscal checks and less revenue authority, cities (joined by a small number of counties) no longer limited their project areas to small sections of communities, but often adopted projects spanning hundreds or thousands of acres and frequently including large tracts of vacant land. Some jurisdictions placed farmland

Figure 1

History of Redevelopment



under redevelopment. At least two cities placed all privately owned land in the city under redevelopment.

Legislature Took Steps to Constrain Redevelopment

Over time, the expanded use of redevelopment led to these agencies receiving an increasing share of property taxes collected under the 1 percent rate. This, in turn, spawned concern that redevelopment—a program established as a tool to address defined pockets of urban blight—was decreasing funds needed for other local programs and increasing state costs to support K-14 education.

Beginning in the 1980s and increasingly through 2011, state lawmakers took actions to constrain local governments' use of redevelopment,

including tightening the definition of blight, imposing timelines on project areas, and prohibiting new projects on bare land. Concerned that RDAs were not using their authority to develop affordable housing, the Legislature enacted laws strengthening the statutory requirement that RDAs spend 20 percent of their tax increment revenues developing housing for low and moderate income households. The Legislature also began restricting the amount of "pass-through" payments RDAs provided other local agencies in the hope that these other local agencies might provide more active oversight. (Two nearby boxes provide information on a major reform measure enacted in 1993 and pass-through payments [see next page].)

Because most of these new statutory restrictions applied only to new redevelopment project areas and existing projects could last for

Redevelopment Reform: AB 1290

Sponsored by the statewide redevelopment association, Chapter 942, Statutes of 1993 (AB 1290, Isenberg), sought to address long-standing concerns about the misuse of redevelopment and to refocus the program on eradicating urban blight.

This measure:

- Defined a "blighted" area as one that is predominately urbanized and where certain problems are so substantial that they constitute a serious physical and economic burden to a community that cannot be reversed by private or government actions, absent redevelopment.
- Replaced the process whereby local agencies and redevelopment agencies (RDAs) negotiated the amount of pass-through revenues on a case-by-case basis with a statutory formula for sharing tax increment revenues.
- Limited RDA ability to provide subsidies and assistance to auto dealerships, large volume retailers, and other sales tax generators.

One year after AB 1290 took effect, this office reviewed the new project areas adopted pursuant to the law. We found no evidence that redevelopment projects established in 1994 were smaller in size or more focused on eliminating urban blight than project areas adopted in earlier years. (This 1994 report, *Redevelopment After Reform: A Preliminary Look*, is available on our office's website: www.lao.ca.gov.)

over 50 years, many redevelopment projects were not affected substantially by the changes. The RDAs also continued to find ways of establishing large new project areas despite the increasingly narrow statutory definitions of blight and developed land.

By 2009-10, RDAs were receiving over \$5 billion in property taxes annually—a redirection of 12 percent of property tax revenues from general purpose local government use for redevelopment purposes. The state's costs to backfill K-14 districts for the property taxes redirected to redevelopment exceeded \$2 billion annually.

Budget Acts Shifted Funds From Redevelopment

Beginning in the 1990s, the state began taking actions in its annual state budget to require RDAs to shift some of their revenues to schools to

offset the state's increased costs associated with redevelopment. The shifted funds typically were deposited into countywide accounts referred to as ERAF (Educational Revenue Augmentation Fund) or SERAF (Supplemental Educational Revenue Augmentation Fund). These state budgetary actions occurred nine times between 1992 and 2011.

Concerned about the magnitude and frequency of these budget shifts, redevelopment advocates (along with groups interested in transportation and other elements of local finance) sponsored Proposition 22. Among other things, this initiative measure (approved by the state's voters in November 2010), limits the Legislature's authority over redevelopment and prohibits the state from enacting new laws that require RDAs to shift funds to schools or other agencies.

Pass-Through Payments

Many redevelopment agencies (RDAs) made "pass-through payments" to local agencies to partly offset these agencies' property tax losses associated with redevelopment. State laws regulating these payments changed over the years.

Pre-1994 Law Allowed Amount of Payments to Be Negotiated. Before 1994, the terms of pass-through payments were negotiated between the RDA and a local agency. Most negotiations occurred between a city RDA and the county and special districts. (The K-14 districts typically were not active in these negotiations—in part because, after 1972, the state backfilled them for any property tax losses.) Pass-through agreements sometimes were negotiated as part of a settlement of a dispute over the legality of a proposed project area. Occasionally, RDAs agreed to provide 100 percent pass-through payments to the county and special districts, meaning that these agencies received their entire share of the property tax in pass-through payments. In these cases, the only property tax revenue that the RDA retained was the K-14 districts' and city's share.

Assembly Bill 1290 Replaced Negotiated Agreements With a Schedule of Payments. Seeking to encourage greater local oversight of RDA activities while still requiring RDAs to mitigate their fiscal effects on other local agencies, Chapter 942, Statutes of 1993 (AB 1290, Isenberg) eliminated RDA authority to negotiate pass-through payments and established a statutory formula for pass-through payment amounts. In contrast to the earlier negotiated agreements, post-1993 pass-through payments are distributed to all local agencies and the amount each agency receives is based on its proportionate share of the 1 percent property tax rate in the project area.

REDEVELOPMENT IN 2011

Governor's Budget Proposed Ending Redevelopment

Citing a need to preserve public resources that support core government programs, the Governor's 2011-12 budget proposed dissolving RDAs. Under the Governor's plan, property taxes that otherwise would have been allocated to RDAs in 2011-12 would be used to (1) pay existing redevelopment debts (such as bonds an agency sold to finance a retail or housing development), (2) make pass-through payments to other local governments, and (3) offset \$1.7 billion of state General Funds costs. Any remaining redevelopment funds would be allocated to the other local agencies that serve the former project area, with the allocations based largely on each agency's share of property tax revenues in the project area.

In subsequent years under the Governor's plan, all remaining redevelopment funds (after payment of redevelopment debts and pass-throughs) would be allocated to local agencies based on their property tax shares, except that some funds were redirected from special districts to counties. The Governor's plan further specified that, beginning in 2012-13, the additional K-14 property tax revenues would be provided to schools to supplement any funds they would have received under the state's Proposition 98 guarantee.

Legislature Rejected Governor's Proposal

The administration's 2011 proposal—SB 77 (Committee on Budget and Fiscal Review) and AB 101 (J. Pérez)—launched a major debate within the Legislature regarding the role of redevelopment and the importance and costs of the program. Because the Governor's proposal distributed redevelopment property tax revenues in a manner that differed somewhat from existing property tax allocation laws (that is, it paid

pass-through payments and shifted some special district property taxes to counties), the measures to implement it required approval by a two-thirds vote of the Legislature pursuant to the provisions of Proposition 1A (2004).

In March, SB 77 failed by one vote in the Assembly to secure the two-thirds vote it required to pass. Assembly Bill 101 was not taken up on the floor of the Senate. After March, legislative debate regarding redevelopment focused on proposals that (1) allowed RDAs to continue, albeit with modifications and with ongoing funding provided to schools, and (2) followed the existing statutory formulas related to property tax allocations, thereby avoiding Proposition 1A's two-thirds vote requirement.

Measures Enacted to Reform or End Redevelopment

In June 2011, the Legislature approved and the Governor signed two pieces of legislation:

- Chapter 5, Statutes of 2011 (ABX1 26, Blumenfeld), imposed an immediate freeze on RDA authority to engage in most of their previous functions, including incurring new debt, making loans or grants, entering into new contracts or amending existing contracts, acquiring or disposing of assets, or altering redevelopment plans. The bill also dissolved RDAs, effective October 1, 2011 and created a process for winding down redevelopment financial affairs and distributing any net funds from assets or property taxes to other local taxing agencies.
- Chapter 6, Statutes of 2011 (ABX1 27, Blumenfeld) allowed RDAs to opt into a voluntary alternative program to avoid

the dissolution included in ABX1 26. The program included annual payments to K-12 districts (\$1.7 billion in 2011-12 and about \$400 million in future years) to offset the fiscal effect of redevelopment.

Recognizing the considerable legal uncertainties pertaining to both measures, the Legislature specified its policy preferences in the legislation. Specifically, if any major element of ABX1 27 (such as the required payments to schools) was determined to be unconstitutional, ABX1 27 specified that all of its provisions would be null and void. In addition, ABX1 26 specified that if ABX1 27 were rendered inoperative, this would have no effect on the provisions of ABX1 26. Thus, if the redevelopment reform measure were overturned, all RDAs would be subject to the dissolution provisions in ABX1 26.

One-Time State Fiscal Relief; Long-Term Funding for Schools

The budget assumed that the increased school funding from these two bills would raise \$1.7 billion in 2011-12 (with most of the funds related to payments made by RDAs opting into the ABX1 27 program and a smaller amount resulting from increased school property taxes resulting from ABX1 26). Legislation adopted in March 2011 related to education directed the Department of Finance (DOF) to adjust the Proposition 98 calculations so that these increased funds would offset 2011-12 state General Fund spending obligations for schools. In 2012-13 and future years, ABX1 26 and ABX1 27 were estimated to generate a lower sum for K-12 school districts, potentially about \$400 million initially. The March 2011 education bill directed DOF *not* to adjust the Proposition 98 calculations to reflect these increased funds in 2012-13 and later. As a result, going forward, any funds that K-12 districts received from ABX1 26 and ABX1 27 would be in addition to amounts required under Proposition 98.

RDAs Expedited Activities

During the legislative debate over redevelopment, many RDAs took actions to transfer or encumber assets and future tax increment revenues in case the Governor's proposal, or something similar, was enacted.

Rush to Issue Debt. Tax allocation bonds, which pledge future tax increment revenues to make principal and interest payments, are RDAs' primary borrowing mechanism. In the first six months of 2011, RDAs issued about \$1.5 billion in tax allocation bonds, a level of debt issuance greater than during all 12 months of 2010 (\$1.3 billion). The increase in bond issuance from 2010 to 2011 was even more notable because it occurred despite RDAs being required to pay higher borrowing costs. Specifically, about two-thirds of the bond issuances in 2011 had interest rates greater than 7 percent—compared with less than one-quarter of bond issuances in 2010. In fact, RDAs issued more tax allocation bonds with interest rates exceeding 8 percent during the first six months of 2011 than they had in the previous ten years.

Rush to Transfer Assets. Many RDAs also took actions to transfer redevelopment assets—land, buildings, parking facilities—to other local agencies, typically the city or county that created the RDA. One common approach was for the RDA and city council to hold a joint hearing in which the RDA transferred (and the city accepted) ownership of all RDA property and interests. After one city council called a special meeting in March to approve such a transfer, the mayor was reported in newspapers as saying, "We have no funds now in our redevelopment coffers that can be taken." In addition to transferring existing assets, many RDAs entered into "cooperation agreements" with their city, county, or another local agency. Under these agreements, the city, county, or other local agency would carry out existing and future redevelopment projects. Local agency staff and

officials assumed that—if the Governor’s proposal were enacted—the cooperation agreements would be an enforceable contract, requiring the allocation of future tax increment revenues as payment for performing the agreement. For example, the RDA of the City of San Bernardino entered into a project funding agreement that pledged \$525 million in future tax increment revenue to a local non-profit corporation. The corporation—controlled by local elected officials including the mayor and two city council members—was given the responsibility of carrying out a list of projects from the RDA’s capital improvement plan. Local cooperation agreements typically were not arm’s length transactions, but rather, were between closely related governmental bodies with no third party involved.

Court Found Redevelopment Reform Measure Unconstitutional

Within three weeks of the Governor signing the redevelopment legislation, the California Redevelopment Assessment (CRA) and the League of California Cities filed petitions with the California Supreme Court challenging ABX1 26 and ABX1 27 on constitutional grounds. The CRA/League’s argument focused on sections of

the Constitution (1) establishing a special fund for tax increment revenues (Article XVI, Section 16, added by Proposition 18 of 1952) and (2) restricting the Legislature’s authority to shift funds from RDAs (Article XIII, Section 25.5, added by Proposition 22).

On December 29, 2011, the court upheld ABX1 26, saying that the Legislature had authority to dissolve entities that it created and that neither Article XVI, Section 16 (the tax increment financing provision), nor Article XIII, Section 25.5 (Proposition 22) limited the Legislature’s power to dissolve RDAs.

In reviewing ABX1 27, in contrast, the court found the measure unconstitutional because it required RDAs to make payments to schools as a condition of these agencies’ continuation. The court found this violated Proposition 22’s prohibition against the state “directly or indirectly” requiring an RDA to transfer funds to schools or to any other agency. Finally, in order to address the delays associated with litigation and an earlier court stay, the court extended a variety of dates and deadlines in ABX1 26 by four months, including the date RDAs were required to shut down.

THE UNWINDING PROCESS

The Supreme Court’s ruling meant all RDAs were subject to ABX1 26 and set in motion the process laid out in ABX1 26 for shutting down and disbursing their assets. The process focuses on two goals: (1) ensuring existing financial obligations are honored and paid and (2) minimizing any additional RDA obligations so that more funds are available to transfer for other governmental purposes.

The dissolution process contains four key elements:

- **Local Management and Oversight.** In most cases, the city or county that created the agency is managing its dissolution as its successor agency. An oversight board, with representatives from the affected local taxing agencies—K-14 districts, the county, the city, and special districts—supervises the successor agency’s work. (We describe the work of the successor agency and oversight board further below.) All financial transactions associated with

redevelopment dissolution are handled by the successor agency and the county auditor-controller.

- **List of Future Redevelopment Expenditures.** Various local parties are tasked with developing and reviewing lists of redevelopment “enforceable obligations.” This term includes payments for redevelopment bonds and loans with required repayment terms, but typically excludes payments for projects not currently under contract. Only those financial obligations included on these lists may be paid with revenues of the former RDA. The first list of redevelopment obligations is called the Enforceable Obligation Payment Schedule (EOPS); later versions of this list are called the Recognized Obligation Payment Schedule (ROPS). Each ROPS is forward looking for six months. Most local agency cooperation agreements may be included on the EOPS, but not the ROPS.
- **Local Distribution of Funds.** Funds that formerly would have been distributed to the RDA as tax increment are deposited into a redevelopment trust fund and used to pay obligations listed on the EOPS/ROPS. Any remaining funds in the trust fund—plus any unencumbered redevelopment cash and funds from asset sales—are distributed to the local agencies in the project area.
- **State Review.** Actions of local oversight boards are subject to review by DOF. Actions by the county auditor-controller are subject to review by the State Controller’s Office (SCO). The SCO also reviews redevelopment asset transfers completed during the first half of 2011

to determine whether any of them were improper and should be reversed.

Below, we provide more information about the responsibilities of the state and local entities that play a role in winding down redevelopment.

Final Actions of the RDA and Its City or County

Before its dissolution, a key responsibility of an RDA was preparing an EOPS delineating the payments it must make through December 31, 2011. Assembly Bill X1 26 required the agency to post the EOPS to its website and to transmit copies to DOF, SCO, and its county auditor-controller by late August 2011. Under ABX1 26, payments or actions of an RDA pursuant to its EOPS do not take effect for three business days. During this time, DOF is authorized to request a review of the RDA action and DOF has ten days to approve the action or return it to the RDA for reconsideration.

In part due to confusion regarding a partial stay of ABX1 26 while the State Supreme Court reviewed this legislation, this initial oversight function was not implemented fully. The DOF advises us that many EOPS were delayed and that about two dozen of the state’s approximately 400 agencies still have not provided an EOPS. Very few of these payment schedules were reviewed in detail by DOF and, in those cases in which it raised concerns, the department is uncertain whether local agencies corrected their EOPS.

Successor Agency

Unless it voted not to, each city or county that created an RDA became its successor agency on February 1, 2012. The successor agency manages redevelopment projects currently underway, makes payments identified on the EOPS (and later, the ROPS), and disposes of redevelopment assets and properties as directed by the oversight board. A separate agency (discussed later in the report) manages the RDA’s housing assets. The work of

the successor agency is funded from the former tax increment revenues. (A nearby box discusses the limitations on the agency's administrative spending.) The agency's liability for any legal claims is limited to the funds and assets it receives to perform its functions.

Decision Whether to Serve as Successor Agency. Based on information available at this time, it appears that all cities and counties with RDAs became successor agencies with the exception of the Cities of Bishop, Los Angeles, Los Banos, Merced, Pismo Beach, Riverbank, and Santa Paula. In hearings to discuss this matter, local elected representatives and staff typically indicated that they thought that serving as a successor agency would put their community in a better position to advocate for continuing their projects and maintaining redevelopment properties. Cities electing not to serve as successor agencies, however, voiced offsetting concerns related to (1) the limitation on funds to pay successor agency administration expenses and (2) potential liabilities associated with terminated projects.

When a City or County Elects Not to Serve as a Successor Agency. Figure 2 (see next page) summarizes how a successor agency is designated in cases when a local agency that created an RDA declines the role. In the case of the City of Los Angeles and the cities in Merced, Ventura, and Stanislaus Counties, no other local agency in the

county agreed to serve as their successor agency and the Governor appointed county residents to serve on three-member governing boards of the "designated local authorities." Each authority will serve as the successor agency until a local agency elects to serve in this capacity.

Develops Key Document: ROPS. The successor agency is responsible for drafting a ROPS delineating the enforceable obligations payable through June 30, 2012 and their source of payment, and then additional ROPS every six months thereafter. There are two major differences between the ROPS and the earlier EOPS. First, ROPS are subject to the approval of an oversight board (see next page) and certification by the county auditor-controller. Second, most debts owed to a city or county that created the RDA are no longer considered to be enforceable obligations and thus may not be listed on the ROPS. This includes most of the cooperation agreements established in 2011 and many other types of financial obligations between an RDA and the government that created it.

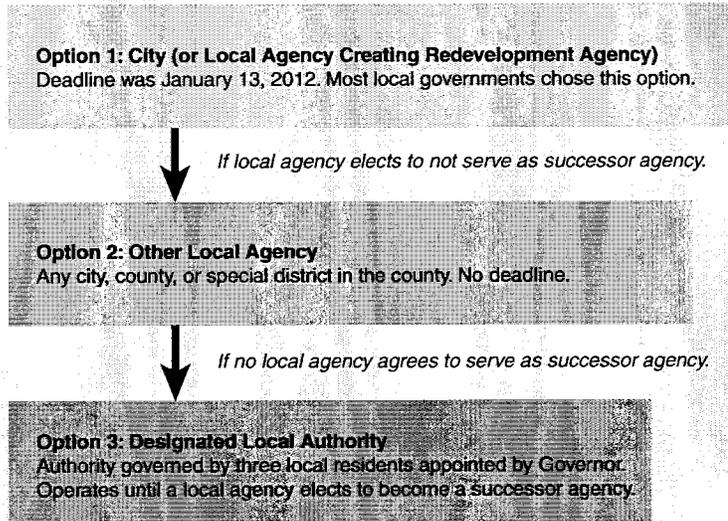
Frequently, RDA-city or RDA-county financial agreements were established for the purpose of reducing the sponsoring government's costs or increasing its revenues. For example, many RDAs paid a significant share of their sponsoring local government's administrative costs (such as part of the salaries for the city council and city manager). Doing so freed up city or county funds so that they

Successor Agency Administration Costs

Subject to the approval of the oversight board, Chapter 5, Statutes of 2011 (ABX1 26, Blumenfield) specifies that successor agencies may spend \$250,000 or up to 5 percent of the former tax increment revenues for administrative expenses in 2011-12 and \$250,000 or up to 3 percent in future years. The county auditor-controller may reduce these amounts, however, if there are insufficient funds to pay enforceable obligations and the administrative costs of the county auditor-controller and State Controller. Funds for successor agency administration may be supplemented with money from other revenue sources, such as funds reserved for project administration.

Figure 2

Successor Agency Formation



could be used for other purposes. Some RDAs also lent money to their city or county without charging interest on the loans, allowing the city or county to invest the funds and keep the earnings. Other sponsoring governments charged their RDAs above market interest rates for loans, thereby allowing the city or county to benefit from unusually high interest earnings. Under ABX1 26, many of these obligations would not be eligible to be placed on the ROPS.

Oversight Board

Each successor agency has an oversight board that supervises it. The oversight board is comprised of representatives of the local agencies that serve the redevelopment project area: the city, county, special districts, and K-14 educational agencies. Oversight board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project

area. As discussed in a nearby box, the seven-member board is designed so that no local agency has dominant control.

Oversight Board Will Make Major Decisions. Assembly Bill X1 26 gives the oversight board considerable authority over the former RDA’s financial affairs. In addition to approving the successor agency’s administrative budget, the oversight board adopts the ROPS—the central document that identifies the financial

obligations of the former RDA that the successor agency may pay over the next six months.

The oversight board may determine that a contract between the dissolved RDA and others should be terminated or renegotiated to increase property tax revenues to the affected local agencies. For example, the oversight board may cancel subsequent stages of a project if it finds that early termination would be in the best interest of the local agencies. Similarly, it may (1) direct the successor agency to dispose of assets and properties of the former RDA or transfer them to a local government and (2) terminate existing agreements that do not qualify as enforceable obligations.

Actions of an oversight board do not go into effect for three business days. During this time, DOF may request a review of the oversight board’s action. The DOF, in turn, has ten days to approve the oversight board’s action or return it to the oversight board for reconsideration.

Successor Housing Agency

Under ABX1 26, the former RDA's housing functions and most of its housing assets are transferred to a successor housing agency. Housing assets that transfer to the successor housing agency include property, rental payments, bond proceeds, lines of credit, certain loan repayments, and other small revenue sources. The unencumbered balance

in the former RDA's Low and Moderate Income Housing Fund, however, does not transfer to the successor housing agency. Assembly Bill X1 26 directs the county auditor-controller to distribute the unencumbered balance in the housing fund as property tax proceeds to the affected local taxing entities. (The box on the next page provides more information on the Low and Moderate Income Housing Fund.)

Local Agencies Select Oversight Board Members

Most oversight boards are made up of the following:

- Two members appointed by the county board of supervisors, including one member representing the public.
- Two members appointed by the mayor, including one member representing the recognized employee organization with the largest number of former redevelopment agency (RDA) employees.
- One member appointed by the largest special district, by property tax share, within the boundaries of the dissolved RDA.
- One member appointed by the county superintendent of education or county board of education.
- One member appointed by the Chancellor of the California Community Colleges.

The Governor may appoint a representative for any position that has not been filled as of May 15, 2012. The oversight board may begin working as soon as it has a four-member quorum.

Board Member Compensation. Oversight board members do not receive compensation or reimbursement for expenses. No oversight board member may serve on more than five oversight boards simultaneously.

Open Government Requirement. The oversight board is a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974. Members are responsible for giving the public access to its hearings and deliberations, disclosing any private economic interests, and disqualifying themselves from participating in decisions in which they have a financial interest.

Future Consolidation of Oversight Boards. All oversight boards within a county are consolidated by July 1, 2016. The membership on the consolidated oversight board is similar to the membership of the initial oversight board, except that the city and special district members are appointed by countywide selection committees.

As shown in Figure 3, the sponsoring city or county may elect to become the successor housing entity. If the sponsoring community declines

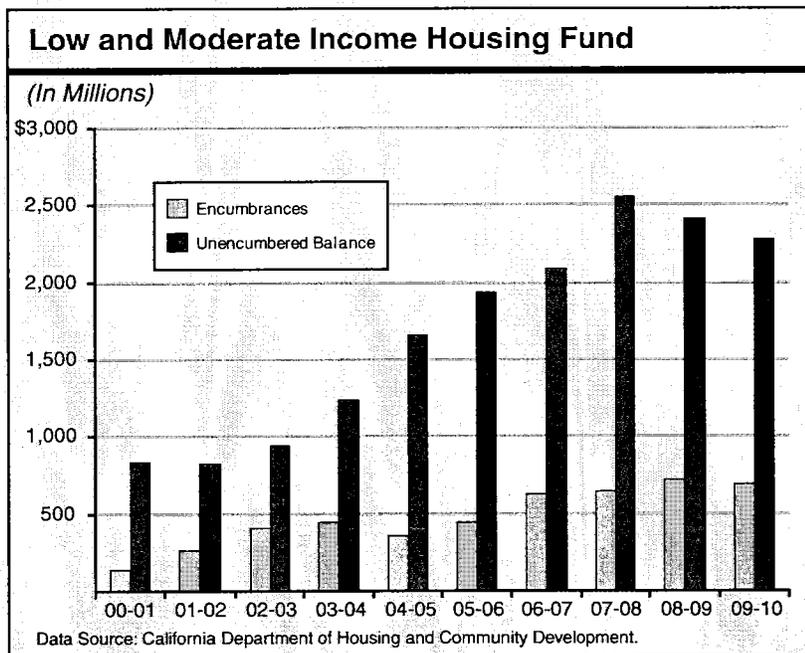
this role, then the former redevelopment agency's housing functions and assets are transferred to the local housing authority, or to the state Department

The Low and Moderate Income Housing Fund

Prior to their dissolution, state law required redevelopment agencies (RDAs) to deposit 20 percent of their annual tax increment revenues into the Low and Moderate Income Housing Fund to provide affordable housing. These housing funds were intended to maintain and increase affordable housing by acquiring property, rehabilitating or constructing buildings, providing subsidies for low- and moderate-income households, or preserving public subsidized housing units at risk of conversion to market rates.

For a variety of reasons, some RDAs retained large balances in their housing fund. As shown in the figure, RDAs' annual reports to the Department of Housing and Community Development (HCD) show that the unencumbered balances have grown over time to \$2.2 billion in 2009-10. We would note, however, that there is some uncertainty about this figure. Redevelopment agencies provide a separate annual report to the State Controller's Office (SCO) that showed an unencumbered balance in the housing fund of about \$1.3 billion. This difference occurs because HCD and SCO have separate criteria for distinguishing between encumbered and unencumbered funds. Also, the reports reflect balances for the 2009-10 fiscal year, balances that likely have changed. Some agencies may have accumulated additional balances, while others made large expenditures or transfers for affordable housing purposes or to shield assets from the proposed dissolution process.

Under Chapter 5, Statutes of 2011 (ABX1 26, Blumenfeld), the unencumbered balance is distributed as local property tax revenue. (The Legislature recently considered legislation that would require unencumbered balances in the housing fund to remain with the successor housing agency for affordable housing activities.) Based on the HCD and SCO reports, the unencumbered balance available for distribution likely is between \$1 billion and \$2 billion, but the actual balance will depend upon the spending of former RDAs since 2009-10 as well as how successor agencies and oversight boards distinguish between encumbered and unencumbered balances.



of Housing and Community Development if no local housing authority exists. Although ABX1 26 does not specify when sponsoring communities must elect to serve as the successor housing agency, it appears that most cities and counties elected to serve as the successor housing agency at the same time they considered becoming the successor agency. Unlike the successor agency, the successor housing agency's actions related to transferred redevelopment assets are not subject to the review of the oversight board or DOF.

County Auditor-Controller

The county auditor-controller administers each former RDA's Redevelopment Property Tax Trust Fund ("trust fund"). Revenues equal to the amounts that would have been allocated as tax increment are placed into the trust fund for servicing the former RDA's debt obligations, making pass-through payments, and paying certain administrative costs. The auditor then distributes any trust funds not needed for these purposes—as well as any remaining redevelopment cash balances and the proceeds of asset sales—to the local governments in the area as property taxes.

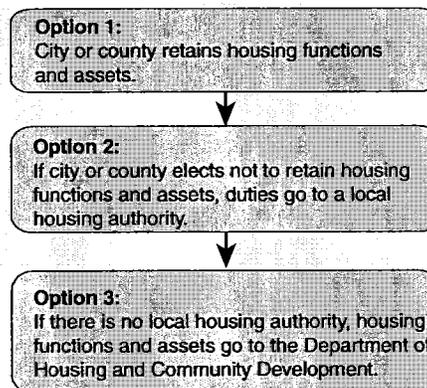
The auditor also is responsible for certifying the successor agency's draft ROPS and auditing each dissolved RDA's assets and liabilities. Assembly Bill X1 26 authorizes county auditor-controllers to recoup their administrative costs associated with these requirements from the trust fund.

State Controller

Assembly Bill X1 26 assigns the SCO responsibility for recouping redevelopment assets inappropriately transferred during the first half of 2011. Specifically, SCO is directed to determine whether the RDA transferred an asset to the city or county that created it (or to another public

Figure 3

Options for Creating a Successor Housing Agency



agency). If the asset has not been contractually committed to a third party, "the Controller shall order the available asset to be returned" to the successor agency. Under this authority, for example, the Controller could order the return of land or buildings transferred from RDA ownership to city ownership during the first half of 2011. For example, many RDAs during 2011 transferred all of their buildings and land to the city. The SCO could order the city to return these assets.

The SCO also plays an oversight role with regard to activities of the county auditor-controller that is similar to the role DOF plays in regard to the oversight board. Specifically, actions of a county auditor-controller do not take effect for three business days. During this time, the SCO may request a review of the county auditor-controller's action. The SCO has ten days to approve the county auditor-controller's action or return it to the auditor-controller for reconsideration.

Assembly Bill X1 26 specifies that SCO may recoup its costs related to these activities from tax increment revenues that previously would have been allocated to the RDA.

REDISTRIBUTING REDEVELOPMENT FUNDS

Over time, the dissolution of RDAs will increase the amount of general purpose property tax revenues that schools, community colleges, cities, counties, and special districts receive by more than \$5 billion annually. In the near term, however, there is uncertainty regarding the amount of property tax revenues that will be available, which local governments will receive the revenues, and the extent to which these increased funds will offset state General Fund education expenses.

This section begins with an example showing—for one fictional RDA—how the county auditor-controller would (1) determine the amount of redevelopment trust funds to distribute to affected taxing agencies and (2) how much additional property taxes each agency would receive. The section then examines these questions from a statewide perspective.

Example: Determining the Amount of Funds to Be Distributed

As shown in Figure 4, the county auditor-controller determined that the former RDA would have received \$5 million in tax increment. The RDA had an agreement to pay other local governments

\$1 million in pass-through payments. The ROPS—prepared by the successor agency and approved by the oversight board—indicates that the former RDA had \$20 million in bonded indebtedness and other enforceable obligations, \$700,000 of which is due and payable from tax increment.

The successor agency’s administrative costs total \$250,000 and its cost for reimbursing the county auditor-controller and SCO for their work related to ABX1 26 totals \$50,000. The successor agency reports that the dissolved RDA had assets of \$200,000 in unencumbered cash (available for distribution immediately) and some land holdings (that will be sold over time).

In the example, the county auditor-controller would have a net of \$3 million of residual trust funds and \$200,000 in cash to distribute to the local agencies serving the redevelopment project area. This process for calculating the trust fund amount would continue every six months as long as the former RDA has enforceable obligations. After all of the enforceable obligations are paid, the project area will be closed and the property taxes formerly considered tax increment will be distributed to local agencies. These agencies also

will receive funds from the liquidation of assets of the former RDA.

What if Trust Fund Costs Are Greater Than Revenues? In the example, there is \$3 million to distribute because revenues deposited into the trust fund are greater than its expenses. What would happen if expenses exceeded revenues? In general, this should not

Figure 4
Example: Funds to Distribute

(In Thousands)

Trust Fund	
Property taxes formerly called tax increment	\$5,000
Pass-through payments	-1,000
Enforceable obligations payable that year	-700
Successor agency administration	-250
County auditor-controller and State Controller administration	-50
Trust Funds to Distribute	\$3,000
Cash and Assets	
Unencumbered agency cash	\$200
Total Funds to Distribute	\$3,200

be the case because ABX1 26 eliminates a major redevelopment expense—the requirement to set aside 20 percent of tax increment revenues for affordable housing. In addition, the maximum allowable expenditure for successor agency administration is lower than the amount most RDAs spent from tax increment on administration in previous years.

Given these two cost reductions, most trust funds likely will have ample resources to pay their enforceable obligations and administrative costs for the county auditor-controller and SCO. Should the trust fund’s resources be insufficient, however, ABX1 26 directs the county auditor-controller to reduce the successor agency’s funding for administration and, if necessary, reduce funding for some pass-through payments. (Some pass-through payments—those that must be paid *before* debt obligations—would not be reduced.) Assembly Bill X1 26 also specifies that the county treasurer may loan funds from the county treasury to ensure prompt payment of enforceable obligations.

Example: Allocating Redevelopment Residual Funds

In our example, \$3.2 million is available for distribution to the other local agencies. Assembly Bill X1 26 directs the county auditor-controller to allocate the \$200,000 to local agencies proportionately based on each agency’s tax shares in the project area. In our fictional example, K-14 districts receive 50 percent of the property tax, counties receive 25 percent, cities receive 15 percent, and special districts receive 10 percent. Figure 5 displays how the \$200,000 in cash would be distributed among local agencies.

Assembly Bill X1 26 is less clear, however, about the distribution of the \$3 million of residual trust funds. The administration and some counties interpret the measure’s provisions as requiring

these funds to be distributed the same way that cash and funds from redevelopment asset sales are distributed: by tax shares.

In our view, however, the stronger interpretation is that these funds are distributed in a way that takes into account the payments each local agency received from pass-through payments (which, in our example, total \$1 million). That is, the \$3 million is distributed in a way that ensures that no agency receives more from the trust fund and pass-through payments *combined* than it would have if funds from both sources (\$4 million) were distributed based on tax shares.

Our understanding is that this unusual section of the legislation was drafted in an effort to avoid reallocating property taxes and thus requiring approval by two-thirds of the Legislature under Proposition 1A. While technical in nature, this matter has significant implications for the distribution of revenues—particularly for schools and cities (which receive fairly low pass-through payments) and counties and special districts (which receive comparatively high pass-through payments).

Figure 6 (see next page) illustrates the fiscal effect of “netting out” pass-through payments. In our example, the county and special districts received pass-through payments of \$750,000 and \$250,000, respectively. If these payments are *excluded* from the calculation of distribution from

**Figure 5
Example: Distribution of Funds From Cash and Assets**

(In Thousands)

	Tax Share	Cash and Assets
K-14 districts	50%	\$100
County	25	50
City	15	30
Special districts	10	20
Totals	100%	\$200

the trust fund, counties and special districts receive \$750,000 and \$300,000, respectively, from the trust fund. Conversely, if these payments are *included* in the distribution of the \$3 million of trust funds, the county and special district's distribution falls to \$250,000 and \$150,000, respectively, and the school's and city's distribution increases. In certain cases, it is possible that the county or special district might receive *lower* total funds under ABX1 26 than it did previously. This would be the case in our fictional RDA, for example, if there were only \$1 million of trust funds to distribute. In that case, the county would get 25 percent (its property tax share) of \$2 million (\$1 million of trust fund revenues and \$1 million of pass-through revenues), or \$500,000. Using the same approach, the special district would receive 10 percent of \$2 million, or \$200,000. In effect, some of the funds that otherwise would have been distributed as pass-through payments to the county and special districts are instead distributed to other local agencies. Over time, however, as the enforceable obligations are paid off, trust fund distributions will increase for all local governments.

A nearby box provides additional information about this provision of ABX1 26.

Statewide Redevelopment Funds Available for Redistribution

Statewide, the amount of residual trust funds available to distribute to local governments will depend on the outcome of calculations—similar to Figure 4—undertaken for each former RDA in the state. These calculations will reflect the unique financial obligations, revenues, and assets of each RDA.

As shown in Figure 7, the administration estimates that \$1.8 billion of trust funds will be distributed to local governments annually in 2011-12 and 2012-13. While this estimate is subject to considerable uncertainty, it may be high because the administration understates some significant costs.

- **Understates Costs to Pay Enforceable Obligations.** The administration's estimate assumes enforceable obligations will be paid over 20 years at a 4.6 percent interest rate. Our review of enforceable obligations indicates that some are short-term contracts and loans and others are bonds issued years ago. Amortizing all these obligations over 20 years understates their costs in the near term. We also note that the average interest rate on redevelopment

bonds is higher than 4.6 percent. If we adjust the estimate to assume that these debts are paid over 15 years at a 5.6 percent interest rate (the average rate for bonds issued between 2006 and 2010), annual debt costs would increase by \$600 million and local governments' distributions would fall by the same amount.

Figure 6
Example: Alternative Calculations for Distributing Redevelopment Trust Fund

(In Thousands)

	Treatment of Pass-Through Payments					
	Excluded			Included		
	Pass-Through	Trust Fund	Totals	Pass-Through	Trust Fund	Totals
K-14 districts	—	\$1,500	\$1,500	—	\$2,000	\$2,000
County	\$750	750	1,500	\$750	250	1,000
City	—	450	450	—	600	600
Special districts	250	300	550	250	150	400
Totals	\$1,000	\$3,000	\$4,000	\$1,000	\$3,000	\$4,000

- **Assumes a Full Year of Implementation in Current Year.**

The administration's estimate of 2011-12 savings assumes that RDAs reduced their spending in the first half of the fiscal year. While ABX1 26 prohibited RDAs from paying during this time any obligation not listed on their EOPS, the EOPS that we reviewed appeared to authorize spending that

was the same—or higher—than RDA spending in previous years. In addition, county auditor-controllers transferred half of total annual tax increment to RDAs in December or early January and

**Figure 7
Governor's Estimate of Funds Available for Distribution**

(In Billions)

Trust Fund	2011-12	2012-13
Property taxes formerly called tax increment	\$5.4	\$5.4
Pass-through payments	-1.2	-1.2
Enforceable obligations payable during year	-2.4	-2.4
Successor agency administration	—	—
County auditor-controller and State Controller administration	—	—
Trust Funds to Distribute	\$1.8	\$1.8
Cash and Assets		
Unencumbered agency cash	—	—
Total Funds to Distribute	\$1.8	\$1.8

The Pass-Through Netting Out Provision

What Is the Purpose? Chapter 5, Statutes of 2011 (ABX1 26, Blumenfield), allocates the property tax revenues of former redevelopment agencies (RDAs) to K-14 districts, cities, counties, and special districts. Proposition 1A (2004) requires a two-thirds vote of the Legislature whenever it passes a law that alters the share of property tax revenues that cities, counties, and special districts receive.

Our understanding is that ABX1 26, a measure approved by a majority vote of the Legislature, took the approach of allocating all former tax increment funds (except funds pledged to enforceable obligations or required for administration) in a manner that was consistent with the state's existing property tax allocation laws. Under this approach, therefore, agencies that received a higher share of pass-through agreement funds would receive lower allocations from the trust fund.

Why Does Netting Out Affect Some Local Agencies More Than Others? Nearly two-thirds of all pass-through payments stem from pre-1994 negotiations between RDAs and local agencies. For various reasons, counties and special districts were particularly active in this negotiation process. As a result, counties and special districts receive about two-thirds of all pass-through payments. This share of pass-through payments is almost double the share that counties and special districts would receive if pass-through payments were distributed based on tax shares.

Because counties and special districts get a disproportionately large share of pass-through payments, they would get less money from trust fund distributions if these pass-through payments were included in the trust fund calculations. The K-14 districts and cities, in contrast, would get a higher share of redevelopment trust fund distributions.

did not reserve funds for deposit to the redevelopment trust fund. Due to these factors, the full fiscal effect of ABX1 26 may not begin until 2012-13. If we adjust the administration's estimate to reflect the half-year implementation of ABX1 26 in the current year, local governments' distributions would fall by at least several hundred millions of dollars.

- **Overlooks Administrative Costs.** Three parties may fund their dissolution-related administrative costs from property tax revenues that previously were tax increment: the successor agency, the county auditor-controller, and the SCO. While not known, these costs could be in the range of \$200 million to \$300 million in 2011-12 and 2012-13 and would reduce the funding distributions to local governments.
- **Assumes Cooperation Agreements Are Not Paid.** The administration's debt cost estimate implicitly assumes that the adopted ROPS will not include cooperation agreements and other non-arm's length transactions between an RDA and its city or county government. Many successor agencies, however, are listing these agreements on their draft ROPS and the statewide redevelopment association is encouraging them to do so to safeguard their right to "challenge the invalidation of these agreements." Under ABX1 26, the oversight boards can remove these costs from a ROPS before adopting it. In addition, DOF has authority over oversight board actions. We note, however, that (1) the court-revised schedule provides little time for the oversight board or DOF to complete the analyses needed to determine whether debts are appropriate for the ROPS

and (2) DOF has limited staff working on dissolution matters and oversight boards have no independent staff. Given these factors, it is possible that some adopted ROPS will show higher costs than the administration estimates, reducing the amount of trust fund revenues that will be distributed to local governments in 2011-12 by potentially hundreds of millions of dollars. (This problem could be corrected going forward by removing inappropriate debts from the next adopted ROPS.)

Other elements of the administration's estimate, however, could result in gains that could more than offset the costs identified above. Specifically:

- The administration's estimate does not account for distributions of unencumbered cash transferred from the successor agency. This is notable because many RDAs were planning to participate in the revised redevelopment program authorized by ABX1 27 and reserved significant funds to make the required payments (\$1.7 billion) to schools.
- The administration's estimate also does not account for distributions of other redevelopment assets, including the assets that were transferred during the first half of 2011 that the SCO may order returned to the successor agency and the up to \$2 billion of unencumbered funds in the affordable housing account. (As mentioned earlier, however, legislation to eliminate the distribution of housing funds is pending in the Legislature.)
- Finally, the administration's estimate does not adjust the distribution of trust funds to account for netting out pass-through

payments. While this factor does not affect the administration's estimate of total funds to be distributed, it would provide more funds for K-14 districts and cities and, conversely, less to counties and special districts.

On balance, we think the administration's estimate of the amount of funds to be distributed to local governments in 2011-12 and 2012-13 could be low, possibly by hundreds of millions of dollars. We note, however, that this assessment assumes that the unencumbered RDA cash and assets are available for distribution and that successor agencies reduce their spending to comply with ABX1 26's provision. If some or all of the assets are not distributed or successor agencies do not reduce their spending, the administration's estimate might be overstated by several hundred million to over \$2 billion. We expect to have a more refined estimate late this spring after the oversight boards begin their work and we get initial reports from county auditor-controllers.

K-14 District Share of Distribution. Under the administration's interpretation of the funding distribution process, slightly more than half of all net trust funds (about \$1 billion of the \$1.8 billion) would be distributed to K-14 districts. Under our interpretation, the schools receive more funds, because the trust fund distribution would reflect each agency's property tax share and its pass-through payments. If we modify the administration's estimate to reflect the netting out of pass-through payments, the schools would receive about 80 percent of the distributed funds. This percentage would decline over time (as more funds are distributed outside of the pass-through process) and eventually the K-14 district share would be in the range of 45 percent to 60 percent (the K-14 district share of property taxes in most parts of the state).

Interaction With State K-14 Education Funding

As the local agencies that receive the largest share of revenues raised from the 1 percent property tax rate, K-14 districts will receive the largest share of property tax revenues from the dissolution of RDAs. These funds will grow over time as enforceable obligations are retired and property tax revenues increase. Whether these additional property tax revenues provide additional resources to K-14 education, however, depends on their interaction with the state's education finance system. As noted earlier in the report, K-14 education funding is a shared state-local responsibility. Proposition 98 establishes a guaranteed funding level through a combination of state General Fund appropriations and local property tax revenues. The extent to which the dissolution of redevelopment provides additional resources to K-14 districts or offsets state General Fund costs is uncertain and will depend on three key issues.

- ***How Much Redevelopment Trust Funds Will Be Distributed and When?*** As discussed above, the administration's estimate that a total of \$1.8 billion will be available to distribute to local governments in 2011-12 and 2012-13 could be off by hundreds of millions to billions of dollars. It is also possible that the administration's estimate will be correct, but that more funds will be distributed in 2011-12 and less in the following year—or the other way around. (This could be the case, for example, if county auditor-controllers need to delay trust fund distributions to local agencies because decisions regarding the payment of some redevelopment obligations are still outstanding at the end of the fiscal year—or if all of the agency's unencumbered cash reserves are distributed in 2011-12 and no cash

reserves remain available for distribution in 2012-13.) Finally, the decision regarding whether to take pass-through payments into account in the distribution of redevelopment trust proceeds will affect the share of total trust proceeds that are provided to K-14 districts.

- ***How Much of These Funds Will Be Distributed to Basic Aid Districts?*** In a few districts, local property tax revenues exceed these districts' general fund amounts provided through Proposition 98. These districts, commonly referred to as "basic aid" districts, keep the excess local revenue and use it for educational programs and services at their discretion. Any trust funds distributed to these basic aid districts therefore would give them additional revenues to use for educational purposes, but would not offset state General Fund education costs. At this point, we are not able to estimate the amount of trust funds that could be allocated to basic aid districts, but—based on the distribution of tax increment revenues across the state and other factors—do not expect that they would receive more than about 10 percent of the total trust fund revenues provided to K-14 districts.

- ***Will Proposition 98 Be Rebench to Reflect These Additional Funds?*** The state has taken action many times to "rebench" the Proposition 98 guarantee when it made policy changes that shifted local property tax revenues to or away from schools. The net effect of these actions is that the amount of the Proposition 98 minimum guarantee is not affected by the shifts in local property taxes. The 2011-12 budget assumed that the state would rebench Proposition 98 so that the funds shifted from redevelopment would, in turn, reduce the state's education costs under Proposition 98. Going forward, however, Chapter 7, Statutes of 2011 (SB 70, Committee on Budget and Fiscal Review) directed the state not to rebench Proposition 98. As a result, the property taxes shifted from redevelopment would not reduce state education funding going forward. The 2012-13 budget plan, however, proposes to change this policy and rebench the minimum guarantee to account for the redevelopment revenues on an ongoing basis. If the Legislature adopts this proposal, therefore, the state would realize education cost savings from the amount of trust funds and assets provided to K-14 districts.

FINDINGS AND RECOMMENDATIONS

Over the coming months, the Legislature and administration will need to make many decisions regarding implementing redevelopment dissolution. Figure 8 summarizes our major findings and near-term recommendations.

Few Practical Alternatives to Ending Redevelopment

Redevelopment in 2011 bore little resemblance to the small, locally financed program the Legislature authorized in 1945. Statewide, the

RDAs received more property taxes in 2011 than all of the state's fire, parks, and other special districts combined and, in some areas of the state, more property taxes than the city or county received. Redevelopment also imposed considerable costs on the state's General Fund because the state backfilled K-14 districts for property tax revenues distributed to RDAs. Overall, redevelopment cost the state's General Fund about as much as the University of California or California State University systems, but did not appear to yield commensurate statewide benefits.

The last two decades were marked by considerable tension between RDAs and the state, with the state frequently requiring RDAs to shift money to schools and RDAs challenging these fund shifts in court. For a while, RDAs assumed that Proposition 1A (2004)—a measure that reduced the state's authority over the property tax—would insulate them from future funding shifts. After the courts found that Proposition 1A did not safeguard them from a \$1.7 billion 2009 shift and a \$350 million 2010 shift, however, RDA advocates (along with other parties) sponsored Proposition 22 to eliminate all state authority over property tax increment.

From the state's standpoint, Proposition 22's restrictions on the state's ability to control redevelopment costs and the ongoing nature of its fiscal difficulties left it with few options. The Governor proposed eliminating redevelopment. The Legislature attempted to offer RDAs an alternative: continue redevelopment, but with significant changes to reduce its state costs. A lawsuit filed by redevelopment program advocates overturned the Legislature's alternative, however, setting in motion dissolution of the redevelopment program statewide.

Over the coming months, the magnitude of administrative, policy, and legal issues associated with unwinding redevelopment inevitably will prompt proposals to slow down or stop the redevelopment dissolution process. Notwithstanding the considerable difficulties associated with ending redevelopment, the state has few practical alternatives. Simply put, the state does not have the ongoing resources to support redevelopment's continuation and the Constitution's many complex provisions prohibit the Legislature from taking actions that could revamp the program into something that the state could afford. For these reasons, we recommend that the Legislature

Figure 8

Summary of Major Findings and Near-Term Recommendations

- Although ending redevelopment was not the Legislature's goal, the state had few practical alternatives.
- Ending redevelopment changes the distribution of property tax revenues, not the amount collected.
- Design of replacement program merits careful consideration.
- The redevelopment agency unwinding process could yield important civic benefits.
 - Hold hearings to promote local review over use of the property tax.
 - Provide funding to train K-14 oversight board members.
- Alternative use of redevelopment assets raises difficult policy and fiscal issues.
- Key state and local choices will drive state fiscal effect.
- Clarifying amendments would help implementation of ABX1 26 (Blumenfield).
 - Clarify treatment of pass-through payments.
 - Address timing issues.
 - Clarify authority to take actions to ensure that funds are available to pay bonded indebtedness.

not take actions that slow or stop the dissolution process.

Ending Redevelopment Does Not Change Total State-Local Resources

Redevelopment dissolution does not change the amount of taxes property owners pay or the amount of funds local governments receive from this source. Contrary to some reports, ending redevelopment does not “lose” any funds. Instead, the key fiscal effects of redevelopment dissolution are that:

- *More property tax revenues will be distributed to K-14 districts, counties, cities, and special districts—and less to agencies for redevelopment activities.*

This shift in property tax distributions will be modest in 2011-12, but will increase significantly over time. Within about 20 years, most redevelopment enforceable obligations will be paid and property tax revenues for K-14 districts, counties, cities, and special districts will be about 10 percent to 15 percent higher than they otherwise would have been. These property tax revenues may be used for any local program or local priority.

- *The increased K-14 district property taxes will offset state costs for education.* Under California law, education is a shared state-local funding responsibility. The increased property taxes for K-14 districts, therefore, will decrease the amount of state resources needed to pay for education.
- *There is no requirement that the increased property tax revenues be used for economic development and affordable housing.* Under prior law, RDAs annually reserved over \$3 billion of tax increment

revenues for economic development programs and over \$1 billion for affordable housing. (The RDAs spent their remaining funds providing pass-through payments to other local governments.) Although the manner in which some RDAs spent these funds was controversial, economic development and affordable housing programs had a major, dedicated revenue source. Assembly Bill X1 26 does not impose requirements on how local governments spend property taxes that they receive. As a result, it is very likely that the amount of future spending on economic development and affordable housing will be lower than it was previously.

Design of Replacement Program Merits Careful Consideration

As described in this report, the redevelopment program of the 1950s and 1960s changed over the years. During its final decades, in addition to its use for “bricks and mortar” projects, redevelopment funds were used for projects more tangentially related to economic development (such as improving flood control for the region) and to free up local general fund revenues (for example, by paying part of the city manager’s salary and other administrative costs). Redevelopment also was a major funding source for affordable housing, often providing money to start a project and additional resources to make it pencil out. Finally, redevelopment helped pay for many other local priorities, including subsidies for sport stadiums, businesses, and the arts.

The end of the redevelopment has prompted interest in developing a replacement program. This interest, in turn, prompts the question: Which elements of the redevelopment program should be replaced? If, for example, the goal is for local governments to have a focused tool for economic

development and affordable housing, then five approaches (summarized below) merit consideration. In reviewing the three approaches that provide local financing tools, we note that none has all of the elements that made redevelopment so attractive and valuable to California cities and counties. Specifically, redevelopment provided the sponsoring government with considerable resources and did so without: requiring the approval of local voters or business owners, directly imposing increased costs on local residents or business owners, or requiring additional voter approval prior to issuing debt. As a result, many communities may not be able to raise funds using these tools that are comparable in magnitude to the funds that they raised using redevelopment.

Business Improvement Districts (BIDs).

Local governments could rely more extensively on existing law authorizing BID assessments. State law allows local governments to use these assessments for many targeted economic development projects and activities, such as rehabilitating existing structures, providing street improvements and lighting, building parking facilities, marketing, and sponsoring public events. The BID assessments do not require local voter approval, but may not be imposed if a majority of the affected business owners object.

Infrastructure Financing Districts (IFDs).

Current law allows cities and counties to form IFDs to receive tax increment financing, provided that (1) every local agency that contributes property tax increment revenue to the IFD consents and (2) two-thirds of local voters approve their formation and any future bond issuances. In recent years, the Legislature has considered measures that would make it easier for local agencies to form these districts and issue debt. In reviewing proposals to revise IFD law, we would urge the Legislature to preserve one key component—the prohibition against redirecting another local

agency's property tax revenues without their consent. Maintaining this provision reduces the likelihood that IFD funds are used for projects that do not benefit the broad local community.

Property Tax Debt Override. The Constitution limits property taxes to 1 percent of the value of property. Property taxes may exceed or “override” this limit only to pay for (1) local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive voter approval after July 1, 1978. The Constitution establishes a two-thirds voter approval requirement for local government bonds, but provides a lower voter-approval threshold (55 percent) for local school facility bonds that meet certain conditions. The Legislature could propose an amendment to the Constitution to extend the lower vote threshold to local property tax overrides for economic development and affordable housing purposes. Alternatively, the authority to propose overrides using the lower voter-approval threshold could be limited to local governments that satisfy certain affordable housing objectives.

Regulatory Changes. Local governments interested in promoting economic development and affordable housing could explore regulatory approaches to achieving their goals. For example, local government actions to relax on-sight parking requirements or modify zoning policies can significantly reduce the cost of constructing housing in urban areas. Similarly streamlining project approvals can help promote economic development by reducing developer uncertainty and the costs associated with time delays.

State Housing Assistance. The state administers a variety of programs aimed at reducing the cost that low- and moderate-income individuals and families pay to live in safe and adequate housing. Most notably, (1) the California Tax Credit Allocation Committee administers the federal and state Low-Income Housing Tax Credit Programs

that provide hundreds of millions of dollars of tax credits to developers annually to encourage private investment in affordable rental housing, (2) the Department of Housing and Community Development administers state general obligation bond financed programs that provide grants and low interest loans to developers of affordable housing, and (3) the California Housing Finance Agency assists first-time homebuyers and developers of affordable housing by offering them low interest loans financed through the sale of tax-exempt bonds. In considering new housing programs to replace redevelopment, the Legislature may wish to consider whether relying on the state's traditional approach (subsidizing development to increase the supply of affordable housing) or trying a different approach—such as providing housing vouchers to low-income households—might be more effective in providing aid to needy households.

The Unwinding Process Could Yield Important Civic Benefits

While criticized by some as complicated and lacking statewide uniformity, the decentralized oversight board process created by ABX1 26 could be a significant learning experience for everyone in the state. Currently, California's local governments and their residents do not have a forum to discuss and make decisions regarding the use of the local property tax by different local agencies. Instead, property taxes are allocated to each local government pursuant to a statewide formula.

Members of oversight boards will have significant authority and responsibility to compare the merits of continuing a specific redevelopment project against alternative uses for its resources by other local agencies. Oversight board members might decide that a redevelopment project meets local community priorities and continue it, or that the project's funds could be put to better use by the other local agencies in the area and terminate the

contract. In many ways, the oversight board process allows local communities to have the first local debate regarding the use of property tax revenues that California has had in decades.

Given the importance of the oversight board, the amount of funds it controls, and its highly expedited schedule, we recommend the Legislature monitor its development and progress closely. Beginning in March, we recommend the Legislature hold hearings regarding the role and operations of oversight boards with the goal of promoting best practices, encouraging information sharing across boards, highlighting public accountability, and learning about unforeseen problems.

One area where we recommend that the Legislature pay particular attention is K-14 districts' participation on oversight boards. While representatives from the County Superintendents of Schools and the community colleges indicate that they plan to participate actively on the oversight boards, we note that the K-14 district representatives may have somewhat less familiarity with the types of projects and financial matters to be discussed. Moreover, absent action by the oversight board to retain separate staff, members of the oversight board will be reliant upon the staff support provided by the successor agency.

Given the significant financial link between the actions of the oversight board and state K-14 education costs, it would be beneficial for the state to offer some training for K-14 oversight board members. The Fiscal Crisis and Management Assistance Team (FCMAT) has significant experience helping California's local educational agencies fulfill their financial and management responsibilities and has previously assisted K-14 districts on redevelopment matters. Given their expertise and relationship with K-14 districts, we recommend the Legislature appropriate funding of up to \$1 million to FCMAT to develop this training for interested K-14 oversight board members.

Alternative Use of Assets Raises Difficult Policy and Fiscal Issues

Prior to their dissolution, many RDAs owned considerable assets: land, buildings, and cash reserves. Some RDAs also had large unencumbered balances in their affordable housing funds. Under ABX1 26, successor agencies transfer all RDA assets used for a governmental purpose (such as a park or library) to the local government that provides the service. All other assets (except housing assets) are to be sold on the open market or to a local government “expeditiously and in a manner aimed at maximizing value.” Proceeds from asset sales, along with all of the unencumbered cash, are to be distributed to the local agencies as property taxes.

Shortly after passage of ABX1 26, proposals began to surface to separate some of redevelopment assets for use for statewide objectives, such as affordable housing, economic development, and environmental programs. These proposals in turn, raise difficult policy and fiscal questions for the Legislature to consider. Specifically, which level of government should make the decisions over these assets? Should it be a local decision (because RDAs were local agencies) or partly a state decision (because the state indirectly helped pay for these assets through its backfill of K-14 district property taxes)? Should the housing funds remain with agencies that failed to spend them in previous years?

The proposals pose equally difficult fiscal issues. Specifically, ending redevelopment shifts some funds that formerly would have been allocated to RDAs to other local agencies. Many cities relied on RDA funds to pay city expenses and now are experiencing fiscal stress due to the redirection of these resources. Under ABX1 26, some of this fiscal stress would be offset by the city receiving its share of the distributed cash and assets. Reserving some of this cash and assets for statewide objectives, in contrast, would reduce the

funds the city would receive from the dissolution of redevelopment.

The state General Fund also has a fiscal interest in the distribution of assets. Specifically, the budget assumes ending redevelopment will provide \$1 billion (2011-12) and \$1.1 billion (2012-13) in increased property taxes for K-14 districts and offset a comparable amount of state General Fund education expenses. While the administration’s estimate does not directly reflect revenues from asset sales and cash, their estimate is subject to a wide range of error. The asset sales and cash, therefore, effectively serve as a reserve in case other elements of the administration’s estimate do not materialize as expected.

Key State and Local Choices Will Drive State Fiscal Effect

While ending redevelopment will reduce state General Fund costs for K-14 education over the long term, many state and local decisions will affect the amount of these savings in the near term. These include:

- ***State policy decisions to use RDA cash and assets for purposes other than distribution to local agencies.*** Assembly Bill X1 26 assumes that all unencumbered RDA cash and many assets are liquidated and distributed to local agencies as property tax revenues. Reserving some of this cash and assets for use for other purposes might advance important statewide objectives, but reduces the revenues that K-14 districts receive and decreases the state’s near term General Fund savings.
- ***Local oversight board decisions to limit the range of projects and obligations included on the ROPS.*** Oversight boards that decide not to continue multistage

projects and that narrowly interpret the range of obligations to be included on their ROPS (and thus eligible for payment) will retire their former RDA's enforceable obligations quicker. This, in turn, will result in more property tax revenues being allocated to all local agencies, including K-14 districts.

- ***State and local decisions regarding treatment of pass-through payments in distributing money from the redevelopment trust fund.*** Because K-14 districts received low pass-through payments, a policy of offsetting these low pass-through payments with greater sums from the redevelopment trust fund would increase K-14 revenues and decrease state costs.

Clarifying Amendments Would Help Implementation

The major elements of ABX1 26 are unambiguous. The legislation ends redevelopment and safeguards the repayment of debt. The roles of the parties are clearly delineated and focused on preserving the revenues and assets of RDAs "so that those assets and revenues that are not needed to pay for enforceable obligations may be used by local governments to fund core governmental services."

That said, as with any major legislation, some elements of the measure would benefit from clarification. Below, we address three areas where prompt legislative action would aid the implementation process. We recommend the Legislature adopt these changes so that they take effect immediately, either in legislation with an urgency clause or as an amendment to last year's trailer bill.

Clarify Treatment of Pass-Through Payments in Distribution of Trust Fund Revenues. County auditor-controllers will begin distributing funds from the trust fund on May 16, 2012. (Due to

the court's schedule changes, county auditor-controllers will distribute the revenues formerly considered tax increment twice this spring: a small distribution on May 16 and a larger distribution on June 1. In future years, all revenues will be distributed on June 1 and January 16.) The Legislature should clarify its intent as to whether pass-through payments should be counted in the calculations to distribute trust funds. As discussed earlier in this report, we think that there is a strong legal argument that ABX1 26 requires pass-through payments to be included in the distribution formula, but all parties do not agree. Equally important, however, we think that including pass-through payments in the trust fund calculation makes sense from a policy standpoint. Under this approach, all local agencies get property tax revenues (from pass-through payments and the trust fund) in proportion to their tax shares.

Address Timing Issues Associated With Court Modifications. Due to the court's postponement of certain dates in ABX1 26, there is no formal payment schedule for enforceable obligations due between January 1, 2012 (the end of the EOPS period) and the date the oversight board approves the ROPS (presumably in the late spring). Absent a payment schedule, (1) successor agencies are not authorized to pay enforceable obligations other than bonded indebtedness and (2) county auditor-controllers will not know how much former tax increment to provide to the successor agency for payment of enforceable obligations or to distribute to local agencies.

To address this ambiguity, many successor agencies are amending their EOPS to add enforceable obligation payments due through June 30, 2012. While this approach is not specifically authorized in ABX1 26, it may be a reasonable interpretation of ABX1 26's requirement that successor agencies take actions to avoid impairment of contracts. We note, however, that EOPS are lists

of enforceable obligations identified by the communities that created the RDAs and received minimal review by DOF. The ROPS, in contrast, are to be reviewed and approved by an oversight board and certified by the county auditor-controller.

Successor agency actions to extend their EOPS, therefore, prolong the period in which the successor agency may make payments based off of self-generated lists of enforceable obligations. The extension also poses questions about further extensions of the EOPS. For example, could a successor agency extend their EOPS for another six months if its oversight board did not reach agreement on its ROPS? To address these issues, we recommend the following:

- ***Expedite the establishment of oversight boards.*** We recommend the Legislature advance the date that the Governor may make appointments to unfilled oversight board positions from May 15, 2012 to April 15, 2012. This one month change will increase the likelihood that the oversight board will complete its review and adopt a ROPS before the first spring property tax distribution date—May 16.
- ***Delay the May 16th payment if ROPS not adopted.*** If an oversight board has not adopted a ROPS by May 15, 2012, direct the county auditor-controller to notify DOF and to delay the distribution of redevelopment property taxes until the second payment date—June 1, 2012. This short delay would give the oversight board additional time to complete its work and avoid the need for the county auditor-controller to distribute property taxes based on an EOPS.
- ***Limit extension of EOPS.*** We further recommend the Legislature specify that

no agency's EOPS shall be effective after May 15, 2012 unless DOF approves the extension and identifies the successor agency on its website. This change would clarify that EOPS extensions are to be effective only for a short period, unless DOF agrees that there are extenuating circumstances.

- ***Authorize oversight boards to adopt ROPS before county auditor-controller certification.*** Under ABX1 26, county auditor-controllers play a key role auditing successor agency finances and reviewing draft ROPS before these drafts are considered by the oversight board. Notably, oversight boards are not authorized to adopt a ROPS unless the county auditor-controller has certified its accuracy. Under the court-revised time line, however, the time line of events is out of order: the county auditor-controller's audits (the basis for their determination as to whether a draft ROPS is accurate) are not due until July 2012—several weeks *after* the auditors distribute property taxes based on the ROPS. For some counties with few RDAs, the cure to this timing problem is simple: the county auditor-controller can complete the audits this spring and use them as the bases for reviewing successor agencies' draft ROPS. For counties with many RDAs, however, this may not be possible. In these cases, we recommend that the Legislature amend ABX1 26 to specify that, if a county auditor-controller's audit has not been completed by May 1, 2012, the oversight board may adopt an uncertified ROPS provided that the oversight board amends the ROPS later in response to the county auditor-controller's findings. While this

approach has its limitations, it reconciles the awkward sequence of events that result from the court's revisions to the time lines.

Clarify That Successor Agencies May Create Reserves for Future Bond Payments and County Auditor-Controllers May Reserve Property Tax Revenues for Future Bond Payments. After passage of ABX1 26, various parties expressed concerns that (1) successor agencies would not be authorized to compile the reserves necessary to pay bonds that have one semiannual payment that is larger than the other or that have payments that increase over time and (2) county auditors might be required to distribute as property tax revenues to local agencies

certain revenues that are needed to pay increased bond payments. While our reading of ABX1 26 is that it requires successor agencies and auditors to perform all obligations necessary to safeguard enforceable debt obligations, uncertainty regarding these matters continue to elicit concern. For this reason, we recommend that the Legislature amend ABX1 26 to (1) explicitly allow the oversight board to include on the ROPS any amounts necessary to create reserves for future bond payments and (2) clarify that county auditor-controllers shall not distribute as property taxes any funds needed to pay enforceable obligations.

CONCLUSION

The end of RDAs earlier this year represented a major change in California finance. Over time, schools and other local governments will receive significantly more property tax revenues—and fewer funds will be reserved for redevelopment purposes. While the process for unwinding these

complex agencies' financial affairs will be lengthy, it likely will launch important civic debates about the use of local property tax revenues and the role of government in promoting economic development and providing affordable housing.

LAO Publications

This report was prepared by Marianne O'Malley, with contributions from Mark Whitaker and Russia Chavis (housing issues). The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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Chapter 4. Oversight Boards

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before January 1, 2012.

Members shall be selected as follows:

- (1) One member appointed by the county board of supervisors.
- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.
- (10) Where a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, where such appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city where such an appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by January 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974.

(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to the act adding this part. As such, all oversight board actions shall not be effective for three business days, pending a request for review by the department. Each oversight board shall designate an official to whom the department may make such requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. In the event that the department requests a review of a given oversight board action, it shall have 10 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and such oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board appointed as follows:

(1) One member may be appointed by the county board of supervisors.

- (2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.
- (3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.
- (4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public may be appointed by the county board of supervisors.
- (7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.
- (k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.
- (l) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (b).
- (m) Any oversight board for a given successor agency shall cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.
34180. All of the following successor agency actions shall first be approved by the oversight board:
- (a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part.
- (b) Refunding of outstanding bonds or other debt of the former redevelopment agency by successor agencies in order to provide for savings or to finance debt service spikes; provided, however, that no additional debt is created and debt service is not accelerated.
- (c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.
- (d) Merging of project areas.
- (e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, where assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.
- (f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.
- (2) If no other agreement is reached on valuation of the retained assets,

the value will be the fair market value as of the 2011 property tax lien date as determined by the county assessor.

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.

(i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

34181. The oversight board shall direct the successor agency to do all of the following:

(a) Dispose of all assets and properties of the former redevelopment agency that were funded by tax increment revenues of the dissolved redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, and fire stations, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of such agreements where it finds that amendments or early termination would be in the best interests of the taxing entities.



COUNTY OF SANTA CRUZ

MARY JO WALKER, AUDITOR-CONTROLLER
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX (831) 454-2660

Edith Driscoll, Chief Deputy Auditor-Controller
Pam Silbaugh, General Accounting Manager
Mark Huett, Audit and Systems Manager
Marianne Ellis, Property Tax Accounting Manager

March 21, 2012

AGENDA: March 27, 2012

Oversight Board
County of Santa Cruz Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

SUBJECT: Presentation to the Oversight Board by the County Auditor-Controller

Dear Oversight Board Members:

As a result of the dissolution of California redevelopment agencies on February 1, 2012, the Redevelopment Successor Agency Oversight Boards throughout the State have many significant responsibilities ahead of them. I am pleased to have the opportunity to address the Oversight Board for the County of Santa Cruz Redevelopment Successor Agency. I will be making a presentation during the Oversight Board's initial meeting to discuss the following subjects:

- Redevelopment terminology and concepts
- Redevelopment dissolution timeline
- Property tax distribution
- The former redevelopment agency's property tax revenues, assets and liabilities
- Agreed upon procedures audit
- Certification of the Recognized Obligation Payment Schedule.

Sincerely,

Mary Jo Walker
Auditor-Controller, County of Santa Cruz

RECOMMENDED:

Susan A. Mauriello
County Administrative Officer

cc: Betsy Lynberg, County of Santa Cruz Redevelopment Successor Agency



County of Santa Cruz

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4073

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

March 21, 2012

Agenda: March 27, 2012

Oversight Board
Santa Cruz County Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

ADOPTION OF BYLAWS, APPROVAL OF A SCHEDULE FOR 2012 MEETINGS, AND DESIGNATION OF THE CONTACT PERSON FOR THE DEPARTMENT OF FINANCE

Dear Members of the Board:

In order to facilitate the process of the meetings and establish the rules for the Oversight Board, Bylaws need to be adopted. Staff has prepared Bylaws (Attachment 1) for your consideration. The Bylaws conform to the requirements of the Brown Act (Attachment 2).

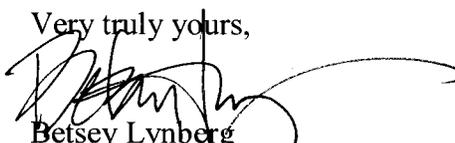
Among their duties, Oversight boards approve the Successor Agency's administrative budget and duly approve the Recognized Obligation Payment Schedule (ROPS) for each six month time period starting January 2012. In addition, they may direct the successor agency to terminate or renegotiate existing agreements of the former RDA, and dispose of assets and properties of the former RDA. In order for the Oversight Board to fulfill its duties, it will need to schedule a regular date, time and location for meetings. Staff recommends adopting the attached schedule of regular meetings in 2012 for April, August and November (Attachment 3).

California Health & Safety Code Section 34179(h) provides that Oversight Board actions are not effective for three business days, pending review by the Department of Finance (DOF), and requires the Oversight Board to formally designate an official to whom the DOF may make inquiries regarding Oversight Board actions. Staff recommends designating the Administrative Services Manager, the sole remaining employee of the Successor Agency, as the contact person for the DOF.

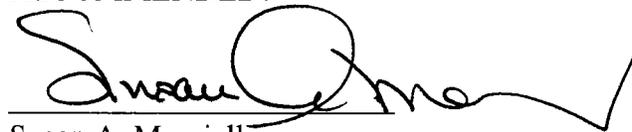
It is therefore RECOMMENDED that your Board take the following actions:

1. Adopt a resolution adopting Bylaws for the Oversight Board; and
2. Approve the schedule (Attachment 3) establishing the dates, time and location for meetings in 2012 of the Oversight Board of the Santa Cruz County Redevelopment Successor Agency; and
3. Designate the Administrative Services Manager of the Successor Agency as the contact person for Department of Finance inquiries regarding Oversight Board actions.

Very truly yours,


Betsy Lynberg
Assistant Public Works Director – Parks

RECOMMENDED:


Susan A. Mauriello
County Administrative Officer

BL:kn

Attachments

cc: CAO, Auditor-Controller, County Counsel, Successor Agency, Department of Finance

BEFORE THE OVERSIGHT BOARD OF THE SANTA CRUZ COUNTY
REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION NO. _____

RESOLUTION ADOPTING BYLAWS OF THE OVERSIGHT BOARD OF THE
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

WHEREAS, the Oversight Board of the Santa Cruz County Redevelopment
Successor Agency (“Oversight Board”) has been established to direct the Successor
Agency to take certain actions to wind down the affairs of the Redevelopment Agency in
accordance with the California Health and Safety Code; and

WHEREAS, the Oversight Board desires to adopt bylaws for the general
operation of the Oversight Board, including but not limited to the designation of officers
and conduct of meetings.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the
Oversight Board of the Santa Cruz County Redevelopment Successor Agency as follows:

SECTION 1. The Bylaws of the Oversight Board, a copy of which is attached
hereto and incorporated herein as Exhibit A, are hereby approved.

SECTION 2. The Secretary shall certify to the adoption of this resolution.

PASSED AND ADOPTED by the Oversight Board of the Santa Cruz County
Redevelopment Successor Agency, this ____ day of _____, 2012, by the
following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Chairperson of the Oversight Board

APPROVED AS TO FORM:



County Counsel

**BYLAWS OF THE
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE SANTA CRUZ COUNTY REDEVELOPMENT AGENCY**

ARTICLE I - THE OVERSIGHT BOARD

Section 1. Name of Authority

The official name shall be the "Oversight Board of the Santa Cruz County Redevelopment Successor Agency" (herein referred to as "Oversight Board").

Section 2. Purpose and Powers

The Oversight Board shall be vested with all the rights, powers, duties, privileges, and immunities established by the California Health and Safety Code Sections 34179, 34180, and 34181.

Section 3. Place of Business

The office and regular place of business of the Oversight Board shall be at the Santa Cruz County Government Offices at 701 Ocean Street, Suite 520, Santa Cruz, California. The Oversight Board may hold its meetings at this location or at such other locations as the Oversight Board may from time to time designate in its notice of any meeting.

ARTICLE II- OFFICERS

Section 1. Officers and Officials

The officers of the Oversight Board shall be composed of seven board members. The members shall elect one of their members as the chairperson and select one of their members as the vice chairperson. All Oversight Board members shall be selected pursuant to the guidelines set forth in the California Health and Safety Code 34179.

Other officials acting as staff shall include the County Administrative Officer, and such other employees of the Successor Agency/and or the County of Santa Cruz as deemed necessary.

Section 2. Chairperson

The Chairperson of the Oversight Board shall preside at all meetings of the Oversight Board.

Section 3. Vice-Chairperson

The Vice-Chairperson shall perform the duties of the Chairperson in the absence or incapacity of the Chairperson.

Section 4. Secretary

The Clerk of the Board of the County of Santa Cruz shall serve as the Secretary to the Oversight Board. The Secretary shall keep the records of the Oversight Board, shall act as secretary at meetings of the Oversight Board, shall record all votes, keep a record of the proceedings of the Oversight Board in a journal of proceedings to be kept for such purpose and shall perform all duties incident to the office. The Secretary shall maintain a record of all official proceedings of the Oversight Board. In the absence of the Secretary, the County Administrative Officer shall designate staff to act as Secretary.

Section 5. Vacancies

When a seat of the Oversight Board becomes vacant, the position will be filled by a member appointed by the agency who originally appointed the former member.

Section 6. Compensation

Oversight Board member shall serve without compensation or reimbursement for expenses.

Section 7. Terms of Office

Each Oversight Board member shall serve at the pleasure of the entity that appointed such member.

ARTICLE III- MEETINGS

Section 1. Regular Meetings

Regular meetings of the Oversight Board shall be held at a time and place which the Oversight Board may from time to time designate.

Section 2. Special Meetings

The Chairperson of the Oversight Board may, when he or she deems it necessary, and, upon the written notice to the members of the Oversight Board, call a

special meeting of the Oversight Board for the purpose of transacting the business designated. The means and method for calling such a special meeting shall be as set forth in the Ralph M. Brown Act, California Government Code Section 54950 et seq., as it now exists or may hereafter be amended (the "Brown Act").

Section 3. Quorum

Four (4) board members of the Oversight Board shall constitute a quorum for the purpose of conducting its business and exercising its powers and for all other purposes. Every official act of the Oversight Board shall be adopted by a majority vote except in situations where the law calls for a vote of greater than a majority.

Section 4. Conducting Business

(a) Agenda. The order of business of each meeting shall be as contained in the Agenda prepared by the staff, with input of the chairperson. The Agenda shall be a listing by topic of the subjects which shall be taken up for consideration:

- (i) Call to Order
- (ii) Approval of Minutes
- (iii) Consent Calendar
- (iv) Regular Agenda Items
- (v) Oral Communications
- (vi) Adjournment

ARTICLE IV - MISCELLANEOUS

Section 1: Amendments to Bylaws

The Bylaws of the Oversight Board may be amended by the Oversight Board at any regular or special meeting by a vote of the majority of the Oversight Board members, provided that no such amendment shall be adopted unless at least seven days' written notice thereof has been previously given to all board members of the Oversight Board. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

Section 2: Conflicts of Interest

All board members are subject to the provisions of California Law, including Chapter 7, Title 9, of the California Government Code, relative to conflicts of interest and to any additional conflicts of interest codes adopted by the Oversight Board.

Section 3: Procedures In Absence of Rules

In the absence of a rule herein to govern a point or procedure, Sturgis Rules of Order shall be used as a guide.

Your guide
to California's
open meetings law
for local public
agencies.

The Ralph M. Brown Act

Public boards,
commissions
and councils
shall take
their actions
openly and
deliberations
shall be
conducted
openly.



McDonough Holland & Allen PC
Attorneys at Law
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THE RALPH M. BROWN ACT

As of January 1, 2009



McDonough Holland & Allen PC
Attorneys at Law

555 Capitol Mall 9th Floor Sacramento CA 95814 916.444.3900
1901 Harrison Street 9th Floor Oakland CA 94612 510.273.8780
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Summary of the Brown Act

Intent of the Act

Public boards, commissions and councils shall take their actions openly and deliberations shall be conducted openly

- Open meetings
- Agendas that describe the business to be conducted at the meeting
- Notice for meetings
- Meaningful opportunity for the public to comment
- Few exceptions for meeting in closed sessions and reports of items discussed in closed sessions

2008 Legislative Session Changes

Effective January 1, 2009, SB 1732, chapter 63 amended section 54952.2 to prohibit a majority of members of a legislative body of a local agency from using, outside a meeting authorized by the Ralph M Brown Act, a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body. It also states the Legislature's declaration that it disapproves the holding of the court in the case of Wolfe v. City of Fremont (2006) 144 Cal.App. 4th 533 to the extent it construes the prohibition on serial meetings and would state its intention that the changes made by this bill supersede that holding. It also provides that the changes made by this bill shall not be construed as preventing an employee or official of a local agency, from engaging in separate conversations or communications, outside of a meeting authorized by the Ralph M. Brown Act, with members of a legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the body.

What public bodies are covered by the Act?

"Legislative bodies" are subject to the Brown Act

- City Councils
- City Boards and Commissions
- Public Agency Boards, Commissions, Committees including Joint Powers Agencies
- Includes any body of the local agency, permanent or temporary, decision making or advisory created by ordinance, resolution or formal action
- Includes newly elected or appointed members (prior to being sworn into office)

Boards of certain private corporations and limited liability companies may also be subject to the Brown Act

1. A corporation or limited liability company created by an elected legislative body to exercise authority delegated by the elected body
 - Financing corporations
 - Management corporations
2. A corporation or limited liability company that:
 - Receives funds from a local agency

AND

- Whose governing board includes a member of the local agency's governing body appointed by the local agency's governing body

- Potential Examples:
- Chambers of Commerce
 - Housing Corporations
 - Arts Councils

The "less than a quorum" exception

Advisory body composed solely of members of the legislative body and less than a quorum of the members of the legislative body are not subject to the Brown Act

Except: **STANDING COMMITTEES**

A standing committee has:

- Continuing subject matter jurisdiction

OR

- A meeting schedule fixed by formal action of a legislative body irrespective of the composition of the committee

- Examples:
- Standing "2 by 2" Committees
 - Budget Committees
 - General Plan Committees

What is a meeting?

A meeting is:

Any congregation of a majority of the members of a legislative body

- A. To hear, discuss or deliberate on any item within the subject matter jurisdiction of the body or the local agency
 - Includes study sessions
 - Does not require that action be taken
- B. Any use of communication, personal intermediaries or technological devices through which a majority of the members develop a concurrence as to action to be taken on an item
 - Serial Meeting
 - "Daisy Chains"
 - "Hub and Spokes"
 - Electronic Mail

A meeting is not:

Community meetings, conferences and social gatherings

- Conferences open to the public that involve a discussion of issues of general interest
- Open and publicized meetings organized to address a topic of local concern by a person or organization other than the public agency
- Purely social or ceremonial occasions

Attendance by majority at other open, noticed meetings

- Another body of your agency
- Legislative body of another local agency
- Standing committee of your body, if attending only as observers

So long as no business is discussed among the members

Types of meetings and general meeting requirements

Regular meetings

- The time and place of regular meetings are established by the body by formal action (applies also to advisory committee and standing committees)
- Any item of business may be discussed at a regular meeting so long as the item is on the agenda or properly added to the agenda
- Standing or Advisory Committee meetings if posted 72 hours before meeting

Adjourned regular meetings

- A regular meeting may be adjourned from time to time
- Still requires proper notice and agendas

Special meetings

- May only discuss the items listed on the agenda
- May not add items
- Requires special notice

All meetings must be held within the jurisdiction

Exceptions:

- To inspect real property
- To participate in interagency meetings
- To comply with court order
- No meeting facility in the jurisdiction
- Meetings in and relating to an agency facility outside of jurisdiction
- To meet with the agency's attorney in closed session on pending litigation if it would reduce legal fees

All meetings must be held in locations that are accessible to disabled persons

No meeting may be held in a facility that discriminates on the bases of race, religion, color, national origin, sex, ancestry, ethnic group identification, age, sexual orientation, etc.

No meeting may be held in a location where members of the public cannot be present without making a payment or purchase

Preparing an agenda

- The agenda must include a brief description of every item to be discussed
- Brief general description generally need not exceed 20 words [20 word description is a guideline]
- May want to list each specific item within an agenda item:
 - **"council initiated business"**
 - **"commission communications"**
 - **"public correspondence"**
- Closed sessions **MUST** be listed on the agenda
- Act lists the information required for agendizing closed sessions
- If body uses the Act's closed session "safe harbors" the body cannot be found in violation of the Brown Act agenda requirements
- Each agenda must include a time for public comment:
 - Agenda must be structured so that public comment is permitted before or during the body's consideration of an agendized item
- Agendas must include notice regarding availability of agenda materials in alternate formats for ADA compliance
- Special meetings must also include public comment but only on the particular items on the special meeting agenda
- Agenda must identify location where documents distributed less than 72 hours before meeting can be inspected. (Effective July 1, 2008)

Notices

Regular Meetings

Agendas for regular meetings must:

- Be posted 72 hours prior to the meeting
- Specify the time and place of the meeting
- Be posted in a location that is freely accessible to the public and at any teleconference site
- Be mailed to any person requesting notice annually in writing, including all staff reports (may impose a fee)

- Be made available in alternative formats to persons with disabilities

Special Meetings

Notice:

- Must be posted 24 hours prior to the meeting
- Must be given to every member of the legislative body personally or by any other means received at least 24 hours prior to the meeting
- Can be waived by members of the body in writing at or prior to the meeting [notice is waived by any member who is present]
- Must be given to each newspaper, television and radio station requesting notice in writing

Conducting the meeting

Must permit audio and video tape recordings of meetings by public and by the media unless recording cannot be done or continued without noise, illumination or obstruction of views that constitute a disruption of the meeting

Then should permit taping that can be accomplished without disruption

No secret ballots

No mandatory sign-in

May use teleconferencing for receipt of public comment or testimony

Teleconferencing with any meeting

Defined as meeting of the legislative body, the members of which are of individuals in different locations, connected by electronic means, either audio, video, or both

Requirements:

- Identify each teleconference location in notice and agenda
- Each location must be accessible to the public
- Agenda must provide public at each location opportunity to address legislative body as required by Act
- Conduct meeting in manner that protects statutory, constitutional rights of all public members at each location
- Roll call votes during teleconferenced meeting
- At least a quorum of legislative body must be within boundaries of jurisdiction

Public Comment

Public comment is appropriate on any matter within the subject matter jurisdiction of the body

Cannot prohibit public criticism of the policies, procedures, programs or services of the agency or of the acts or omissions of the legislative body

Public comment must be permitted before or during the body's consideration of an agenda item

Board may adopt reasonable regulations including:

Limiting the total amount of time allocated for public comment on particular issues and for each individual speaker

Special meetings must also include public comment but only on the particular items on the special meeting agenda

No discussion or action on any item not on the agenda

Except:

- May respond briefly to statements made or questions posed by members of the public under public comment
- May ask questions for clarification, provide a reference to staff, ask staff to report back or schedule an item for a later meeting
- May make brief report on his or her activities

Adding items to the agenda

Only applies to regular meetings – cannot add items to a special meeting

STANDARD for adding items

Requires a two-thirds vote of board members present (or if less than two-thirds of body present, a unanimous vote of those present)

Making two findings:

- There is a need to take immediate action

AND

- The need to take action came to the attention of the local agency after the posting of the agenda.

May also add item if true emergency or if matter was posted for a prior meeting occurring not more than five days prior and the item was continued to the meeting

Writings

All materials distributed to the legislative body, except privileged items, are public records

- All materials, except privileged items, distributed to the legislative body by any person are public records
- Must be available for inspection and copying "without delay"
- If writings are distributed by the local agency during a meeting, copies must be available for public inspection immediately
- Must be available after the meeting if prepared by some other person
- However, cannot delay release of a public record solely because it has not yet been distributed to the legislative body
- Ordinary copying fees may be charged, except to persons with a disability as defined in the Section 202 Americans with Disability Act of 1990
- Any writings distributed to agency members less than 72 hours prior to meeting must be made available for public inspection at location designated by agency and listed on agenda (Effective July 1, 2008)

Closed Sessions

Not allowed except as authorized by Brown Act

Permissible Subjects:

- Real Estate Negotiations
- Labor Negotiations
- Appointment, Employment, Evaluation of Performance, Discipline, or Dismissal of a Public Employee
 - No discussion or action on proposed compensation except for reduction in compensation resulting from discipline
- Consideration of pension fund investments
- Threats to Public Buildings or Essential Public Services
- Pending Litigation:
 - Litigation formally initiated
 - Significant exposure to litigation based on existing facts and circumstances
 - Based on existing facts and circumstances, meeting is to determine if there is a significant exposure to litigation
 - Meeting to decide whether to initiate litigation
 - Health Care Plans governed by a County Board of Supervisors
- Agenda Description:
 - Safe Harbor descriptions contained in §54954.5
- Reporting Out Requirements:
 - Generally must report orally or in writing at the same meeting:
 - The action taken;
 - The voting tally;
 - Other particulars.
- Confidentiality of information received in closed session

Notice and Hearing Requirements for Taxes and Assessments Not Subject to Proposition 218

Requires a Public Meeting and a Public Hearing for new or increased taxes and assessments

Requirements do not apply to:

- Fees which do not exceed the reasonable cost of providing the service
- Service charges or benefit charges
- Ongoing annual assessments if imposed at the same or lower amount as any previous year
- Assessments that do not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters
- Standby or immediate availability charges

Notice Requirements

45 days notice of the public hearing on taxes or assessments

The notice of the public meeting must be given at the same time as the notice for the public hearing

New Taxes require display ads in a newspaper of general circulation once a week for three weeks (Gov. Code section 6063)

New Assessments require MAILED notice to all property owners proposed to be assessed

Timing:

Public Meeting cannot occur sooner than 10 days after the first notice

Public Meeting must occur at least 7 days before the public hearing

Expanded Requirements for the Information in the Notice

Taxes:

The notice must include:

- The existing rate and the proposed tax rate
- The activity to be taxed
- The method and frequency for collecting the tax, among other information

Assessments:

The notice must include:

- Estimated amount of the assessment per parcel
- If an increase is proposed, must include existing amount and proposed increase
- Place to mail protests
- Majority protest rights, if any

Both notices must include:

- The dates, times and locations of the public meeting and the public hearing
- Telephone number and address to contact for more information

These notice requirements are IN ADDITION TO any other applicable notice requirements

Notice requirements are complicated and should be checked for any new tax or assessment

Violation of the Act

Criminal penalty:

Each member of a legislative body who attends a meeting where action is taken in violation of the Act with the wrongful intent to deprive the public of information to which it is entitled is guilty of a misdemeanor

Civil actions

Any interested person may bring an action to enjoin violation of the Act

Any interested person may bring an action to declare an action taken by the legislative body in violation of the Act void

- Must first request cure
- Actions in violation of the Act may be cured (some actions cannot be cured)

Not all actions can be declared void:

- Okay if in substantial compliance
- Action was in connection with the issuance of notes or bonds
- Action on a contract and the other party has, in good faith and without notice of the challenge, detrimentally relied

Courts may award attorney's fees and costs to a successful plaintiff

The Brown Act

Current through 2008 Legislative session

§ 54950. Declaration, intent; sovereignty

In enacting this chapter, the Legislature finds and declares that the public commissions, boards and councils and the other public agencies in this State exist to aid in the conduct of the people's business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.

The people of this State do not yield their sovereignty to the agencies which serve them. The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.

§ 54950.5. Short title

This chapter shall be known as the Ralph M. Brown Act.

§ 54951. Local agency, definition

As used in this chapter, "local agency" means a county, city, whether general law or chartered, city and county, town, school district, municipal corporation, district, political subdivision, or any board, commission or agency thereof, or other local public agency.

§ 54952. Legislative body, definition

As used in this chapter, "legislative body" means:

(a) The governing body of a local agency or any other local body created by state or federal statute.

(b) A commission, committee, board, or other body of a local agency, whether permanent or temporary, decisionmaking or advisory, created by charter, ordinance, resolution, or formal action of a legislative body. However, advisory committees, composed solely of the members of the legislative body that are less than a quorum of the legislative body are not legislative bodies, except that standing committees of a legislative body, irrespective of their composition, which have a continuing subject matter jurisdiction, or a meeting schedule fixed by charter, ordinance, resolution, or formal action of a legislative body are legislative bodies for purposes of this chapter.

(c) (1) A board, commission, committee, or other multimember body that governs a private corporation, limited liability company, or other entity that either:

(A) Is created by the elected legislative body in order to exercise authority that may lawfully be delegated by the elected governing body to a private corporation, limited liability company, or other entity.

(B) Receives funds from a local agency and the membership of whose governing body includes a member of the legislative body of the local agency appointed to that governing body as a full voting member by the legislative body of the local agency.

(2) Notwithstanding subparagraph (B) of paragraph (1), no board, commission, committee, or other multimember body that governs a private corporation, limited liability company, or other entity that receives funds from a local agency and, as of February 9, 1996, has a member of the legislative body of the local agency as a full voting member of the governing body of that private corporation, limited liability company, or other entity shall be relieved from the public meeting requirements of this chapter by virtue of a change in status of the full voting member to a nonvoting member.

(d) The lessee of any hospital the whole or part of which is first leased pursuant to subdivision (p) of Section 32121 of the Health and Safety Code after January 1, 1994, where the lessee exercises any material authority of a legislative body of a local agency delegated to it by that legislative body whether the lessee is organized and operated by the local agency or by a delegated authority.

§ 54952.1. Member of a legislative body of a local agency; conduct

Any person elected to serve as a member of a legislative body who has not yet assumed the duties of office shall conform his or her conduct to the requirements of this chapter and shall be treated for purposes of enforcement of this chapter as if he or she has already assumed office.

§ 54952.2. Meeting; Prohibited devices for obtaining collective concurrence; exclusions from chapter

(a) As used in this chapter, "meeting" *** means any congregation of a majority of the members of a legislative body at the same time and *** location, including teleconference location as permitted by Section 54953, to hear, discuss, *** deliberate, *** or take action on any item that is within the subject matter jurisdiction of the legislative body. ***

(b) *** (1) A majority of the members of a legislative body shall not, outside a meeting authorized by this chapter, use a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action on any item of business that is within the subject matter jurisdiction of the legislative body.

(2) Paragraph (1) shall not be construed as preventing an employee or official of a local agency, from engaging in separate conversations or communications outside of a meeting authorized by this chapter with members of a legislative body in order to answer questions or provide information regarding a matter that is within the subject matter jurisdiction of the local agency, if that person does not communicate to members of the legislative body the comments or position of any other member or members of the legislative body.

(c) Nothing in this section shall impose the requirements of this chapter upon any of the following:

(1) Individual contacts or conversations between a member of a legislative body and any other person that do not violate subdivision (b).

(2) The attendance of a majority of the members of a legislative body at a conference or similar gathering open to the public that involves a discussion of issues of general interest to the public or to public agencies of the type represented by the legislative body, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specified nature that is within the subject matter jurisdiction of the local agency. Nothing in this paragraph is intended to allow members of the public free admission to a conference or similar gathering at which the organizers have required other participants or registrants to pay fees or charges as a condition of attendance.

(3) The attendance of a majority of the members of a legislative body at an open and publicized meeting organized to address a topic of local community concern by a person or organization other than the local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled program, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(4) The attendance of a majority of the members of a legislative body at an open and noticed meeting of another body of the local agency, or at an open and noticed meeting of a legislative body of another local agency, provided that a majority of the members do not discuss among themselves, other than as part of the scheduled meeting, business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(5) The attendance of a majority of the members of a legislative body at a purely social or ceremonial occasion, provided that a majority of the members do not discuss among themselves business of a specific nature that is within the subject matter jurisdiction of the legislative body of the local agency.

(6) The attendance of a majority of the members of a legislative body at an open and noticed meeting of a standing committee of that body, provided that the members of the legislative body who are not members of the standing committee attend only as observers.

§ 54952.6. Action taken

As used in this chapter, "action taken" means a collective decision made by a majority of the members of a legislative body, a collective commitment or promise by a majority of the members of a legislative body to make a positive or a negative decision, or an actual vote by a majority of the members of a legislative body when sitting as a body or entity, upon a motion, proposal, resolution, order or ordinance.

§ 54952.7. Copies of chapter to members of legislative body of local agencies

A legislative body of a local agency may require that a copy of this chapter be given to each member of the legislative body and any person elected to serve as a member of the

legislative body who has not assumed the duties of office. An elected legislative body of a local agency may require that a copy of this chapter be given to each member of each legislative body all or a majority of whose members are appointed by or under the authority of the elected legislative body.

§ 54953. Meetings to be open and public; attendance

(a) All meetings of the legislative body of a local agency shall be open and public, and all persons shall be permitted to attend any meeting of the legislative body of a local agency, except as otherwise provided in this chapter.

(b) (1) Notwithstanding any other provision of law, the legislative body of a local agency may use teleconferencing for the benefit of the public and the legislative body of a local agency in connection with any meeting or proceeding authorized by law. The teleconferenced meeting or proceeding shall comply with all requirements of this chapter and all otherwise applicable provisions of law relating to a specific type of meeting or proceeding.

(2) Teleconferencing, as authorized by this section, may be used for all purposes in connection with any meeting within the subject matter jurisdiction of the legislative body. All votes taken during a teleconferenced meeting shall be by rollcall.

(3) If the legislative body of a local agency elects to use teleconferencing, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the statutory and constitutional rights of the parties or the public appearing before the legislative body of a local agency. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. During the teleconference, at least a quorum of the members of the legislative body shall participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction except as provided in subdivision (d). The agenda shall provide an opportunity for members of the public to address the legislative body directly pursuant to Section 54954.3 at each teleconference location.

(4) For the purposes of this section, "teleconference" means a meeting of a legislative body, the members of which are in different locations, connected by electronic means, through either audio or video, or both. Nothing in this section shall prohibit a local agency from providing the public with additional teleconference locations.

(c) No legislative body shall take action by secret ballot, whether preliminary or final.

(d) **(Effective until January 1, 2009)**

(1) Notwithstanding the provisions relating to a quorum in paragraph (3) of subdivision (b), when a health authority conducts a teleconference meeting, members who are outside the jurisdiction of the authority may be counted toward the establishment of a quorum when participating in the teleconference if at least 50 percent of the number of members that would establish a quorum are present within the boundaries of the territory over which the authority exercises jurisdiction, and the health authority provides a teleconference number, and

associated access codes, if any, that allows any person to call in to participate in the meeting and that number and access codes are identified in the notice and agenda of the meeting.

(2) Nothing in this subdivision shall be construed as discouraging health authority members from regularly meeting at a common physical site within the jurisdiction of the authority or from using teleconference locations within or near the jurisdiction of the authority. A teleconference meeting for which a quorum is established pursuant to this subdivision shall be subject to all other requirements of this section.

(3) For purposes of this subdivision, a health authority means any entity created pursuant to Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38 and 14087.9605 of the Welfare and Institutions Code, any joint powers authority created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 for the purpose of contracting pursuant to Section 14087.3 of the Welfare and Institutions Code, and any advisory committee to a county sponsored health plan licensed pursuant to Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code if the advisory committee has 12 or more members.

(4) This subdivision shall remain in effect only until January 1, 2009.

§ 54953.1. Testimony of members before grand jury

The provisions of this chapter shall not be construed to prohibit the members of the legislative body of a local agency from giving testimony in private before a grand jury, either as individuals or as a body.

§ 549353.2 Legislative body meetings to meet protections and prohibitions of the Americans with Disabilities Act

All meetings of a legislative body of a local agency that are open and public shall meet the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof.

§ 54953.3. Conditions to attendance

A member of the public shall not be required, as a condition to attendance at a meeting of a legislative body of a local agency, to register his or her name, to provide other information, to complete a questionnaire, or otherwise to fulfill any condition precedent to his or her attendance.

If an attendance list, register, questionnaire, or other similar document is posted at or near the entrance to the room where the meeting is to be held, or is circulated to the persons present during the meeting, it shall state clearly that the signing, registering, or completion of the document is voluntary, and that all persons may attend the meeting regardless of whether a person signs, registers, or completes the document.

§ 54953.5. Right to record proceedings; conditions; tape or film records made by or under direction of local agencies

(a) Any person attending an open and public meeting of a legislative body of a local agency shall have the right to record the proceedings with an audio or video tape recorder or a still or motion picture camera in the absence of a reasonable finding by the legislative body of the local agency that the recording cannot continue without noise, illumination, or obstruction of view that constitutes, or would constitute, a persistent disruption of the proceedings.

(b) Any tape or film record of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), but, notwithstanding Section 34090, may be erased or destroyed 30 days after the taping or recording. Any inspection of a video or tape recording shall be provided without charge on a video or tape player made available by the local agency.

§ 54953.6. Prohibitions or restrictions on broadcasts of proceedings of legislative body; reasonable findings

No legislative body of a local agency shall prohibit or otherwise restrict the broadcast of its open and public meetings in the absence of a reasonable finding that the broadcast cannot be accomplished without noise, illumination, or obstruction of view that would constitute a persistent disruption of the proceedings.

§ 54953.7 Allowance of greater access to meetings than minimal standards in this chapter

Notwithstanding any other provision of law, legislative bodies of local agencies may impose requirements upon themselves which allow greater access to their meetings than prescribed by the minimal standards set forth in this chapter. In addition thereto, an elected legislative body of a local agency may impose such requirements on those appointed legislative bodies of the local agency of which all or a majority of the members are appointed by or under the authority of the elected legislative body.

§ 54954. Time and place of regular meetings; special meetings; emergencies

(a) Each legislative body of a local agency, except for advisory committees or standing committees, shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings. Meetings of advisory committees or standing committees, for which an agenda is posted at least 72 hours in advance of the meeting pursuant to subdivision (a) of Section 54954.2, shall be considered for purposes of this chapter as regular meetings of the legislative body.

(b) Regular and special meetings of the legislative body shall be held within the boundaries of the territory over which the local agency exercises jurisdiction, except to do any of the following:

(1) Comply with state or federal law or court order, or attend a judicial or administrative proceeding to which the local agency is a party.

(2) Inspect real or personal property which cannot be conveniently brought within the boundaries of the territory over which the local agency exercises jurisdiction provided that the topic of the meeting is limited to items directly related to the real or personal property.

(3) Participate in meetings or discussions of multiagency significance that are outside the boundaries of a local agency's jurisdiction. However, any meeting or discussion held pursuant to this subdivision shall take place within the jurisdiction of one of the participating local agencies and be noticed by all participating agencies as provided for in this chapter.

(4) Meet in the closest meeting facility if the local agency has no meeting facility within the boundaries of the territory over which the local agency exercises jurisdiction, or at the principal office of the local agency if that office is located outside the territory over which the agency exercises jurisdiction.

(5) Meet outside their immediate jurisdiction with elected or appointed officials of the United States or the State of California when a local meeting would be impractical, solely to discuss a legislative or regulatory issue affecting the local agency and over which the federal or state officials have jurisdiction.

(6) Meet outside their immediate jurisdiction if the meeting takes place in or nearby a facility owned by the agency, provided that the topic of the meeting is limited to items directly related to the facility.

(7) Visit the office of the local agency's legal counsel for a closed session on pending litigation held pursuant to Section 54956.9, when to do so would reduce legal fees or costs.

(c) Meetings of the governing board of a school district shall be held within the district except under the circumstances enumerated in subdivision (b), or to do any of the following:

(1) Attend a conference on nonadversarial collective bargaining techniques.

(2) Interview members of the public residing in another district with reference to the trustees' potential employment of an applicant for the position of the superintendent of the district.

(3) Interview a potential employee from another district.

(d) Meetings of a joint powers authority shall occur within the territory of at least one of its member agencies, or as provided in subdivision (b). However, a joint powers authority which has members throughout the state may meet at any facility in the state which complies with the requirements of Section 54961.

(e) If, by reason of fire, flood, earthquake, or other emergency, it shall be unsafe to meet in the place designated, the meetings shall be held for the duration of the emergency at the place designated by the presiding officer of the legislative body or his or her designee in a

notice to the local media that have requested notice pursuant to Section 54956, by the most rapid means of communication available at the time.

§ 54954.1. Mailed notice to persons who filed written request; time; duration and renewal of requests; fee

Any person may request that a copy of the agenda, or a copy of all the documents constituting the agenda packet, of any meeting of a legislative body be mailed to that person. If requested, the agenda and documents in the agenda packet shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof. Upon receipt of the written request, the legislative body or its designee shall cause the requested materials to be mailed at the time the agenda is posted pursuant to Section 54954.2 and 54956 or upon distribution to all, or a majority of all, of the members of a legislative body, whichever occurs first. Any request for mailed copies of agendas or agenda packets shall be valid for the calendar year in which it is filed, and must be renewed following January 1 of each year. The legislative body may establish a fee for mailing the agenda or agenda packet, which fee shall not exceed the cost of providing the service. Failure of the requesting person to receive the agenda or agenda packet pursuant to this section shall not constitute grounds for invalidation of the actions of the legislative body taken at the meeting for which the agenda or agenda packet was not received.

§ 54954.2. Agenda; posting; action on other matters

(a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. The agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, to whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting.

(2) No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3. In addition, on their own initiative or in response to questions posed by the public, a member of a legislative body or its staff may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Furthermore, a member of a legislative body, or the body itself, subject to rules or procedures of the legislative body, may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.

(b) Notwithstanding subdivision (a), the legislative body may take action on items of business not appearing on the posted agenda under any of the conditions stated below. Prior to discussing any item pursuant to this subdivision, the legislative body shall publicly identify the item.

(1) Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in Section 54956.5.

(2) Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).

(3) The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

(c) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

§ 54954.3. Opportunity for public to address legislative body; adoption of regulations; public criticism of policies

(a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2. However, the agenda need not provide an opportunity for members of the public to address the legislative body on any item that has already been considered by a committee, composed exclusively of members of the legislative body, at a public meeting wherein all interested members of the public were afforded the opportunity to address the committee on the item, before or during the committee's consideration of the item, unless the item has been substantially changed since the committee heard the item, as determined by the legislative body. Every notice for a special meeting shall provide an opportunity for members of the public to directly address the legislative body concerning any item that has been described in the notice for the meeting before or during consideration of that item.

(b) The legislative body of a local agency may adopt reasonable regulations to ensure that the intent of subdivision (a) is carried out, including, but not limited to, regulations limiting the total amount of time allocated for public testimony on particular issues and for each individual speaker.

(c) The legislative body of a local agency shall not prohibit public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the

legislative body. Nothing in this subdivision shall confer any privilege or protection for expression beyond that otherwise provided by law.

§ 54954.4. Reimbursements to local agencies and school districts for costs

(a) The Legislature hereby finds and declares that Section 12 of Chapter 641 of the Statutes of 1986, authorizing reimbursement to local agencies and school districts for costs mandated by the state pursuant to that act, shall be interpreted strictly. The intent of the Legislature is to provide reimbursement for only those costs which are clearly and unequivocally incurred as the direct and necessary result of compliance with Chapter 641 of the Statutes of 1986.

(b) In this regard, the Legislature directs all state employees and officials involved in reviewing or authorizing claims for reimbursement, or otherwise participating in the reimbursement process, to rigorously review each claim and authorize only those claims, or parts thereof, which represent costs which are clearly and unequivocally incurred as the direct and necessary result of compliance with Chapter 641 of the Statutes of 1986 and for which complete documentation exists. For purposes of Section 54954.2, costs eligible for reimbursement shall only include the actual cost to post a single agenda for any one meeting.

(c) The Legislature hereby finds and declares that complete, faithful, and uninterrupted compliance with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code) is a matter of overriding public importance. Unless specifically stated, no future Budget Act, or related budget enactments, shall, in any manner, be interpreted to suspend, eliminate, or otherwise modify the legal obligation and duty of local agencies to fully comply with Chapter 641 of the Statutes of 1986 in a complete, faithful, and uninterrupted manner.

§ 54954.5. Closed session item descriptions

For purposes of describing closed session items pursuant to Section 54954.2, the agenda may describe closed sessions as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items were described in substantial compliance with this section. Substantial compliance is satisfied by including the information provided below, irrespective of its format.

(a) With respect to a closed session held pursuant to Section 54956.7:

LICENSE/PERMIT DETERMINATION

Applicant(s): (Specify number of applicants)

(b) With respect to every item of business to be discussed in closed session pursuant to Section 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation)

Agency negotiator: (Specify names of negotiators attending the closed session) (If circumstances necessitate the absence of a specified negotiator, an agent or designee may participate in place of the absent negotiator so long as the name of the agent or designee is announced at an open session held prior to the closed session.)

Negotiating parties: (Specify name of party (not agent))

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both)

(c) With respect to every item of business to be discussed in closed session pursuant to Section 54956.9:

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

(Subdivision (a) of Section 54956.9)

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers)

or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations)

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: (Specify number of potential cases)

(In addition to the information noticed above, the agency may be required to provide additional information on the agenda or in an oral statement prior to the closed session pursuant to subparagraphs (B) to (E), inclusive, of paragraph (3) of subdivision (b) of Section 54956.9.)

Initiation of litigation pursuant to subdivision (c) of Section 54956.9: (Specify number of potential cases)

(d) With respect to every item of business to be discussed in closed session pursuant to Section 54956.95:

LIABILITY CLAIMS

Claimant: (Specify name unless unspecified pursuant to Section 54961)

Agency claimed against: (Specify name)

(e) With respect to every item of business to be discussed in closed session pursuant to Section 54957:

THREAT TO PUBLIC SERVICES OR FACILITIES

Consultation with: (Specify name of law enforcement agency and title of officer, or name of applicable agency representative and title)

PUBLIC EMPLOYEE APPOINTMENT

Title: (Specify description of position to be filled)

PUBLIC EMPLOYMENT

Title: (Specify description of position to be filled)

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: (Specify position title of employee being reviewed)

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

(f) With respect to every item of business to be discussed in closed session pursuant to Section 54957.6:

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: (Specify names of designated representatives attending the closed session) (If circumstances necessitate the absence of a specified designated representative, an agent or designee may participate in place of the absent representative so long as the name of the agent or designee is announced at an open session held prior to the closed session.)

Employee organization: (Specify name of organization representing employee or employees in question)

or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations)

- (g) With respect to closed sessions called pursuant to Section 54957.8:

CASE REVIEW/PLANNING

(No additional information is required in connection with a closed session to consider case review or planning.)

- (h) With respect to every item of business to be discussed in closed session pursuant to Sections 1461, 32106, and 32155 of the Health and Safety Code or Sections 37606 and 37624.3 of the Government Code:

REPORT INVOLVING TRADE SECRET

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility)

Estimated date of public disclosure: (Specify month and year)

HEARINGS

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee)

- (i) With respect to every item of business to be discussed in closed session pursuant to Section 54956.86:

CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW

(No additional information is required in connection with a closed session to discuss a charge or complaint pursuant to Section 54956.86.)

- (j) With respect to every item of business to be discussed in closed session pursuant to Section 54956.96:

CONFERENCE INVOLVING A JOINT POWERS AGENCY (Specify by name)

Discussion will concern: (Specify closed session description used by the joint powers agency)

Name of local agency representative on joint powers agency board:
(Specify name)

(Additional information listing the names of agencies or titles of representatives attending the closed session as consultants or other representatives.)

(k) With respect to every item of business to be discussed in closed session pursuant to Section 54956.75:

AUDIT BY BUREAU OF STATE AUDITS.

§ 54954.6. New or increased taxes or assessments; public meetings and public hearings; joint notice requirements

(a) (1) Before adopting any new or increased general tax or any new or increased assessment, the legislative body of a local agency shall conduct at least one public meeting at which local officials shall allow public testimony regarding the proposed new or increased general tax or new or increased assessment in addition to the noticed public hearing at which the legislative body proposes to enact or increase the general tax or assessment.

For purposes of this section, the term "new or increased assessment" does not include any of the following:

(A) A fee that does not exceed the reasonable cost of providing the services, facilities, or regulatory activity for which the fee is charged.

(B) A service charge, rate, or charge, unless a special district's principal act requires the service charge, rate or charge to conform to the requirements of this section.

(C) An ongoing annual assessment if it is imposed at the same or lower amount as any previous year.

(D) An assessment that does not exceed an assessment formula or range of assessments previously specified in the notice given to the public pursuant to subparagraph (G) of paragraph (2) of subdivision (c) and that was previously adopted by the agency or approved by the voters in the area where the assessment is imposed.

(E) Standby or immediate availability charges.

(2) The legislative body shall provide at least 45 days' public notice of the public hearing at which the legislative body proposes to enact or increase the general tax or assessment. The legislative body shall provide notice for the public meeting at the same time and in the same document as the notice for the public hearing, but the meeting shall occur prior to the hearing.

(b) (1) The joint notice of both the public meeting and the public hearing required by subdivision (a) with respect to a proposal for a new or increased general tax shall be accomplished by placing a display advertisement of at least one-eighth page in a newspaper of general circulation for three weeks pursuant to Section 6063 and by a first-class mailing to

those interested parties who have filed a written request with the local agency for mailed notice of public meetings or hearings on new or increased general taxes. The public meeting pursuant to subdivision (a) shall take place no earlier than 10 days after the first publication of the joint notice pursuant to this subdivision. The public hearing shall take place no earlier than seven days after the public meeting pursuant to this subdivision. Notwithstanding paragraph (2) of subdivision (a), the joint notice need not include notice of the public meeting after the meeting has taken place. The public hearing pursuant to subdivision (a) shall take place no earlier than 45 days after the first publication of the joint notice pursuant to this subdivision. Any written request for mailed notices shall be effective for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed on or before April 1 of each year. The legislative body may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

(2) The notice required by paragraph (1) of this subdivision shall include, but not be limited to, the following:

(A) The amount or rate of the tax. If the tax is proposed to be increased from any previous year, the joint notice shall separately state both the existing tax rate and the proposed tax rate increase.

(B) The activity to be taxed.

(C) The estimated amount of revenue to be raised by the tax annually.

(D) The method and frequency for collecting the tax.

(E) The dates, times, and locations of the public meeting and hearing described in subdivision (a).

(F) The phone number and address of an individual, office, or organization that interested persons may contact to receive additional information about the tax.

(c) (1) The joint notice of both the public meeting and the public hearing required by subdivision (a) with respect to a proposal for a new or increased assessment on real property shall be accomplished through a mailing, postage prepaid, in the United States mail and shall be deemed given when so deposited. The public meeting pursuant to subdivision (a) shall take place no earlier than 10 days after the joint mailing pursuant to this subdivision. The public hearing shall take place no earlier than seven days after the public meeting pursuant to this subdivision. The envelope or the cover of the mailing shall include the name of the local agency and the return address of the sender. This mailed notice shall be in at least 10-point type and shall be given to all property owners proposed to be subject to the new or increased assessment by a mailing by name to those persons whose names and addresses appear on the last equalized county assessment roll or the State Board of Equalization assessment roll, as the case may be.

(2) The joint notice required by paragraph (1) of this subdivision shall include, but not be limited to, the following:

(A) The estimated amount of the assessment per parcel. If the assessment is proposed to be increased from any previous year, the joint notice shall separately state both the amount of the existing assessment and the proposed assessment increase.

(B) A general description of the purpose or improvements that the assessment will fund.

(C) The address to which property owners may mail a protest against the assessment.

(D) The phone number and address of an individual, office, or organization that interested persons may contact to receive additional information about the assessment.

(E) A statement that a majority protest will cause the assessment to be abandoned if the assessment act used to levy the assessment so provides. Notice shall also state the percentage of protests required to trigger an election, if applicable.

(F) The dates, times, and locations of the public meeting and hearing described in subdivision (a).

(G) A proposed assessment formula or range as described in subparagraph (D) of paragraph (1) of subdivision (a) if applicable and that is noticed pursuant to this section.

(3) Notwithstanding paragraph (1), in the case of an assessment that is proposed exclusively for operation and maintenance expenses imposed throughout the entire local agency, or exclusively for operation and maintenance assessments proposed to be levied on 50,000 parcels or more, notice may be provided pursuant to this subdivision or pursuant to paragraph (1) of subdivision (b) and shall include the estimated amount of the assessment of various types, amounts, or uses of property and the information required by subparagraphs (B) to (G), inclusive, of paragraph (2) of subdivision (c).

(4) Notwithstanding paragraph (1), in the case of an assessment proposed to be levied pursuant to Part 2 (commencing with Section 22500) of Division 2 of the Streets and Highways Code by a regional park district, regional park and open-space district, or regional open-space district formed pursuant to Article 3 (commencing with Section 5500) of Chapter 3 of Division 5 of, or pursuant to Division 26 (commencing with Section 35100) of, the Public Resources Code, notice may be provided pursuant to paragraph (1) of subdivision (b).

(d) The notice requirements imposed by this section shall be construed as additional to, and not to supersede, existing provisions of law, and shall be applied concurrently with the existing provisions so as to not delay or prolong the governmental decisionmaking process.

(e) This section shall not apply to any new or increased general tax or any new or increased assessment that requires an election of either of the following:

(1) The property owners subject to the assessment.

(2) The voters within the local agency imposing the tax or assessment.

(f) Nothing in this section shall prohibit a local agency from holding a consolidated meeting or hearing at which the legislative body discusses multiple tax or assessment proposals.

(g) The local agency may recover the reasonable costs of public meetings, public hearings, and notice required by this section from the proceeds of the tax or assessment. The costs recovered for these purposes, whether recovered pursuant to this subdivision or any other provision of law, shall not exceed the reasonable costs of the public meetings, public hearings, and notice.

(h) Any new or increased assessment that is subject to the notice and hearing provisions of Article XIII C or XIII D of the California Constitution is not subject to the notice and hearing requirements of this section.

§ 54955. Adjournment; adjourned meetings

The legislative body of a local agency may adjourn any regular, adjourned regular, special or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting the clerk or secretary of the legislative body may declare the meeting adjourned to a stated time and place and he shall cause a written notice of the adjournment to be given in the same manner as provided in Section 54956 for special meetings, unless such notice is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within 24 hours after the time of the adjournment. When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified for regular meetings by ordinance, resolution, bylaw, or other rule.

§ 54955.1. Continuance

Any hearing being held, or noticed or ordered to be held, by a legislative body of a local agency at any meeting may by order or notice of continuance be continued or recontinued to any subsequent meeting of the legislative body in the same manner and to the same extent set forth in Section 54955 for the adjournment of meetings; provided, that if the hearing is continued to a time less than 24 hours after the time specified in the order or notice of hearing, a copy of the order or notice of continuance of hearing shall be posted immediately following the meeting at which the order or declaration of continuance was adopted or made.

§ 54956. Special meetings; call; notice

A special meeting may be called at any time by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body, by delivering written notice to each member of the legislative body and to each local newspaper of general circulation and radio or television station requesting notice in writing. The notice shall be

delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the clerk or secretary of the legislative body a written waiver of notice. The waiver may be given by telegram. The written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

The call and notice shall be posted at least 24 hours prior to the special meeting in a location that is freely accessible to members of the public.

§ 54956.5. Emergency meetings in emergency situations

(a) For purposes of this section, "emergency situation" means both of the following:

(1) An emergency, which shall be defined as a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority of the members of the legislative body.

(2) A dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring a legislative body to provide one-hour notice before holding an emergency meeting under this section may endanger the public health, safety, or both, as determined by a majority of the members of the legislative body.

(b) (1) Subject to paragraph (2), in the case of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, a legislative body may hold an emergency meeting without complying with either the 24-hour notice requirement or the 24-hour posting requirement of Section 54956 or both of the notice and posting requirements.

(2) Each local newspaper of general circulation and radio or television station that has requested notice of special meetings pursuant to Section 54956 shall be notified by the presiding officer of the legislative body, or designee thereof, one hour prior to the emergency meeting, or, in the case of a dire emergency, at or near the time that the presiding officer or designee notifies the members of the legislative body of the emergency meeting. This notice shall be given by telephone and all telephone numbers provided in the most recent request of a newspaper or station for notification of special meetings shall be exhausted. In the event that telephone services are not functioning, the notice requirements of this section shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

(c) During a meeting held pursuant to this section, the legislative body may meet in closed session pursuant to Section 54957 if agreed to by a two-thirds vote of the members of

the legislative body present, or, if less than two-thirds of the members are present, by a unanimous vote of the members present.

(d) All special meeting requirements, as prescribed in Section 54956 shall be applicable to a meeting called pursuant to this section, with the exception of the 24-hour notice requirement.

(e) The minutes of a meeting called pursuant to this section, a list of persons who the presiding officer of the legislative body, or designee of the legislative body, notified or attempted to notify, a copy of the rollcall vote, and any actions taken at the meeting shall be posted for a minimum of 10 days in a public place as soon after the meeting as possible.

§ 54956.6. Fees

No fees may be charged by the legislative body of a local agency for carrying out any provision of this chapter, except as specifically authorized by this chapter.

§ 54956.7. Closed sessions, license applications; rehabilitated criminals

Whenever a legislative body of a local agency determines that it is necessary to discuss and determine whether an applicant for a license or license renewal, who has a criminal record, is sufficiently rehabilitated to obtain the license, the legislative body may hold a closed session with the applicant and the applicant's attorney, if any, for the purpose of holding the discussion and making the determination. If the legislative body determines, as a result of the closed session, that the issuance or renewal of the license should be denied, the applicant shall be offered the opportunity to withdraw the application. If the applicant withdraws the application, no record shall be kept of the discussions or decisions made at the closed session and all matters relating to the closed session shall be confidential. If the applicant does not withdraw the application, the legislative body shall take action at the public meeting during which the closed session is held or at its next public meeting denying the application for the license but all matters relating to the closed session are confidential and shall not be disclosed without the consent of the applicant, except in an action by an applicant who has been denied a license challenging the denial of the license.

§ 54956.75. Closed session; response to confidential final draft audit report; public release of report

(a) Nothing contained in this chapter shall be construed to prevent the legislative body of a local agency that has received a confidential final draft audit report from the Bureau of State Audits from holding closed sessions to discuss its response to that report.

(b) After the public release of an audit report by the Bureau of State Audits, if a legislative body of a local agency meets to discuss the audit report, it shall do so in an open session unless exempted from that requirement by some other provision of law.

§ 54956.8. Real property transactions; closed meeting with negotiator

Notwithstanding any other provision of this chapter, a legislative body of a local agency may hold a closed session with its negotiator prior to the purchase, sale, exchange, or lease of real property by or for the local agency to grant authority to its negotiator regarding the price and terms of payment for the purchase, sale, exchange, or lease.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its negotiators, the real property or real properties which the negotiations may concern, and the person or persons with whom its negotiators may negotiate.

For purposes of this section, negotiators may be members of the legislative body of the local agency.

For purposes of this section, "lease" includes renewal or renegotiation of a lease.

Nothing in this section shall preclude a local agency from holding a closed session for discussions regarding eminent domain proceedings pursuant to Section 54956.9.

§ 54956.81. Investments of pension funds; closed session

Notwithstanding any other provision of this chapter, a legislative body of a local agency that invests pension funds may hold a closed session to consider the purchase or sale of particular, specific pension fund investments. All investment transaction decisions made during the closed session shall be made by rollcall vote entered into the minutes of the closed session as provided in subdivision (a) of Section 54957.2.

§ 54956.86. Charges or complaints from members of local agency health plans; closed hearings; members' rights

Notwithstanding any other provision of this chapter, a legislative body of a local agency which provides services pursuant to Section 14087.3 of the Welfare and Institutions Code may hold a closed session to hear a charge or complaint from a member enrolled in its health plan if the member does not wish to have his or her name, medical status, or other information that is protected by federal law publicly disclosed. Prior to holding a closed session pursuant to this section, the legislative body shall inform the member, in writing, of his or her right to have the charge or complaint heard in an open session rather than a closed session.

§ 54956.87. Records of certain health plans; meetings on health plan trade secrets

(a) Notwithstanding any other provision of this chapter, the records of a health plan that is licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) and that is governed by a county board of supervisors, whether paper records, records maintained in the management information system, or records in any other form, that relate to provider rate or payment determinations, allocation or distribution methodologies for provider payments, formulas or calculations for these payments, and contract negotiations with providers of health

care for alternative rates are exempt from disclosure for a period of three years after the contract is fully executed. The transmission of the records, or the information contained therein in an alternative form, to the board of supervisors shall not constitute a waiver of exemption from disclosure, and the records and information once transmitted to the board of supervisors shall be subject to this same exemption.

(b) Notwithstanding any other provision of law, the governing board of a health plan that is licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code) and that is governed by a county board of supervisors may order that a meeting held solely for the purpose of discussion or taking action on health plan trade secrets, as defined in subdivision (f), shall be held in closed session. The requirements of making a public report of action taken in closed session, and the vote or abstention of every member present, may be limited to a brief general description without the information constituting the trade secret.

(c) Notwithstanding any other provision of law, the governing board of a health plan may meet in closed session to consider and take action on matters pertaining to contracts and contract negotiations by the health plan with providers of health care services concerning all matters related to rates of payment. The governing board may delete the portion or portions containing trade secrets from any documents that were finally approved in the closed session held pursuant to subdivision (b) that are provided to persons who have made the timely or standing request.

(d) Nothing in this section shall be construed as preventing the governing board from meeting in closed session as otherwise provided by law.

(e) The provisions of this section shall not prevent access to any records by the Joint Legislative Audit Committee in the exercise of its powers pursuant to Article 1 (commencing with Section 10500) of Chapter 4 of Part 2 of Division 2 of Title 2. The provisions of this section also shall not prevent access to any records by the Department of Corporations in the exercise of its powers pursuant to Article 1 (commencing with Section 1340) of Chapter 2.2 of Division 2 of the Health and Safety Code.

(f) For purposes of this section, "health plan trade secret" means a trade secret, as defined in subdivision (d) of Section 3426.1 of the Civil Code, that also meets both of the following criteria:

(1) The secrecy of the information is necessary for the health plan to initiate a new service, program, marketing strategy, business plan, or technology, or to add a benefit or product.

(2) Premature disclosure of the trade secret would create a substantial probability of depriving the health plan of a substantial economic benefit or opportunity.

§ 54956.9. Pending litigation; closed session; lawyer-client privilege; notice; memorandum

Nothing in this chapter shall be construed to prevent a legislative body of a local agency, based on advice of its legal counsel, from holding a closed session to confer with, or receive advice from, its legal counsel regarding pending litigation when discussion in open session concerning those matters would prejudice the position of the local agency in the litigation.

For purposes of this chapter, all expressions of the lawyer-client privilege other than those provided in this section are hereby abrogated. This section is the exclusive expression of the lawyer-client privilege for purposes of conducting closed-session meetings pursuant to this chapter.

For purposes of this section, "litigation" includes any adjudicatory proceeding, including eminent domain, before a court, administrative body exercising its adjudicatory authority, hearing officer, or arbitrator.

For purposes of this section, litigation shall be considered pending when any of the following circumstances exist:

- (a) Litigation, to which the local agency is a party, has been initiated formally.
- (b)
 - (1) A point has been reached where, in the opinion of the legislative body of the local agency on the advice of its legal counsel, based on existing facts and circumstances, there is a significant exposure to litigation against the local agency.
 - (2) Based on existing facts and circumstances, the legislative body of the local agency is meeting only to decide whether a closed session is authorized pursuant to paragraph (1) of this subdivision.
 - (3) For purposes of paragraphs (1) and (2), "existing facts and circumstances" shall consist only of one of the following:
 - (A) Facts and circumstances that might result in litigation against the local agency but which the local agency believes are not yet known to a potential plaintiff or plaintiffs, which facts and circumstances need not be disclosed.
 - (B) Facts and circumstances, including, but not limited to, an accident, disaster, incident, or transactional occurrence that might result in litigation against the agency and that are known to a potential plaintiff or plaintiffs, which facts or circumstances shall be publicly stated on the agenda or announced.
 - (C) The receipt of a claim pursuant to the Tort Claims Act or some other written communication from a potential plaintiff threatening litigation, which claim or communication shall be available for public inspection pursuant to Section 54957.5.
 - (D) A statement made by a person in an open and public meeting threatening litigation on a specific matter within the responsibility of the legislative body.

(E) A statement threatening litigation made by a person outside an open and public meeting on a specific matter within the responsibility of the legislative body so long as the official or employee of the local agency receiving knowledge of the threat makes a contemporaneous or other record of the statement prior to the meeting, which record shall be available for public inspection pursuant to Section 54957.5. The records so created need not identify the alleged victim of unlawful or tortious sexual conduct or anyone making the threat on their behalf, or identify a public employee who is the alleged perpetrator of any unlawful or tortious conduct upon which a threat of litigation is based, unless the identity of the person has been publicly disclosed.

(F) Nothing in this section shall require disclosure of written communications that are privileged and not subject to disclosure pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(c) Based on existing facts and circumstances, the legislative body of the local agency has decided to initiate or is deciding whether to initiate litigation.

Prior to holding a closed session pursuant to this section, the legislative body of the local agency shall state on the agenda or publicly announce the subdivision of this section that authorizes the closed session. If the session is closed pursuant to subdivision (a), the body shall state the title of or otherwise specifically identify the litigation to be discussed, unless the body states that to do so would jeopardize the agency's ability to effectuate service of process upon one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

A local agency shall be considered to be a "party" or to have a "significant exposure to litigation" if an officer or employee of the local agency is a party or has significant exposure to litigation concerning prior or prospective activities or alleged activities during the course and scope of that office or employment, including litigation in which it is an issue whether an activity is outside the course and scope of the office or employment.

§ 54956.95. Closed sessions; insurance pooling; tort liability losses; public liability losses; workers' compensation liability

(a) Nothing in this chapter shall be construed to prevent a joint powers agency formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, for purposes of insurance pooling, or a local agency member of the joint powers agency, from holding a closed session to discuss a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers agency or a local agency member of the joint powers agency.

(b) Nothing in this chapter shall be construed to prevent the Local Agency Self-Insurance Authority formed pursuant to Chapter 5.5 (commencing with Section 6599.01) of Division 7 of Title 1, or a local agency member of the authority, from holding a closed session to discuss a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the authority or a local agency member of the authority.

(c) Nothing in this section shall be construed to affect Section 54956.9 with respect to any other local agency.

§ 54956.96. Joint powers agency; legislative body; closed session; confidential information

(a) Nothing in this chapter shall be construed to prevent the legislative body of a joint powers agency formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1, from adopting a policy or a bylaw or including in its joint powers agreement provisions that authorize either or both of the following:

(1) All information received by the legislative body of the local agency member in a closed session related to the information presented to the joint powers agency in closed session shall be confidential. However, a member of the legislative body of a member local agency may disclose information obtained in a closed session that has direct financial or liability implications for that local agency to the following individuals:

(A) Legal counsel of that member local agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member local agency.

(B) Other members of the legislative body of the local agency present in a closed session of the member local agency.

(2) Any designated alternate member of the legislative body of the joint powers agency who is also a member of the legislative body of a local agency member and who is attending a properly noticed meeting of the joint powers agency in lieu of a local agency member's regularly appointed member to attend closed sessions of the joint powers agency.

(b) If the legislative body of a joint powers agency adopts a policy or a bylaw or includes provisions in its joint powers agreement pursuant to subdivision (a), then the legislative body of the local agency member, upon the advice of its legal counsel, may conduct a closed session in order to receive, discuss, and take action concerning information obtained in a closed session of the joint powers agency pursuant to paragraph (1) of subdivision (a).

§ 54957. Closed sessions; personnel matters; exclusion of witnesses

(a) Nothing contained in this chapter shall be construed to prevent the legislative body of a local agency from holding closed sessions with the Attorney General, district attorney, agency counsel, sheriff, or chief of police, or their respective deputies, or a security consultant or a security operations manager, on matters posing a threat to the security of public buildings, a threat to the security of essential public services, including water, drinking water, wastewater treatment, natural gas service, and electric service, or a threat to the public's right of access to public services or public facilities.

(b) (1) Subject to paragraph (2), nothing contained in this chapter shall be construed to prevent the legislative body of a local agency from holding closed sessions during a regular or special meeting to consider the appointment, employment, evaluation of

performance, discipline, or dismissal of a public employee or to hear complaints or charges brought against an employee by another person or employee unless an employee requests a public session.

(2) As a condition to holding a closed session on specific complaints or charges brought against an employee by another person or employee, the employee shall be given written notice of his or her right to have the complaints or charges heard in an open session rather than a closed session, which notice shall be delivered to the employee personally or by mail at least 24 hours before the time for holding the session. If notice is not given, any disciplinary or other action taken by the legislative body against the employee based on the specific complaints or charges in the closed session shall be null and void.

(3) The legislative body also may exclude from the public or closed meeting, during the examination of a witness, any or all other witnesses in the matter being investigated by the legislative body.

(4) For the purposes of this subdivision, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee but shall not include any elected official, member of a legislative body or other independent contractors. Nothing in this subdivision shall limit local officials' ability to hold closed session meetings pursuant to Sections 1461, 32106, and 32155 of the Health and Safety Code or Sections 37606 and 37624.3 of the Government Code. Closed sessions held pursuant to this subdivision shall not include discussion or action on proposed compensation except for a reduction of compensation that results from the imposition of discipline.

§ 54957.1. Closed sessions; public report of action taken

(a) The legislative body of any local agency shall publicly report any action taken in closed session and the vote or abstention on that action of every member present, as follows:

(1) Approval of an agreement concluding real estate negotiations pursuant to Section 54956.8 shall be reported after the agreement is final, as follows:

(A) If its own approval renders the agreement final, the body shall report that approval and the substance of the agreement in open session at the public meeting during which the closed session is held.

(B) If final approval rests with the other party to the negotiations, the local agency shall disclose the fact of that approval and the substance of the agreement upon inquiry by any person, as soon as the other party or its agent has informed the local agency of its approval.

(2) Approval given to its legal counsel to defend, or seek or refrain from seeking appellate review or relief, or to enter as an amicus curiae in any form of litigation as the result of a consultation under Section 54956.9 shall be reported in open session at the public meeting during which the closed session is held. The report shall identify, if known, the adverse party or parties and the substance of the litigation. In the case of approval given to initiate or intervene in an action, the announcement need not identify the action, the defendants, or other

particulars, but shall specify that the direction to initiate or intervene in an action has been given and that the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency's ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

(3) Approval given to its legal counsel of a settlement of pending litigation, as defined in Section 54956.9, at any stage prior to or during a judicial or quasi-judicial proceeding shall be reported after the settlement is final, as follows:

(A) If the legislative body accepts a settlement offer signed by the opposing party, the body shall report its acceptance and identify the substance of the agreement in open session at the public meeting during which the closed session is held.

(B) If final approval rests with some other party to the litigation or with the court, then as soon as the settlement becomes final, and upon inquiry by any person, the local agency shall disclose the fact of that approval, and identify the substance of the agreement.

(4) Disposition reached as to claims discussed in closed session pursuant to Section 54956.95 shall be reported as soon as reached in a manner that identifies the name of the claimant, the name of the local agency claimed against, the substance of the claim, and any monetary amount approved for payment and agreed upon by the claimant.

(5) Action taken to appoint, employ, dismiss, accept the resignation of, or otherwise affect the employment status of a public employee in closed session pursuant to Section 54957 shall be reported at the public meeting during which the closed session is held. Any report required by this paragraph shall identify the title of the position. The general requirement of this paragraph notwithstanding, the report of a dismissal or of the nonrenewal of an employment contract shall be deferred until the first public meeting following the exhaustion of administrative remedies, if any.

(6) Approval of an agreement concluding labor negotiations with represented employees pursuant to Section 54957.6 shall be reported after the agreement is final and has been accepted or ratified by the other party. The report shall identify the item approved and the other party or parties to the negotiation.

(7) Pension fund investment transaction decisions made pursuant to Section 54956.81 shall be disclosed at the first open meeting of the legislative body held after the earlier of the close of the investment transaction or the transfer of pension fund assets for the investment transaction.

(b) Reports that are required to be made pursuant to this section may be made orally or in writing. The legislative body shall provide to any person who has submitted a written request to the legislative body within 24 hours of the posting of the agenda, or to any person who has made a standing request for all documentation as part of a request for notice of meetings pursuant to Section 54954.1 or 54956, if the requester is present at the time the closed session ends, copies of any contracts, settlement agreements, or other documents that were finally approved or adopted in the closed session. If the action taken results in one or more

substantive amendments to the related documents requiring retyping, the documents need not be released until the retyping is completed during normal business hours, provided that the presiding officer of the legislative body or his or her designee orally summarizes the substance of the amendments for the benefit of the document requester or any other person present and requesting the information.

(c) The documentation referred to in subdivision (b) shall be available to any person on the next business day following the meeting in which the action referred to is taken or, in the case of substantial amendments, when any necessary retyping is complete.

(d) Nothing in this section shall be construed to require that the legislative body approve actions not otherwise subject to legislative body approval.

(e) No action for injury to a reputational, liberty, or other personal interest may be commenced by or on behalf of any employee or former employee with respect to whom a disclosure is made by a legislative body in an effort to comply with this section.

(f) This section is necessary to implement and reasonably within the scope of paragraph (1) of subdivision (b) of Section 3 of Article I of the California Constitution.

§ 54957.2. Minute book record of closed sessions; inspection

(a) The legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The minute book made pursuant to this section is not a public record subject to inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and shall be kept confidential. The minute book shall be available only to members of the legislative body or, if a violation of this chapter is alleged to have occurred at a closed session, to a court of general jurisdiction wherein the local agency lies. Such minute book may, but need not, consist of a recording of the closed session.

(b) An elected legislative body of a local agency may require that each legislative body all or a majority of whose members are appointed by or under the authority of the elected legislative body keep a minute book as prescribed under subdivision (a).

§ 54957.5. Agendas and other writings distributed for discussion or consideration at public meetings; public records; inspection; closed sessions

(a) Notwithstanding Section 6255 or any other provisions of law, agendas of public meetings and any other writings, when distributed to all, or a majority of all, of the members of a legislative body of a local agency by any person in connection with a matter subject to discussion or consideration at an open meeting of the body, are disclosable public records under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and shall be made available upon request without delay. However, this section shall not include any writing exempt from public disclosure under Section 6253.5, 6254, 6254.3, 6254.7, 6254.15, 6254.16 or 6254.22.

(b) (1) If a writing that is a public record under subdivision (a), and that relates to an agenda item for an open session of a regular meeting of the legislative body of a local agency, is distributed less than 72 hours prior to that meeting, the writing shall be made available for public inspection pursuant to paragraph (2) at the time the writing is distributed to all, or a majority of all, of the members of the body.

(2) A local agency shall make any writing described in paragraph (1) available for public inspection at a public office or location that the agency shall designate for this purpose. Each local agency shall list the address of this office or location on the agendas for all meetings of the legislative body of that agency. The local agency also may post the writing on the local agency's Internet Web site in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting.

(3) This subdivision shall become operative on July 1, 2008.

(c) Writings that are public records under subdivision (a) and that are distributed during a public meeting shall be made available for public inspection at the meeting if prepared by the local agency or a member of its legislative body, or after the meeting if prepared by some other person. These writings shall be made available in appropriate alternative formats upon request by a person with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof.

(d) Nothing in this chapter shall be construed to prevent the legislative body of a local agency from charging a fee or deposit for a copy of a public record pursuant to Section 6253, except that no surcharge shall be imposed on persons with disabilities in violation of Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the federal rules and regulations adopted in implementation thereof.

(e) This section shall not be construed to limit or delay the public's right to inspect or obtain a copy of any record required to be disclosed under the requirements of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1). Nothing in this chapter shall be construed to require a legislative body of a local agency to place any paid advertisement or any other paid notice in any publication.

§ 54957.6. Closed sessions; salaries, salary schedules or fringe benefits

(a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

Closed sessions of a legislative body of a local agency, as permitted in this section, shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

Closed sessions, as permitted in this section, may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

Closed sessions with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

Closed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees.

For the purposes enumerated in this section, a legislative body of a local agency may also meet with a state conciliator who has intervened in the proceedings.

(b) For the purposes of this section, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee, but shall not include any elected official, member of a legislative body, or other independent contractors.

§ 54957.7. Disclosure of items to be discussed in closed sessions

(a) Prior to holding any closed session, the legislative body of the local agency shall disclose, in an open meeting, the item or items to be discussed in the closed session. The disclosure may take the form of a reference to the item or items as they are listed by number or letter on the agenda. In the closed session, the legislative body may consider only those matters covered in its statement. Nothing in this section shall require or authorize a disclosure of information prohibited by state or federal law.

(b) After any closed session, the legislative body shall reconvene into open session prior to adjournment and shall make any disclosures required by Section 54957.1 of action taken in the closed session.

(c) The announcements required to be made in open session pursuant to this section may be made at the location announced in the agenda for the closed session, as long as the public is allowed to be present at that location for the purpose of hearing the announcements.

§ 54957.8. Closed sessions; legislative body of a multijurisdictional drug law enforcement agency

(a) For purposes of this section, "multijurisdictional law enforcement agency" means a joint powers entity formed pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 that provides law enforcement services for the parties to the joint powers agreement for the purpose of investigating criminal activity involving drugs;

gangs; sex crimes; firearms trafficking or felony possession of a firearm; high technology, computer, or identity theft; human trafficking; or vehicle theft.

(b) Nothing contained in this chapter shall be construed to prevent the legislative body of a multijurisdictional law enforcement agency, or an advisory body of a multijurisdictional law enforcement agency, from holding closed sessions to discuss the case records of any ongoing criminal investigation of the multijurisdictional law enforcement agency or of any party to the joint powers agreement, to hear testimony from persons involved in the investigation, and to discuss courses of action in particular cases.

§ 54957.9. Disorderly conduct of general public during meeting; clearing of room

In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the members of the legislative body conducting the meeting may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, shall be allowed to attend any session held pursuant to this section. Nothing in this section shall prohibit the legislative body from establishing a procedure for readmitting an individual or individuals not responsible for willfully disturbing the orderly conduct of the meeting.

§ 54957.10. Closed sessions; agency employee deferred compensation plan withdrawal applications; financial hardship

Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions to discuss a local agency employee's application for early withdrawal of funds in a deferred compensation plan when the application is based on financial hardship arising from an unforeseeable emergency due to illness, accident, casualty, or other extraordinary event, as specified in the deferred compensation plan.

§ 54958. Application of chapter

The provisions of this chapter shall apply to the legislative body of every local agency notwithstanding the conflicting provisions of any other state law.

§ 54959. Penalty for unlawful meeting

Each member of a legislative body who attends a meeting of that legislative body where action is taken in violation of any provision of this chapter, and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled under this chapter, is guilty of a misdemeanor.

§ 54960. Actions to stop or prevent violations of meeting provisions; applicability of meeting provisions; validity of rules or actions on recording closed sessions

(a) The district attorney or any interested person may commence an action by mandamus, injunction or declaratory relief for the purpose of stopping or preventing violations

or threatened violations of this chapter by members of the legislative body of a local agency or to determine the applicability of this chapter to actions or threatened future action of the legislative body, or to determine whether any rule or action by the legislative body to penalize or otherwise discourage the expression of one or more of its members is valid or invalid under the laws of this state or of the United States, or to compel the legislative body to tape record its closed sessions as hereinafter provided.

(b) The court in its discretion may, upon a judgment of a violation of Section 54956.7, 54956.8, 54956.9, 54956.95, 54957, or 54957.6, order the legislative body to tape record its closed sessions and preserve the tape recordings for the period and under the terms of security and confidentiality the court deems appropriate.

(c) (1) Each recording so kept shall be immediately labeled with the date of the closed session recorded and the title of the clerk or other officer who shall be custodian of the recording.

(2) The tapes shall be subject to the following discovery procedures:

(A) In any case in which discovery or disclosure of the tape is sought by either the district attorney or the plaintiff in a civil action pursuant to Section 54959, 54960, or 54960.1 alleging that a violation of this chapter has occurred in a closed session which has been recorded pursuant to this section, the party seeking discovery or disclosure shall file a written notice of motion with the appropriate court with notice to the governmental agency which has custody and control of the tape recording. The notice shall be given pursuant to subdivision (b) of Section 1005 of the Code of Civil Procedure.

(B) The notice shall include, in addition to the items required by Section 1010 of the Code of Civil Procedure, all of the following:

(i) Identification of the proceeding in which discovery or disclosure is sought, the party seeking discovery or disclosure, the date and time of the meeting recorded, and the governmental agency which has custody and control of the recording.

(ii) An affidavit which contains specific facts indicating that a violation of the act occurred in the closed session.

(3) If the court, following a review of the motion, finds that there is good cause to believe that a violation has occurred, the court may review, in camera, the recording of that portion of the closed session alleged to have violated the act.

(4) If, following the in camera review, the court concludes that disclosure of a portion of the recording would be likely to materially assist in the resolution of the litigation alleging violation of this chapter, the court shall, in its discretion, make a certified transcript of the portion of the recording a public exhibit in the proceeding.

(5) Nothing in this section shall permit discovery of communications which are protected by the attorney-client privilege.

§ 54960.1. Unlawful action by legislative body; action for mandamus or injunction; prerequisites

(a) The district attorney or any interested person may commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 is null and void under this section. Nothing in this chapter shall be construed to prevent a legislative body from curing or correcting an action challenged pursuant to this section.

(b) Prior to any action being commenced pursuant to subdivision (a), the district attorney or interested person shall make a demand of the legislative body to cure or correct the action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5. The demand shall be in writing and clearly describe the challenged action of the legislative body and nature of the alleged violation.

(c) (1) The written demand shall be made within 90 days from the date the action was taken unless the action was taken in an open session but in violation of Section 54954.2, in which case the written demand shall be made within 30 days from the date the action was taken.

(2) Within 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action and inform the demanding party in writing of its actions to cure or correct or inform the demanding party in writing of its decision not to cure or correct the challenged action.

(3) If the legislative body takes no action within the 30-day period, the inaction shall be deemed a decision not to cure or correct the challenged action, and the 15-day period to commence the action described in subdivision (a) shall commence to run the day after the 30-day period to cure or correct expires.

(4) Within 15 days of receipt of the written notice of the legislative body's decision to cure or correct, or not to cure or correct, or within 15 days of the expiration of the 30-day period to cure or correct, whichever is earlier, the demanding party shall be required to commence the action pursuant to subdivision (a) or thereafter be barred from commencing the action.

(d) An action taken that is alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 shall not be determined to be null and void if any of the following conditions exist:

(1) The action taken was in substantial compliance with Sections 54953, 54954.2, 54954.5, 54954.6, 54956, and 54956.5.

(2) The action taken was in connection with the sale or issuance of notes, bonds, or other evidences of indebtedness or any contract, instrument, or agreement thereto.

(3) The action taken gave rise to a contractual obligation, including a contract let by competitive bid other than compensation for services in the form of salary or fees for

professional services, upon which a party has, in good faith and without notice of a challenge to the validity of the action, detrimentally relied.

(4) The action taken was in connection with the collection of any tax.

(5) Any person, city, city and county, county, district, or any agency or subdivision of the state alleging noncompliance with subdivision (a) of Section 54954.2, Section 54956, or Section 54956.5, because of any defect, error, irregularity, or omission in the notice given pursuant to those provisions, had actual notice of the item of business at least 72 hours prior to the meeting at which the action was taken, if the meeting was noticed pursuant to Section 54954.2, or 24 hours prior to the meeting at which the action was taken if the meeting was noticed pursuant to Section 54956, or prior to the meeting at which the action was taken if the meeting is held pursuant to Section 54956.5.

(e) During any action seeking a judicial determination pursuant to subdivision (a) if the court determines, pursuant to a showing by the legislative body that an action alleged to have been taken in violation of Section 54953, 54954.2, 54954.5, 54954.6, 54956, or 54956.5 has been cured or corrected by a subsequent action of the legislative body, the action filed pursuant to subdivision (a) shall be dismissed with prejudice.

(f) The fact that a legislative body takes a subsequent action to cure or correct an action taken pursuant to this section shall not be construed or admissible as evidence of a violation of this chapter.

§ 54960.5. Costs and attorney fees

A court may award court costs and reasonable attorney fees to the plaintiff in an action brought pursuant to Section 54960 or 54960.1 where it is found that a legislative body of the local agency has violated this chapter. The costs and fees shall be paid by the local agency and shall not become a personal liability of any public officer or employee of the local agency.

A court may award court costs and reasonable attorney fees to a defendant in any action brought pursuant to Section 54960 or 54960.1 where the defendant has prevailed in a final determination of such action and the court finds that the action was clearly frivolous and totally lacking in merit.

§ 54961. Meetings prohibited in facilities; grounds; identity of victims of tortious sexual conduct or child abuse

(a) No legislative body of a local agency shall conduct any meeting in any facility that prohibits the admittance of any person, or persons, on the basis of ancestry or any characteristic listed or defined in Section 11135, or which is inaccessible to disabled persons, or where members of the public may not be present without making a payment or purchase. This section shall apply to every local agency as defined in Section 54951.

(b) No notice, agenda, announcement, or report required under this chapter need identify any victim or alleged victim of tortious sexual conduct or child abuse unless the identity of the person has been publicly disclosed.

§ 54962. Closed session by legislative body prohibited

Except as expressly authorized by this chapter, or by Sections 1461, 1462, 32106 and 32155 of the Health and Safety Code, or by Sections 37606, 37606.1, and 37624.3 of the Government Code as they apply to hospitals, or by any provision of the Education Code pertaining to school districts and community college districts, no closed session may be held by any legislative body of any local agency.

§ 54963. Confidential information acquired during an authorized closed legislative session; authorization by legislative body; remedies for violation; exceptions

(a) A person may not disclose confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.86, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grand jury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be taken by a legislative body of local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.

**Schedule of 2012 Meetings
of the Oversight Board
of the Santa Cruz County Redevelopment Successor Agency**

Dates

Tuesday, April 24, 2012
Tuesday, August 28, 2012
Tuesday, November 15, 2012

All meetings to be held at 9:00 a.m. at:
Board Chambers
Governmental Center Building
701 Ocean Street, Room 525
Santa Cruz, CA 95060



County of Santa Cruz

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4073

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

March 21, 2012

Agenda: March 27, 2012

Oversight Board
Santa Cruz County Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

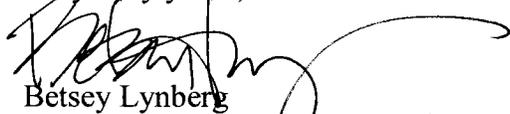
ADOPTION OF A CONFLICT OF INTEREST CODE

Dear Members of the Board:

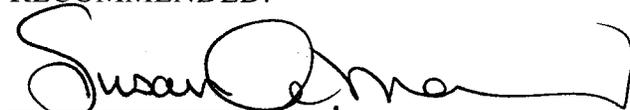
The Fair Political Practices Commission's guidelines require the Oversight Board of the Santa Cruz County Redevelopment Successor Agency to adopt a resolution establishing a Conflict of Interest Code for designated positions (Attachment 1).

It is therefore RECOMMENDED that your Board adopt the attached resolution establishing a Conflict of Interest Code for the Oversight Board of the Santa Cruz County Redevelopment Successor Agency.

Very truly yours,


Betsey Lynberg
Assistant Public Works Director - Parks

RECOMMENDED:


Susan A. Mauriello
County Administrative Officer

BL:kn

Attachments

cc: CAO, Auditor-Controller, County Counsel, Successor Agency, County Clerk

BEFORE THE OVERSIGHT BOARD OF THE SANTA CRUZ COUNTY
REDEVELOPMENT SUCCESSOR AGENCY

RESOLUTION NO. _____

RESOLUTION ADOPTING CONFLICT OF INTEREST CODE OF THE SANTA
CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

WHEREAS, the Political Reforms Act, Government Code Sections 81000, et seq., requires this agency to adopt and promulgate a Conflict of Interest Code; and

WHEREAS, the Fair Political Practices Commission has adopted a regulation 2 Cal. Code of Regs. Section 18730, which contains the terms of a standard model Conflict of Interest Code, which can be incorporated by reference, and which will be amended to conform to amendments in the Political Reform Act after public notice and hearings conducted by the Fair Political Practices Commission pursuant to the Administrative Procedures Act, Government Code Sections 11370, et seq.; and

WHEREAS, a hearing has been held pursuant to notice; and

WHEREAS, this body has determined that the attached Appendix accurately sets forth those positions should be designated and the categories of financial interests which should be made reportable.

NOW, THEREFORE, IT IS HEREBY RESOLVED AND ORDERED by the Oversight Board of the Santa Cruz County Redevelopment Successor Agency that the attached Conflict of Interest Code is adopted.

PASSED AND ADOPTED by the Oversight Board of the Santa Cruz County Redevelopment Successor Agency, this _____ day of _____, 2012, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Chairperson of the Oversight Board

APPROVED AS TO FORM:



County Counsel

Appendix

CONFLICT OF INTEREST CODE OF THE SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

Incorporation of Model Code. The terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of this Agency.

Designated Positions. The positions listed on Exhibit "A" are designated positions. Officers and employees holding these positions are deemed to make or participate in the making of decisions which may have a material effect on a financial interest.

Disclosure Statements. A person holding a designated position shall be assigned to one or more of the disclosure categories set forth on Exhibit "B" unless such persons are already required to file disclosure statements of economic interests under the provision of Section 87200 of the California Government Code. Each person assigned a disclosure category shall file an annual statement disclosing that person's interest in investments, real property, and income designated as reportable under the category to which the person's position is assigned in Exhibit "A".

Place and Time of Filing.

1. Filing Originals. All persons holding designated positions with an assigned disclosure category shall file the original statement of economic interests with this agency.
2. Filing Copies. This Agency shall make and retain a copy and forward the originals of these statements to the County Clerk.
3. Initial Statements-After Code Adoption. A person holding a designated position with an assigned disclosure category shall submit an initial statement of economic interest within 30 days after the effective date of this Code.
4. Annual and Other Statements. Persons holding designated positions with an assigned disclosure category shall file annual statements of economic interest and other required statements pursuant to Section 5 of the Conflict of Interest Code provisions contained in 2 Cal. Code of Regs. Section 18730.

EXHIBIT "A"

DESIGNATED POSITIONS

Oversight Board of the Santa Cruz County Redevelopment Successor Agency

DISCLOSURE CATEGORY 1

1. Oversight Board Member
2. County Administrative Officer
3. Assistant County Administrative Officer
4. County Counsel
5. Administrative Services Manager (assigned to Redevelopment Successor Agency)
6. Assistant Public Works Director – Parks (assigned to Redevelopment Successor Agency)
7. Planning Director
8. Project Manager (Planning Housing)

EXHIBIT "B"

DISCLOSURE CATEGORIES

An interest in real property, income, or investment is reportable if the interest in real property, the income or source of income, or the investment may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

"Interest in Real Property" means any interest therein, including any leasehold, beneficial or ownership interest or option to acquire such interest in real property, if the fair market value of the interest is greater than \$1,000. Such interests of an individual include a business entity's share of interest in real property or any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly, or beneficially, a 10% or greater interest.

"Income" received from a public agency need not be disclosed. For purposes of exemption, the term "income from a public agency" includes Agency or County salary and income derived from publicly operated schools for teaching or consulting activities.

"Investments" include: (1) Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership interest or other ownership interest; and (2) A pro rata share of investments of any business entity or trust in which the designated employee or his or her spouse owns, directly, indirectly, or beneficially, a 10% interest or greater.

"Investments" do not include: (1) A time or demand deposit in a financial institution, shares in a credit union, any insurance policy, or any bond or other debt instrument issued by any government or government agency; or (2) Assets whose fair market value is less than \$1,000.

Designated employees in the following category or categories must report:

Category 1: Interests in Real Property, Income, Investments, and Management Positions Held by Designated Employee. All interests in real property, income, and investments, and any business entity in which the designated employee is a director, officer, partner, trustee, employee or holds any position of management. Financial interests are reportable only if located within or subject to the jurisdiction of the agency or if the business entity is doing business or planning to do business in the jurisdiction or has done business within the jurisdiction at any time during the two years prior to the filing of the statement.

Category 2: Interests in Contractors with Agency.

a. Investments, Income – Contractors with Agency. Investments in and income from any business entity which, within the last two years, has contracted or subcontracted, or in the foreseeable future may contract or subcontract, with this agency to provide services, supplies, materials, machinery or equipment to this agency.

b. Management Position with Agency. His or her status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity, which, within the last two years, has contracted or subcontracted with this agency to provide services, supplies, materials, machinery or equipment to this agency.

Category 3: Interests in Real Property. All interests in real property within the jurisdiction of the Agency.

Category 4: Income. All income (including gifts) from any source located or doing business within the jurisdiction of the Agency.

Category 5: Investments. All investments in business entities located in or owning real property within the jurisdiction of the Agency.

Category 6: Real Estate, Building and Construction Industry. All investments in and any income from sources engaged in selling or buying real estate or engaged in the construction or building industry within the jurisdiction of the Agency.



County of Santa Cruz

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

701 OCEAN STREET, ROOM 510, SANTA CRUZ, CA 95060-4073

(831) 454-2280 FAX: (831) 454-3420 TDD: (831) 454-2123

March 21, 2012

Agenda: March 27, 2012

Oversight Board
Santa Cruz County Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

APPROVAL OF THE ADMINISTRATIVE BUDGET FOR FEBRUARY 1, 2012 THROUGH JUNE 30, 2012

Dear Members of the Board:

California Health & Safety Code Section 34177(j) requires that the Administrative Budget be prepared by the Successor Agency for approval by the Oversight Board. The Board of Supervisors, acting as the Santa Cruz County Redevelopment Successor Agency, approved the Administrative Budget (Attachment 1), covering the period February 1, 2012 through June 30, 2012, on March 20, 2012. It includes appropriations for salaries and employee benefits for the one remaining staff person, as well as appropriations for services and supplies, including services provided by other County departments. Services from other departments include the increased staff time to wind down the former Redevelopment Agency, and the administrative costs of the Oversight Board.

AB x1 26 provides for an Administrative Cost Allowance of up to 5% of the property tax allocated to the successor agency for 2011-12. Based upon estimated taxes received for the full fiscal year 2011-12, pro-rated for the five month period, February through June, the Administrative Cost Allowance for 2011-12 is approximately \$458,333. However, AB x1 26 also states that the allowance amount shall exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax. There are sufficient reserves in the Successor Agency to fund the proposed administrative budget through June 30, 2012, without drawing on the 2011-12 5% Administrative Cost Allowance from property taxes.

It is therefore RECOMMENDED that your Board adopt the Administrative Budget for the period February 1, 2012 through June 30, 2012.

Very truly yours,


Betsy Lynberg
Assistant Public Works Director - Parks

RECOMMENDED:


Susan A. Mauriello
County Administrative Officer

BL:kn

Attachments

cc: CAO, Auditor-Controller, County Counsel, Successor Agency

Santa Cruz County Redevelopment Successor Agency
 Administrative Budget for the period February 1, 2012 - June 30, 2012

Account #	Account Title	RDA 2011-12 Budget	Actual Expenditures July 2011-Jan 2012	Successor Agency Admin. Budget Feb-June 2012	Fiscal Year 2011-12 Total Budget
REVENUES					
	Revenue (Interest & Operating Transfers In)	990,008.00	989,217.88	115,930.12	1,105,148.00
	TOTAL REVENUES	990,008.00	989,217.88	115,930.12	1,105,148.00
EXPENDITURES					
	Salaries and Employee Benefits	438,928.00	349,900.06	89,028.00	438,928.00
	Labor Clearing Crosswalk	(438,928.00)	(349,900.06)	0.00	(349,901.00)
	Total	0.00	0.00	89,028.00	89,027.00
	Services and Supplies	402,427.00	51,474.25	369,305.00	420,781.00
	Intra-Fund Transfer or Control Accounts	(402,427.00)	(51,474.25)	0.00	(51,475.00)
	Total	0.00	0.00	369,305.00	369,306.00
	RDA Projects and Programs	989,755.00	646,559.46	0.00	646,560.00
	TOTAL EXPENDITURES	989,755.00	646,559.46	458,333.00	1,104,893.00

Narrative:

Revenues are funded by transfers from the Capital Projects Tax Increment Fund and interest. The administrative budget includes costs for one remaining staff person, as well as administrative expenses from other County departments, including the Auditor-Controller, Clerk of the Board, Information Services, Planning, Public Works, County Administrative Office, and County Counsel. Other indirect County costs related to activities of the Successor Agency are paid through County overhead charges. Costs for the Oversight Board, such as notices and meetings, are included in the administrative budget.



County of Santa Cruz

SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY

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March 21, 2012

Agenda: March 27, 2012

Oversight Board
Santa Cruz County Redevelopment Successor Agency
701 Ocean Street
Santa Cruz, CA 95060

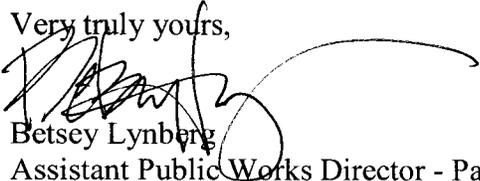
APPROVAL OF THE CERTIFIED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JANUARY 1, 2012 THROUGH JUNE 30, 2012

Dear Members of the Board:

California Health & Safety Code Sections 34177(l)(2)(B) and 34180(g) require that the establishment of a Recognized Obligation Payment Schedule (ROPS) be approved by the oversight board. The Board of Supervisors, acting as the Santa Cruz County Redevelopment Successor Agency, approved the amended ROPS (Attachment 1), covering the period January 1, 2012 through June 30, 2012, on March 20, 2012. The Santa Cruz County Auditor-Controller has certified the ROPS (Attachment 2).

It is therefore RECOMMENDED that your Board adopt the certified Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012.

Very truly yours,


Betsy Lynberg
Assistant Public Works Director - Parks

RECOMMENDED:


Susan A. Mauriello
County Administrative Officer

BL:kn

Attachments

cc: CAO, Auditor-Controller, County Counsel, Successor Agency

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE - Amended as of 3/20/12
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation as of 12/31/11	Total Due During Fiscal Year 2011-12	FY 2011-12						Total	Source (2)			
					Jan	Feb	Mar	Apr	May	Jun					
1) 2010-11 SERAF Loan	ROA LHM Housing Fund	Loan for 2010-11 SERAF Payment	2,245,594.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	A	Property Tax revenues	
2) Contract for professional services	Community Bridges	LION Program	73,259.00	73,259.00	18,198.00	55,091.00								B	Reserve Balances/Bond Proceeds
3) Contract for design services	Moore, Ippolito & Goldman	Farm Park Project	32,394.00	38,462.00	946.00	31,444.00								B	Bond Proceeds - CP
4) Contract for construction services	David Langdon	Farm Park Project	9,458.00	9,458.00	0.00	9,458.00								B	Bond Proceeds - CP
5) Contract for construction services	PRM Construction	East Cliff Parkway Project	2,552,531.00	3,466,094.00	0.00	2,552,531.00								B	Bond Proceeds - CP
6) Contract for design services	PRM Design Group	East Cliff Parkway Project	30,447.00	64,051.00	6,085.00	24,362.00								B	Bond Proceeds - CP
7) Contract for professional services	ESA PMA	East Cliff Parkway Project	56,636.00	56,636.00	1,406.00	55,406.00								B	Bond Proceeds - CP
8) Contract for professional services	Glenn Building Company	Live Oak Resource Center Project	22,027.00	22,027.00	0.00	22,027.00								B	Bond Proceeds - CP
9) Purchase order for professional services	Santa Cruz Record	Property Management	3,594.00	6,000.00	802.00	2,792.00								B	Bond Proceeds - LHM
10) Purchase order for professional services	Exprian	credit checks	179.00	255.00	27.00	146.00								B	Bond Proceeds - LHM
11) Purchase order for professional services	Santa Cruz Record	Property records	510.00	1,020.00	0.00	510.00								B	Bond Proceeds - LHM
12) Purchase order for professional services	Bonnie, Low, Raloff Architects, Inc	Gamma House remodel project design services	1,272.00	7,500.00	788.00	483.00								B	Bond Proceeds - LHM
13) Purchase order for professional services	The Waterhouse Law Center	legal services	7,000.00	7,000.00	0.00	7,000.00								B	Bond Proceeds - LHM
14) Contract for professional services	Nicholson and Company	legal services	9,600.00	11,800.00	0.00	9,600.00								B	Bond Proceeds - LHM
15) Purchase order for professional services	George H. Wilson Inc	Property Management	5,000.00	5,552.00	0.00	5,000.00								B	Bond Proceeds - LHM
16) Purchase order for professional services	Fall Creek Engineering Inc	Gamma House remodel project	7,049.00	7,049.00	0.00	7,049.00								B	Bond Proceeds - LHM
17) Purchase order for professional services	Landscaping Acquisition Co	Property Management	4,720.00	5,070.00	0.00	4,720.00								B	Bond Proceeds - LHM
18) Purchase order for professional services	Arroyo Verde Homeowners Association	Property Management	2,000.00	2,000.00	0.00	2,000.00								B	Bond Proceeds - LHM
19) Purchase order for professional services	Catalina Common Homeowners	Property Management	5,450.00	9,000.00	0.00	3,178.00								B	Bond Proceeds - LHM
20) Purchase order for professional services	Cornellius Creek Homeowners	Property Management	1,811.00	3,182.00	422.00	1,389.00								B	Bond Proceeds - LHM
21) Purchase order for professional services	Swain Lake Gardens of Santa Cruz	Property Management	2,600.00	2,600.00	1,600.00	1,000.00								B	Bond Proceeds - LHM
22) Purchase order for professional services	Metropolitan Owners Association	Property Management	1,611.00	3,182.00	1,600.00	1,000.00								B	Bond Proceeds - LHM
23) Contract for construction services	R C Benson & Sons Inc	Remodel of Gamma House	12,814.00	12,814.00	5,278.00	12,335.00								B	Bond Proceeds - LHM
24) Loan for housing development	Worphen Housing Corporation	St. Stephens Senior Housing project	331,284.00	423,500.00	0.00	331,284.00								B	Bond Proceeds - LHM
25) Associated Property Mgmt Crisis	Vanarus (F&E Water, etc)	Office Administration Expense	3,178.00	7,885.00	3,685.00	53.00								B	Reserve Balances
26) Purchase order for professional services	San Jose Blue	Office Administration Expense	4,732.00	5,000.00	0.00	947.00								B	Reserve Balances
27) Purchase order for professional services	Express Messenger Systems Inc	Office Administration Expense	490.00	5,000.00	0.00	96.00								B	Reserve Balances
28) Purchase order for professional services	Stephan	Office Administration Expense	3,590.00	4,000.00	0.00	790.00								B	Reserve Balances
29) Contract for professional services	Hudson & Tucker, LLP	legal services	47,313.00	50,000.00	0.00	9,500.00								B	Reserve Balances
30) Contract for professional services	Copprock & Larson, Inc	audit services	10,173.00	10,173.00	0.00	10,173.00								B	Reserve Balances
31) Purchase order for equipment lease	Calixton Business Systems	equipment lease	2,127.00	3,500.00	249.00	375.00								B	Reserve Balances
32) Services Contract (via Auditor)	BLX Group, LLC	audit services (4) (5)	6,000.00	6,000.00	0.00	6,000.00								B	Reserve Balances
33) ABB Cost Plan	County of Santa Cruz	Office Admin. Expense, incl. Rent, services, utilities	1,104,893.00	0.00	0.00	72,305.00								B	Reserve Balances
34) Administrative Budget Feb-June (3)	Various (County Employees, Vendors)	Salaries/Benefits and Services/Supplies	Recurring annually	60,381.00	0.00	72,305.00								B	Reserve Balances
35) Totals - This Page			\$ 5,492,110.00	\$ 5,545,093.00	\$ 112,801.00	\$ 3,236,285.00	\$ 84,015.00	\$ 84,017.00	\$ 84,015.00	\$ 84,017.00	\$ 84,017.00	\$ 3,885,150.00			

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 (2) A indicates amounts needed from the Redevelopment Property Tax Trust Fund (RPPTF); B indicates amounts from all other existing funding sources, not needed from the RPPTF.
 (3) Total Administrative Budget Feb-June is \$458,333. Only the portion not detailed on other lines is included here.
 (4) Estimated amount.
 (5) Arbitrage calculations are required by IRS regulations every 5 years on the tax-exempt bonds.

DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE - Amended as of 3/20/12
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation as of 12/31/11	Total Due During Fiscal Year 2011	FY 2011-12 Payments by month *						Total	Source (2)		
					Jan	Feb	Mar	Apr	May	Jun				
1) Felt Street Park Pending Contract Claim	Elite Landscaping/Mediator, etc.	Pending claim on construction contract/associated costs	246,599.00	246,599.00	0.00	246,599.00						\$ 246,599.00	B	Bond Proceeds - C/P
2) Soquel Ave. Impr. Pending Contract Claim	Pavez/Mediator, etc.	Pending claim on construction contract/associated costs	295,961.00	295,961.00	0.00	295,961.00						\$ 295,961.00	B	Bond Proceeds-C/P/Reserves
3) Cooperation Agreement	County of Santa Cruz	Project design/construction services	536,124.00	536,124.00	536,124.00							\$ 536,124.00	B	Reserve Balances/LMIH
4) Property Mgmt Cooperation Agreement	County of Santa Cruz	Property Management services	0.00	0.00	0.00							\$ -	A	Property Tax revenues
5) 1514 Capitola Road relocation	Sandy Loskutoff	relocation payments	2,115.00	59,408.00	0.00	2,115.00						\$ 2,115.00	B	Other
6) 1240 Rodriguez Street relocation	Kristi Taul	relocation payments (4)	150,000.00	10,000.00	0.00		2,500.00	2,500.00	2,500.00	2,500.00		\$ 10,000.00	B	Bond Proceeds - LMIH
7)												\$ -		
8)												\$ -		
9)												\$ -		
10)												\$ -		
11)												\$ -		
12)												\$ -		
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23)												\$ -		
24)												\$ -		
25)												\$ -		
26)												\$ -		
27)												\$ -		
28)												\$ -		
29)												\$ -		
30)												\$ -		
Totals - This Page			\$ 1,230,799.00	\$ 1,148,092.00	\$ 536,124.00	\$ 544,675.00	\$ 2,500.00	\$ 1,090,799.00						

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 (2) 'A' indicates amounts needed from the Redevelopment Property Tax Trust Fund (RPTTF); 'B' indicates amounts from all other existing funding sources, not needed from the RPTTF.
 (3) Total Administrative Budget Feb-June is \$458,333. Only the portion not detailed on other lines is included here.
 (4) Estimated amount
 (5) Arbitrage calculations are required by IRS regulations every 5 years on the tax-exempt bonds.



COUNTY OF SANTA CRUZ

MARY JO WALKER, AUDITOR-CONTROLLER
701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX (831) 454-2660

Oversight Board of the County of Santa Cruz Redevelopment Successor Agency
701 Ocean Street, Room 510
Santa Cruz, California 95060

March 20, 2012

Subject: Certification of the Recognized Obligation Payment Schedule

Executive Summary

Health and Safety Code section 34182 requires the County Auditor-Controller to conduct or cause to be conducted an agreed-upon procedures audit of each former redevelopment agency (RDA) in their respective county by July 1, 2012, and to certify each of the former RDA's draft Recognized Obligation Payment Schedule (ROPS) by April 15, 2012. The procedures listed in this report were agreed to by the State Controller's Office, Department of Finance, and representatives from the offices of various county Auditor-Controllers as part of the agreed-upon procedures audit. The scope of work performed to determine the certification of the ROPS was limited to performing those procedures and reporting the results.

Attachment A is the Recognized Obligation Payment Schedule, which the Santa Cruz County Auditor-Controller hereby certifies. Attachment B reflects an analysis of debt service payments, which is the majority of the obligations on the ROPS.

The results of the certification found 66 of the 66 items listed on the draft ROPS dated March 20, 2012, were certified.

History of ABX1 26

On June 29, 2011, Governor Brown signed into law ABX1 26, which suspended and dissolved redevelopment agencies effective October 1, 2011. ABX1 27, a companion bill, exempted redevelopment agencies from dissolution if the participating city or county adopted an ordinance agreeing to voluntarily pay additional tax increments to schools and special districts. The California Supreme Court upheld ABX1 26, but overturned ABX1 27.

Summary of ABX1 26

The California Health and Safety Code set forth requirements relating to the dissolution of the former redevelopment agencies.

Health and Safety Code section 34182 requires the County Auditor-Controller to conduct or cause to be conducted an agreed-upon procedures audit of each RDA in the County by July 1, 2012. The purpose of the audits is to establish each RDA's assets and liabilities, determine each passthrough payment obligation to other taxing agencies, to determine any indebtedness incurred by the RDA and to certify the draft ROPS.

Health and Safety Code section 34177 requires an initial draft ROPS be prepared by the Successor Agency for the enforceable obligations¹ of the former RDA by March 1, 2012, for the period January 1, 2012, through June 30, 2012. The County Auditor-Controller must submit the ROPS certification report to the Successor Agency Oversight Board, and the Successor Agency must approve and submit the certified ROPS to the State Controller's Office and the Department of Finance by April 15, 2012.

Certification Scope

1. Inspect evidence that the initial draft ROPS was prepared by March 1, 2012.
2. Determine that the draft ROPS was approved by the Successor Agency's governing board.
3. Inspect evidence that the draft ROPS includes monthly scheduled payments for each enforceable obligation for the current six-month reporting time period.
4. Verify that each enforceable obligation has a funding source assigned which may include: Low and Moderate Income Housing Fund, bond proceeds, reserve balances, administrative cost allowances, RDA Property Tax Trust fund, or other (rents, asset sale, etc.)
5. Tie each enforceable obligation listed on the draft ROPS to the specific ABX1 26 code section that provides for inclusion.
6. Prepare a cash-needs analysis for each six-month increment from January 1, 2012, through the life of the debt and note any balloon payments or reserve requirements.

¹ An enforceable obligation includes items such as bonds issued by the former RDA, loans borrowed by the former RDA, judgments and settlements entered by a court of law, any legally binding and enforceable agreement or contract not otherwise void as violating debt limit or public policy, contracts or agreements necessary for the operation of the Successor Agency.

Certification of the Recognized Obligation Payment Schedule

Page 3

March 20, 2012

7. **Select a sample (based on dollar amount and/or percentage amount as determined by the Santa Cruz County Auditor-Controller) and trace enforceable obligations listed on the draft ROPS to the legal document that forms the basis for the obligation.**
8. **Trace the obligations enumerated on the draft ROPS to the obligations enumerated on the EOPS (including amendments) and note any material differences.**

This report is intended solely for the information and use of the Santa Cruz County Auditor-Controller, the Successor Agency, the Oversight Board, and applicable State agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



**Mary Jo Walker, CPA
Auditor-Controller**

cc: Successor Agency for the former County of Santa Cruz RDA

Attachments:

- Attachment A: Certified Recognized Obligation Payment Schedule**
- Attachment B: Analysis of Debt Service Payments**

Name of Redevelopment Agency: Santa Cruz County Redevelopment Agency
 Project Area(s): Live Oak/Soquel Project Area

CERTIFIED RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation as of 12/31/11	Total Due During Fiscal Year 2011-12	FY 2011-12 Payments by month *						Total	Source (2)
					Jan	Feb	Mar	Apr	May	Jun		
1) 2000 Refunding TAB	BNY Mellon Trust Co	Refunding Bonds - Housing portion	2,966,275.00	266,691.00	0.00	56,147.00					\$ 56,147.00	B LMIH Fund
2) 2000 Refunding TAB	BNY Mellon Trust Co	Refunding Bonds - Non-housing portion	11,865,100.00	1,066,762.00	0.00	224,586.00					\$ 224,586.00	B Reserve Balances
3) 2000 TAB, Series A	BNY Mellon Trust Co	Bonds for non-housing projects	45,224,807.00	1,575,101.00	0.00	679,794.00					\$ 679,794.00	B Reserve Balances
4) 2003 Refunding TAB	BNY Mellon Trust Co	Refunding Bonds - Housing portion	9,122,417.00	717,686.00	0.00	153,182.00					\$ 153,182.00	B LMIH Fund
5) 2003 Refunding TAB	BNY Mellon Trust Co	Refunding Bonds - Non-housing portion	36,489,866.00	2,870,740.00	0.00	612,725.00					\$ 612,725.00	B Reserve Balances
6) 2005 TAB, Series A	BNY Mellon Trust Co	Bonds for non-housing projects	96,087,676.00	2,346,658.00	0.00	1,173,329.00					\$ 1,173,329.00	B Reserve Balances
7) 2005 TAB, Series B	BNY Mellon Trust Co	Bonds for housing projects	38,714,655.00	1,343,596.00	0.00	543,673.00					\$ 543,673.00	B LMIH Fund
8) 2007 Taxable Housing Refunding TAB	BNY Mellon Trust Co	Refunding bonds for housing projects	18,370,005.00	650,364.00	0.00	281,575.00					\$ 281,575.00	B LMIH Fund
9) 2007 Refunding TAB, Series A	BNY Mellon Trust Co	Refunding Bonds - Housing portion	1,927,867.00	172,605.00	0.00	32,054.00					\$ 32,054.00	B LMIH Fund
10) 2007 Refunding TAB, Series A	BNY Mellon Trust Co	Refunding Bonds - Non-housing portion	5,412,472.00	484,585.00	0.00	89,991.00					\$ 89,991.00	B Reserve Balances
11) 2009 TAB, Series A	BNY Mellon Trust Co	Bonds for non-housing projects	129,806,547.00	4,134,208.00	0.00	1,868,204.00					\$ 1,868,204.00	B Reserve Balances
12) 2010 Taxable Housing TAB	BNY Mellon Trust Co	Bonds for housing projects	45,049,378.00	1,318,408.00	0.00	659,204.00					\$ 659,204.00	B LMIH Fund
13) 2011 Taxable TAB, Series A	BNY Mellon Trust Co	Bonds for non-housing projects	20,920,508.00	860,268.00	0.00	439,910.00					\$ 439,910.00	B Reserve Balances
14) 2011 Taxable Housing TAB, Series B	BNY Mellon Trust Co	Bonds for housing projects	14,134,312.00	471,057.00	0.00	240,881.00					\$ 240,881.00	B LMIH Fund
15) 2000 Refunding TAB (1)	BNY Mellon Trust Co	Refunding Bonds - Housing portion	same as above	213,147.00	0.00					213,147.00	\$ 213,147.00	B LMIH Fund
16) 2000 Refunding TAB (1)	BNY Mellon Trust Co	Refunding Bonds - Non-housing portion	same as above	852,586.00	0.00					852,586.00	\$ 852,586.00	B Reserve Balances
17) 2000 TAB, Series A (1)	BNY Mellon Trust Co	Bonds for non-housing projects	same as above	899,794.00	0.00					260,969.00	\$ 260,969.00	B Reserve Balances
18) 2003 Refunding TAB (1)	BNY Mellon Trust Co	Refunding Bonds - Housing portion	same as above	572,182.00	0.00					572,182.00	\$ 572,182.00	B LMIH Fund
19) 2005 TAB, Series B (1)	BNY Mellon Trust Co	Bonds for housing projects	same as above	808,673.00	0.00					808,673.00	\$ 808,673.00	B LMIH Fund
20) 2007 Taxable Housing Refunding TAB (1)	BNY Mellon Trust Co	Refunding bonds for housing projects	same as above	371,575.00	0.00					371,575.00	\$ 371,575.00	B LMIH Fund
21) 2007 Refunding TAB, Series A (1)	BNY Mellon Trust Co	Refunding Bonds - Housing portion	same as above	143,676.00	0.00					143,676.00	\$ 143,676.00	B LMIH Fund
22) 2010 Taxable Housing TAB (1)	BNY Mellon Trust Co	Bonds for housing projects	same as above	809,204.00	0.00					809,204.00	\$ 809,204.00	B LMIH Fund
23) 2011 Taxable Housing TAB, Series B (1)	BNY Mellon Trust Co	Bonds for housing projects	same as above	325,881.00	0.00					325,881.00	\$ 325,881.00	B LMIH Fund
24) Fiscal agent fees	BNY Mellon Trust Co	Annual bond account administration fees	Re-occurring annually	42,308.00	3,060.00	5,618.00	14,381.00		3,350.00	4,000.00	\$ 30,409.00	B Reserve Balances
25) Annual Continuing Disclosure	Harrell and Company	Continuing Disclosure fees	Re-occurring annually	4,500.00	0.00		4,500.00				\$ 4,500.00	B Reserve Balances
Totals - This Page			\$ 476,091,685.00	\$ 23,322,255.00	\$ 3,060.00	\$ 7,060,873.00	\$ 18,881.00	\$ -	\$ 3,350.00	\$ 4,361,893.00	\$ 11,448,057.00	
Totals - Page 2			\$ 5,492,110.00	\$ 5,545,093.00	\$ 112,801.00	\$ 3,236,285.00	\$ 84,015.00	\$ 84,017.00	\$ 84,015.00	\$ 84,017.00	\$ 3,685,150.00	
Totals - Page 3			\$ 1,230,799.00	\$ 1,148,092.00	\$ 536,124.00	\$ 544,675.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 1,090,799.00	
Grand total - All Pages			\$ 482,814,594.00	\$ 30,015,440.00	\$ 651,985.00	\$ 10,841,833.00	\$ 105,396.00	\$ 86,517.00	\$ 89,865.00	\$ 4,448,410.00	\$ 16,224,006.00	

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7

Name of Redevelopment Agency: Santa Cruz County Redevelopment Agency
 Project Area(s): Live Oak/Soquel Project Area

CERTIFIED RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation as of 12/31/11	Total Due During Fiscal Year 2011-12	FY 2011-12 Payments by month *						Total	Source (2)	
					Jan	Feb	Mar	Apr	May	Jun			
1) 2010-11 SERAF Loan	RDA LMI Housing Fund	Loan for 2010-11 SERAF payment	2,245,594.00	0.00	0.00							\$ -	A Property Tax revenues
2) Contract for professional services	Community Bridges	LION Program	73,259.00	73,259.00	18,168.00	55,091.00						\$ 73,259.00	B Reserve Balances/Bond Proceeds
3) Contract for design services	Moore, Iacofano & Goltsman	Farm Park Project	32,390.00	36,462.00	946.00	31,444.00						\$ 32,390.00	B Bond Proceeds - C/P
4) Contract for professional services	Davis Langdon	Farm Park Project	9,458.00	9,458.00	0.00	9,458.00						\$ 9,458.00	B Bond Proceeds - C/P
5) Contract for construction services	Paves Construction	East Cliff Parkway Project	2,552,531.00	3,466,094.00	0.00	2,552,531.00						\$ 2,552,531.00	B Bond Proceeds - C/P
6) Contract for design services	RRM Design Group	Twin Lake Beachfront Project	30,447.00	64,053.00	6,085.00	24,362.00						\$ 30,447.00	B Bond Proceeds - C/P
7) Contract for professional services	ESA PWA	East Cliff Bluff Stabilization Project	56,806.00	56,806.00	1,400.00	55,406.00						\$ 56,806.00	B Bond Proceeds - C/P
8) Contract for professional services	Gilbane Building Company	Live Oak Resource Center Project	22,027.00	22,027.00	0.00	22,027.00						\$ 22,027.00	B Bond Proceeds - C/P
9) Purchase Order for professional services	Snug Harbor	Property Management	3,594.00	6,000.00	802.00	2,792.00						\$ 3,594.00	B Bond Proceeds - LMIH
10) Purchase Order for professional services	Experian	credit checks	173.00	255.00	27.00	146.00						\$ 173.00	B Bond Proceeds - LMIH
11) Purchase Order for professional services	Santa Cruz Record	Property records	510.00	1,020.00	0.00	510.00						\$ 510.00	B Bond Proceeds - LMIH
12) Purchase Order for professional services	Boone, Low, Ratliff Architects, Inc	Gemma House remodel project design services	1,273.00	7,500.00	780.00	493.00						\$ 1,273.00	B Bond Proceeds - LMIH
13) Purchase Order for professional services	The Watsonville Law Center	legal services	7,000.00	7,000.00	0.00	7,000.00						\$ 7,000.00	B Bond Proceeds - LMIH
14) Contract for professional services	Nicholson and Company	appraisal services	9,600.00	11,800.00	0.00	9,600.00						\$ 9,600.00	B Bond Proceeds - LMIH
15) Purchase Order for professional services	George H. Wilson Inc	Property Management	5,000.00	5,352.00	0.00	5,000.00						\$ 5,000.00	B Bond Proceeds - LMIH
16) Purchase Order for professional services	Fall Creek Engineering Inc	Gemma House remodel project	7,049.00	7,609.00	0.00	7,049.00						\$ 7,049.00	B Bond Proceeds - LMIH
17) Purchase Order for professional services	Landscape Acquisition Co	Property Management	4,720.00	5,070.00	0.00	4,720.00						\$ 4,720.00	B Bond Proceeds - LMIH
18) Purchase Order for professional services	Arroyo Verde Homeowners Association	Property Management	1,590.00	2,000.00	0.00	1,590.00						\$ 1,590.00	B Bond Proceeds - LMIH
19) Purchase Order for professional services	Cabrillo Commons Homeowners	Property Management	5,450.00	9,000.00	2,272.00	3,178.00						\$ 5,450.00	B Bond Proceeds - LMIH
20) Purchase Order for professional services	Corralitos Creek Homeowners	Property Management	7,810.00	8,000.00	0.00	7,810.00						\$ 7,810.00	B Bond Proceeds - LMIH
21) Purchase Order for professional services	Swan Lake Gardens of Santa Cruz	Property Management	1,811.00	3,182.00	422.00	1,389.00						\$ 1,811.00	B Bond Proceeds - LMIH
22) Purchase Order for professional services	Westbrook Owners Association	Property Management	2,600.00	2,600.00	1,600.00	1,000.00						\$ 2,600.00	B Bond Proceeds - LMIH
23) Contract for construction services	R.C. Benson & Sons Inc	Remodel of Gemma House	17,614.00	123,293.00	5,279.00	12,335.00						\$ 17,614.00	B Bond Proceeds - LMIH
24) Loan for housing development	MidPen Housing Corporation	St. Stephens Senior Housing project	331,284.00	423,500.00	0.00	331,284.00						\$ 331,284.00	B Bond Proceeds - LMIH
25) Associated Property Mgmt Costs	Various (PG&E, Water, etc.)	Property Management-LMIH	3,718.00	7,685.00	3,665.00	53.00						\$ 3,718.00	B Bond Proceeds - LMIH
26) Purchase Order for professional services	San Jose Blue	Office Administration Expense	4,732.00	5,000.00	0.00	947.00	947.00	947.00	947.00	947.00	947.00	\$ 4,735.00	B Reserve Balances
27) Purchase Order for professional services	Express Messenger Systems Inc	Office Administration Expense	480.00	500.00	0.00	96.00	96.00	96.00	96.00	96.00	96.00	\$ 480.00	B Reserve Balances
28) Purchase Order for professional services	Staples	Office Administration Expense	3,950.00	4,000.00	0.00	790.00	790.00	790.00	790.00	790.00	790.00	\$ 3,950.00	B Reserve Balances
29) Contract for professional services	Rutan & Tucker, LLP	legal services	47,513.00	50,000.00	0.00	9,503.00	9,502.00	9,503.00	9,502.00	9,503.00	9,503.00	\$ 47,513.00	B Reserve Balances
30) Contract for professional services	Caporici & Larson, Inc.	audit services	Re-occurring annually	10,175.00	10,175.00							\$ 10,175.00	B Reserve Balances
31) Purchase Order for equipment lease	Caltronics Business Systems	equipment lease	2,127.00	3,500.00	249.00	376.00	375.00	376.00	375.00	376.00	376.00	\$ 2,127.00	B Reserve Balances
32) Services Contract (via Auditor)	BLX Group, LLC	Arbitrage services (4) (5)	Re-occurring periodically	6,000.00	0.00	6,000.00						\$ 6,000.00	B Reserve Balances
33) ABB Cost Plan	County of Santa Cruz	Office Admin Expense, Incl. Rent, services, utilities	Re-occurring annually	0.00	0.00							\$ -	B Reserve Balances
34) Administrative Budget Feb-June (3)	Various (County, Employees, Vendors)	Salaries/Benefits and Services/Supplies	Re-occurring annually	1,104,893.00	60,931.00	72,305.00	72,305.00	72,305.00	72,305.00	72,305.00	72,305.00	\$ 422,456.00	B Reserve Balances
35)													
Totals - This Page			\$ 5,492,110.00	\$ 5,545,093.00	\$ 112,801.00	\$ 3,236,285.00	\$ 84,015.00	\$ 84,017.00	\$ 84,015.00	\$ 84,017.00	\$ 84,017.00	\$ 3,685,150.00	

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 (3) Total Administrative Budget Feb-June is \$458,333. Only the portion not detailed on other lines is included here.
 (4) Estimated amount
 (5) Arbitrage calculations are required by IRS regulations every 5 years on the tax-exempt bonds.

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Name of Redevelopment Agency: Santa Cruz County Redevelopment Agency
 Project Area(s): Live Oak/Soquel Project Area

CERTIFIED RECOGNIZED OBLIGATION PAYMENT SCHEDULE
 Per AB 26 - Section 34167 and 34169

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation as of 12/31/11	Total Due During Fiscal Year 2011-12	FY 2011-12 Payments by month *						Total	Source (2)		
					Jan	Feb	Mar	Apr	May	Jun				
1) Felt Street Park Pending Contract Claim	Elite Landscaping/Mediator, etc.	Pending claim on construction contract/associated costs	246,599.00	246,599.00	0.00	246,599.00						\$ 246,599.00	B	Bond Proceeds - C/P
2) Soquel Ave. Impr. Pending Contract Claim	Pavex/Mediator, etc.	Pending claim on construction contract/associated costs	295,961.00	295,961.00	0.00	295,961.00						\$ 295,961.00	B	Bond Proceeds-C/P/Reserves
3) Cooperation Agreement	County of Santa Cruz	Project design/construction services	536,124.00	536,124.00	536,124.00							\$ 536,124.00	B	Reserve Balances/LMIH
4) Property Mgmt Cooperation Agreement	County of Santa Cruz	Property Management services	0.00	0.00	0.00							\$ -	A	Property Tax revenues
5) 1514 Capitola Road relocation	Sandy Loskutoff	relocation payments	2,115.00	59,408.00	0.00	2,115.00						\$ 2,115.00	B	Other
6) 1240 Rodriguez Street relocation	Kristi Taul	relocation payments (4)	150,000.00	10,000.00	0.00		2,500.00	2,500.00	2,500.00	2,500.00		\$ 10,000.00	B	Bond Proceeds - LMIH
7)												\$ -		
8)												\$ -		
9)												\$ -		
10)												\$ -		
11)												\$ -		
12)												\$ -		
13)												\$ -		
14)												\$ -		
15)												\$ -		
16)												\$ -		
17)												\$ -		
18)												\$ -		
19)												\$ -		
20)												\$ -		
21)												\$ -		
22)												\$ -		
23)												\$ -		
24)												\$ -		
25)												\$ -		
26)												\$ -		
27)												\$ -		
28)												\$ -		
29)												\$ -		
30)												\$ -		
Totals - This Page			\$ 1,230,799.00	\$ 1,148,092.00	\$ 536,124.00	\$ 544,675.00	\$ 2,500.00	\$ 1,090,799.00						

All amounts are rounded up to the next whole dollar amount.
 All payment amounts are estimates and subject to correction for actual amounts.
 * Monthly payment amounts may be less or may be delayed to a later date.
 (1) Bond debt service due September 1, 2012 is included as an enforceable obligation in June, as this portion will have to be paid out of existing fund balances.
 (2) 'A' indicates amounts needed from the Redevelopment Property Tax Trust Fund (RPTTF); 'B' indicates amounts from all other existing funding sources, not needed from the RPTTF.
 (3) Total Administrative Budget Feb-June is \$458,333. Only the portion not detailed on other lines is included here.
 (4) Estimated amount
 (5) Arbitrage calculations are required by IRS regulations every 5 years on the tax-exempt bonds.

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County of Santa Cruz Successor Redevelopment Agency
Analysis of Debt Service

Obligation Period	80% CP / 20% LMIH 2000 Ref BOND			100% CP 2000 A BOND			80% CP / 20% LMIH 2003 Ref BOND			100% CP 2005 A BOND		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
7/1 - 12/31/11	755,000.00	297,720.00	1,052,720.00	210,000.00	685,306.25	895,306.25	2,020,000.00	802,518.13	2,822,518.13	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/12		280,732.50	280,732.50		679,793.75	679,793.75		765,905.63	765,905.63	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/12	785,000.00	280,732.50	1,065,732.50	220,000.00	679,793.75	899,793.75	2,095,000.00	765,905.63	2,860,905.63	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/13		262,677.50	262,677.50		674,018.75	674,018.75		725,315.00	725,315.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/13	825,000.00	262,677.50	1,087,677.50	230,000.00	674,018.75	904,018.75	2,180,000.00	725,315.00	2,905,315.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/14		243,290.00	243,290.00		667,981.25	667,981.25		681,715.00	681,715.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/14	860,000.00	243,290.00	1,103,290.00	240,000.00	667,981.25	907,981.25	2,270,000.00	681,715.00	2,951,715.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/15		222,650.00	222,650.00		661,681.25	661,681.25		635,180.00	635,180.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/15	905,000.00	222,650.00	1,127,650.00	250,000.00	661,681.25	911,681.25	2,360,000.00	635,180.00	2,995,180.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/16		200,025.00	200,025.00		655,118.75	655,118.75		585,030.00	585,030.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/16	950,000.00	200,025.00	1,150,025.00	265,000.00	655,118.75	920,118.75	2,460,000.00	585,030.00	3,045,030.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/17		176,275.00	176,275.00		648,162.50	648,162.50		532,140.00	532,140.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/17	995,000.00	176,275.00	1,171,275.00	280,000.00	648,162.50	928,162.50	2,565,000.00	532,140.00	3,097,140.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/18		150,902.50	150,902.50		640,812.50	640,812.50		475,710.00	475,710.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/18	1,045,000.00	150,902.50	1,195,902.50	295,000.00	640,812.50	935,812.50	2,680,000.00	475,710.00	3,155,710.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/19		124,255.00	124,255.00		633,068.75	633,068.75		415,410.00	415,410.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/19	1,100,000.00	124,255.00	1,224,255.00	310,000.00	633,068.75	943,068.75	2,800,000.00	415,410.00	3,215,410.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/20		95,655.00	95,655.00		624,931.25	624,931.25		351,010.00	351,010.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/20	1,155,000.00	95,655.00	1,250,655.00	325,000.00	624,931.25	949,931.25	2,930,000.00	351,010.00	3,281,010.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/21		65,625.00	65,625.00		616,400.00	616,400.00		282,155.00	282,155.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/21	1,220,000.00	65,625.00	1,285,625.00	345,000.00	616,400.00	961,400.00	3,065,000.00	282,155.00	3,347,155.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/22		33,600.00	33,600.00		607,343.75	607,343.75		208,595.00	208,595.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/22	1,280,000.00	33,600.00	1,313,600.00	2,035,000.00	607,343.75	2,642,343.75	1,560,000.00	208,595.00	1,768,595.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/23					553,925.00	553,925.00		170,375.00	170,375.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/23				2,150,000.00	553,925.00	2,703,925.00	3,315,000.00	170,375.00	3,485,375.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/24					497,487.50	497,487.50		87,500.00	87,500.00	1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/24				2,265,000.00	497,487.50	2,762,487.50	3,500,000.00	87,500.00	3,587,500.00	1,173,328.13	1,173,328.13	1,173,328.13
1/1 - 6/30/25					438,031.25	438,031.25				1,173,328.13	1,173,328.13	1,173,328.13
7/1 - 12/31/25				2,390,000.00	438,031.25	2,828,031.25				2,140,000.00	1,173,328.13	3,313,328.13
1/1 - 6/30/26					375,293.75	375,293.75				1,125,178.13	1,125,178.13	1,125,178.13
7/1 - 12/31/26				2,525,000.00	375,293.75	2,900,293.75				2,225,000.00	1,125,178.13	3,350,178.13
1/1 - 6/30/27					309,012.50	309,012.50				1,073,725.00	1,073,725.00	1,073,725.00
7/1 - 12/31/27				2,660,000.00	309,012.50	2,969,012.50				2,325,000.00	1,073,725.00	3,398,725.00
1/1 - 6/30/28					239,187.50	239,187.50				1,019,959.38	1,019,959.38	1,019,959.38
7/1 - 12/31/28				2,810,000.00	239,187.50	3,049,187.50				2,425,000.00	1,019,959.38	3,444,959.38
1/1 - 6/30/29					163,668.75	163,668.75				963,881.25	963,881.25	963,881.25
7/1 - 12/31/29				2,965,000.00	163,668.75	3,128,668.75				2,530,000.00	963,881.25	3,493,881.25
1/1 - 6/30/30					83,984.38	83,984.38				905,375.00	905,375.00	905,375.00
7/1 - 12/31/30				3,125,000.00	83,984.38	3,208,984.38				2,650,000.00	905,375.00	3,555,375.00
1/1 - 6/30/31										839,125.00	839,125.00	839,125.00
7/1 - 12/31/31										6,075,000.00	839,125.00	6,914,125.00
1/1 - 6/30/32										687,250.00	687,250.00	687,250.00
7/1 - 12/31/32										6,380,000.00	687,250.00	7,067,250.00
1/1 - 6/30/33										527,750.00	527,750.00	527,750.00
7/1 - 12/31/33										6,695,000.00	527,750.00	7,222,750.00
1/1 - 6/30/34										360,375.00	360,375.00	360,375.00
7/1 - 12/31/34										7,030,000.00	360,375.00	7,390,375.00
1/1 - 6/30/35										184,625.00	184,625.00	184,625.00
7/1 - 12/31/35										7,385,000.00	184,625.00	7,569,625.00
1/1 - 6/30/36												
7/1 - 12/31/36												
1/1 - 6/30/37												
Totals	11,875,000.00	4,009,095.00	15,884,095.00	25,895,000.00	20,225,112.51	46,120,112.51	35,800,000.00	12,634,599.39	48,434,599.39	47,860,000.00	49,401,003.29	97,261,003.29

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County of Santa Cruz Successor Redevelopment Agency
Analysis of Debt Service

Obligation Period	100% LMIH 2005 B BOND			100% LMIH 2007 Ref BOND			73.736% CP / 26.264% LMIH 2007 A Ref BOND			100% CP 2009 A BOND		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
7/1 - 12/31/11	250,000.00	549,922.50	799,922.50	85,000.00	283,788.23	368,788.23	405,000.00	130,143.75	535,143.75	390,000.00	1,876,003.75	2,266,003.75
1/1 - 6/30/12		543,672.50	543,672.50		281,574.83	281,574.83		122,043.75	122,043.75		1,868,203.75	1,868,203.75
7/1 - 12/31/12	265,000.00	543,672.50	808,672.50	90,000.00	281,574.83	371,574.83	425,000.00	122,043.75	547,043.75	410,000.00	1,868,203.75	2,278,203.75
1/1 - 6/30/13		537,047.50	537,047.50		279,231.23	279,231.23		113,543.75	113,543.75		1,859,593.75	1,859,593.75
7/1 - 12/31/13	275,000.00	537,047.50	812,047.50	95,000.00	279,231.23	374,231.23	440,000.00	113,543.75	553,543.75	420,000.00	1,859,593.75	2,279,593.75
1/1 - 6/30/14		530,172.50	530,172.50		276,757.43	276,757.43		104,743.75	104,743.75		1,850,353.75	1,850,353.75
7/1 - 12/31/14	290,000.00	530,172.50	820,172.50	95,000.00	276,757.43	371,757.43	460,000.00	104,743.75	564,743.75	435,000.00	1,850,353.75	2,285,353.75
1/1 - 6/30/15		522,922.50	522,922.50		274,283.63	274,283.63		95,543.75	95,543.75		1,840,131.25	1,840,131.25
7/1 - 12/31/15	305,000.00	522,922.50	827,922.50	100,000.00	274,283.63	374,283.63	475,000.00	95,543.75	570,543.75	465,000.00	1,840,131.25	2,305,131.25
1/1 - 6/30/16		515,297.50	515,297.50		271,679.63	271,679.63		86,043.75	86,043.75		1,828,796.88	1,828,796.88
7/1 - 12/31/16	325,000.00	515,297.50	840,297.50	110,000.00	271,679.63	381,679.63	495,000.00	86,043.75	581,043.75	485,000.00	1,828,796.88	2,313,796.88
1/1 - 6/30/17		506,360.00	506,360.00		268,815.23	268,815.23		73,050.00	73,050.00		1,816,368.75	1,816,368.75
7/1 - 12/31/17	345,000.00	506,360.00	851,360.00	115,000.00	268,815.23	383,815.23	520,000.00	73,050.00	593,050.00	510,000.00	1,816,368.75	2,326,368.75
1/1 - 6/30/18		496,872.50	496,872.50		265,820.63	265,820.63		59,400.00	59,400.00		1,802,662.50	1,802,662.50
7/1 - 12/31/18	380,000.00	496,872.50	856,872.50	120,000.00	265,820.63	385,820.63	550,000.00	59,400.00	609,400.00	535,000.00	1,802,662.50	2,337,662.50
1/1 - 6/30/19		486,972.50	486,972.50		262,523.63	262,523.63		48,400.00	48,400.00		1,787,615.63	1,787,615.63
7/1 - 12/31/19	385,000.00	486,972.50	871,972.50	125,000.00	262,523.63	387,523.63	570,000.00	48,400.00	618,400.00	570,000.00	1,787,615.63	2,357,615.63
1/1 - 6/30/20		476,385.00	476,385.00		259,089.25	259,089.25		37,000.00	37,000.00		1,770,871.88	1,770,871.88
7/1 - 12/31/20	405,000.00	476,385.00	881,385.00	135,000.00	259,089.25	394,089.25	595,000.00	37,000.00	632,000.00	605,000.00	1,770,871.88	2,375,871.88
1/1 - 6/30/21		465,247.50	465,247.50		255,380.13	255,380.13		25,100.00	25,100.00		1,752,343.75	1,752,343.75
7/1 - 12/31/21	425,000.00	465,247.50	890,247.50	140,000.00	255,380.13	395,380.13	615,000.00	25,100.00	640,100.00	635,000.00	1,752,343.75	2,387,343.75
1/1 - 6/30/22		453,347.50	453,347.50		251,533.63	251,533.63		12,800.00	12,800.00		1,731,309.38	1,731,309.38
7/1 - 12/31/22	195,000.00	453,347.50	648,347.50	800,000.00	251,533.63	1,051,533.63	640,000.00	12,800.00	652,800.00	255,000.00	1,731,309.38	1,986,309.38
1/1 - 6/30/23		447,887.50	447,887.50		229,553.63	229,553.63					1,722,862.50	1,722,862.50
7/1 - 12/31/23	250,000.00	447,887.50	697,887.50	855,000.00	229,553.63	1,084,553.63				535,000.00	1,722,862.50	2,257,862.50
1/1 - 6/30/24		440,887.50	440,887.50		206,062.50	206,062.50					1,705,140.63	1,705,140.63
7/1 - 12/31/24	260,000.00	440,887.50	700,887.50	905,000.00	206,062.50	1,111,062.50				550,000.00	1,705,140.63	2,255,140.63
1/1 - 6/30/25		433,607.50	433,607.50		181,197.63	181,197.63					1,686,921.88	1,686,921.88
7/1 - 12/31/25	685,000.00	433,607.50	1,118,607.50	955,000.00	181,197.63	1,136,197.63				1,305,000.00	1,686,921.88	2,991,921.88
1/1 - 6/30/26		414,427.50	414,427.50		154,959.00	154,959.00					1,643,693.75	1,643,693.75
7/1 - 12/31/26	735,000.00	414,427.50	1,149,427.50	1,010,000.00	154,959.00	1,164,959.00				1,315,000.00	1,643,693.75	2,958,693.75
1/1 - 6/30/27		393,663.75	393,663.75		127,209.25	127,209.25					1,600,134.38	1,600,134.38
7/1 - 12/31/27	775,000.00	393,663.75	1,168,663.75	1,065,000.00	127,209.25	1,192,209.25				1,325,000.00	1,600,134.38	2,925,134.38
1/1 - 6/30/28		371,770.00	371,770.00		97,948.38	97,948.38					1,556,243.75	1,556,243.75
7/1 - 12/31/28	820,000.00	371,770.00	1,191,770.00	1,125,000.00	97,948.38	1,222,948.38				3,470,000.00	1,556,243.75	5,026,243.75
1/1 - 6/30/29		348,605.00	348,605.00		67,039.00	67,039.00					1,441,300.00	1,441,300.00
7/1 - 12/31/29	860,000.00	348,605.00	1,208,605.00	1,190,000.00	67,039.00	1,257,039.00				3,640,000.00	1,441,300.00	5,081,300.00
1/1 - 6/30/30		324,310.00	324,310.00		34,343.75	34,343.75					1,320,725.00	1,320,725.00
7/1 - 12/31/30	915,000.00	324,310.00	1,239,310.00	1,250,000.00	34,343.75	1,284,343.75				3,875,000.00	1,320,725.00	5,195,725.00
1/1 - 6/30/31		298,461.25	298,461.25								1,185,100.00	1,185,100.00
7/1 - 12/31/31	1,890,000.00	298,461.25	2,188,461.25							4,150,000.00	1,185,100.00	5,335,100.00
1/1 - 6/30/32		245,068.75	245,068.75								1,039,850.00	1,039,850.00
7/1 - 12/31/32	1,995,000.00	245,068.75	2,240,068.75							4,435,000.00	1,039,850.00	5,474,850.00
1/1 - 6/30/33		188,710.00	188,710.00								884,625.00	884,625.00
7/1 - 12/31/33	2,105,000.00	188,710.00	2,293,710.00							4,755,000.00	884,625.00	5,639,625.00
1/1 - 6/30/34		129,243.75	129,243.75								718,200.00	718,200.00
7/1 - 12/31/34	2,225,000.00	129,243.75	2,354,243.75							5,085,000.00	718,200.00	5,803,200.00
1/1 - 6/30/35		66,387.50	66,387.50								540,225.00	540,225.00
7/1 - 12/31/35	2,350,000.00	66,387.50	2,416,387.50							5,435,000.00	540,225.00	5,975,225.00
1/1 - 6/30/36											350,000.00	350,000.00
7/1 - 12/31/36										10,000,000.00	350,000.00	10,350,000.00
1/1 - 6/30/37												
Totals	19,690,000.00	19,824,577.50	39,514,577.50	10,365,000.00	8,373,793.01	18,738,793.01	6,190,000.00	1,685,481.25	7,875,481.25	55,590,000.00	76,482,550.07	132,072,550.07

County of Santa Cruz Successor Redevelopment Agency
Analysis of Debt Service

Obligation Period	100% LMIH 2010 Taxable Housing BOND			100% CP 2011 A BOND			100% LMIH 2011 B BOND			TOTALS			FY Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
7/1 - 12/31/11		659,203.25	659,203.25		420,357.73	420,357.73		230,175.11	230,175.11	4,115,000.00	7,108,466.83	11,223,466.83	
1/1 - 6/30/12		659,203.25	659,203.25		439,909.25	439,909.25		240,880.93	240,880.93	0.00	7,055,248.27	7,055,248.27	18,278,715.10
7/1 - 12/31/12	150,000.00	659,203.25	809,203.25	430,000.00	439,909.25	869,909.25	85,000.00	240,880.93	325,880.93	4,955,000.00	7,055,248.27	12,010,248.27	
1/1 - 6/30/13		656,990.75	656,990.75		433,246.40	433,246.40		239,563.85	239,563.85	0.00	6,954,556.61	6,954,556.61	18,964,804.88
7/1 - 12/31/13	160,000.00	656,990.75	816,990.75	440,000.00	433,246.40	873,246.40	85,000.00	239,563.85	324,563.85	5,150,000.00	6,954,556.61	12,104,556.61	
1/1 - 6/30/14		654,214.75	654,214.75		424,398.00	424,398.00		237,854.50	237,854.50	0.00	6,844,809.06	6,844,809.06	18,949,365.67
7/1 - 12/31/14	165,000.00	654,214.75	819,214.75	460,000.00	424,398.00	884,398.00	90,000.00	237,854.50	327,854.50	5,365,000.00	6,844,809.06	12,209,809.06	
1/1 - 6/30/15		650,725.00	650,725.00		412,587.50	412,587.50		235,543.75	235,543.75	0.00	6,724,576.76	6,724,576.76	18,934,385.82
7/1 - 12/31/15	175,000.00	650,725.00	825,725.00	480,000.00	412,587.50	892,587.50	95,000.00	235,543.75	330,543.75	5,610,000.00	6,724,576.76	12,334,576.76	
1/1 - 6/30/16		646,673.75	646,673.75		398,787.50	398,787.50		232,812.50	232,812.50	0.00	6,593,593.39	6,593,593.39	18,928,170.15
7/1 - 12/31/16	170,000.00	646,673.75	816,673.75	510,000.00	398,787.50	908,787.50	100,000.00	232,812.50	332,812.50	5,870,000.00	6,593,593.39	12,463,593.39	
1/1 - 6/30/17		642,415.25	642,415.25		382,850.00	382,850.00		229,687.50	229,687.50	0.00	6,449,452.36	6,449,452.36	18,913,045.75
7/1 - 12/31/17	180,000.00	642,415.25	822,415.25	540,000.00	382,850.00	922,850.00	105,000.00	229,687.50	334,687.50	6,155,000.00	6,449,452.36	12,604,452.36	
1/1 - 6/30/18		637,591.25	637,591.25		364,625.00	364,625.00		226,143.75	226,143.75	0.00	6,293,868.76	6,293,868.76	18,898,321.12
7/1 - 12/31/18	190,000.00	637,591.25	827,591.25	580,000.00	364,625.00	944,625.00	115,000.00	226,143.75	341,143.75	6,470,000.00	6,293,868.76	12,763,868.76	
1/1 - 6/30/19		632,242.75	632,242.75		344,325.00	344,325.00		222,118.75	222,118.75	0.00	6,130,260.14	6,130,260.14	18,894,128.90
7/1 - 12/31/19	200,000.00	632,242.75	832,242.75	620,000.00	344,325.00	964,325.00	125,000.00	222,118.75	347,118.75	6,805,000.00	6,130,260.14	12,935,260.14	
1/1 - 6/30/20		626,412.75	626,412.75		319,525.00	319,525.00		217,118.75	217,118.75	0.00	5,951,327.01	5,951,327.01	18,886,587.15
7/1 - 12/31/20	210,000.00	626,412.75	836,412.75	670,000.00	319,525.00	989,525.00	130,000.00	217,118.75	347,118.75	7,160,000.00	5,951,327.01	13,111,327.01	
1/1 - 6/30/21		620,081.25	620,081.25		292,725.00	292,725.00		211,918.75	211,918.75	0.00	5,760,304.51	5,760,304.51	18,871,631.52
7/1 - 12/31/21	225,000.00	620,081.25	845,081.25	720,000.00	292,725.00	1,012,725.00	145,000.00	211,918.75	356,918.75	7,535,000.00	5,760,304.51	13,295,304.51	
1/1 - 6/30/22		613,072.50	613,072.50		263,925.00	263,925.00		206,118.75	206,118.75	0.00	5,554,973.64	5,554,973.64	18,850,278.15
7/1 - 12/31/22	170,000.00	613,072.50	783,072.50	780,000.00	263,925.00	1,043,925.00	160,000.00	206,118.75	366,118.75	7,875,000.00	5,554,973.64	13,429,973.64	
1/1 - 6/30/23		607,607.00	607,607.00		228,825.00	228,825.00		198,918.75	198,918.75	0.00	5,333,282.51	5,333,282.51	18,763,256.15
7/1 - 12/31/23	235,000.00	607,607.00	842,807.00	850,000.00	228,825.00	1,078,825.00	175,000.00	198,918.75	373,918.75	8,365,000.00	5,333,282.51	13,698,282.51	
1/1 - 6/30/24		599,816.75	599,816.75		190,575.00	190,575.00		191,043.75	191,043.75	0.00	5,091,841.76	5,091,841.76	18,790,124.27
7/1 - 12/31/24	250,000.00	599,816.75	849,816.75	925,000.00	190,575.00	1,115,575.00	185,000.00	191,043.75	376,043.75	8,840,000.00	5,091,841.76	13,931,841.76	
1/1 - 6/30/25		591,341.75	591,341.75		148,950.00	148,950.00		182,718.75	182,718.75	0.00	4,836,096.89	4,836,096.89	18,767,938.65
7/1 - 12/31/25	595,000.00	591,341.75	1,186,341.75	1,010,000.00	148,950.00	1,158,950.00	200,000.00	182,718.75	382,718.75	9,280,000.00	4,836,096.89	14,116,096.89	
1/1 - 6/30/26		570,725.00	570,725.00		103,500.00	103,500.00		173,718.75	173,718.75	0.00	4,561,495.88	4,561,495.88	18,677,592.77
7/1 - 12/31/26	620,000.00	570,725.00	1,190,725.00	1,100,000.00	103,500.00	1,203,500.00	220,000.00	173,718.75	393,718.75	9,750,000.00	4,561,495.88	14,311,495.88	
1/1 - 6/30/27		547,785.00	547,785.00		54,000.00	54,000.00		163,818.75	163,818.75	0.00	4,269,348.63	4,269,348.63	18,580,844.51
7/1 - 12/31/27	670,000.00	547,785.00	1,217,785.00	1,200,000.00	54,000.00	1,254,000.00	235,000.00	163,818.75	398,818.75	10,255,000.00	4,269,348.63	14,524,348.63	
1/1 - 6/30/28		522,995.00	522,995.00					153,243.75	153,243.75	0.00	3,961,347.76	3,961,347.76	18,485,696.39
7/1 - 12/31/28	720,000.00	522,995.00	1,242,995.00				255,000.00	153,243.75	408,243.75	11,625,000.00	3,961,347.76	15,586,347.76	
1/1 - 6/30/29		496,355.00	496,355.00					141,768.75	141,768.75	0.00	3,622,617.75	3,622,617.75	19,208,965.51
7/1 - 12/31/29	775,000.00	496,355.00	1,271,355.00				280,000.00	141,768.75	421,768.75	12,240,000.00	3,622,617.75	15,862,617.75	
1/1 - 6/30/30		467,680.00	467,680.00					129,168.75	129,168.75	0.00	3,265,586.88	3,265,586.88	19,128,204.63
7/1 - 12/31/30	830,000.00	467,680.00	1,297,680.00				305,000.00	129,168.75	434,168.75	12,950,000.00	3,265,586.88	16,215,586.88	
1/1 - 6/30/31		436,970.00	436,970.00					115,443.75	115,443.75	0.00	2,875,100.00	2,875,100.00	19,090,686.88
7/1 - 12/31/31	1,290,000.00	436,970.00	1,726,970.00				330,000.00	115,443.75	445,443.75	13,735,000.00	2,875,100.00	16,610,100.00	
1/1 - 6/30/32		389,240.00	389,240.00					100,593.75	100,593.75	0.00	2,462,002.50	2,462,002.50	19,072,102.50
7/1 - 12/31/32	1,385,000.00	389,240.00	1,774,240.00				360,000.00	100,593.75	460,593.75	14,555,000.00	2,462,002.50	17,017,002.50	
1/1 - 6/30/33		337,995.00	337,995.00					83,943.75	83,943.75	0.00	2,023,023.75	2,023,023.75	19,040,026.25
7/1 - 12/31/33	1,490,000.00	337,995.00	1,827,995.00				395,000.00	83,943.75	478,943.75	15,440,000.00	2,023,023.75	17,463,023.75	
1/1 - 6/30/34		282,865.00	282,865.00					65,675.00	65,675.00	0.00	1,556,358.75	1,556,358.75	19,019,382.50
7/1 - 12/31/34	1,600,000.00	282,865.00	1,882,865.00				430,000.00	65,675.00	495,675.00	16,370,000.00	1,556,358.75	17,926,358.75	
1/1 - 6/30/35		223,665.00	223,665.00					45,787.50	45,787.50	0.00	1,060,690.00	1,060,690.00	18,987,048.75
7/1 - 12/31/35	1,720,000.00	223,665.00	1,943,665.00				470,000.00	45,787.50	515,787.50	17,360,000.00	1,060,690.00	18,420,690.00	
1/1 - 6/30/36		160,025.00	160,025.00					24,050.00	24,050.00	0.00	534,075.00	534,075.00	18,954,765.00
7/1 - 12/31/36	4,325,000.00	160,025.00	4,485,025.00				520,000.00	24,050.00	544,050.00	14,845,000.00	534,075.00	15,379,075.00	
1/1 - 6/30/37										0.00	0.00		15,379,075.00
Totals	18,500,000.00	27,208,580.75	45,708,580.75	11,315,000.00	10,025,865.03	21,340,865.03	5,595,000.00	8,769,486.17	14,364,486.17	248,675,000.00	238,640,143.97	487,315,143.97	487,315,143.97
										248,675,000.00	238,640,143.97		

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