

AGENDA

BUDGET/PERSONNEL COMMITTEE

Tuesday September 30, 2014
10:30 A.M.
Sand City Council Chambers
#1 Sylvan Park, Sand City, CA 93955

1. CALL TO ORDER

2. ROLL CALL

3. COMMUNICATIONS

Members of the Public may address the Budget/Personnel Committee on matters not appearing on the Budget/Personnel Committee Agenda at this time for up to three minutes. In order that the Budget/Personnel Committee Secretary may later identify the speaker in the minutes of the meeting, it is helpful if the speakers state their names. Public comments regarding items on the scheduled agenda will be heard at the time the item is being considered by the Budget/Personnel Committee.

4. NEW BUSINESS

- a. Review and Consideration of City Resolution, City Administrator Employment Agreement, and City Job Description
- b. Review and Consideration of Service Agreement with SLV Management- (West End Celebration)
- c. Review of Sand City Sales Tax Updates
- d. Ballot Measure Discussion
- e. Information only: Proposals for Replacing Redevelopment Programs

5. ADJOURNMENT

This is intended to be a draft agenda. The City reserves the right to add or delete to this agenda as required.

AGENDA ITEM

4a

CITY OF SAND CITY
RESOLUTION SC _____, 2014

**RESOLUTION OF THE SAND CITY COUNCIL APPROVING THE
CITY ADMINISTRATOR EMPLOYMENT AGREEMENT**

WHEREAS, the City of Sand City has a need to fill the position of City Administrator and has been recruiting for suitable candidates for this position; and

WHEREAS, after conducting extensive screening and evaluation processes, a suitable candidate has been selected by a unanimous decision of the Sand City Council; and

WHEREAS, after careful negotiations, the attached "City Administrator Employment Agreement" has been accepted by parties, the Sand City Council, and Mr. Todd Bodem.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sand City that the attached "City Administrator Employment Agreement" is hereby approved, and the City Staff is authorized to execute the Employment Agreement on behalf of the City of Sand City.

PASSED AND ADOPTED by the City Council of Sand City this ____ day of October, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

David K. Pendergrass, Mayor

ATTEST:

Linda K. Scholink, City Clerk

CITY ADMINISTRATOR EMPLOYMENT AGREEMENT

This City Administrator Employment Agreement (“**Agreement**”) is made the date last written below by and between the City of Sand City, a municipal corporation (“**City**”) and Todd Bodem (“**Bodem**”).

RECITAL

A. The City desires to employ Bodem as its City Administrator subject to the terms and conditions of this Agreement and Bodem desires to accept such appointment subject to the terms and conditions of this Agreement.

AGREEMENT

1. Appointment of City Administrator. The City Council of Sand City hereby appoints Bodem as the City Administrator of the City.
2. Acceptance of Appointment. Bodem hereby accepts his appointment as the City Administrator of the City.
3. Effective Date of Appointment. The foregoing appointment of Bodem as the City Administrator of Sand City shall become effective at midnight, October _____, 2014 (the “**Date of Appointment**”).
4. Duties.
 - (a) From and after the Date of Appointment until the end of his term of employment as provided in paragraph 5 of this Agreement, Bodem shall perform the functions and duties specified by State law, the Sand City Charter, Chapter 2.50 of the Sand City Municipal Code, Chapter 2.60 of the Sand City Municipal Code and resolutions implementing Chapter 2.60, ordinances of the City and resolutions of the City Council as they presently exist and as they may hereafter be amended from time to time, and perform other proper duties and functions including but not limited to professional financial management and personnel administration, consistent with the office of City Administrator in the manner allowed by law. Bodem shall also facilitate the effective operation of the Advisory Committees established pursuant to Council Resolution No. SC 98-68.
 - (b) Bodem shall also serve as the Executive Director of the Successor Agency to the former Sand City Redevelopment Agency as directed by the Successor Agency to the Sand City Redevelopment Agency. Bodem agrees to devote his full productive time, ability and attention to the City’s business during the term of this Agreement.
 - (c) Bodem shall represent the City on boards and committees of local and regional agencies as necessary to represent Sand City’s interests.

(d) During the term of this Agreement, Bodem shall not hold secondary employment and shall be employed exclusively by the City.

5. Standard of Performance. Bodem shall perform his duties to the best of his ability in accordance with the highest professional and ethical standards of the profession. Bodem shall not engage in any activity which is, or may become, a prohibited conflict of interest as defined by State law or City ordinance, or which may create an incompatibility of office. Prior to performing any services under this Agreement and thereafter in the manner required by law, Bodem shall complete and file all disclosure statements required under State and local law.

6. Term of Employment. Bodem's term of employment with the City under this Agreement shall begin on the Date of Appointment and continue until the earlier of:

- (a) September 30, 2016;
- (b) upon Bodem's resignation as provided in section 9;
- (c) upon termination of Bodem's employment as provided in section 7;
- (d) the death or incapacity of Bodem.

7. Termination and Severance. The parties hereby acknowledge and represent that Bodem is an "at will" employee whose employment may be terminated by the City at any time without any prior notice and without statement of any cause.

(a) In the event City discharges Bodem without cause more than six (6) months prior to the date set forth in paragraph 6(a), Bodem shall be entitled to receive compensation, consisting of a lump-sum payment of six months of base salary. In the event City discharges Bodem without cause within six (6) months of the date set forth in paragraph 6(a), Bodem shall be entitled to receive compensation consisting of a lump-sum payment equal to one month's base salary for each month from the date of such termination through the date set forth in paragraph 6(a). In accordance with Government Code section 53261, a cash severance payment shall not include any other non-cash item except health benefits payable to or on behalf of Bodem. This paragraph shall be construed in accordance with Government Code section 53260 which explicitly limits contractual severance cash settlements payable by a local agency employer.

(b) The severance payment described in paragraph 7(a) will release the City from any further obligations under this Agreement, and any claims of any nature that Bodem might have against the City by Virtue of his employment or termination thereof. Contemporaneously with the delivery of the severance payment and in consideration therefore, Bodem agrees to execute and deliver to the City a release, to include a Civil Code section 1542 waiver, releasing the City of all claims that Bodem may have against the City.

(c) Bodem shall not be entitled to severance pay in the following events:

- (i) Discharge for cause; or,

- (ii) City elects not to renew this Agreement; or,
- (iii) Bodem dies or becomes disabled to the extent that he cannot perform the full range of the essential functions of his position as determined by his treating physician; or,
- (iv) Bodem resigns from his position as City Administrator.

8. Resignation. Bodem may resign at any time upon providing City with notice at least thirty (30 or 60) days in advance of the effective date of such resignation.

9. Base Salary. The City shall pay Bodem a base annual salary of ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00), less all applicable federal, state and local withholding. Such compensation shall be paid to Bodem on a monthly basis. **[Bodem's base salary will be reviewed by the City Council and may be increased at the time of his initial six month performance evaluation.]**

10. Benefits.

(a) Bodem shall at his expense provide an automobile for use in carrying out his duties as City Administrator. City shall pay for the actual cost of other modes of transportation used by Bodem for travel on City business. City shall pay Bodem a car allowance of \$300 per month. Bodem shall be reimbursed for his costs of travel beyond 50 miles at the same rate afforded other employees of the City.

(b) Bodem shall participate in the 2%@62 California Public Employee Retirement System Plan, according to the PEPRA conditions and guidelines.

(c) Bodem shall receive the same health, dental and optical insurance coverage and benefits provided to other management employees of the City.

(d) Bodem shall receive 50 hours of "use it or lose it" management leave each calendar year. This management leave has no cash value.

(e) Bodem shall earn vacation leave each month in the same manner as other management employees of the City and shall be subject to the City's ordinances, rules and policies pertaining to all management employees with regard to accrual, use and conversion (to cash) of vacation time.

(f) Bodem shall accrue sick leave in the same manner as other management employees of the City and shall be subject to the City's ordinances, rules and policies pertaining to all management employees with regard to accrual, use and conversion (to cash) of sick leave.

(g) The City shall pay the premium cost during the term of this Agreement for a term life insurance policy on Bodem's life with a death benefit not to exceed \$ 50,000.

(h) The City shall make a matching contribution up to 50% of Bodem's contribution during the term of this Agreement to a deferred compensation plan, up to a maximum contribution by the City of \$100 per month.

(i) A cell phone shall be provided by the City to the City Administrator for Sand City related communications.

(j) the Sand City General Employees Benefit Summary and Job Description hereby attached to this agreement.

11. Expenses. City shall pay for or reimburse Bodem for ordinary and necessary expenses incurred by or on behalf of Bodem in the course of performance of his duties under this Agreement in accordance with City policies.

12. Performance Evaluation. The City Council shall review and evaluate the performance of Bodem within six (6) months following the Date of Appointment and at least annually thereafter. The City Council, in consultation with Bodem, shall define such goals and performance objectives that they determine to be necessary for the proper operation of the City.

13. Indemnification. City shall defend, hold harmless and indemnify Bodem against any lawsuit pursuant and subject to the provisions and limitations of Government Code section 825, provided such lawsuit names Bodem as a party and contains allegations concerning his acts or omissions within the course and scope of his employment.

14. Notices. Notices given pursuant to this Agreement shall be in writing and delivered personally to Bodem or to the Mayor or Vice-Mayor or deposited into the U.S. Mail, first class postage prepaid and addressed to Bodem or the Mayor and City Council as the case may be at City Hall, 1 Sylvan Park, Sand City, CA 93955. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice, postage prepaid, in the U.S. mail.

15. Bond. Bodem shall maintain on file with City a faithful performance surety bond in an amount determined by the City. The City shall bear the full cost of any fidelity or other bond required for the City Administrator under this Agreement or any law or ordinance.

16. Professional Memberships, Meetings, Seminars. City and Bodem will mutually benefit from Bodem's participation in certain professional activities relating to City Administrators and managers. Subject to budgetary constraints, Bodem may enroll, attend, and participate in conferences, courses, seminars, committee work, or other activities of organizations that will benefit the City.

17. Miscellaneous Provisions.

(a) Entire Agreement. This Agreement constitutes the entire Agreement between the parties. This Agreement may only be amended in a writing signed by Bodem and the City.

(b) Severance. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

(c) Jurisdiction and Venue. This Agreement and the subject matter hereof shall be governed by the laws of the State of California. Any action concerning this Agreement or the subject matter hereof shall be brought and maintained in the Superior Court of California in and for the County of Monterey.

(d) Interpretation. The parties agree that any ambiguity in this Agreement shall not be construed or interpreted against, or in favor of, either party. This Agreement shall be interpreted as though it was prepared by both the City and Bodem.

Dated: _____

Todd Bodem

Dated: _____

City of Sand City:

By: _____
David K. Pendergrass, Mayor

Attest:

Linda Scholink, City Clerk

Witness:

Kelly Morgan, Interim City Administrator

Sand City General Employee Benefit Summary
 For Full Time Employees
As of January 2014

Pay Days Last business day of each month

Accrual of "Paid Time Off" over 800 hours shall be cashed out in December each year

Holidays Fourteen (14) paid holidays per year

New Year's Day
 Martin Luther King Jr. Birthday
 President's Day
 Cesar Chavez
 Memorial Day
 Independence Day
 Labor Day

Paid Holidays

Columbus Day
 Veteran's Day
 Thanksgiving Day
 The day following Thanksgiving
 Last working day before Christmas Day (or first day after)
 Christmas Day
 Floating Holiday

Vacation

1-4 years = 80 hours per year
 5-7 years = 120 hours per year
 8-9 years = 144 hours per year
 10-15 years = 160 hours per year
 16-19 years = 200 hours per year
 20+ years = 240 hours per year

Dental Insurance

Fully paid employee and family coverage
 Guardian – Employee = \$69.24
 Employee + Dependent = \$179.39
 Family = \$243.89

Sick Leave

Eight (8) hours per month

Vision Insurance

Reimbursement plan for employee & family
 \$200 per person/\$400 per family every FY

Bereavement Leave (Paid)

Three (3) days per calendar year

Long Term Disability

Pays after 90 days of disability
 60% of salary up to two years

Physical Fitness Incentive

\$150 one time initiation
 \$30 per month for single membership
 \$60 per month for family membership

Life Insurance

\$50,000 paid for by the City

Accidental Death & Dismemberment-Yes

Medical Insurance

Benefit - \$1151.04 Family \$767.36 Single
 Incentive - \$431.61 Family \$287.74 Single
 Total - \$1582.65 Family \$1055.10 Single
 Allowance per month (or cash in lieu of benefits) may be used to purchase medical benefits for the employee and/or dependents through PERS Health Plan Program. Any unused portion is paid as taxable income. Based on Anthem.

Social Security – No

Medicare – Yes

Disability – No SDI

Deferred Compensation

PERS 457 – Equivalent to 401(k)
 as elected by each employee up to legal limits
 City will match 50% employee contributions up to \$100.00

Retirement Plan

<u>Misc.</u>	<u>Police</u>
Current 3% @60	3% @55
Transfer 2% @55	2% @50
New Hire 2% @62	2% @57
23.992%	22.993%
Final compensation based upon highest twelve (12) month average	

For more detailed information see the Personnel Department

City Administrator

- City of Sand City

JOB DESCRIPTION

DRAFT

Origination Date:

September 2014

GENERAL PURPOSE

Perform a variety of complex administrative, supervisory and professional work in planning, coordinating and directing the activities of the City Government and Administrative Offices.

ESSENTIAL DUTIES AND RESPONSIBILITIES

Plan, coordinate, supervise, and manage the operations of the City in accordance with Council priorities, resolutions and applicable state and federal laws.

Manages current and long range goals, objectives, plans and policies set by City Council.

Establish and maintain an effective system of communication both internally and externally throughout the City.

Provides direction, guidance and advice to motivate City employees.

Authorizes and motivates City employees to develop and carry out activities and initiatives consistent with established policies, procedures and standards.

Conducts effective studies, evaluations and reviews of programs and personnel, provides feedback on results and takes appropriate actions to correct unsatisfactory results.

Represents the City of Sand City with public agencies, private organizations, governmental entities, constituents and the financial community in a way that is consistent with the Council's expectations.

Oversees and ensures correct preparation of proposed annual budget, salary plan and other requirements. Updates Council appropriately regarding changes or recommendations.

Ensures that matters of concern are thoroughly and promptly investigated and appropriate feedback is provided to the affected parties.

Ensures property of the City is maintained in a clean, orderly and appropriate manner including the buildings, vehicles and other items viewed and/or used by the public.

Ensures members of the public and other visitors to the City Offices are treated in a respectful, courteous and helpful manner by all employees.

Contributes positively when representing the City on committees, boards and other groups. Ensures all such meetings have appropriate participation by the City leadership.

PERIPHERAL DUTIES

Perform the duties of subordinate personnel as needed or designate appropriate assistance.

Analyze and recommend improvements to equipment and facilities, as needed.

DESIRED MINIMUM QUALIFICATIONS

Education and Experience:

Graduation from an accredited college or university with a Bachelor's degree preferably in public administration or a closely related field, and five (5) years of experience in municipal management. Master's Degree preferred.

Signatures

This job description has been approved by the City Council:

Personnel Committee _____

HR _____

Employee signature below constitutes employee's understanding of the requirements, essential functions and duties of the position.

Employee _____ Date _____

AGENDA ITEM

4b

CITY OF SAND CITY
RESOLUTION SC _____, 2014

RESOLUTION OF THE CITY COUNCIL OF SAND CITY APPROVING A SERVICE AGREEMENT WITH SLV MANAGEMENT (STEPHEN VAGNINI) FOR THE 2015 WEST END CELEBRATION (WEC)

WHEREAS, the City of Sand City has been sponsoring and coordinating the West End Celebration (WEC) since its inception in 2002; and

WHEREAS, the West End Celebration has expanded in activities and popularity to the point where professional event planning and music planning services are needed; and

WHEREAS, Steve Vagnini has provided professional event and music procurement services for the WEC that have resulted in continuous improvement to the WEC, and these two services have resulted in increased attendance and more events within the WEC; and

WHEREAS, there are continuing possibilities that some additional revenue may be raised from various donors and sponsors to offset budget expenses related to the West End Celebration.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Sand City as follows:

1. The West End Celebration Service Agreement attached hereto and incorporated herein as Attachment 1 is approved at a cost not to exceed \$20,000.
2. The City Council hereby approves a budget for the 2015 West End Celebration of up to \$60,000, which includes the compensation to Steve Vagnini. It is acknowledged that this budget is a "net budget" of expenses over revenues; however, it is a continuing goal of the City's to reduce the net expenditure of funding as much as possible by increasing donations and sponsorships. It is anticipated that a "headliner" band will be part of the event.
3. It is further acknowledged that the 2015 West End Celebration should equal the popularity of past events.

PASSED AND ADOPTED by the City Council of Sand City on this ____ day of October, 2014 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED:

ATTEST:

David K. Pendergrass, Mayor

Linda K. Scholink, City Clerk

ATTACHMENT 1

WEST END CELEBRATION SERVICE AGREEMENT

This West End Celebration Service Agreement (“**Agreement**”) made and effective this 7th day of October, 2014, is by and between the City of Sand City, a municipal corporation (“**City**”) and Steve Vagnini doing business as SLV Management (“**Contractor**”).

RECITALS

- A. City holds its West End Celebration annually during the month of August.
- B. City desires to hire Contractor for the general purposes of organizing the 2015 West End Celebration (“WEC”) including sponsorship development related to the event, and performing other services described herein below.
- C. Contractor agrees to provide the services described in this Agreement to City from the time of its execution through the time necessary to complete the West End Celebration, all on the terms and conditions as hereinafter set forth.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

Duties of Contractor. Contractor will perform the following services for City concerning the West End Celebration:

- (a) Contact and actively solicit for financial contribution and sponsorships, nationally recognized and local companies, organizations and individuals. In particular, companies that include policies of corporate giving shall be contacted for potential financial assistance regarding the West End Celebration. This sponsorship development activity shall be documented by the contractor and presented to the city on a regular basis.
- (b) Create all promotional materials necessary for the 2015 West End Celebration (e.g., fliers, public service announcements, website development, and advertising for all media outlets);
- (c) Arrange for the production of promotional materials at costs not exceeding amounts shown for this purpose in the approved budget;
- (d) Schedule entertainment for the event at costs not exceeding amounts shown for this purpose in the approved budget;
- (e) Organize volunteers and coordinate with “the West End Committee” to conduct the event;

- (f) Ensure that the WEC is conducted in the manner required by City regulations (e.g., business license, safety and land use requirements) as well as State law (e.g., alcoholic and beverage control laws and regulations); and
 - (g) Coordinate the planning and conduct the WEC with the Steering Committee (Council, Art Committee and other representatives as appointed by the Mayor), City staff and the City's Police Department (e.g., security, traffic and parking, set-up and take down).
2. Budget. Contractor will prepare a draft budget for the 2015 West End Event. Income and expense items shall be categorized in the draft budget itemized to a level of detail which is acceptable to the City. Contractor shall submit the draft budget to the City for its review and approval no later than January 1, 2015. Contractor shall not expend or commit to expend any City funds in excess of the amounts shown in the budget approved by the City (the "**Approved Budget**"). The City Administrator may authorize limited expenditure of funds prior to approval of the Approved Budget for early expenses.
 3. Ownership of Materials. All promotional materials created by Contractor for the West End Event shall be owned by the City. All materials capable of visual representation shall be marked "Copyright Sand City".
 4. Relationship of Contractor. Contractor shall be an independent contractor and not an employee of the City.
 5. Indemnification. Steve Vagnini shall indemnify, defend, and hold Sand City harmless from and against any and all losses, claims, demands, damages, expenses or judgments arising from any willful or negligent act, error or omission of Contractor or its employees except for any loss, claim, demand, damage expense or judgments arising from the sole negligence or intentional act of Sand City or its employees.
 6. Compensation of Contractor. Upon execution of this agreement, the City shall make partial payments to the Contractor upon request from the Contractor up to a sum of \$20,000 for the Contractor's services describe in this Agreement ("**Base Compensation**"). As part of this fee, Contractor shall use his best efforts to procure sponsorships and donations to the maximum extent practicable.
 7. Business License. Contractor shall pay for and keep active during the term of this agreement, a business license from the City of Sand City.
 8. Modification and Cancellation of 2015 West End Celebration. Notwithstanding anything in this Agreement to the contrary, City reserves the right to review and approve all matters concerning the 2015 West End Celebration (WEC), including but not limited to any promotional materials and any aspect of the conduct of the event. The City also reserves the right to cancel the 2015 West End Celebration at any time. If the City cancels the 2015 West End Celebration prior to its approval of the budget, Contractor shall be entitled to fifty percent (50%) of the Base Compensation referred to in paragraph 6 as its total compensation for services rendered under this Agreement, and Contractor shall immediately return to the City any amounts received over the fifty percent (50%) of such

Base Compensation previously paid to Contractor by the City. In the event the WEC is cancelled after City approval of the Approved Budget, City shall be solely responsible for any cancellation fees the City is legally obligated to pay under the terms of any agreements made with vendors.

9. Termination of Agreement. City may terminate this Agreement at any time.
10. No Assignment. The services to be provided by Contractor hereunder are personal in nature. Contractor may not assign all or any portions of Contractor's obligations under this Agreement without first obtaining the written consent of the City, which the City may withhold in its absolute discretion.
11. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and incorporates any prior oral or written understanding between the parties. Any amendment to this Agreement must be made in a writing signed by both of the parties of this Agreement.

City of Sand City:

Kelly Morgan, Interim City Administrator

Date: _____

Contractor:

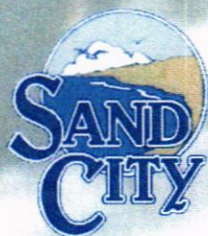
Steve Vagnini, SLV Management

Date: _____

AGENDA ITEM

4c

Q1 2014



Sand City Sales Tax Update

Second Quarter Receipts for First Quarter Sales (January - March 2014)

Sand City In Brief

Receipts for Sand City's January through March sales were 2.9% lower than the same quarter one year ago. Actual sales activity was down 1.7% when reporting aberrations were factored out.

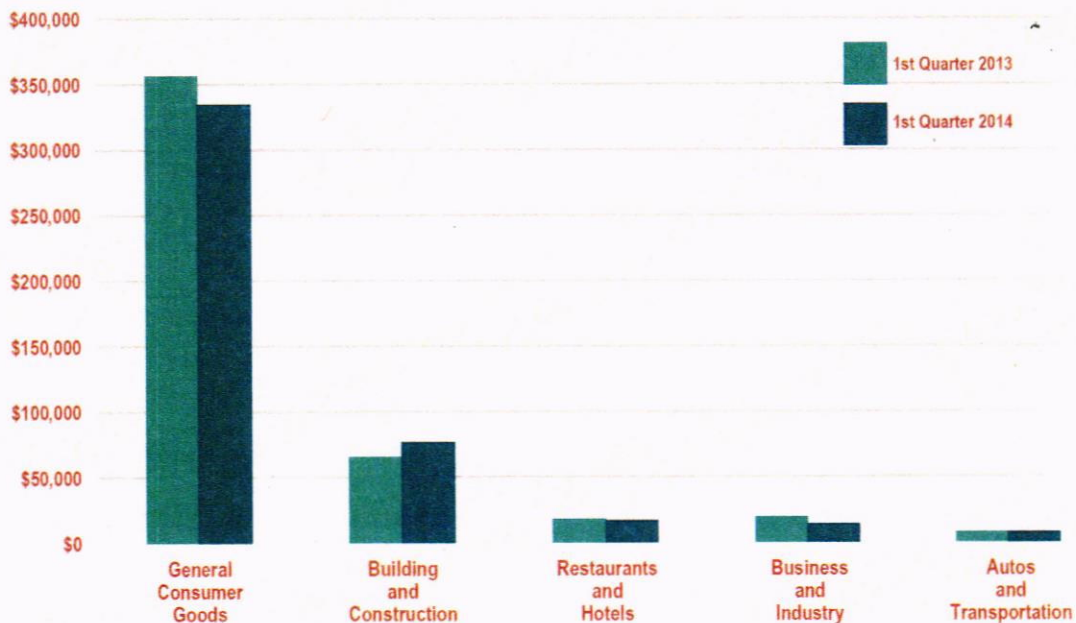
Sales declines from multiple categories of general consumer goods were significant factors in the city's overall drop. Business and industry also posted decreases; however, the losses were exaggerated by payment anomalies. Onetime payments were responsible for temporarily depressing the restaurant group.

The losses were partially offset by strong sales from plumbing and electrical supplies and other categories of building and construction. In addition, gains from repair shops helped lift the autos and transportation group.

Measure "L", the city's voter approved transactions tax generated an additional \$251,739 in revenue for the quarter, a 4.9% decrease compared to last year.

Adjusted for aberrations, taxable sales for all of Monterey County increased 3.9% over the comparable time period, while the Central Coast region as a whole was up 2.3%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Alameda Electric Supply	McDonalds
Burger King	Monterey Bay Restaurant Equipment
Carmel Stone Imports	Office Depot
Chipotle	Orchard Supply Hardware
Consolidated Electrical Distributors	Petsmart
Costco	Ross
Ferguson Enterprises	Save Mart
Gamestop	Slakey Brothers
Genes Import Auto Body	Sports Authority
Granite Rock	Target
Marshalls	Ulta Salon & Cosmetics
Mattress Discounters	Valero Corner Store
	Verizon Wireless

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$2,154,650	\$2,132,331
County Pool	241,186	246,630
State Pool	1,098	1,424
Gross Receipts	\$2,396,934	\$2,380,385
Less Triple Flip*	\$(599,233)	\$(595,096)
Measure L	\$1,101,693	\$1,075,760

*Reimbursed from county compensation fund

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Statewide Results

Net of payment aberrations, first quarter retail sales were 3.8% higher than the same period one year earlier.

Sales of new automobiles were up 9.4%, stimulated by pent up demand, consumer interest in new feature-rich models and easy financing options. The building and construction sector reported solid gains in a number of categories, notably contractors, sellers of lumber/building materials and suppliers of plumbing/electrical equipment. Restaurant and hotel receipts increased by 6.4%, out-pacing all other industry groups except autos and transportation.

Proceeds from general consumer goods were flat primarily due to the ongoing shift from brick-and-mortar stores to online retailers, many of which allocate the local sales tax to the countywide allocation pools. Gains from most other segments were relatively modest, while tax revenues from fuel sales experienced a fifth consecutive quarterly drop.

Sales Tax and the Drought

All of California is currently under either severe or exceptional levels of drought and is experiencing the driest 30 month period in the state's recorded history.

A recent study by UC Davis projects that the socioeconomic impacts of the current drought will be 50% more severe than in 2009 with 410,000 acres of row and feed crops taken out of production in order to preserve diminishing water supplies for longer term orchard and vineyard investments and the thinning of cattle and dairy herds in anticipation of green pasture shortages. A loss of 14,500 jobs is estimated as are higher food prices and increased energy costs to replace the loss of inexpensive hydro power.

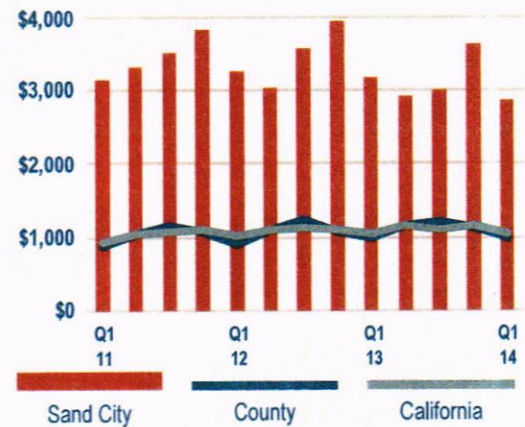
Even so, most analysts predict that the near term impact on the overall statewide economy and 2014-15 sales tax receipts should be minor though some localized pockets may be vulnerable where dependency on agricultural and water-related tourism expenditures is exceptionally high.

The analysts point out that less than 3% of the state's economy comes from agriculture and that in many areas surface water supplies are being replaced with increased pumping of groundwater. They further estimate that the impact of job losses will be offset by employment growth in other segments of the economy. They also note that government drought aid, crop insurance, unemployment benefits and public assistance programs will temporarily avert some potential economic and revenue impacts.

The longer term concern is that the drought could persist for another two or three years. Groundwater

supplies are being pumped out at a faster rate than can be naturally recharged and a UC Berkeley analysis suggests that the relatively wet 20th century was an anomaly. If that is true and the state reverts to a suspected drier norm, the impact on the economy, environment, fire safety and food and energy costs will become more severe and far reaching.

SALES PER ACCOUNT



SAND CITY TOP 15 BUSINESS TYPES

Business Type	Sand City		County	HdL State
	Q1 '14	Change	Change	Change
Auto Repair Shops	6,797	15.6%	3.3%	1.5%
Contractors	24,932	10.5%	1.1%	14.8%
Discount Dept Stores	— CONFIDENTIAL —	—	-0.8%	-2.6%
Electronics/Appliance Stores	11,875	-30.6%	3.8%	2.4%
Family Apparel	53,048	-5.9%	-11.6%	-3.2%
Fast-Casual Restaurants	— CONFIDENTIAL —	—	2.6%	10.5%
Grocery Stores Liquor	— CONFIDENTIAL —	—	-13.8%	-14.6%
Hardware Stores	— CONFIDENTIAL —	—	-5.2%	-2.6%
Home Furnishings	9,013	-34.9%	-1.3%	6.7%
Office Supplies/Furniture	— CONFIDENTIAL —	—	0.8%	-0.4%
Plumbing/Electrical Supplies	36,141	53.7%	16.1%	8.1%
Quick-Service Restaurants	9,110	-11.5%	4.4%	4.8%
Service Stations	— CONFIDENTIAL —	—	2.6%	-1.1%
Specialty Stores	23,942	3.6%	5.3%	2.5%
Sporting Goods/Bike Stores	— CONFIDENTIAL —	—	-5.1%	-6.1%
Total All Accounts	\$489,532	-3.4%	1.6%	3.2%
County & State Pool Allocation	\$61,200	1.4%	6.7%	7.7%
Gross Receipts	\$550,732	-2.9%	2.1%	3.7%

AGENDA ITEM

4d

Illustration of Sand City's Primary Revenues

Description	FY 07/08	FY 08/09	FY 09/10	FY 10/11	FY 11/12	FY 12/13	FY 13/14	Difference between 13/14 and 07/08
City Property Tax	88,545.04	90,903.36	91,881.78	91,950.34	91,349.72	91,522.59	91,740.37	3,195.33
RDA/SA Property Tax	1,383,995.93	1,486,739.15	1,437,960.80	1,372,759.99	972,575.42	1,098,667.00	476,820.00	-907,175.93
Sales Tax	2,056,522.77	1,630,330.67	1,745,117.35	1,699,527.59	1,707,232.48	1,785,473.72	1,769,294.51	-287,228.26
Transaction Tax	1,195,880.50	962,274.97	1,025,410.61	1,088,252.41	1,056,926.45	1,088,603.32	1,068,740.08	-127,140.42
TOTALS	4,724,944.24	4,170,248.15	4,300,370.54	4,252,490.33	3,828,084.07	4,064,266.63	3,406,594.96	-1,318,349.28

AGENDA ITEM

4e

Local news



Proposed law may bring back redevelopment

Posted: Friday, Jan 3rd, 2014
BY: TODD GUILD

SACRAMENTO — Efforts to refurbish California's blighted urban areas may soon get new life.

When the state's more than 400 redevelopment agencies were disbanded in 2011 by Gov. Jerry Brown to shore up an ailing economy, it sent local governments scrambling to finish ongoing projects and squirreling away funds for future ones.

The elimination also sparked a flurry of activity by lawmakers to keep the agencies intact, all to no avail.

More recently, Senate Bill 1, which would reincarnate redevelopment agencies, died before making it to Brown's desk, and Assembly Bill 1080, authored by Assemblyman Luis Alejo and co-sponsored by 12 other Assembly Democrats, is being retooled after it was suspended in August.

Now, Los Angeles-based attorney Philip Kohn has authored a proposed law that would essentially reinvigorate the agencies.

The California Jobs and Education Development Initiative Act — also known as the JEDI act — would pay for projects using a complex financial system known as tax increment funding, which uses property tax increases to pay for redevelopment projects.

Still in its infant form, it is currently being reviewed by state legal counsel and will begin circulating in February. If proponents are able to gather just over a half-million signatures, it will appear on the June 2014 ballot.

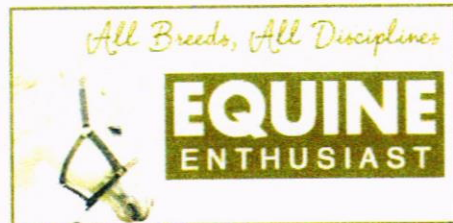
If voters pass the law, it would allow cities to replace redevelopment agencies with new Job and Education Development Initiative agencies, and give a 40-year extension on approved redevelopment projects.

It would also revise the definition of blight to include areas of high unemployment.

Proponents also say that the economic development would help fund public schools.

JEDI campaign spokesperson Stu Mollrich said the law would be a boon for California, which has an unemployment rate 20 percent above the national average, with more than 1.5 million Californians out of work.

"The dissolution of redevelopment has eliminated an estimated 300,000 good paying, predominantly union jobs throughout California," Mollrich said.



In a prepared statement, Alejo said he supports efforts to give local governments opportunities to fund revitalization efforts, which he said increases employment.

“That’s why I have proposed an alternative to provide a viable option targeting the state’s disadvantaged poorer areas and neighborhoods,” he stated. “I look forward to studying this new initiative more closely.”

“Since the dissolution of redevelopment agencies, communities across California are seeking an economic development tool to use,” Alejo said. “Redevelopment was a multi-purpose tool that focused over \$6 billion per year toward repairing and redeveloping urban cores, and building affordable housing, especially those areas most economically and physically disadvantaged.”

Designed to help communities by improving blighted areas, redevelopment programs were hailed by proponents as a way to breathe life into low-income communities. But critics alleged that some governments were using the money for areas already slated to be improved, and to build businesses such as shopping malls and thereby boost their own general funds.

At the same time, Watsonville city officials point out projects such as the Watsonville Civic Plaza and Library, which were built using redevelopment funds. They also say the funds helped business owners with façade improvement and provided a \$300,000 loan to help Fox Racing Shox build up its business, among other things.

State officials, meanwhile, are still trying to force local governments to pay back funds they believe were improperly used for redevelopment projects after the agencies were disbanded.

Watsonville City Manager Carlos Palacios said communities like Watsonville, which is still digging its way out of the economic recession, and still suffers from high unemployment, stand to benefit from such a law.

He pointed to the ongoing Manabe-Ow Business Park and downtown revitalization efforts.

“There is a very big need for working class communities especially to have some kind of plan available to assist with their redevelopment efforts,” he said.

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From the Sacramento Business Journal

<http://www.bizjournals.com/sacramento/news/2014/01/10/skepticism-over-browns-redevelopment.html>

Skepticism over Brown's redevelopment replacement

Jan 10, 2014, 7:08am PST



[Allen Young](#)

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There was a sign from the state Capitol on Thursday that there will be a replacement to the much-missed redevelopment agencies that Gov. [Jerry Brown](#) and the Legislature eliminated in 2011.

But redevelopment advocates are concerned the new entity will not be nearly as effective.

Inside the governor's 2013-14 budget plan is a proposal to make it easier to for voters to implement infrastructure financing districts, which are similar to redevelopment in that they allow local governments to fund public infrastructure through tax increment financing.

But projects funded by the districts require a public vote. Brown proposes to lower the voter approval from two-thirds to a 55 percent majority. The plan would also expand the kinds of projects created by the districts to include urban infill, affordable housing, transit priority projects, military base reuse, and other kinds of consumer services that the administration has not yet defined.

But the result of that need for voter approval is that infrastructure financing districts are used seldom, if ever. The public is too vulnerable to persuasive warnings about new taxes and debt – at least, city leaders fear they are, so officials don't bother trying to advance those kinds of measures.

"The law really hasn't been used it at all because the vote requirement is a pretty big hurdle. Will dropping it a little bit make (infrastructure financing districts) used much more? I'm not confident that it will," says [Dan Carigg](#), legislative director of the **League of California Cities**.

The former executive director of the California Redevelopment Agency, [John Shirey](#), was also ambivalent to Brown's proposal, noting that it was a positive step toward helping governments finance infrastructure.

"However, this does not replace redevelopment or enterprise zones, which were two very effective economic development tools for local government," wrote Shirey, Sacramento's city manager, in an email.

Curiously, Brown's measure closely mirrors pending legislation by Assemblyman [Roger Dickinson](#), D-Sacramento, which would essentially do the same thing. But after Assembly Bill 243 passed out of both legislative houses last year, the governor indicated that he would veto it for fear that a new law would interfere with the ongoing dissolution of redevelopment agencies. So Dickinson shelved his bill for the upcoming session.

Several other redevelopment replacement bills were also held up for that reason. One of them was Senate Bill 33 by [Lois Wolk](#), D-Davis, which would remove the public vote requirement from infrastructure financing districts.

Dickinson is optimistic that the governor has come around, at least to support the general function of his bill.

"It seems to be that this proposal in the budget signals that the governor and his staff have come to the point of view that we're far enough along on the track of winding down redevelopment that it is timely and appropriate to bring on new economic development tools," Dickinson said.

Brown administration officials wrote in an email that the governor's new proposal "is not necessarily as broad as AB 243 in terms of what types of projects may be funded by the new districts."

It is also unclear whether the governor's proposal would force cities to specify the exact projects that would be funded by infrastructure financing districts on the voter measure, or if voters could appoint some entity to conceive and execute projects that fit under the specified categories.

When Gov. [Jerry Brown](#) and the Democrat-controlled Legislature eliminated redevelopment agencies in 2011, California lost a significant tool to attract private investment. Redevelopment tax increment and redevelopment bonds were frequently used in public/private partnerships to replace dilapidated infrastructure like roads and wastewater pipelines.

But cases of misuse of redevelopment funds left Brown with a nasty taste in his mouth. Following the Legislature's approval, the administration abolished every redevelopment agency in the state because some focused their investment on major sales tax revenue-generating venues like auto dealerships and shopping malls. Moreover, they operated without the consent of local government and shifted billions of dollars away from schools across the state.

This narrative is recounted in [the governor's 2014-15 budget proposal](#).

Under Brown's new proposal, local governments would have to approve to any changes affecting them by the infrastructure financing districts. There would be no impact on schools or state general fund.

Allen Young covers state legislation, regulation and contracts, as well as economic news, international trade and economic development for the Sacramento Business

Journal.



AB-2280 Community Revitalization and Investment Authorities. (2013-2014)

ENROLLED AUGUST 29, 2014
PASSED IN SENATE AUGUST 22, 2014
PASSED IN ASSEMBLY AUGUST 27, 2014
AMENDED IN SENATE AUGUST 18, 2014
AMENDED IN ASSEMBLY APRIL 07, 2014

CALIFORNIA LEGISLATURE— 2013–2014 REGULAR SESSION

ASSEMBLY BILL

No. 2280

Introduced by Assembly Member Alejo
(Principal coauthors: Assembly Members Atkins and Mullin)
(Coauthors: Assembly Members Brown, Ian Calderon, Dickinson, Holden, Perea,
V. Manuel Pérez, Stone, Ting, and Williams)
(Coauthor: Senator Correa)

February 21, 2014

An act to add Part 1.87 (commencing with Section 34191.50) to Division 24 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2280, Alejo. Community Revitalization and Investment Authorities.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined by means of redevelopment projects financed by the issuance of bonds serviced by tax increment revenues derived from the project area. Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved agencies and to fulfill the enforceable obligations of those agencies. Existing law also provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues, and would require the authority to adopt a community revitalization plan for the community revitalization and investment area that includes

elements describing and governing revitalization activities. The bill would also provide for periodic audits of the authority with respect to affordable housing, conducted as provided by the Controller, and for annual public reports by the authority as well as periodic proceedings for the consideration of public protests.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) Certain areas of the state are generally characterized by buildings in which it is unsafe or unhealthy for persons to live or work, conditions that make the viable use of buildings or lots difficult, high business vacancies and lack of employment opportunities, and inadequate public improvements, water, or sewer utilities. It is the intent of the Legislature to create a planning and financing tool to support the revitalization of these communities.

(b) It is in the interest of the state to support the economic revitalization of these communities through tax increment financing.

(c) It is the intent of the Legislature to authorize the creation of Community Revitalization and Investment Authorities to invest tax increment revenue to relieve conditions of unemployment, reduce high crime rates, repair deteriorated or inadequate infrastructure, promote affordable housing, and improve conditions leading to increased employment opportunities.

SEC. 2. Part 1.87 (commencing with Section 34191.50) is added to Division 24 of the Health and Safety Code, to read:

PART 1.87. Community Revitalization and Investment Authorities

34191.50. As used in this part, the following terms have the following meanings:

(a) "Authority" means the Community Revitalization and Investment Authority created pursuant to this part.

(b) "Plan" means a community revitalization plan.

34191.51. (a) A community revitalization and investment authority is a public body, corporate and politic, with jurisdiction to carry out a community revitalization plan within a community revitalization and investment area. The authority shall be deemed to be an "agency" as defined in Section 33003 for purposes of receiving tax increment revenues pursuant to Article XVI of Section 16 of the California Constitution. The authority shall have only those powers and duties specifically set forth in Section 34191.53.

(b) (1) An authority may be created in one of the following ways:

(A) A city, county, or city and county may adopt a resolution creating an authority. The composition of the governing board shall be comprised as set forth in subdivision (c).

(B) A city, county, city and county, and special district, as special district is defined in subdivision (m) of Section 95 of the Revenue and Taxation Code, or any combination thereof, may create an authority by entering into a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(2) (A) A school entity, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, may not participate in an authority created pursuant to this part.

(B) A successor agency, as defined in subdivision (j) of Section 34171, may not participate in an authority created pursuant to this part, and an entity created pursuant to this part shall not receive any portion of the property tax revenues or other moneys distributed pursuant to Section 34188.

(3) An authority formed by a city or county that created a redevelopment agency that was dissolved pursuant to Part 1.85 (commencing with Section 34170) of Division 24 shall not become effective until the successor agency or designated local authority for the former redevelopment agency has adopted findings of fact stating all of the following:

(A) The agency has received a finding of completion from the Department of Finance pursuant to Section 34179.7.

(B) No former redevelopment agency assets which are the subject of litigation against the state, where the city or county or its successor agency or designated local authority are a named plaintiff, have been or will be used to benefit any efforts of an authority formed under this part unless the litigation, has been resolved by entry of a final judgment by any court of competent jurisdiction and any appeals have been exhausted.

(C) The agency has complied with all orders of the State Controller pursuant to Section 34167.5.

(c) (1) The governing board of an authority created pursuant to subparagraph (A) of paragraph (1) of subdivision (b) shall be appointed by the legislative body of the city, county, or city and county that created the authority and shall include three members of the legislative body of the city, county, or city and county that created the authority and two public members. The appointment of the two public members shall be subject to the provisions of Section 54974 of the Government Code. The two public members shall live or work within the community revitalization and investment area.

(2) The governing body of the authority created pursuant to subparagraph (B) of paragraph (1) of subdivision (b) shall be comprised of a majority of members from the legislative bodies of the public agencies that created the authority and a minimum of two public members who live or work within the community revitalization and investment area. The majority of the board shall appoint the public members to the governing body. The appointment of the public members shall be subject to the provisions of Section 54974 of the Government Code.

(d) An authority may carry out a community revitalization plan within a community revitalization and investment area. Not less than 80 percent of the land calculated by census tracts, or census block groups, as defined by the United States Census Bureau, within the area shall be characterized by both of the following conditions:

(1) An annual median household income that is less than 80 percent of the statewide annual median income.

(2) Three of the following four conditions:

(A) Nonseasonal unemployment that is at least 3 percent higher than statewide median unemployment, as defined by the report on labor market information published by the Employment Development Department in January of the year in which the community revitalization plan is prepared.

(B) Crime rates that are 5 percent higher than the statewide median crime rate, as defined by the most recent annual report of the Criminal Justice Statistics Center within the Department of Justice, when data is available on the California Attorney General's Internet Web site.

(C) Deteriorated or inadequate infrastructure such as streets, sidewalks, water supply, sewer treatment or processing, and parks.

(D) Deteriorated commercial or residential structures.

(e) As an alternative to subdivision (d), an authority may also carry out a community revitalization plan within a community revitalization and investment area established within a former military base that is principally characterized by deteriorated or inadequate infrastructure and structures. Notwithstanding subdivision (c), the governing board of an authority established within a former military base shall include a member of the military base closure commission as a public member.

(f) The conditions described in subdivisions (d) and (e) shall constitute blight within the meaning of the Community Redevelopment Law. The authority shall not be required to make a finding of blight or conduct a survey of blight within the area.

(g) An authority created pursuant to this part shall be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code).

(h) (1) At any time after the authority is authorized to transact business and exercise its powers, the legislative body or bodies of the local government or governments that created the authority may appropriate the amounts the legislative body or bodies deem necessary for the administrative expenses and overhead of the authority.

(2) The money appropriated may be paid to the authority as a grant to defray the expenses and overhead, or as a loan to be repaid upon the terms and conditions as the legislative body may provide. If appropriated as a loan, the property owners within the plan area shall be made third-party beneficiaries of the repayment of the loan. In addition to the common understanding and usual interpretation of the term, "administrative expense" includes, but is not limited to, expenses of planning and dissemination of information.

34191.53. An authority may do all of the following:

(a) Provide funding to rehabilitate, repair, upgrade, or construct infrastructure.

(b) Provide for low- and moderate-income housing.

(c) Remedy or remove a release of hazardous substances pursuant to the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Part 1 of Chapter 4 of Division 24).

(d) Provide for seismic retrofits of existing buildings pursuant to Section 33420.1.

(e) Acquire and transfer real property in accordance with paragraph (4) of subdivision (a) of Section 33333.2, Article 7 (commencing with Section 33390) of Part 1 of Division 24, and Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5, 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6, and 33445.

The authority shall retain controls and establish restrictions or covenants running with the land sold or leased for private use for such periods of time and under such conditions as are provided in the plan. The establishment of such controls is a public purpose under the provisions of this part.

(f) Issue bonds pursuant to Article 5 (commencing with Section 33640) of Chapter 6 of Part 1 of Division 24.

(g) Borrow money, receive grants, or accept financial or other assistance or investment from the state or the federal government or any other public agency or private lending institution for any project or within its area of operation, and may comply with any conditions of the loan or grant. An authority may qualify for funding as a disadvantaged community as determined by the California Environmental Protection Agency pursuant to Section 79505.5 of the Water Code or as defined by Section 56033.5 of the Government Code. An authority may also enter into an agreement with a qualified community development entity, as defined by Section 45D(c) of the Internal Revenue Code, to coordinate investments of funds derived from the New Markets Tax Credit with those of the authority in instances where coordination offers opportunities for greater efficiency of investments to improve conditions described in subdivisions (d) and (e) within the territorial jurisdiction of the authority.

(h) Adopt a community revitalization and investment plan pursuant to Section 34191.55.

(i) Make loans or grants for owners or tenants to improve, rehabilitate, or retrofit buildings or structures within the plan area.

(j) Except as specified in Section 33426.5, provide direct assistance to businesses within the plan area in connection with new or existing facilities for industrial or manufacturing uses.

34191.55. An authority shall adopt a community revitalization and investment plan that may include a provision for the receipt of tax increment funds generated within the area according to Section 33670, provided the plan includes each of the following elements:

(a) A statement of the principal goals and objectives of the plan.

(b) A description of the deteriorated or inadequate infrastructure within the area and a program for construction of adequate infrastructure or repair or upgrading of existing infrastructure.

(c) A program that complies with Sections 33334.2 and all other housing-related provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33300) of Division 24). An authority that includes a provision for the receipt of tax increment revenues pursuant to Section 33670 in its Community Revitalization and Investment Plan shall dedicate at least 25 percent of allocated tax increment revenues for affordable housing purposes. If the authority makes a finding that combining funding received under this program with other funding for the same purpose shall reduce administrative costs or expedite the construction of affordable housing, then an authority may transfer funding from the program to the housing authority within the territorial jurisdiction of the local jurisdiction that created the authority or to the entity that received the

housing assets of the former redevelopment agency pursuant to Section 34176; however, Section 34176.1 shall not apply to funds transferred. Funding shall be spent within the project area in which the funds were generated. Any recipient of funds transferred pursuant to this subdivision shall comply with all applicable provisions of the Community Redevelopment Law.

(d) A program to remedy or remove a release of hazardous substances, if applicable.

(e) A program to provide funding for or otherwise facilitate the economic revitalization of the area.

(f) A fiscal analysis setting forth the projected receipt of revenue and projected expenses over a five-year planning horizon, including the potential issuance of bonds backed by tax increment during the term of the plan.

(g) The time limits imposed by Section 33333.2.

(h) A program that does both of the following:

(1) Prohibits the number of housing units occupied by extremely low, very low, and low-income households, including the number of bedrooms in those units, at the time the plan is adopted, from being reduced in the plan area during the effective period of the plan.

(2) Requires the replacement of dwelling units that house extremely low, very low, or low-income households pursuant to subdivision (a) of Section 33413 within two years of their displacement.

34191.57. (a) The authority shall consider adoption of the plan at three public hearings that shall take place at least 30 days apart. At the first public hearing, the authority shall hear all written and oral comments but take no action. At the second public hearing, the authority shall consider all written and oral comments and take action to modify or reject the plan. If the plan is not rejected at the second public hearing, then the authority shall conduct a protest proceeding at the third public hearing to consider whether the property owners and residents within the plan area wish to present oral or written protests against the creation of the authority.

(b) The draft plan shall be made available to the public and to each property owner within the area at a meeting held at least 30 days prior to the notice given for the first public hearing. The purposes of the meeting shall be to allow the staff of the authority to present the draft plan, answer questions about the plan, and consider comments about the plan.

(c) (1) Notice of the first public hearing shall be given by publication not less than once a week for four successive weeks in a newspaper of general circulation published in the county in which the area lies and shall be mailed to each property owner within the proposed area of the plan. Notice of the second public hearing shall be given by publication not less than 10 days prior to the date of the second public hearing in a newspaper of general circulation published in the county in which the area lies and shall be mailed to each property owner within the proposed area of the plan. The notice shall do all of the following, as applicable:

(A) Describe specifically the boundaries of the proposed area.

(B) Describe the purpose of the plan.

(C) State the day, hour, and place when and where any and all persons having any comments on the proposed plan may appear to provide written or oral comments to the authority.

(D) Notice of second public hearing shall include a summary of the changes made to the plan as a result of the oral and written testimony received at or before the public hearing and shall identify a location accessible to the public where the plan to be presented at the second public hearing can be reviewed.

(E) Notice of the third public hearing to consider any written or oral protests shall contain a copy of the final plan adopted pursuant to subdivision (a), and shall inform the property owner and resident of his or her right to submit an oral or written protest before the close of the public hearing. The protest may state that the property owner or resident objects to the authority taking action to implement the plan.

(i) At the third public hearing, the authority shall consider all written and oral protests received prior to the close of the public hearing. If there is a majority protest, the authority shall call an election of the property owners and residents in the area covered by the plan. A majority protest exists if protests have been filed representing over 50 percent of the combined number of property owners and residents in the area who are at

least 18 years of age.

(ii) An election required pursuant to clause (i) shall be held within 90 days of the public hearing and may be held by mail-in ballot. The authority shall adopt, at a duly noticed public hearing, procedures for this election.

(iii) If a majority of the property owners and residents vote against the plan, then the authority shall not take any further action to implement the proposed plan. The authority shall not propose a new or revised plan to the affected property owners and residents for at least one year following the date of an election in which the plan was rejected.

(2) The authority may provide notice of the public hearings to tenants of properties within the proposed area of the plan in a manner of its choosing.

(d) At the hour set in the notice required by subdivision (a), the authority shall consider all written and oral comments.

(e) If a majority protest does not exist, the authority may adopt the plan at the conclusion of the third public hearing by ordinance. The ordinance adopting the plan shall be subject to referendum as prescribed by law.

(f) For the purposes of Section 33670, the redevelopment plan shall be the plan adopted pursuant to this section.

(g) The authority shall consider and adopt an amendment or amendments to a plan in accordance with the provisions of this section.

34191.59. (a) The plan adopted pursuant to Section 34191.57 may include a provision for the receipt of tax increment funds according to Section 33670 in accordance with this section.

(b) The plan shall limit the taxes that are allocated to the authority to those defined in Section 33670 collected for the benefit of the taxing agencies that have adopted a resolution pursuant to subdivision (d).

(c) The provision for the receipt of tax increment funds shall become effective in the tax year that begins after the December 1 first following the adoption of the plan.

(d) At any time prior to or after adoption of the plan, any city, county, or special district, other than a school entity as defined in subdivision (n) of Section 95 of the Revenue and Taxation Code or a successor agency as defined in subdivision (j) of Section 34171, that receives ad valorem property taxes from property located within an area may adopt a resolution directing the county auditor-controller to allocate its share of tax increment funds within the area covered by the plan according to Section 33670 to the authority. The resolution adopted pursuant to this subdivision may direct the county auditor-controller to allocate less than the full amount of the tax increment, establish a maximum amount of time in years that the allocation takes place, or limit the use of the funds by the authority for specific purposes or programs. A resolution adopted pursuant to this subdivision may be repealed and be of no further effect by giving the county auditor-controller 60 days' notice; provided, however, that the county auditor-controller shall continue to allocate to the authority the taxing entity's share of ad valorem property taxes that have been pledged to the repayment of debt issued by the authority until the debt has been fully repaid. Prior to adopting a resolution pursuant to this subdivision a city, county, or special district shall approve a memorandum of understanding with the authority governing the authority's use of tax increment funds for administrative and overhead expenses pursuant to subdivision (h) of Section 34191.51.

(e) Upon adoption of a plan that includes a provision for the receipt of tax increment funds according to Section 33670, the county auditor-controller shall allocate tax increment revenue to the authority as follows:

(1) If the authority was formed pursuant to subparagraph (A) of paragraph (1) of subdivision (b) of Section 34191.51, the authority shall be allocated each year specified in the plan that portion of the taxes levied for each city, county, city and county, and special district that has adopted a resolution pursuant to subdivision (d), in excess of the amount specified in subdivision (a) of Section 33670.

(2) If the authority was formed pursuant to subparagraph (B) of paragraph (1) of subdivision (b) of Section 34191.51, the authority shall be allocated each year specified in the plan that portion of the taxes levied for each jurisdiction as provided in the joint powers agreement in excess of the amount specified in subdivision (a) of Section 33670.

(f) If an area includes, in whole or in part, land formerly or currently designated as a part of a redevelopment project area, as defined in Section 33320.1, any plan adopted pursuant to this part that includes a provision for the receipt of tax increment revenues according to Section 33670 shall include a provision that tax increment amounts collected and received by an authority are subject and subordinate to any preexisting enforceable obligation as that term is defined by Section 34171.

34191.61. (a) The authority shall review the plan at least annually and make any amendments that are necessary and appropriate in accordance with the procedures set forth in Section 34191.57, and shall require the preparation of an annual independent financial audit paid for from revenues of the authority.

(b) An authority shall adopt an annual report on or before June 30 of each year after holding a public hearing. Written copies of the draft report shall be made available to the public 30 days prior to the public hearing. The authority shall cause the draft report to be posted in an easily identifiable and accessible location on the authority's Internet Web site and shall mail a written notice of the availability of the draft report on the Internet Web site to each owner of land and each resident within the area covered by the plan and to each taxing entity that has adopted a resolution pursuant to subdivision (d) of Section 34191.59. The notice shall be mailed by first-class mail, but may be addressed to "occupant."

(c) The annual report shall contain all of the following:

(1) A description of the projects undertaken in the fiscal year and a comparison of the progress expected to be made on those projects compared to the actual progress.

(2) A chart comparing the actual revenues and expenses, including administrative costs, of the authority to the budgeted revenues and expenses.

(3) The amount of tax increment revenues received.

(4) The amount of revenues received for low- and moderate-income housing.

(5) The amount of revenues expended for low- and moderate-income housing.

(6) An assessment of the status regarding completion of the authority's projects.

(7) The amount of revenues expended to assist private businesses.

(d) If the authority fails to provide the annual report required by subdivision (a), the authority shall not spend any funds received pursuant to a resolution adopted pursuant to subdivision (d) of Section 34191.59.

(e) Every 10 years, at the public hearing held pursuant to subdivision (b), the authority shall conduct a protest proceeding to consider whether the property owners and residents within the plan area wish to present oral or written protests against the authority. Notice of this protest proceeding shall be included in the written notice of the hearing on the annual report and shall inform the property owner and resident of his or her right to submit an oral or written protest before the close of the public hearing. The protest may state that the property owner or resident objects to the authority taking action to implement the plan on and after the date of the election described in subdivision (f). The authority shall consider all written and oral protests received prior to the close of the public hearing.

(f) If there is a majority protest, the authority shall call an election of the property owners and residents in the area covered by the plan, and shall not initiate or authorize any new projects until the election is held. A majority protest exists if protests have been filed representing over 50 percent of the combined number of property owners and residents, at least 18 years of age or older, in the area.

(g) An election required pursuant to subdivision (f) shall be held within 90 days of the public hearing and may be held by mail-in ballot. The authority shall adopt, at a duly noticed public hearing, procedures for holding this election.

(h) If a majority of the property owners and residents vote against the authority, then the authority shall not take any further action to implement the plan on and after the date of the election held pursuant to subdivision (e). This section shall not prevent the authority from taking any and all actions and appropriating and expending funds, including, but not limited to, any and all payments on bonded or contractual indebtedness, to carry out and complete projects for which expenditures of any kind had been made prior to the date of the election.

34191.63. (a) Every five years, beginning in the calendar year in which the authority has allocated a cumulative total of more than one million dollars (\$1,000,000) in tax increment revenues, including any proceeds of a debt issuance, for the purposes of subdivision (c) or Section 34191.55, the authority shall contract for an independent audit to determine compliance with the affordable housing maintenance and replacement requirements of subdivision (h) of Section 34191.55, including provisions to ensure that the requirements are met within each five-year period covered by the audit. The audit shall be conducted according to guidelines established by the Controller, which shall be established on or before December 31, 2020. A copy of the completed audit shall be provided to the Controller. The Controller shall not be required to review and approve the completed audits.

(b) Where the audit demonstrates a failure to comply with the requirements of subdivision (h) of Section 34191.55 shall require the authority to adopt and submit to the Controller, as part of the audit, a plan to achieve compliance with those provisions as soon as feasible, but in not less than two years following the audit findings. The Controller shall review and approve the plan, and require the plan to stay in effect until compliance is achieved. The Controller shall ensure that the plan includes one or more of the following means of achieving compliance:

(1) The expenditure of an additional 10 percent of gross tax increment revenue on increasing, preserving, and improving the supply of low-income housing.

(2) An increase in the production, by an additional 10 percent, of housing for very low income households as required by paragraph (2) of subdivision (b) of Section 33413.

(3) The targeting of expenditures pursuant to Section 33334.2 exclusively to rental housing affordable to, and occupied by, persons of very low and extremely low income.

(c) If an authority is required to conduct an audit pursuant to subdivision (a) in advance of the issuance of the Controller's guidelines, then it shall prepare an updated audit pursuant to the Controller's guidelines on or before January 1, 2022.

34191.64. (a) If an authority fails to provide a copy of the completed audit to the Controller as required by Section 34191.63 within 20 days following receipt of a written notice of the failure from the Controller, the authority shall forfeit to the state:

(1) Two thousand five hundred dollars (\$2,500) in the case of an authority with a total revenue, in the prior year, of less than one hundred thousand dollars (\$100,000), as reported in the Controller's annual financial reports.

(2) Five thousand five hundred dollars (\$5,500) in the case of an authority with a total revenue, in the prior year, of at least one hundred thousand dollars (\$100,000) but less than two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(3) Ten thousand dollars (\$10,000) in the case of an authority with a total revenue, in the prior year, of at least two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(b) If an authority fails to provide a copy of the completed audit to the Controller as required by Section 34191.63 within 20 days after receipt of a written notice pursuant to subdivision (a) for two consecutive years, the authority shall forfeit an amount that is double the amount of the forfeiture assessed pursuant to subdivision (a).

(c) (1) If an authority fails to provide a copy of the completed audit to the Controller as required by Section 34191.63 within 20 days after receipt of a written notice pursuant to subdivision (a) for three or more consecutive years, the authority shall forfeit an amount that is triple the amount of the forfeiture assessed pursuant to subdivision (a).

(2) The Controller shall conduct, or cause to be conducted, an independent financial audit report.

(3) The authority shall reimburse the Controller for the cost of complying with this subdivision.

(d) Upon the request of the Controller, the Attorney General shall bring an action for the forfeiture in the name of the people of the State of California.

(e) Upon satisfactory showing of good cause, the Controller shall waive the forfeiture requirements of this



AB-662 Local government: redevelopment: successor agencies to redevelopment agencies. (2013-2014)

ENROLLED SEPTEMBER 18, 2013
PASSED IN SENATE SEPTEMBER 11, 2013
PASSED IN ASSEMBLY SEPTEMBER 12, 2013
AMENDED IN SENATE SEPTEMBER 06, 2013
AMENDED IN SENATE SEPTEMBER 03, 2013
AMENDED IN SENATE AUGUST 13, 2013
AMENDED IN SENATE JUNE 11, 2013
AMENDED IN SENATE MAY 24, 2013

CALIFORNIA LEGISLATURE— 2013–2014 REGULAR SESSION

ASSEMBLY BILL

No. 662

**Introduced by Assembly Members Atkins, Dickinson, Mitchell, Perea, Ting, and Torres
(Coauthor: Senator Wolk)**

February 21, 2013

An act to amend Section 53395.4 of the Government Code, and to amend Sections 34163, 34171, 34177, 34180, 34183, 34191.4, and 34191.5 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 662, Atkins. Local government: redevelopment: successor agencies to redevelopment agencies.

(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.

This bill would delete that prohibition and would authorize a district to finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area, as specified.

(2) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law prohibits a successor agency

from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations, if the contract, agreement, or project will not commit new property tax funds or otherwise adversely affect the flow of specified tax revenues or payments to the taxing agencies.

(3) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(4) Existing law requires that specified actions of a successor agency be first approved by its oversight board, including, among others, the establishment of a Recognized Obligation Payment Schedule.

This bill would require a successor agency to notify the board 10 days prior to entering into a contract or agreement for the use or disposition of specified properties. The bill would authorize the board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.

(5) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.

This bill would require that, on January 2, 2014, and twice yearly thereafter until June 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of a local housing authority that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define "housing entity administrative cost allowance" for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012-13 base year the amounts distributed to taxing entities pursuant to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(6) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term "identified in an approved redevelopment plan" includes properties listed in a community plan or a 5-year implementation plan.

(7) 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.

(8) This bill would incorporate additional changes to Sections 34191.4 and 34191.5 of the Health and Safety Code, proposed by AB 564, that would become operative only if this bill and AB 564 are chaptered and become effective January 1, 2014, and this bill is chaptered last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 53395.4 of the Government Code is amended to read:

53395.4. (a) A district may finance only the facilities or services authorized in this chapter to the extent that the facilities or services are in addition to those provided in the territory of the district before the district was created. The additional facilities or services may not supplant facilities or services already available within that territory when the district was created but may supplement those facilities and services as needed to serve new developments.

(b) A district may include areas that are not contiguous.

(c) A district may finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area. The successor agency to the former redevelopment agency shall receive a certificate of completion, as defined in Section 34179.7 of the Health and Safety Code, prior to the district financing any project or portion of a project under this subdivision.

(d) Notwithstanding subdivision (c), any debt or obligation of a district shall be subordinate to an enforceable obligation of a former redevelopment agency, as defined in Section 34171 of the Health and Safety Code. For the purposes of this chapter, the division of taxes allocated to the district pursuant to subdivision (b) of Section 53396 shall not include any taxes required to be deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund created pursuant to subdivision (b) of Section 34170.5 of the Health and Safety Code.

(e) The legislative body of the city forming the district may choose to dedicate any portion of its net available revenue to the district through the financing plan described in Section 53395.14.

(f) For the purposes of this section, "net available revenue" means periodic distributions to the city from the Redevelopment Property Tax Trust Fund, created pursuant to Section 34170.5 of the Health and Safety Code, that are available to the city after all preexisting legal commitments and statutory obligations funded from that revenue are made pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. Net available revenue shall not include any funds deposited by the county auditor-controller into the Redevelopment Property Tax Trust Fund or funds remaining in the Redevelopment Property Tax Trust Fund prior to distribution. Net available revenues shall not include any moneys payable to a school district that maintains kindergarten and grades 1 to 12, inclusive, community college districts, or to the Educational Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Section 34183 of the Health and Safety Code.

SEC. 2. Section 34163 of the Health and Safety Code is amended to read:

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) Except as provided in subdivision (d) of Section 34191.4, 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) Making any future deposits to the Low and Moderate Income Housing Fund created pursuant to Section 33334.3.

(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.

SEC. 3. Section 34171 of the Health and Safety Code is amended to read:

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 on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012, 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), unless the oversight board reduces this amount, for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax. Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.

(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 Chapter 10.5 (commencing with Section 5850) of Division 6 of Title 1 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. A reserve may be held when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

(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. Costs incurred to fulfill collective bargaining agreements for layoffs or terminations of city employees who performed work directly on behalf of the former redevelopment agency shall be considered enforceable obligations payable from property tax funds. The obligations to employees specified in this subparagraph shall remain enforceable obligations payable from property tax funds for any employee to whom those obligations apply if that employee is transferred to the entity assuming the housing functions of the former redevelopment agency pursuant to Section 34176. The successor agency or designated local authority shall enter into an agreement with the housing entity to reimburse it for any costs of the employee obligations.

(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. Titles of or headings used on or in a document shall not be relevant in determining the existence of an enforceable obligation.

(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 concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition, and 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. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner consistent with the affordable housing requirements of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(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 successor entity to the former redevelopment agency as described 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.

(l) "Property taxes" include all property tax revenues, including those from unitary and supplemental and roll corrections applicable to tax increment.

(m) "Department" means the Department of Finance unless the context clearly refers to another state agency.

(n) "Sponsoring entity" means the city, county, or city and county, or other entity that authorized the creation of each redevelopment agency.

(o) "Final judicial determination" means a final judicial determination made by any state court that is not appealed, or by a court of appellate jurisdiction that is not further appealed, in an action by any party.

(p) From January 2, 2014, to June 1, 2018, inclusive, "housing entity administrative cost allowance" means an amount of up to 1 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund on behalf of the successor agency for each applicable fiscal year, but not less than one hundred fifty thousand dollars (\$150,000) per fiscal year.

(1) The housing entity administrative cost allowance shall be listed by the successor agency on the Recognized Obligation Payment Schedule. Upon approval of the Recognized Obligation Payment Schedule by the oversight board and the department, the housing entity administrative cost allowance shall be remitted by the county auditor-controller on each January 2 and June 1 to the local housing authority that assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176. To assist the county auditor-controller in this duty, the successor agency shall notify the county auditor-controller by January 2, 2014, of the identity of the entity that has assumed the housing functions of the former redevelopment agency.

(2) If there are insufficient moneys in the Redevelopment Obligations Retirement Fund in a given fiscal year to make the payment authorized by this subdivision, the unfunded amount may be listed on each subsequent Recognized Obligation Payment Schedule until it has been paid in full. In these cases the five-year time limit on the payments shall not apply.

SEC. 4. Section 34177 of the Health and Safety Code is amended to read:

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

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

(1) On and after February 1, 2012, 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 (d) 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. In recognition of the fact that the timing of the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231 delayed the preparation by successor agencies and the approval by oversight boards of the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule, a successor agency may amend the Enforceable Obligation Payment Schedule to authorize the continued payment of enforceable obligations until the time that the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule has been approved by the oversight board and by the Department of Finance. The successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the Department of Finance.

(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 the date the Recognized Obligation Payment Schedule is valid pursuant to subdivision (1), 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, after it becomes valid, 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 (Part 1 (commencing with Section 33000)).

(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 February 1, 2012, 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. The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.

(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) Expeditiously 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 Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. The initial 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 the a redevelopment agency not been dissolved.

(B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.

(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 is 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 April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. 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.

(m) The Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012. Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2013, through December 31, 2013, successor agencies shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the county auditor-controller no fewer than 90 days before the date of property tax distribution. The Department of Finance shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items. The meet and confer period may vary; an untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controllers as to the outcome of its review at least 15 days before the date of property tax distribution.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department of Finance electronically, and the successor agency shall complete the Recognized Obligation Payment Schedule in the manner provided for by the department. A successor agency shall be in noncompliance with this paragraph if it only submits to the department an electronic message or a letter stating that the oversight board has approved a Recognized Obligation Payment Schedule.

(2) If a successor agency does not submit a Recognized Obligation Payment Schedule by the deadlines provided in this subdivision, the city, county, or city and county that created the redevelopment agency shall be subject to a civil penalty equal to ten thousand dollars (\$10,000) per day for every day the schedule is not submitted to the department. The civil penalty shall be paid to the county auditor-controller for allocation to

the taxing entities under Section 34183. If a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or the Department of Finance or any affected taxing entity shall have standing to and may request a writ of mandate to require the successor agency to immediately perform this duty. Those actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Additionally, if an agency does not submit a Recognized Obligation Payment Schedule within ten days of the deadline, the maximum administrative cost allowance for that period shall be reduced by 25 percent.

(3) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers shall lack the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 unless required by a court order.

(4) (A) The Recognized Obligation Payment Schedule payments required pursuant to this subdivision may be scheduled beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle.

(B) When a payment is shown to be due during the Recognized Obligation Payment Schedule period, but an invoice or other billing document has not yet been received, the successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the department.

(C) A Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(n) Cause a postaudit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant.

SEC. 5. Section 34180 of the Health and Safety Code is amended to read:

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

(1) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1).

(2) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment prior to the effective date of this part) pursuant to subdivision (a) of Section 34177.5.

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

(4) Merging of project areas.

(5) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, if that 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.

(6) (A) 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.

(B) 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 an independent appraiser approved by the oversight board.

(7) Establishment of the Recognized Obligation Payment Schedule.

(8) 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. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1). Any actions to reestablish any other agreements that are in furtherance of enforceable obligations, with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

(9) 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.

(b) A successor agency shall provide notice to the oversight board at least 10 days prior to entering into a contract or agreement for the use or disposition of properties pursuant to paragraph (2) of subdivision (c) of Section 34191.5. During the 10-day period the oversight board may notify the successor agency that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan. The board shall hold the hearing and issue findings within 30 days after it so notified the successor agency.

(c) Any document submitted by a successor agency to an oversight board for approval by any provision of this part shall also be submitted to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the document to the oversight board.

SEC. 6. Section 34183 of the Health and Safety Code is amended to read:

34183. (a) Notwithstanding any other law, from February 1, 2012, 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 entity 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 May 16, 2012, and no later than June 1, 2012, and each January 2 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 entity 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 entity. The amount of passthrough payments computed pursuant to this section, including any passthrough agreements, shall be computed as though the requirement to set aside funds for the Low and Moderate Income Housing Fund was still in effect.

(2) Second, on June 1, 2012, and each January 2 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, and July 1, 2012, and each January 2 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 if 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 June 1, 2012, and each January 2 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 2, 2014, and each January 2 and June 1 thereafter until June 1, 2018, for the housing entity administrative cost allowance payable to the local housing authority that has assumed the housing duties of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176.

(5) Fifth, on June 1, 2012, and each January 2 and June 1 thereafter, any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by paragraphs (1) to (4), inclusive, shall be distributed to local agencies and school entities in accordance with Section 34188.

(b) If the successor agency reports, no later than April 1, 2012, 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 (4), 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 (5), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraphs (3) and (4), with those amounts in paragraph (3) to be exhausted first. If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688 or as expressly provided in a passthrough agreement entered into pursuant to Section 33401, 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 (5) and the amounts available for distribution for administrative costs in paragraphs (3) and (4) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Recognized Obligation Payment Schedule at the request of the Department of Finance that are necessary to ensure prompt payments of redevelopment agency debts. An enforceable obligation is created for repayment of those loans.

(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 entities 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.

(e) Within 10 days of each distribution of property tax, the county auditor-controller shall provide a report to the department regarding the distribution for each successor agency that includes information on the total available for allocation, the passthrough amounts and how they were calculated, the amounts distributed to successor agencies, and the amounts distributed to taxing entities in a manner and form specified by the department. This reporting requirement shall also apply to distributions required under subdivision (b) of Section 34183.5.

SEC. 7. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of

completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.7 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013-14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (5) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012-13 base year, provided, however, that calculation of the amount distributed to taxing entities during the 2012-13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, the successor agency may enter into, or amend existing, contracts and agreements, or otherwise

administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

SEC. 7.5. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (7) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (5) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid.

(3) Following the effective date of an oversight board's approval of an enforceable obligation pursuant to this subdivision, as determined pursuant to subdivision (h) of Section 34179, the oversight board's action shall be final and may be relied upon by all public and private entities, and, except for an amendment to an enforceable obligation initiated by a successor agency, may not be modified or reversed by any future action of the Department of Finance.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

(3) Following the effective date of an oversight board's approval of an enforceable obligation pursuant to this subdivision, as determined pursuant to subdivision (h) of Section 34179, the oversight board's action shall be final and, except for an amendment to an enforceable obligation initiated by a successor agency, may be relied upon by all public and private entities, and may not be modified or reversed by any future action of the Department of Finance.

(d) Notwithstanding subdivision (b) of Section 34163, if a successor agency has received a finding of completion, the successor agency may enter into, or amend existing, contracts and agreements, or otherwise administer projects in connection with enforceable obligations approved pursuant to subdivision (m) of Section 34177, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise reduce property tax revenues or payments made pursuant to paragraph (4) of subdivision (a) of Section 34183 to the taxing agencies.

SEC. 8. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term "identified in an approved redevelopment plan" includes properties listed in a community plan or a five-year implementation plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

SEC. 8.5. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The report shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term "identified in an approved redevelopment plan" includes properties listed in a community plan or a five-year implementation plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

(d) After approval by the Department of Finance, an action taken pursuant to subparagraph (A) or (B) of paragraph (2) of subdivision (c) that is consistent with the approved plan may not be modified or reversed by future action of the Department of Finance, and may be relied upon by all public and private entities.

SEC. 9. (a) Section 7.5 of this bill incorporates amendments to Section 34191.4 of the Health and Safety Code proposed by both this bill and Assembly Bill 564. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2014, (2) each bill amends Section 34191.4 of the Health and Safety Code, and (3) this bill is enacted after Assembly Bill 564, in which case Section 7 of this bill shall not become operative.

(b) Section 8.5 of this bill incorporates amendments to Section 34191.5 of the Health and Safety Code proposed by both this bill and Assembly Bill 564. It shall become operative only if (1) both bills are enacted and become effective on or before January 1, 2014, (2) each bill amends Section 34191.5 of the Health and Safety Code, and (3) this bill is enacted after Assembly Bill 564, in which case Section 8 of this bill shall not become operative.

SEC. 10. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because this act provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, within the meaning of Section 17556 of the Government Code.