



**City Council  
Successor Redevelopment Agency  
Financing Authority  
Housing Authority**

**AGENDA**

**Wednesday**

**Regular**

**Closed Session 5:30 p.m.  
Regular Session 6:00 p.m.**

**July 18, 2012**

**City Hall  
100 West California Avenue  
Ridgecrest CA 93555**

**(760) 499-5000**

**Ronald H. Carter, Mayor  
Marshall G. Holloway, Mayor Pro Tempore  
Jerry D. Taylor, Vice Mayor  
Steven P. Morgan, Council Member  
Jason Patin, Council Member**

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LAST ORDINANCE NO. 12-xx  
LAST RESOLUTION CITY COUNCIL NO. 12-58  
LAST RESOLUTION FINANCING AUTHORITY NO. 12-xx  
LAST RESOLUTION OF THE HOUSING AUTHORITY NO. 12-xx  
LAST RESOLUTION OF THE SUCCESSOR REDEVELOPMENT AGENCY NO. 12-xx

## **CITY OF RIDGECREST**

### **CITY COUNCIL FINANCING AUTHORITY**

#### **AGENDA**

Regular Council  
Wednesday July 18, 2012

#### **CITY COUNCIL CHAMBERS CITY HALL**

100 West California Avenue  
Ridgecrest, CA 93555

**Closed Session – 5:30 p.m.**  
**Regular Session – 6:00 p.m.**

This meeting room is wheelchair accessible. Accommodations and access to City meetings for people with other handicaps may be requested of the City Clerk (499-5002) five working days in advance of the meeting.

In compliance with SB 343. City Council Agenda and corresponding writings of open session items are available for public inspection at the following locations:

1. City of Ridgecrest City Hall, 100 W. California Ave., Ridgecrest, CA 93555
2. Kern County Library – Ridgecrest Branch, 131 E. Las Flores Avenue, Ridgecrest, CA 93555
3. City of Ridgecrest official website at <http://ci.ridgecrest.ca.us>

**CALL TO ORDER**

**ROLL CALL**

**APPROVAL OF AGENDA**

**PUBLIC COMMENT – CLOSED SESSION**

**AGENDA - CITY COUNCIL - REGULAR**

July 18, 2012

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**CLOSED SESSION**

GC54956.9(A) Conference With Legal Counsel, Existing Litigation. City Of Ridgecrest v. Benz Sanitation, Inc.

GC54957.6 Labor Negotiations – United Food and Commercial Workers Golden State 8 (UFCW); Police Employee Association of Ridgecrest (PEAR); Management; Mid-Management; Confidential; Part-Time Employees. Agency Negotiator City Manager Kurt Wilson

**REGULAR SESSION – 6:00 p.m.**

- Pledge Of Allegiance
- Invocation

**CITY ATTORNEY REPORT**

- Closed Session
- Other

**PUBLIC COMMENT**

**PRESENTATIONS**

1. Rededication Of Freedom Park Shrine And Presentation To Council Of United States Flag Flown In Iraq Nellavan Jeglum

**CONSENT CALENDAR**

2. Approve A Resolution Authorizing The City Manager To Enter Into Memorandum Of Agreement With Sierra Sands Unified School District For Law Enforcement Services (School Resource Officer Program) Strand
3. Approve A Resolution Adopting Position Description For Community Service Officer Into The Classification Plan Strand
4. Approve A Resolution Authorizing Submission Of The Fiscal Year 2011-2012 Transportation Development Act Claim To The Kern Council Of Governments Staheli
5. Approve A Resolution Of The Ridgecrest City Council Supporting The "Parade Of 1000 Flags" Ford
6. Approve Draft Minutes of Council Meeting dated June 20, 2012 Ford
7. Approve Draft Minutes of Council Meeting dated June 27, 2012 Ford

**AGENDA - CITY COUNCIL - REGULAR**

July 18, 2012

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**DISCUSSION AND OTHER ACTION ITEMS**

8. Approve A Resolution Declaring Council's Intention To Establish the Ridgecrest Tourism Improvement District (RTID) and Establishing A Public Hearing Thereon McRea
9. Approve A Resolution Authorizing Application For And Acceptance Of The United States Department Of Justice, 2012 COPS Hiring Program Grant Strand
10. Appointments To The Measure 'L' Citizens Advisory Committee Wilson
11. Review and Finalization of the Tax Allocation Bond (TAB) Project List Wilson
12. Budget Discussion and Approval Of Adjustments Staheli

**ORDINANCES**

13. First Reading And Introduction By Title Only Of An Ordinance Of The City Council Of The City Of Ridgecrest Authorizing An Amendment To The Contract Between The City Council Of The City Of Ridgecrest And The Board Of Administration Of The California Public Employees' Retirement System Lemieux
14. Second Reading And Adoption Of Ordinance 12-01 Amending The Ridgecrest Municipal Code With Respect To The Conflict Of Interest Code Lemieux

**COMMITTEE REPORTS**

**Infrastructure Committee**

Members: Steve Morgan, Jerry Taylor, Craig Porter, James Sanders  
Meeting: 2<sup>nd</sup> Wednesday Of The Month At 5:00 P.M., Council Conference Room  
Next Meeting: August 8, 2012

**Quality Of Life**

Members: Chip Holloway, Jason Patin, Craig Porter, Carter Pope  
Meeting: 1<sup>st</sup> Thursday Of Every Even Month At 12:00 P.M.; Kerr-McGee Center  
Next Meeting: August 2, 2012

## **AGENDA - CITY COUNCIL - REGULAR**

**July 18, 2012**

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### **City Organization**

Members: Ron Carter, Jerry Taylor, Lois Beres, Christopher LeCornu  
Meeting: 1<sup>st</sup> Tuesday Of The Month At 5:00 P.M.; Council Conference Room  
Next Meeting: August 7, 2012

### **Community Development Committee**

Members: Steve Morgan, Jason Patin, Christopher LeCornu, James Sanders  
Meetings: 1<sup>st</sup> Thursday Of The Month At 5:00 P.M.; Council Conference Room  
Next Meeting: August 2, 2012

### **Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)**

Members: Ron Carter, Chip Holloway, Ron Strand  
Meetings: 2<sup>nd</sup> Monday Of Odd Numbered Months At 4:00 P.M., Kerr-McGee Center  
Next Meeting: Cancelled until the start of the next school year.

### **Ridgecrest Area Convention And Visitors Bureau (RACVB)**

Members: Chip Holloway, Jason Patin  
Meetings: 1<sup>st</sup> Wednesday Of The Month, 8:00 A.M.  
Next Meeting: August 1, 2012 and location to be announced

## **OTHER COMMITTEES, BOARDS, OR COMMISSIONS**

## **CITY MANAGER REPORT**

## **MAYOR AND COUNCIL COMMENTS**

## **ADJOURNMENT**



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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

SUBJECT: Resolution 12- , RESOLUTION OF THE RIDGECREST CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF AGREEMENT WITH SIERRA SANDS UNIFIED SCHOOL DISTRICT FOR LAW ENFORCEMENT SERVICES (SCHOOL RESOURCE OFFICER PROGRAM)

PRESENTED BY:

Ronald Strand, Chief of Police

SUMMARY: For several years, the Ridgecrest Police Department has been providing law enforcement services to the Sierra Sands Unified School District – School Resource Officer Program. Each year, the Memorandum of Agreement (MOA) for this program is reviewed and approved by the governing bodies.

The agreement for this school year (2012 – 2013) remains unchanged from the previous year.

The agreement is attached to the resolution for your review as **Exhibits A.**

FISCAL IMPACT: There are no changes in the reimbursement amounts from the previous year.

**School Resource Officer – Reimbursed at 50% actual cost (an estimated \$70,000)**

Reviewed by Administrative Services Director:

ACTION REQUESTED:

Recommend approval by City Council authorizing the City Manager, or his designee, to enter into an agreement with the SSUSD for law enforcement services (School Resource Officer Program).

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: Ronald Strand

Action Date: July 18, 2012

(Rev. 2-14-07)

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**RESOLUTION NO. 12-**

**RESOLUTION OF THE RIDGECREST CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENTER INTO MEMORANDUM OF AGREEMENT WITH SIERRA SANDS UNIFIED SCHOOL DISTRICT FOR LAW ENFORCEMENT SERVICES (School Resource Officer Program)**

**WHEREAS**, the Sierra Sands Unified School District (SSUSD) and the City of Ridgecrest have agreed to enter into Memorandum of Agreement for the police department to continue to provide School Resource Officer services in the school district, and;

**WHEREAS**, the School Resource Officer Program provides law enforcement services to the district helping ensure there is a safe learning environment at the middle and high schools for the students, faculty and staff, and;

**WHEREAS**, it is beneficial to both the City and the school district that this program continue to function, and;

**WHEREAS**, SSUSD agrees to reimburse the City 50% of actual costs of the School Resource Officer Program (an estimated \$70,000).

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest authorize the City Manager, or his designee, to enter into an agreement with the Sierra Sands Unified School District to provide law enforcement services (School Resource Officer Program).

**APPROVED AND ADOPTED THIS** 18th day of July 2012, by the following vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Ronald Carter, Mayor

ATTEST:

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Rachel J. Ford, CMC, City Clerk

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## **AGREEMENT**

THIS AGREEMENT is made and entered into by and between the City of Ridgecrest, a Municipal Corporation, hereinafter referred to as "CITY," and the Sierra Sands Unified School District, a public entity, hereinafter referred to as "DISTRICT."

WHEREAS, DISTRICT does not maintain a school law enforcement agency pursuant to Section 396780(b) of the California Education Code, and DISTRICT wishes to acquire the services of a sworn peace officer, and

WHEREAS, CITY, through the Ridgecrest Police Department, hereinafter referred to as "RPD," is willing to provide the service of one sworn peace officer.

NOW, THEREFORE, the parties hereto agree as follows:

1. CITY agrees to provide the services of one sworn peace officer to serve the DISTRICT at secondary schools within the Ridgecrest city limits, specifically Monroe Middle School, Mesquite High School, and Burroughs High School.
2. CITY shall supervise the officer through the command structure of the RPD.
3. DISTRICT shall appoint a designated individual to interface with RPD regarding activities of the officer and to interface with such officer in accordance with a joint operating protocol developed between RPD and DISTRICT.
4. At all times during the term of this AGREEMENT, the officer shall be an employee of the CITY, under supervision and control of CITY, and not an employee or agent of DISTRICT; and CITY shall assume responsibility and liability for the activities of the officer.
5. During the term of this AGREEMENT, DISTRICT agrees to reimburse CITY one-half actual cost incurred by CITY in employing the officer. For purpose of this AGREEMENT, actual cost shall be defined as officer's salary and benefits, including, but not limited to, health insurance, life insurance, dental insurance, vision insurance, PERS, educational incentive pay, uniform allowance, officer safety equipment, and overtime.
6. DISTRICT shall, at its expense, provide CITY with a vehicle suitable for performing the duties of the officer equal to that provided to other RPD officers. In the event that this AGREEMENT is terminated, CITY shall reimburse DISTRICT on a pro rata basis, based on a five-year vehicle life expectancy.

7. THIS AGREEMENT shall be effective September 1, 2012, and remain in full force and effect for a 12-month period ending August 31, 2013. Either party may terminate this AGREEMENT prior to August 31, 2013, by giving ninety (90) days notice to the other party. Notice to CITY shall be in writing, and mailed to or delivered to:

City Manager  
City of Ridgecrest  
100 E. California Avenue, Ridgecrest, CA 93555

Notice to DISTRICT shall be in writing, and mailed or delivered to:

Superintendent  
Sierra Sands Unified School District  
113 Felspar  
Ridgecrest, CA 93555

8. Each party to this AGREEMENT hereby holds the other harmless from all claims or lawsuits for damages to property and for injuries to persons arising from each party's performance of its obligations under this AGREEMENT. This obligation will include providing a defense to lawsuits and related services.
9. In the event any dispute arises between the parties concerning the interpretation or enforcement of the Terms and Conditions of this AGREEMENT, the parties hereto agree to submit any such dispute to arbitration pursuant to rules of the American Arbitration Association. Any decision of the American Arbitration Association shall be binding on the parties hereto. In the event that any matter is submitted to arbitration or if legal action or proceeding is taken in connection with the interpretation or enforcement of this AGREEMENT, whether or not such action is arbitrated or litigated, the prevailing party of any such action, proceeding, or arbitration shall be awarded, in addition to its actual costs incurred, its actual attorneys' fees incurred. Actual attorneys' fees means all attorneys' fees incurred by the prevailing party whether or not such attorneys' fees are deemed to be "reasonable" by a court of competent jurisdiction or an arbitrator. Furthermore, the sole and exclusive remedy for the resolution of disputes concerning the enforcement and interpretation of this AGREEMENT shall be arbitration.

10. This AGREEMENT constitutes the sole and only agreement between the parties hereto. Any prior discussions, agreements or understandings, whether written or oral, are of no force and effect. This AGREEMENT may be modified only by a written agreement executed by both parties hereto.

FOR THE CITY OF RIDGECREST

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Ron Carter, Mayor

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Kurt Wilson, City Manager

FOR THE SIERRA SANDS UNIFIED SCHOOL DISTRICT

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Tim Johnson, Board President

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Joanna Rummer, Superintendent

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT: Resolution 12-       , RESOLUTION OF THE RIDGECREST CITY COUNCIL  
ADOPTING POSITION DESCRIPTION FOR COMMUNITY SERVICE OFFICER INTO  
THE CLASSIFICATION PLAN**

**PRESENTED BY:**

Ronald Strand, Chief of Police

**SUMMARY:** In 2001, the City Council of the City of Ridgecrest adopted a classification plan that governs approved position descriptions for the City. This plan requires that the City Council authorize the adoption of new position descriptions prior to opening the position for employment purposes.

The City Council in its adoption of the Fiscal Year 2012-2013 budget approved funding for two Community Service Officer positions.

It is recommended that this resolution be adopted authorizing the adoption of the Community Service Officer position description into the City's current classification plan.

**Exhibit A attached**

**FISCAL IMPACT:** Funding for position is appropriated in the FY13 Budget.

**Reviewed by Administrative Services Director:**

**ACTION REQUESTED:**

Approval of Resolution

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested:

Submitted by: Ronald Strand

Action Date: July 18, 2012

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**RESOLUTION NO. 12-**

**RESOLUTION OF THE RIDGECREST CITY COUNCIL ADOPTING  
POSITION DESCRIPTION FOR COMMUNITY SERVICE OFFICER INTO  
THE CLASSIFICATION PLAN**

**WHEREAS**, the City Council of the City of Ridgecrest has adopted a classification plan that governs approved position descriptions, and;

**WHEREAS**, this plan requires that the City Council authorize the adoption of new position descriptions prior to opening the position for employment purposes, and;

**WHEREAS**, the City Council in its adoption of the Fiscal Year 2012 - 2013 budget approved funding for a Community Service Officer position.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest authorize the adoption of the Community Service Officer position description into the City's current classification plan as outlined in Exhibit A.

**APPROVED AND ADOPTED THIS** 18th day of July 2012, by the following vote.

AYES:

NOES:

ABSTAIN:

ABSENT:

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Ronald Carter, Mayor

ATTEST:

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Rachel J. Ford, CMC  
City Clerk

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## Community Service Officer

### **DEFINITION:**

Under general supervision, performs general to more complex and responsible paraprofessional duties in a non-sworn capacity in support of police department operations, services, and functions including, but not limited to the areas of patrol, traffic, records, community policing, front-desk, investigations, crime scene processing, dispatch, animal control, code enforcement and program or project implementation and management. Works closely with and provides support to sworn police officers to relieve sworn police officers of technical police related duties in the field and in the office and performs a variety of other duties based on the needs of the department including those related to special assignments. Community Service Officer Position may be assigned shift work, working days, evening or nights, including holidays and weekends.

### **CLASS CHARACTERISTICS:**

Incumbents in this classification work independently under general supervision from supervisory and/or management staff and within the framework of established procedures. A Community Service Officer (CSO) is expected to work productively even in the absence of a supervisor.

### **ESSENTIAL FUNCTIONS:**

*The following duties are typical for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address department needs and changing departmental practices.*

These functions may not be present in all positions in multiple position classes. When a position is to be filled, the essential functions will be noted in the announcement of position availability.

- Investigate and complete criminal reports where there is no known direct suspect information. Crimes such as burglary, petty theft, vehicle theft, grand theft, non-injury traffic collisions, and vandalism would be investigated by a CSO.
- Identify, collect, log, document, classify, store, dispense, destroy, and release property/evidence to its rightful owner, for court presentation, and/or for destruction or auction. Assist the Department Property/Evidence Technician as assigned.
- Testifies in court proceedings as required. Prepares exhibits for the District Attorney and court as assigned.

- Prepare and maintain accurate records; organize and prioritize workload; follow oral and written instructions; work independently; write legible, clear and concise reports and correspondence using correct grammar, spelling and punctuation; perform basic math related to accounting for large sums of money; operate a camera; operate audio/video duplicating equipment; operate computer terminals and a variety of other office equipment; identify special handling requirements for hazardous/biohazard materials and weapons; measure scenes to produce diagrams to scale; resolve conflict and effectively work with members of the public who may become agitated; and exemplify an enthusiastic, resourceful and effective service attitude with the public, co-workers and others who are contacted in the course of the work.
- Maintains a clean and orderly work station.
- Coordinates and assists in the maintenance and repair of Department vehicles.
- Understands and stays abreast of local, state and federal laws relating to job functions.
- Receive complaints regarding zoning, sign, land use ordinance violations, and public nuisances, including abandoned or dismantled vehicles; prepares case files, including the establishment of legal owner, the verification of the parcel address and other information necessary to conduct investigation and enforcement action; conducts site visits or confers with City personnel regarding violations; documents violations by securing photographs and other pertinent data; ensures that accurate case files are maintained; prepares cases for pre-abatement and public hearing for the Planning Commission and issues citations and notices of violation.
- Assists Dispatchers by answering, screening and referring incoming telephone and radio calls; takes information from callers on emergency situations and dispatches units; determines the priority of calls and dispatches necessary police and emergency service personnel; maintains radio contact with units on assignment and relays necessary instructions and provides requested information.
- Meets the public at the front counter; takes “cold” reports; receives and provides information; refers visitors to other agencies or City staff; operates teletype and computer terminals to access pertinent information.

**QUALIFICATION GUIDELINES:**

Education and/or Experience

Any combination of education and/or experience that has provided the knowledge, skills, and abilities necessary for satisfactory job performance. Examples of combinations include successful completion of high school or equivalent, and one year experience in performing clerical duties.

Knowledge, Skills and Abilities

Basic knowledge of the Department and its organization and functions.

Basic knowledge of the procedures and work methods required to perform the full range of assigned duties, safely and efficiently.

Special Requirements

Must be 21 years of age.

Must possess or have the ability to obtain a Class C, California Drivers License and maintain a satisfactory driving record.

Receive satisfactory results from a background investigation, physical examination and administrative screening which meet the established qualification standards.

PHYSICAL PROFILE: II, 2, 4, 5, 6, 7, 8, 12, 13, 15, 18, 19, 20

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

**SUBJECT:** Resolution authorizing submission of the fiscal year 2011-2012 Transportation Development Act claim to the Kern Council of Governments.

**PRESENTED BY:**

W. Tyrell Staheli, Finance Director/City Treasurer

**SUMMARY:**

The Transportation Development Act is a statewide program that added a quarter cent sales tax for the purpose of funding transit needs within local jurisdictions throughout the state. Those funds are distributed to regional transportation planning agencies (RTPA) who then allocate and disperse those funds to the local transit systems. Pursuant to California Government Code Section 29532, the Kern Council of Governments (Kern COG) is the designated regional transportation planning agency for purposes of administering the Act within the Kern region. TDA allows that a certain portion of those funds be retained by the RTPA for administration purposes, and a certain amount may be retained for pedestrian and bicycle transportation improvements. The balance of the funds are available to the local transit systems, with the provision under Article 8 of that Act that if there is money left over after the needs of the local transit systems have been met and unmet transit needs have been addressed, the remaining funds shall be distributed to the City and County for road maintenance purposes under an established formula.

For fiscal year 2011/2012, the needs of the Ridgecrest Transit System have been met and the claim has been filed. The approval of this item will allow the Finance Director to submit the attached claim to the Kern COG.

**FISCAL IMPACT:**

\$474,832 in revenue will be received by the City for Streets and Roads Fund to cover streets maintenance.

**ACTION REQUESTED:**

Approve the attached resolution.

**CITY MANAGER 'S RECOMMENDATION:**

Action as requested:

Action Date: 18-July-2012

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**RESOLUTION NO. 12-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL AUTHORIZING  
SUBMISSION OF THE FISCAL YEAR 2011-2012 TRANSPORTATION  
DEVELOPMENT ACT CLAIM TO THE KERN COUNCIL OF  
GOVERNMENTS**

**WHEREAS**, the State of California enacted the Transportation Development Act (TDA) in 1972 to provide funds for transportation needs each fiscal year; and;

**WHEREAS**, the Kern Council of Governments (KernCOG) is designated as the Transportation Planning Agency for the City of Ridgecrest to receive claims for approval pursuant to TDA rules and regulations; and

**WHEREAS**, KernCOG has adopted funding of apportionment for the Local Transportation Funds for Fiscal Year 2011-2012; and

**WHEREAS**, after transportation needs have been met, any unused funds may be used for streets and roads improvements.

**NOW, THEREFORE, BE IT RESOLVED** that the attached Fiscal Year 2011-2012 TDA claim be hereby approved and that the Finance Director is hereby authorized to forward the claim to KernCOG.

**APPROVED AND ADOPTED** this 18th day of July 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Ronald Carter, Mayor

ATTEST:

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Rachel J. Ford, CMC  
City Clerk

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Kern Council of Governments

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

FILING INSTRUCTIONS

General Information

A. **Eligible Claimants** - the County of Kern and cities of Arvin, Bakersfield, California City, Delano, Maricopa, McFarland, Ridgecrest, Shafter, Taft, Tehachapi and Wasco.

B. **Filing Deadline** - on or before September 1st of each fiscal year.

C. **Claim Guidelines** - claims shall be filed in accordance with Public Utilities Code Sections 99400 through 99408, associated administrative regulations and Kern COG TDA Rules and Regulations.

D. **Claim Format** - claims shall be filed on the forms prescribed by Kern COG.

E. **Funding Priority** - funding for streets and roads purposes shall be approved after all "reasonable" transit needs have been met within the service area of the claimant.

F. **Eligible Costs** - street and road activity administration, planning, construction and maintenance as stipulated in the California State Controller's publication entitled "Guidelines Relating to Gas Tax Expenditures for Streets and Roads".

Part 1 - Claimant Information

Provide agency identification and location information. Identify a single representative to act as a liaison with Kern COG on all matters regarding this claim.

Part 2 - Claim and Assurances

Have the person, authorized in the governing body's action to approve the execution and filing of this claim and the person responsible for the financial information, sign and date the claim.

Part 3 - FY 2010/2011 Revenues and Expenditures

Supply the financial information requested regarding the fiscal year prior to the year of this claim. The purpose of this information is to calculate the deferred revenue (carryover of unexpended funds) to be reclaimed. A brief description of and source for each line item is provided.

Kern Council of Governments

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

FILING INSTRUCTIONS

Part 4 - FY 2011/2012 Object Budget

Supply the financial information requested regarding the fiscal year of this claim. Starting with the deferred revenue calculated in Part 3, calculate the total estimated funds available and subtract transit claim allocations to arrive at the net funding available for streets and roads purposes. Prepare an object budget of estimated expenditures which less than or equal to net available streets and roads funding.

Part 5 - FY 2011/2012 Project Budget

Itemize the projects, equipment and services included within each type of expenditure category listed in Part4-III. Total project expenditures should equal total object expenditures (Part 4, Line J).

Part 6 - Supplemental Information

Supply each of the following documents:

- a copy of the unmet needs hearing notice proof of publication
- a copy of the governing body's unmet needs finding
- a copy of the governing body's authorization to file

Kern Council of Governments

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM  
FY 2011/2012

Part 1 of 6 - CLAIMANT INFORMATION

I. Claimant

Agency: City of Ridgecrest

Mailing Address: 100 West California Avenue

Office Address: Same as above

City/State/Zip: Ridgecrest, CA 93555

Telephone: 1-760-499-5020

WEB Site: <http://www.ci.ridgecrest.ca.us>

II. Contact Person

Name: W. Tyrell Staheli

Title: Finance Director

Department: Finance Department

Office Address: Same as above

City/State/Zip: Same as above

Telephone: 1-760-499-5027

E-mail: [tstaheli@ci.ridgecrest.ca.us](mailto:tstaheli@ci.ridgecrest.ca.us)

City of Ridgecrest

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

Part 2 of 6 - Claim and Assurances  
FY 2011/2012

A. CLAIM: The City of Ridgecrest hereby claims all Local Transportation Fund apportionments and allocations for the 2011/2012 fiscal year plus all unencumbered fund balances and/or deferred revenues held in its local treasury less funds first allocated for transit uses.

B. COMPLIANCE ASSURANCES: The City of Ridgecrest hereby certifies that, as a condition of receiving funds pursuant to Public Utilities Code Section 99200, et seq. and California Administrative Code Section 6600, et seq., as amended, it shall ensure that:

1. All funds will be expended in compliance with the requirements of Public Utilities Code Sections 99200 through 99408, California Administrative Code Sections 6600 through 6684, Office of the State Controller "Guidelines Relating to Gas Tax Expenditures" and Kern Council of Governments' Transportation Development Act Rules and Regulations.

2. All funds will be expended in accordance with the budgets described in Parts 4 and 5 of this claim, attached hereto and made a part hereof, by this reference.

These assurances are given in consideration of and for the purpose of obtaining any and all funds allocated for streets and roads purposes pursuant to Public Utilities Code, Division 10, Part 11, Chapter 4 of the State of California.

The person whose signature appears below has been authorized to provide the assurances cited above and prepare, submit and execute this claim on behalf of:

City of Ridgecrest  
Claimant

Signature 6/20/2012  
Date

City Manager  
Title

C. FINANCIAL ASSURANCES: As the chief financial officer of the City of Ridgecrest I hereby attest to the reasonableness and accuracy of the financial information presented in this claim and declare it to be consistent with the uniform system of accounts and records adopted by the Controller of the State of California.

Signature 6/20/2012  
Date

Finance Director  
Title

City of Ridgecrest

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

Part 3 of 6 - FY 2010/2011 Revenues and Expenditures

<u>Account/Description</u>	<u>Amount</u>
<u>I. FY 2010/2011 Available Resources</u>	
A. Deferred Revenues - Actual unexpended prior year TDA cash receipts held in claimant's treasury as of June 30, 2010 (from 2009/2010 audit report)	\$ -
B. FY 2010/2011 Cash Receipts from trust funds - TDA cash receipts through June 30, 2011.	
1. Local Transportation Fund	\$ 739,759
C. FY 2010/2011 Interest Earned - interest earnings on claimant cash balances through June 30, 2011.	\$ -
D. Fund Balance - Actual fund balances or reserves held in claimant's treasury as of June 30, 2010 (from 2009/2010 audit report)	\$ -
E. TOTAL FY 2010/2011 AVAILABLE RESOURCES (Lines A+B1+C+D)	\$ 739,759
<u>II. FY 2010/2011 Expenditures</u>	
F. Administration and Engineering	\$ -
G. Maintenance	\$ 739,759
H. Construction	\$ -
I. Equipment	
J. Other	\$ -
K. TOTAL FY 2010/2011 EXPENDITURES (Lines F+G+H+I+J)	\$ 739,759
L. AVAILABLE RESOURCES AT JUNE 30, 2011-enter here and Part 4, Line A (Line E-K)	\$ -

City of Ridgecrest

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

Part 4 of 6 - Object Budget  
For Fiscal Year 2011-2012

<u>Account/Description</u>	<u>Amount</u>
<u>I. FY 2011/2012 Available Resources</u>	
A. Available Resources - estimated unexpended prior year TDA cash receipts held in claimant's treasury as of June 30, 2011 (from Part 3, Line L)	\$ -
B. Trust Fund Balances at June 30, 2011	
1. Local Transportation Fund	\$ 1,514,042
C. FY 2011/2012 Trust Fund Apportionments - (from Kern COG estimate)	
1. Local Transportation Fund	\$ 849,298
2. Regional Planning Contribution	\$ 27,951
D. FY 11/12 Interest Earned - estimated interest earnings on claimant cash balances through June 30, 2012.	\$ 1,000
E. TOTAL ESTIMATED FY 2011/2012 AVAILABLE RESOURCES (Line A+B1+C1+C2+D)	\$ 2,392,291
<u>II. FY 2011/2012 Planning &amp; Transit Allocations</u>	
F. Local Transportation Fund	
1. Public Transit (from transit claim)	\$627,030
2. Regional Planning Contribution (from Fund Estimate, Schedule B)	\$ 27,951
G. NET ESTIMATED FY 2011/2012 AVAILABLE RESOURCES (Line E-F1-F2)	\$ 1,737,310
<u>III. FY 2011/2012 Estimated Expenditures</u>	
H. Administration and Engineering	
I. Maintenance	\$ 474,832
J. Construction	\$ -
K. Equipment	
L. Other	\$ -
M. TOTAL FY 2011/2012 ESTIMATED EXPENDITURES-Itemize in Part 5 (Line H+I+J+K+L)	\$ 474,832
N. Capital Outlay Reserve Allocations	
1. Local Transportation Fund	\$ -
O. DEFERRED REVENUES OR FUND BALANCE AT June 30, 2012 (Line G-M-N1)	\$ 1,262,478
<b>FY 2011/2012 NET CLAIM AMOUNT (Line M - Line A)</b>	<b>\$ 474,832</b>



City of Ridgecrest

TRANSPORTATION DEVELOPMENT ACT  
STREETS AND ROADS CLAIM

Part 6 of 6 - Supplemental Information  
For Fiscal Year 2011-2012

Attach the following documentation:

1. A copy of the proof of publication for the public notice regarding conduct of a hearing for the purpose of receiving public testimony regarding transit needs within the claimant's service area.
2. A copy of the governing body's resolution or minute order which makes one of the following findings:
  - a. There are no unmet transit needs.
  - b. There are no unmet transit needs that are reasonable to meet.
  - c. There are unmet transit needs, including needs that are reasonable to meet.
3. A copy of the governing body's authorization to execute and file this claim.



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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM/FINANCING AUTHORITY**

<b>SUBJECT:</b> A Resolution Of The Ridgecrest City Council Supporting The "Parade Of 1000 Flags"
<b>PRESENTED BY:</b> Rachel Ford – City Clerk
<b>SUMMARY:</b>  The Exchange Club has submitted a special event permit to hold the annual "Parade of 1000 Flags" on September 9, 2012 from 9:00am to 11:00am. The parade will follow the same route as last year thru City streets. Part of the parade route is on State Route 178 and the State of California Department of Transportation requires a resolution by the Council to support this event.  Staff recommendation is to approve the temporary closure of State Route 178 to accommodate this event by approving this resolution.
<b>FISCAL IMPACT:</b> None Reviewed by Finance Director
<b>ACTION REQUESTED:</b> Approve A RESOLUTION OF THE RIDGECREST CITY COUNCIL SUPPORTING THE "PARADE OF 1000 FLAGS"
<b>CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:</b>  Action as requested:

Submitted by: Rachel Ford

Action Date: July 18, 2012

(Rev. 6/12/09)

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**RESOLUTION NO.12-xx**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL SUPPORTING  
THE "PARADE OF 1000 FLAGS"**

**WHEREAS**, the Exchange Club of Ridgecrest has applied to the State of California through Department of Transportation to conduct the "Parade of 1000 Flags" on state property, and;

**WHEREAS**, the "Parade of 1000 Flags" will require the temporary closure of State Route 178 on September 9, 2012 from 9:00 a.m. and 11:00 a.m., and;

**WHEREAS**, there is no other acceptable alternate route for the parade, and;

**WHEREAS**, the State of California, Department of Transportation requests the City of Ridgecrest be in support of the parade as part of application approval process.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest approves and consents to the proposed "Parade of 1000 Flags" and recommends approval of, and consents to, the proposed closure and/or restriction of State Route 178 upon terms and conditions deemed appropriate and necessary by the State of California, Department of Transportation.

**APPROVED AND ADOPTED THIS** 18<sup>th</sup> day of July, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Ronald H. Carter, Mayor

ATTEST:

---

Rachel J. Ford, CMC  
City Clerk

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Exchange Club of Ridgecrest  
109 N. Sanders St.  
Ridgecrest, CA 93555  
6/26/2012

City of Ridgecrest  
100 W. California Ave.  
Ridgecrest, CA 93555

Rachel,

Please consider this letter a formal request to place a resolution as soon as possible on the agenda of the Ridgecrest City Council in support of the 2012 Parade of 1,000 Flags. Attached is the resolution the council passed last year in support of this event.

This resolution is required for the Exchange Club of Ridgecrest to obtain an encroachment permit from the California Department of Transportation for parade access to the China Lake Boulevard/Ridgecrest Boulevard intersection.

Sincerely,



Pat Farris  
Chair  
Parade of 1,000 Flags



Timothy Neipp  
Chair  
Ridgecrest Remembrance Field

**RESOLUTION NO.11-55**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL SUPPORTING  
THE "PARADE OF 1000 FLAGS"**

**WHEREAS**, the Exchange Club of Ridgecrest has applied to the State of California through Department of Transportation to conduct the "Parade of 1000 Flags" on state property, and;

**WHEREAS**, the "Parade of 1000 Flags" will require the temporary closure of State Route 178 on September 10, 2011 from 9:00 a.m. and 11:00 a.m., and;

**WHEREAS**, there is no other acceptable alternate route for the parade, and;

**WHEREAS**, the State of California, Department of Transportation requests the City of Ridgecrest be in support of the parade as part of application approval process.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest approves and consents to the proposed "Parade of 1000 Flags" and recommends approval of, and consents to, the proposed closure and/or restriction of State Route 178 upon terms and conditions deemed appropriate and necessary by the State of California, Department of Transportation.

**APPROVED AND ADOPTED THIS** 6<sup>th</sup> day of July, 2011, by the following vote:

**AYES:** Mayor Carter, Council Members Holloway, Taylor, and Morgan

**NOES:** None

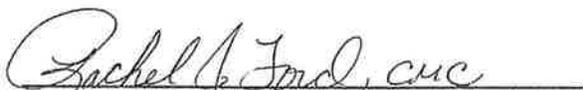
**ABSTAIN:** None

**ABSENT:** Council Member Patin



Ronald H. Carter, Mayor

**ATTEST:**

  
Rachel J. Ford, CMC  
City Clerk

**CERTIFIED AS A TRUE COPY**  
  
Clerk of the City of Ridgecrest, Calif.

CITY OF RIDGECREST  
Special Events Application  
PERMIT FEE \$215.00

**RECEIVED**

FOR CITY CLERK'S USE ONLY

Date Received: 09/25/2012

ROUTING: Police Public Works Parks & Rec  
Risk Mgmt City Mgr. City Clerk

City Clerks Office

Applicant's Name: Timothy Neipp

Organization's Name: Exchange Club of Ridgecrest

Street Address: 109 N. Sanders St.

City: Ridgecrest State: CA Zip: 93555

Person in Charge of Event: Timothy Neipp

Home Phone: (760) 446-5419 Work Phone: (760) 375-2502 ext: 3005 Email: t.neipp@cosner-neipp.com

Name of Event: Parade of 1,000 Flags

Date of Event: 09/08/2012 Time of Event - From: 9:00 a.m. To: 11:00 a.m.  
(MM/DD/YYYY)

Location of Event/Route of Parade, including starting point and termination point (attach diagram or map):  
STAGING: S. Norma St. between Church Ave. and Ridgecrest Blvd. PARADE: S. Norma St. east onto W. Ridgecrest Blvd., south onto S. China Lake Blvd., west onto W. California Ave., ending at Freedom Park.

Are lane, street closures, detours, traffic control, etc. required?  Yes  No If Yes, Explain \*  
see attached parade route map

\*Items noted above will be done by City Public Works and/or Police Departments (there will be a charge)

Time of Event/Route Preparation: 7:30 a.m. Time of Route/Event Clean-up: 11:00 a.m.

Estimated Number of Participants: 1,000 Time of Participant Assembly: 8:00 a.m.

Estimated Number of Spectators: 5,000 Maximum Length IF a Parade: 1,000 ft.

Participants Present (e.g. bands, floats, vehicles, etc.): 1,000 pedestrians bearing flags, bands, vehicles

Number of Portable Rest Rooms: 4 Location(s) Parade staging area and Freedom Park

Use of Amplified Sound Systems?  Yes  No Location(s) KZIQ office

Judging/Announcing Locations: KZIQ office

Use of Portable Generators?  Yes  No Location(s) \_\_\_\_\_

Use of Walkie-Talkies?  Yes  No How Many? \_\_\_\_\_ Will alcoholic beverages be available?  Yes  No

Event/Parade Route Vendors?  Yes\*\*  No Number/Location(s) \_\_\_\_\_  
(\*\*MUST OBTAIN A CITY BUSINESS LICENSE)

Parking Facilities for Event/Parade Participants?  Yes  No Location(s) Monroe, Holland and Lyons, St. Ann's

Insurance for this event will be provided by: Name: Brooks Insurance Agency, Inc.

Address: 1120 Madison Ave. City: Toledo State: OH Zip: 43604

Phone: (419) 243-1191

Signature of Applicant \_\_\_\_\_

06/26/2012  
Date (MM/DD/YYYY) \_\_\_\_\_

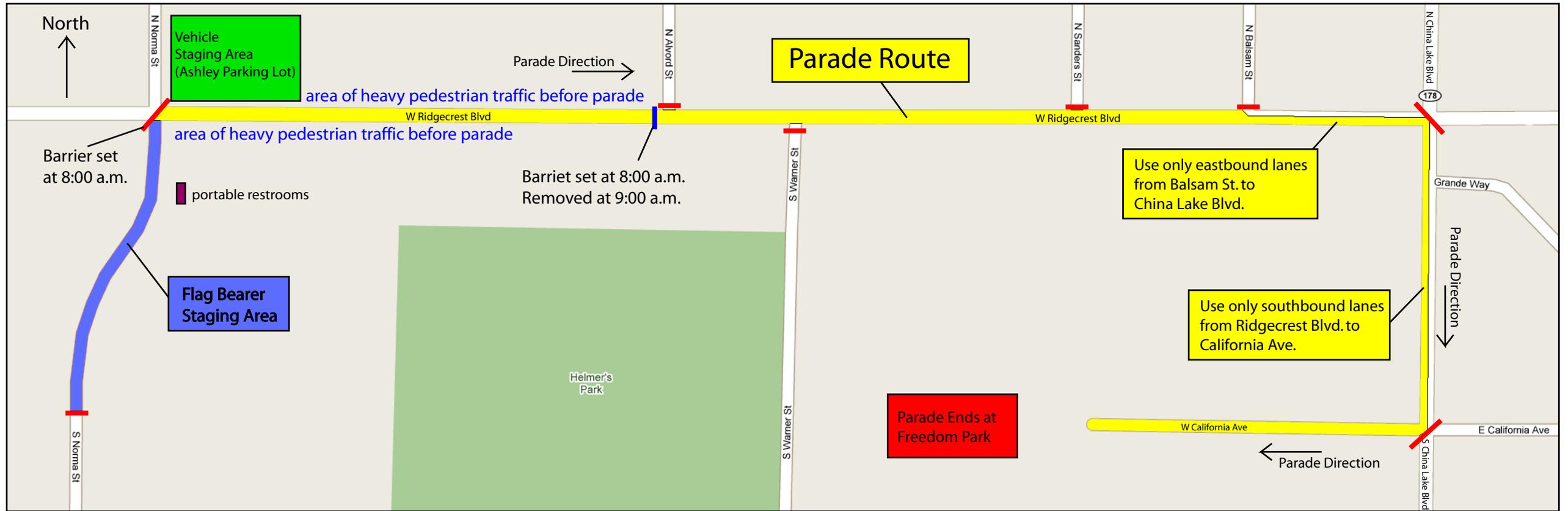
## WAIVERS AND GUARANTIES

1. Applicant has read the rules and regulations and agrees to abide by and enforce the same.
2. Applicant also agrees to abide by all rules, regulations, laws or statutes which apply to this event which have been or may be established by the City, County, State, or Federal governments.
3. Applicant and any other persons, organizations, firms, or corporations on whose behalf the application is made, by filing such application do stipulate, contract, and agree that they will jointly and severally indemnify and hold the City of Ridgecrest and its officers and employees harmless against liability for any and all claims for damage to property, injury to, or death of persons from the issuance of the special event permit.

Name of Applicant <u>Timothy Neipp</u>				
Event Name <u>Parade of 1,000 Flags</u>			Event Date <u>09/08/2012</u> (MM/DD/YYYY)	
<b>CITY OF RIDGECREST USE ONLY</b>				
<b>Approved</b>	<b>Denied</b>	<b>Department</b>	<b>Comments</b>	
		Police By:		
		Public Works By:		
		Parks/Rec/Cultural Affairs By:		
X		Risk Management By: <i>Rachel J. Ford</i>	Pending insurance cert.	
		CITY MANAGER By:		
Permit Fee of \$215.00 Waived <input type="checkbox"/> Yes <input type="checkbox"/> No				
<b>Office Use Only FEES</b>				
	<b>Equipment</b>	<b>Labor</b>	<b>Materials</b>	<b>Total Cost</b>
Police # of Officers <u>    </u>				
Public Works				
Parks/Recreation				
<b>Total Fees Due</b>				

I hereby agree to pay the above total fees. I understand payment, made payable to: The City of Ridgecrest is due to the City Clerk's Office within 15 days of the event.

	Event Coordinator	06/26/2012
Signature	Title	Date (MM/DD/YYYY)



- - Barricade. No public vehicular traffic during parade
- - Barricade. No public vehicular traffic before parade

# Parade of 1,000 Flags

Saturday, September 9, 2012

Staging 8:00 a.m.

Parade Starts: 9:00 a.m.

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING  
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of June 20, 2012

**PRESENTED BY:**

Rachel J. Ford, City Clerk

**SUMMARY:**

Draft minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of June 20, 2012

**FISCAL IMPACT:**

None

Reviewed by Finance Director:

**ACTION REQUESTED:**

Approve minutes

**CITY MANAGER 'S RECOMMENDATION:**

Action as requested: Approve Draft Minutes

Submitted by: Rachel J. Ford  
(Rev. 6-12-09)

Action Date: July 18, 2012

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**MINUTES OF THE REGULAR MEETING OF THE  
RIDGECREST CITY COUNCIL  
RIDGECREST HOUSING AUTHORITY  
RIDGECREST FINANCE AUTHORITY**

**City Council Chambers  
100 West California Avenue  
Ridgecrest, California 93555**

**June 20, 2012  
5:30 p.m.**

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council/Redevelopment Agency. Meetings are recorded for the purpose of preparation of minutes.

**CALL TO ORDER – 5:30 p.m.**

**CALL TO ORDER**

**ROLL CALL**

Council Present: Mayor Ronald H. Carter; Mayor Pro Tem Marshall 'Chip' Holloway; Vice Mayor Jerry D. Taylor; Council Member Steven P. Morgan; and Council Member Jason Patin

Staff Present: City Manager Kurt O. Wilson; City Clerk Rachel J. Ford; City Attorney Keith Lemieux (via teleconference); and other staff

**APPROVAL OF AGENDA**

➤ Item 11 pulled

*Motion To Approve Agenda (As Amended) Made By Council Member Morgan , Second By Council Member Patin . Motion Carried By Roll Call Vote Of 5 Ayes; Nays; Abstain; Absent*

**PUBLIC COMMENT – CLOSED SESSION**

None presented

**MINUTES - CITY COUNCIL - REGULAR**

June 20, 2012

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**CLOSED SESSION – 5:30 p.m.**

- GC54956.9(A) Conference With Legal Counsel, Existing Litigation. Active litigation: Squillacote v. Frid (S-1500-CV-276362 DRL)
- GC54956.9(A) Conference With Legal Counsel, Existing Litigation. County Of Kern v. City Of Ridgecrest
- GC54957.6 Labor Negotiations – United Food and Commercial Workers Golden State 8 (UFCW); Police Employee Association of Ridgecrest (PEAR); Management; Mid-Management; Confidential; Part-Time Employees. Agency Negotiator City Manager Kurt Wilson

**REGULAR SESSION – 6:00 p.m.**

- Pledge Of Allegiance
- Invocation

**CITY ATTORNEY REPORTS**

- Closed Session
  - Scollitea v. Frid – instructed attorney to prepare defense for Mr. Frid who was an active duty officer at the time of event.
  - No action taken on Conference With Legal Counsel, Existing Litigation. County Of Kern v. City Of Ridgecrest
  - Labor Negotiations - Received report provided instruction regarding negotiations.
- Other
  - none

**PUBLIC COMMENT**

Nicholas Coy

- Representative of veteran's advisory committee.
- Intend to have veterans stand down on October 5.
- Job fair agenda and VA representatives available.
- Asking businesses and individuals to assist.
- Identified need in Ridgecrest for veterans assistance.

Ron Carter responded

- Has forwarded information to Council Members.
- Mr. Wilson will be meeting with the committee.
- Thanked all committee members for their work.
- Serious problems for veteran's with the veterans administration
- Encouraged citizens to get involved.

**PRESENTATIONS**

1. **Kern Council Of Governments Energy Partnership Presentation and Resolution to Ridgecrest City Council** **Linda Urata**

Linda Urata

- Gave PowerPoint presentation to Council regarding Energy Watch Partnership and requested Council to join the partnership.

Steve Morgan

- Noted that PGE and Edison is eliminating the programs Ridgecrest is currently participating with.
- Makes sense to work with Kern COG given the working relationship.

Jerry Taylor

- Agreed with Steve Morgan and supports the program.

Dave Matthews

- Has been saving energy his entire life and noted a lot of other energy sources whose prices are increasing.
- Thinks the

*Motion To Approve A Resolution Entering Into The Kern Council Of Governments Energy Partnership Was Made By Council Member Morgan, Second By Council Member Patin. Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; 0 Absent.*

**CONSENT CALENDAR**

2. **Approve A Resolution Of The Ridgecrest City Council To Award A Construction Contract To Bowman Asphalt Inc For The Resurfacing And Rehabilitation Of The North And South Bound Lanes On Downs Street Between Inyokern Road To Ward Avenue And Authorize The City Manager To Execute The Contract** **Speer**
3. **Approve A Resolution Of The Ridgecrest City Council To Award A Construction Contract To Bowman Asphalt Inc. For The Resurfacing And Rehabilitation Of The North And South Bound Lanes On Downs Street Between Ward Avenue To Drummond Avenue And Authorize The City Manager To Execute The Contract** **Speer**
4. **Approve A Resolution To Approve The Proposal With The Engineering Firm Of Willdan To Provide Environmental, Design Engineering, And Construction Management For The City Of Ridgecrest On The Cycle 3 Federal Safe Routes To School Program** **Speer**

5. Approve A Resolution Of The City Council Of The City Of Ridgecrest Granting The Transfer Of A Non-Exclusive Taxi Franchise Speer
6. Approve A Resolution Of The Ridgecrest City Council Authorizing The Application For And Acceptance Of The Department Of Alcoholic Beverage Control, Grant Assistance Program Strand
7. Approve A Resolution Of The Ridgecrest City Council Calling And Giving Notice Of The Holding Of A General Municipal Election To Be Held On Tuesday November 6, 2012 For The Election Of Certain Officers As Required By The Laws Of The State Of California Relating To General Law Cities Ford
8. Approve A Resolution Of The Ridgecrest City Council Requesting The Board Of Supervisors Of The County Of Kern To Render Specified Services To The City Relating To The Conduct Of A General Municipal Election To Be Held On Tuesday, November 6, 2012 Ford
9. Approve Draft Minutes Of City Council Meeting Date June 6, 2012 Ford

Items 2, 3, 4, 5, 6, 7, & 8 pulled for discussion

*Motion To Approve Item 9 Of The Consent Calendar Was Made By Council Member Morgan, Second By Council Member Patin. Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; 0 Absent*

Jerry Taylor

- Questioned what match funds are being used with TAB funds not available.
- Asked how long bids are good for.
- Asked the amount of impact fees currently.
- Asked when the funds had to be spent.
- Asked why items 2 & 3 were not bid as single contracts.
- Quality control, what will be done differently from previous projects?
- Will projects be done this summer

Dennis Speer

- Funded in separate years and cannot combine the funds.
- Already approved consulting engineer who is aware of previous issues. Will continue to monitor.
- Will be completed this paving season.

MINUTES - CITY COUNCIL - REGULAR

June 20, 2012

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Item 4

Jerry Taylor

- Asked for the timeline and specific identification.
- Can traffic impact be used?

Dennis Speer

- No matching funds required

Item 6

Jerry Taylor

- Concerned about use for overtime versus straight time.
- Statement that we do as much as possible on straight time.

Ron Strand

- Straight time would take away from productive time doing priority items.

Dave Matthews

- Referred to summary of what the grant would do and asked for clarification

Ron Strand

- Responded with overview of activities that officers and staff will conduct educating businesses and public.

*Motion To Approve Items 2, 3, 4, & 6 Was Made By Council Member Patin , Second By Council Member Taylor . Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; And 0 Absent.*

Item 5

Keith Lemieux

- Amendment to resolution language changing the term 'Grant' and 'Granting' to 'Approve' and 'Approving'

*Motion To Approve Item 5 Was Made By Council Member Patin, Second By Council Member Holloway. Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; And 0 Absent.*

Item 7 & 8

Keith Lemieux

- Explained the timing issues involved with calling for the next election and certification of the initiatives from the June 5, 2012 election. Recommend amending resolution language to add 'effective 10 days after the vote is certified and directing city clerk to take necessary actions that will ensure November 6, 2012 election.

Jerry Taylor

- Clarified that Council is trying to move forward.

Motion to approve items 7 & 8 was made by Council member patin, second by Council member Morgan. *Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; And 0 Absent.*

**ORDINANCES**

**10. Introduction And First Reading, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Conflicts Of Interest** **Lemieux**

Keith Lemieux

- Gave staff report.

Public Comment

- No member of the public presented comments.

1. *Motion To Waive Reading In Full Of An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Conflicts Of Interest Made By Council Member Morgan , Second By Council Member Patin . Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; 0 Absent*

2. *Motion To approve, By Title Only, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Conflicts Of Interest Made By Council Member Morgan , Second By Council Member Holloway . Motion Carried By Roll Call Vote Of 5 Ayes; 0 Nays; 0 Abstain; 0 Absent*

## DISCUSSION AND OTHER ACTION ITEMS

**11. Approve A Resolution Of The Ridgecrest City Council Reciting The Fact Of The Consolidated General Municipal Election Held On June 5, 2012 Declaring The Result And Such Other Matters As Provided By Law** Ford

*Item Pulled pending receipt of certification of election results from the County Clerk.*

**12. Discussion And Approval Of A Resolution Of The Ridgecrest City Council Adopting The Draft 2012-13 Budget (Continued From June 6, 2012)** Staheli

Kurt Wilson

- Gave staff report updating past discussion and modifications made to the draft.
- PowerPoint presentation of the revised draft budget. *(copies are available in the City Clerk's Office)*

Jerry Taylor

- FY 11 year-end data has potentially misleading information due to not rolling into ISF funds. Specifically finance/IT page 25 and 174 year-end totals differ. Due to elimination of general government ISF funds being rolled back into the general fund. Costs have not increased.
- Page 27 – agrees with more paperless, asked by reproduction costs were going up. Initial cost for scanners and equipment.
- Police officer funding and cash flow between July and January. Anticipate latter part of calendar year will be most difficult, will have to evaluate and defer expenditures but if not feasible will have to come back to Council with other options.
- Understanding strategy is to spend as little as possible the first two quarters to stretch current funding until Measure 'L' funding begins coming in.
- Asked if the RACVB tourism district is feasible and doable. Staff has not been able to do the analysis and may come back with recommendation. Funding for ½ the year.
- Page 18 clarified salary increase in Council as loss of RDA the Council salaries have been combined.

Steve Morgan

- Requested more detail of how the numbers have been broken down by department. Clarified that one person's salary was being charged to multiple departments based on the functions individuals are performing.
- Reductions to salaries account for .10 percent reduction of the planner.
- Commended staff for the amount of attention taken to trying to make the budget readable for the public. Good budget that can be worked with as a living document. Not happy with the cuts but understand the necessity.
- Asked staff to put more emphasis on the quarterly reports.

**MINUTES - CITY COUNCIL - REGULAR**

**June 20, 2012**

**Page 8 of 14**

- Referenced chart in the back showing different positions and what portion of whom was being paid where. Asked for public review by Finance Director who gave example of city clerk salary breakdown.
- Requested public explanation of fund description chart. Methodology for attempting to show the overhead costs. Asked staff for brief overview of why the numbers appear to not balance. Staff complied, reviewing FY2013 Overhead Calculation chart. Bottom line unless changes are made is a projection of approximately \$600,000 general fund balance.
- If projections fall below anticipated totals, Council is to be notified immediately.

**Chip Holloway**

- Further review of the chart totals.
- The assumption of general fund reserve of \$600,000; proposed grant writer and lobbyist and 10% planner adjustment go back into the budget.
- Thanked staff for the concessions made that the public does not see.
- Comfortable moving forward.

**Jason Patin**

- Thanked staff for the work done on the new draft budget making it more understandable.
- Agrees with Chip Holloway to return the 10% salary cut to the planner.
- Would like to see the Lobbyist and Grant Writing stay in place.
- Asked for review of services chamber provides and if those services have been covered elsewhere. Nature of the work is the effects are not seen immediately.
- Reimbursement of unrepresented employees brought back when negotiations are completed.
- Parks and recreation department, concern about the medians and upkeep of the parks. Still have the department and obligation to maintain the parks, plumbing, clean-up. Want to see a plan of how that maintenance will happen without the additional funding.
- Based on closed session items, not in favor of approving the budget tonight.

**Ron Carter**

- Thanked staff for the work and hours they have done to make this a budget the public could understand.
- Would like to see the planner back up to 100%; grant writer and lobbyist add back.
- Vision of working with the chamber in a partnership and want it expanded to benefit local businesses and community.

**MINUTES - CITY COUNCIL - REGULAR**

**June 20, 2012**

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Jerry Taylor

- Appreciate the suggestions to make the planner whole
- Staffing summary sheet, parks and recreation increased and want to know where the funds came from. Reprioritized and made changes and this proposal includes measure 'L' funding meets the language to provides for programs.
- Questioned where funding for Parks maintenance supervisor and director of parks and recreation came from. Kurt responded that changes made left a hole in programs but those met the requirements of the language in Measure 'L'. Approximately \$120,000 of Measure 'L' anticipated revenue would be used for youth programs. Has a problem with that.
- Asked about the assumption for Redevelopment administrative funding.
- Would like to continue grant writing with evaluation annually before continuing.
- Does not agree with hiring a lobbyist. Questioned assumptions for TOT and noted the department of defense direction is to reduce travel budgets by 30% so asked the number to be evaluated.
- Asked to take the benefit package away from Council.
- Suggested take a reduction to travel budget by 50%.

Public Comment

Jay Chun – President of Chamber of Commerce

- Relocation packages are being charged for now. Number of people are not willing or able to purchase the packages so looking to digitize the packages to lower the costs.
- Economic Outlook Conference will continue but will be single presentation by Chamber without the City.
- Lack of funding have reduced hours of operation and closed on Friday's.

Harris Brokke

- Commented about Notary Services – suggested City not compete with local businesses.

Doug Louck

- RACVB will be supportive of the relocation packages and will work with Chamber to assist if the tourism district gets through.

Stan Rajtora

- Requested clarification regarding positive outcome with union negotiations. Has impression that this is no longer the assumption. Kurt responded that the assumptions are that all employees will pay their portion of PERS.
- In-Depth review of revenue assumptions highlighting TOT; Wastewater Fund; Rentals.

**MINUTES - CITY COUNCIL - REGULAR**

**June 20, 2012**

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Barbara Auld

- Asked for explanation of Measure 'L' breakdown.
- Expressed expectation that all Measure 'L' money was to be used for streets and police and disappointment that some money would be used for Parks programs. Kurt reviewed the portion proposed is specifically to keep children in organized activities and off the street.
- Referenced the Lobbyist and Grant Writer. Community is willing to support these two functions with community entity support and funding.

Tom Wiknich

- Reviewed the breakdown showing the Measure 'L' funding. Available on page 52 of the draft budget.
- Referenced the revenue side of the budget and would like Council action to review the revenue and fees.

Howard Auld

- Referred to the oversight committee for Measure 'L'. expressed surprise at the amounts going to various areas without the oversight committee. Steve Morgan reassured that these are staff recommendations but the entire process will be followed. Kurt noted that the sequence of events is unusual as these are projections of revenues we have not seen yet and the committee has yet to be seated. Timing for adoption of the budget is critical and in subsequent years the process will be more refined.

Paul Vanderwerf

- Council previously requested information of how activities would be affected. Rather than fee for service, Measure 'L' revenues being expended to the programs without knowing the effect to operations is concerned with the \$120,000 and how it is being spent. Want to see a direct impact through streets and police.

Jason Patin

- Majority want to make planner salary whole
- Reinstate lobbyist
- Reinstate grant writing
- Reminded community the budget is a living document and can be changed.

Jerry Taylor

- Does not have problem with grant writer or planner but does have problem with lobbyist and \$120,000 Measure 'L' recommendation.

**MINUTES - CITY COUNCIL - REGULAR**

**June 20, 2012**

**Page 11 of 14**

Steve Morgan

- Grant writer at \$40k
- Lobbyist at \$45k
- Planner Salary \$15k
- Supports the three recommendations.

Chip Holloway

- Agrees with recommended changes and wants to go back to the community regarding lobbyist for future funding.

*Motion To Approve A Resolution Of The Ridgecrest City Council Adopting The Draft 2012-13 Budget As Amended Made By Council Member Morgan , Second By Council Member Holloway . Motion Carried By Roll Call Vote Of 3 Ayes (Mayor Carter, Council Members Holloway And Morgan; 2 Nays (Council Members Taylor And Patin; 0 Abstain; 0 Absent.*

**DEPARTMENT AND COMMITTEE REPORTS**

**Infrastructure Committee**

Members: Steve Morgan, Jerry Taylor, Craig Porter, James Sanders  
Meeting: 2<sup>nd</sup> Wednesday Of The Month At 5:00 P.M., Council Conference Room  
Next Meeting: July 11, 2012

- Steve Morgan – reviewed last meeting and announced next meeting including Bowman road project award.

**Quality Of Life**

Members: Chip Holloway, Jason Patin, Craig Porter, Carter Pope  
Meeting: 1<sup>st</sup> Thursday Of Every Even Month At 12:00 P.M.; Kerr-McGee Center  
Next Meeting: August 2, 2012

- No Report

**City Organization**

Members: Ron Carter, Jerry Taylor, Lois Beres, Christopher LeCornu  
Meeting: 1<sup>st</sup> Tuesday Of The Month At 5:00 P.M.; Council Conference Room  
Next Meeting: Cancelled

- No Report

**Community Development Committee**

Members: Steve Morgan, Jason Patin, Christopher LeCornu, James Sanders  
Meetings: 1<sup>st</sup> Thursday Of The Month At 5:00 P.M.; Council Conference Room  
Next Meeting: Cancelled

- Patin – reviewed last meeting presentation from COSMOT and Economic Development projects. Next meeting August 2

**Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)**

Members: Ron Carter, Chip Holloway, Ron Strand  
Meetings: 2<sup>nd</sup> Monday Of Odd Numbered Months At 4:00 P.M., Kerr-McGee Center  
Next Meeting: Cancelled until the start of the next school year.

**Ridgecrest Area Convention And Visitors Bureau (RACVB)**

Members: Chip Holloway, Jason Patin  
Meetings: 1<sup>st</sup> Wednesday Of The Month, 8:00 A.M.  
Next Meeting: To Be Announced

- Holloway – announced next meeting as July 11 at Heritage Inn

**OTHER COMMITTEES, BOARDS, OR COMMISSIONS**

- Steve Morgan – announced Holloway attending Kern COG meeting.
- Jerry Taylor – attended master plan and available on website.

**CITY MANAGER REPORTS**

Kurt Wilson

- Thanked staff who have endured the past few years. Specifically thanked department heads who redid proposals and finance team for the work they accomplished.
- Reminded Council of possible special meeting pertaining to the certification of election.

## MAYOR AND COUNCIL COMMENTS

### Jason Patin

- Commended staff again for the ease of understanding with the budget.
- Thanked all citizens who put in time working to get measure 'L' passed.
- Went on police ride along and commends police department for their professional attitude. The reason we have a safe community is because of the police.
- Congratulations to all graduates.

### Steve Morgan

- In the budget process, what's old is new again. Difficult cycles and appreciate everything staff has done and the sacrifices employees are going to make to finish off this budget. Difficult and not pleasant but is necessary. Work as a team to support each other. Thanked fellow Council members for working thru the process even though they don't always agree.
- This Saturday the community fireworks bingo at the Kerr McGee center. \$35.00 each for tickets. Community response to requests have been going well but still have an anticipated shortfall. Full-page add showing community individuals who have donated and asked public to thank them. If every citizen donated \$1.00 could continue the fireworks.
- June 30 is chamber of commerce casino night. \$25.00 per person. A lot of fun and opportunity to spend time with friends and neighbors.
- July 4 at desert empire fairgrounds, fireworks display. Having difficulty broadcasting the music so only people who will enjoy both music and fireworks will be those at the fairgrounds.

### Jerry Taylor

- Will send donation check and will work with radio booster club.
- Requested update on Wal-Mart and what is city mandating for development.
- Requested report of participation of summer programs.
- Demand warrant approval on the agenda.
- Would like tourism district brought forward as soon as possible.
- Safe and joyous independence day.

### Chip Holloway

- Thanked the Lions club for the fireworks event which is now the City's signature event.
- When you don't make a decision you in essence have made a decision. Grateful we have moved forward on the budget which is an educated guess of what may happen next year. Can always make changes as needs arise.
- Excited to talk about positive things in the community and begin to move forward. Have confidence in fellow Council and this living document.
- Referenced Mayor Carter's past comments.

**MINUTES - CITY COUNCIL - REGULAR**

**June 20, 2012**

**Page 14 of 14**

**Ron Carter**

- The strength of this Council is once the vote is taken we move forward together.
- Thanked citizens who voted for Measure 'L' who have saved this city.
- Special thanks to the committee and the citizen's who walked. Did a great service to the city.
- Thanked staff. This was the most difficult and painful thing ever had to do as an elected official.

**ADJOURNMENT at 9:34 pm**

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Rachel J. Ford, CMC  
City Clerk

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING  
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Minutes of the Special City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of June 27, 2012

**PRESENTED BY:**

Rachel J. Ford, City Clerk

**SUMMARY:**

Draft minutes of the Special City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of June 27, 2012

**FISCAL IMPACT:**

None

Reviewed by Finance Director:

**ACTION REQUESTED:**

Approve minutes

**CITY MANAGER 'S RECOMMENDATION:**

Action as requested: Approve Draft Minutes

Submitted by: Rachel J. Ford  
(Rev. 6-12-09)

Action Date: July 18, 2012

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**MINUTES OF THE SPECIAL MEETING OF THE  
RIDGECREST CITY COUNCIL  
RIDGECREST HOUSING AUTHORITY  
RIDGECREST FINANCE AUTHORITY**

**City Council Chambers  
100 West California Avenue  
Ridgecrest, California 93555**

**June 27, 2012  
11:30 am**

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council/Redevelopment Agency. Meetings are recorded for the purpose of preparation of minutes.

**CALL TO ORDER – 11:30 a.m.**

**CALL TO ORDER**

**ROLL CALL**

Council Present: Mayor Ronald H. Carter; Mayor Pro Tem Marshall 'Chip' Holloway; Vice Mayor Jerry D. Taylor; and Council Member Jason Patin

Council Absent: Council Member Steven P. Morgan

Staff Present: City Manager Kurt O. Wilson; City Clerk Rachel J. Ford; City; and other staff

**APPROVAL OF AGENDA**

*Motion To Approve Agenda Made By Council Member Holloway, Second By Council Member Taylor. Motion Carried By Voice Vote Of 4 Ayes; 0 Nays; 0 Abstain; 1 Absent (Council Member Morgan)*

**PUBLIC COMMENT – CLOSED SESSION**

- None presented

**CLOSED SESSION – 11:30 a.m.**

GC54957.6 Labor Negotiations – United Food and Commercial Workers Golden State 8 (UFCW); Police Employee Association of Ridgecrest (PEAR); Management; Mid-Management; Confidential; Part-Time Employees. Agency Negotiator City Manager Kurt Wilson

**SPECIAL SESSION – 12:00 p.m.**

**CITY ATTORNEY REPORTS**

- Closed Session
  - Received report, no reportable action

**PUBLIC COMMENT**

- None presented

**DISCUSSION AND OTHER ACTION ITEMS**

1. **Approve A Resolution Of The Ridgecrest City Council Reciting The Fact Of The Consolidated General Municipal Election Held On June 5, 2012 Declaring The Result And Such Other Matters As Provided By Law** Ford

Rachel Ford

- gave staff report verbally reciting the facts of the election as certified by the County Clerk.

Public Comment

- No comments were made by public or council

*Motion To Approve A Resolution Reciting The Fact Of The Consolidated General Municipal Election Held On June 5, 2012 Declaring The Result And Such Other Matter As Provided By Law Made By Council Member Taylor , Second By Council Member Patin. Motion Carried By Voice Vote Of 4 Ayes; 0 Nays; 0 Abstain; And 1 Absent (Council Member Morgan)*

**2. Approve A Resolution Of Intention To Approve An Amendment To Contract Between The Board Of Administration Of The California Public Employees' Retirement System And The City Council Of The City Of Ridgecrest Wilson**

Kurt Wilson

- gave staff report
- 2011 Memorandum Of Understanding approved the proposed amendment and additional costs to the City would be paid directly by the affected employees.

*Motion To Approve A Resolution Of Intention To Amend The Contract Between The Board Of Administration Of The California Public Employees Retirement System And The City Council Of The City Of Ridgecrest Made By Council Member Patin , Second By Council Member Holloway . Motion Carried By Voice Vote Of 4 Ayes; 0 Nays; 0 Abstain; And 1 Absent (Council Member Morgan).*

**ADJOURNMENT at 12:10 pm**

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Rachel J. Ford, CMC  
City Clerk

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**CITY COUNCIL/ REDEVELOPMENT SUCCESSOR AGENCY/ FINANCING**  
**AUTHORITY AGENDA ITEM**

**SUBJECT:**

Resolution 12-Xx, A Resolution Of The Ridgecrest City Council Declaring Its Intention To Establish the Ridgecrest Tourism Improvement District (RTID) and Establishing A Public Hearing Thereon.

**PRESENTED BY:**

James E. McRea

**SUMMARY:**

The Resolution declaring the Intention To Establish the Ridgecrest Tourism Improvement District (RTID) and establishing a Public Hearing thereon is requested by the Ridgecrest Area Convention and Visitors Bureau (RACVB). The Ridgecrest Tourism Improvement District (RTID) is a benefit assessment district proposed to fund marketing and sales promotion efforts for the Ridgecrest lodging businesses. The RTID includes all lodging business within the boundaries of the City. The annual assessment rate is 2% of gross short term room rental revenue. The estimated total annual budget is \$240,000. The RTID Management District Plan has been provided by the RACVB and their consultant CIVITAS. The RTID formation requires the submittal of petitions from the lodging businesses representing more than 50% of the total annual assessment followed by adoption of the Resolution of Intention and a Public Hearing and an opportunity for a written protest. The proposed RTID after formation will have a five year life beginning September 1, 2012. The RTID be terminated by a 50% protest annually.

The proposed RTID includes 18 lodging businesses and the assessment will be collected by the City under the same format as the Transient Occupancy Tax (TOT). The City shall retain 3% Administrative Collection Cost and all penalties and interest collected. The City Council through adoption of the Management District Plan identifies the RACVB as the Owner's Association for the RTID.

Resolution 12-Xx, A Resolution Of The Ridgecrest City Council Declaring Its Intention To Establish the Ridgecrest Tourism Improvement District (RTID) and Establishing A Public Hearing Thereon for September 19, 2012 is presented for adoption.

**FISCAL IMPACT:**

Funding of the RACVB and associated administration of the collection of the assessment.

Reviewed by Finance Director

**ACTION REQUESTED:**

Motion to approve Resolution 12-Xx, approved the Management District Plan and establish a Public Hearing for September 05, 2012 to receive any written protests prior to formation.

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Review and Comment

Submitted by: James McRea

Action Date: 7-18-12

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## Introduction to

# Tourism Business Improvement Districts

A tourism business improvement district (TBID) is a stable source of funding for marketing efforts designed to increase occupancy and room rates for lodging businesses. Funds raised through a small assessment on lodging stays are used to provide services desired by and directly benefitting the businesses in the district.

### What does a TBID do?

TBIDs can have many functions, all of which are aimed at increasing tourism. A TBID's operations are determined by the businesses funding the TBID. TBID activities can include print and internet advertising, visitor center operations, sales lead generation and many other marketing efforts.

### Who manages a TBID?

A new non-profit corporation can be formed to manage district funds, or an existing corporation (such as a Conference and Visitor's Bureau) can fill this role. The businesses forming the TBID decide how the corporation will be structured and who will manage it.

### How is a TBID funded?

TBIDs are funded through an assessment on certain lodging stays. The amount of the assessment is determined by business owners at the formation of the district, within particular legal guidelines. Certain types of stays can be exempt from the assessment if they are not procured as a result of district activities. Funds raised through the assessment must be spent for the benefit of the businesses paying the assessment. Funds raised through a TBID cannot be diverted to government programs.

### Why should I support forming a TBID?

As the economy struggles, marketing efforts are an increasingly important aspect of maintaining a popular destination. TBIDs provide stable funding for the necessary marketing to keep a destination competitive in a difficult economy. As cities and countries are forced to sacrifice tourism promotion funds, TBIDs provide funding to supplement or replace those monies. Because TBID funds are not controlled by a government entity, they cannot be subjected to the budget cuts municipalities have been forced to make.

### What are the advantages of a TBID?

- ◆ They provide a stable funding source for tourism promotion
- ◆ They are designed and created by those who pay the assessment
- ◆ They are governed by those who pay the assessment
- ◆ Funds cannot be diverted for government programs

## Forming California 1994 Law

# Tourism Business Improvement Districts

Under the Property and Business Improvement District Law of 1994, the TBID formation process can be divided into seven steps. The amount of time and effort each step requires varies for individual districts.

- 1. Creation of Formation Resources**
  - ◆ Identify Steering Committee members
  - ◆ Obtain information needed for database
- 2. Owner Outreach and Education**
  - ◆ Educate business owners about TBIDs via handouts and meetings
  - ◆ Obtain input and support from business owners
  - ◆ Hold focus groups and circulate surveys as needed
- 3. District Plan Development**
  - ◆ Identify district boundaries and included businesses
  - ◆ Identify benefit zones, if needed
  - ◆ Determine services to be provided by the district
  - ◆ Determine assessment rate and budget
  - ◆ Determine governance structure
  - ◆ Draft and review district plan
- 4. Petition Drive**
  - ◆ Prepare, distribute and collect petitions for formation
  - ◆ Submit petitions from owners who will pay 50% or more of the assessment to the City Council or Board of Supervisors
- 5. Initial Hearing**
  - ◆ Prepare Resolution of Intention
  - ◆ Prepare Notice of Public Meeting/Hearing
  - ◆ Resolution of Intention hearing
  - ◆ Mail notice to all owners
- 6. Public Meeting**
  - ◆ Public meeting held by City Council/Board of Supervisors
- 7. Public Hearing**
  - ◆ City Council/Board of Supervisors considers any protests presented
  - ◆ If there is no majority protest, the City Council/Board of Supervisors can adopt Resolution of Formation

**RESOLUTION NO. 2012 - \_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST  
DECLARING ITS INTENTION TO ESTABLISH THE RIDGECREST  
TOURISM IMPROVEMENT DISTRICT (RTID) AND FIXING THE TIME  
AND PLACE OF A PUBLIC MEETING AND A PUBLIC HEARING THEREON  
AND GIVING NOTICE THEREOF**

**WHEREAS**, the Property and Business Improvement Law of 1994, Streets and Highways Code §36600 et seq., authorizes cities and counties to establish property and business improvement districts for the purposes of promoting tourism; and

**WHEREAS**, lodging business owners, the Ridgecrest Convention and Visitors Bureau (CVB), members of the business community and representatives from the City of Ridgecrest have met to consider the formation of the Ridgecrest Tourism Improvement District (RTID); and

**WHEREAS**, the hotels and CVB have drafted a Management District Plan which sets forth the proposed boundary of the RTID, a service plan and budget, and a proposed means of governance; and

**WHEREAS**, a majority of the lodging business owners subject to assessment under the RTID have petitioned the City Council to establish the RTID.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL THAT:**

1. The recitals set forth herein are true and correct.
2. The City Council finds that the lodging businesses that will pay more than fifty percent (50%) of the assessment proposed in the Management District Plan have signed and submitted petitions in support of the formation of the RTID. The City Council accepts the petitions and adopts this resolution of intention to establish the RTID and to levy an assessment on certain lodging businesses within the RTID boundaries in accordance with the Property and Business Improvement District Law of 1994.
3. The City Council finds that the Management District Plan satisfies all requirements of Streets and Highways Code §36622.
4. The City Council declares its intention to establish the RTID and to levy and collect assessments on lodging businesses within the RTID boundaries pursuant to the Property and Business Improvement District Law of 1994.
5. The boundaries of the RTID shall be the boundaries of the City of Ridgecrest. Please see the attached map, incorporated herein as Exhibit A.
6. The name of the district shall be the Ridgecrest Tourism Improvement District (RTID).

7. Annual assessment rates are 2% of gross short term (stays less than 31 days) room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on any officer or employee of a foreign government who is exempt from transient occupancy taxes by reason of express provision of federal law or international treaty. Assessments pursuant to the RTID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to September 1, 2012.
8. The assessments levied for the RTID shall be applied toward sales promotion and marketing programs to market Ridgecrest lodging businesses as tourist, meeting and event destinations. Funds remaining at the end of any year may be used in subsequent years in which RTID assessments are levied as long as they are used consistent with the requirements of this resolution.
9. The RTID will have a five year term unless renewed pursuant to Streets and Highways Code §36660.
10. Bonds shall not be issued.
11. The time and place for the public meeting to establish the RTID and the levy of assessments are set for \_\_\_\_\_, 2012, at 6:00 p.m., or as soon thereafter as the matter may be heard, at the Council Chambers located at 100 W California Avenue, Ridgecrest, CA 93555.
12. The time and place for the public hearing to establish the RTID and the levy of assessments are set for \_\_\_\_\_, 2012, at 6:00 p.m., or as soon thereafter as the matter may be heard, at the Council Chambers located at 100 W California Avenue, Ridgecrest, CA 93555. The City Clerk is directed to provide written notice to the lodging businesses subject to assessment of the date and time of the hearing and to provide that notice as required by Streets and Highways Code §36623.
13. At the public hearing the testimony of all interested persons for or against the establishment of the RTID may be received. If at the conclusion of the public hearing, there are of record written protests by the owners of the lodging businesses within the proposed RTID that will pay fifty percent (50%) or more of the estimated total assessment of the entire RTID, no further proceedings to establish the RTID shall occur.
14. The complete Management District Plan is on file with the City Clerk and may be reviewed upon request.
15. This resolution shall take effect immediately upon its adoption by the City Council.

**I HEREBY CERTIFY** that the foregoing Resolution of Intention was introduced and adopted at a regular meeting of the City Council on the \_\_\_\_\_ day of \_\_\_\_\_ 2012 by the following vote:

**AYES:** Council MEMBERS:  
**NOES:** Council MEMBERS:  
**ABSENT:** Council MEMBERS:  
**ABSTAIN:** Council MEMBERS:

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**Mayor**

**ATTEST:**

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**City Clerk**

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# RIDGECREST TOURISM IMPROVEMENT DISTRICT

## MANAGEMENT DISTRICT PLAN

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*Formed pursuant to the Property and Business Improvement District Act of 1994  
(Streets and Highways Code §36600 et seq.)*

*Submitted to the*

Ridgecrest Area Convention and Visitors Bureau

*June 26, 2012*

by



# RIDGECREST TOURISM IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

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## I. INTRODUCTION AND OVERVIEW

Developed by Ridgecrest Area Convention and Visitors Bureau (the Bureau), the Ridgecrest Tourism Improvement District (RTID) is a benefit assessment district proposed to help fund marketing and sales promotion efforts for Ridgecrest lodging businesses. This approach has been used successfully in other destination areas throughout the country to improve tourism and drive additional room nights.

**Location:** The proposed RTID includes all lodging businesses located within the boundaries of the City of Ridgecrest.

**Services:** Marketing and sales promotions to increase tourism and to market Ridgecrest lodging businesses as tourist, meeting and event destinations.

**Budget:** The total RTID annual budget for each year of its five-year operation is anticipated to be approximately \$240,000.

**Cost:** Annual assessment rates are 2% of gross short term (stays less than 31 days) room rental revenue on lodging businesses. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on any officer or employee of a foreign government who is exempt from transient occupancy taxes by reason of express provision of federal law or international treaty. Assessments pursuant to the RTID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to September 1, 2012.

**Formation:** TID formation requires submittal of petitions from lodging businesses representing more than 50% of the total annual assessment followed by a City Council hearing and an opportunity for a written protest. The assessed lodging business owners will receive notice of the public hearing by mail. If there is a majority written protest, the TID will not be formed.

**Duration:** The proposed RTID will have a five-year life beginning September 1, 2012. Once per year beginning on the anniversary of the formation of the district there is a 30-day period in which owners paying more than 50% of the assessment may protest and terminate the district.

## **II. WHY A TOURISM IMPROVEMENT DISTRICT FOR RIDGECREST?**

There are several reasons why now is the right time to form a TID in Ridgecrest; the most compelling reasons are as follows:

### ***1. The Need to Increase Occupancy***

The formation of the RTID is a proactive effort to provide supplemental funding beyond that provided by the City. The funding will ensure that adequate financing exists for the investment required to increase occupancy in the lodging industry and be competitive in the conference segment of the tourism market. The investment will cover an expanded marketing and promotional budget needed to reach this market segment.

### ***2. An Opportunity for Increasing City Tax Revenues***

As occupancy rates increase, so too will the City's TOT revenue. With stable public/private funding for tourism marketing efforts, annual occupancy rates should increase significantly as new marketing and sales promotion programs are implemented. Greater occupancy will also produce an increase in sales tax revenues from tourist spending. This represents a substantial return to the City. The formation of the RTID in partnership with the the Bureau creates a stable funding source tied directly to tourism promotion.

### ***3. Stable Funding for Tourism Promotion***

The RTID will provide a stable source of funding for consistent tourism promotion efforts. The RTID will provide funding for tourism promotion free of the political and economic circumstances that can reduce or eliminate government funding for tourism promotion.

### III. WHAT IS A TOURISM IMPROVEMENT DISTRICT?

Tourism Improvement Districts (TIDs) utilize the efficiencies of private sector operation in the market-based promotion of tourism districts. TIDs allow lodging and tourism-related business owners to organize their efforts to increase tourism. Tourism-related business owners within the district fund a TID, and those funds are used to provide services that the businesses desire and that benefit the lodging businesses within the District.

**Tourism Improvement District services may include, but are not limited to:**

- Marketing of the Destination
- Tourism Promotion Activities
- Sales Lead Generation

In California, Tourism Improvement Districts are formed pursuant to the Property and Business Improvement District Law of 1994 (PBID Law). This law allows for the creation of a special benefit assessment district to raise funds within a specific geographic area. *The key difference between TIDs and other special benefit assessment districts is that funds raised are returned to the private non-profit corporation governing the district.*

**There are many benefits to Tourism Improvement Districts:**

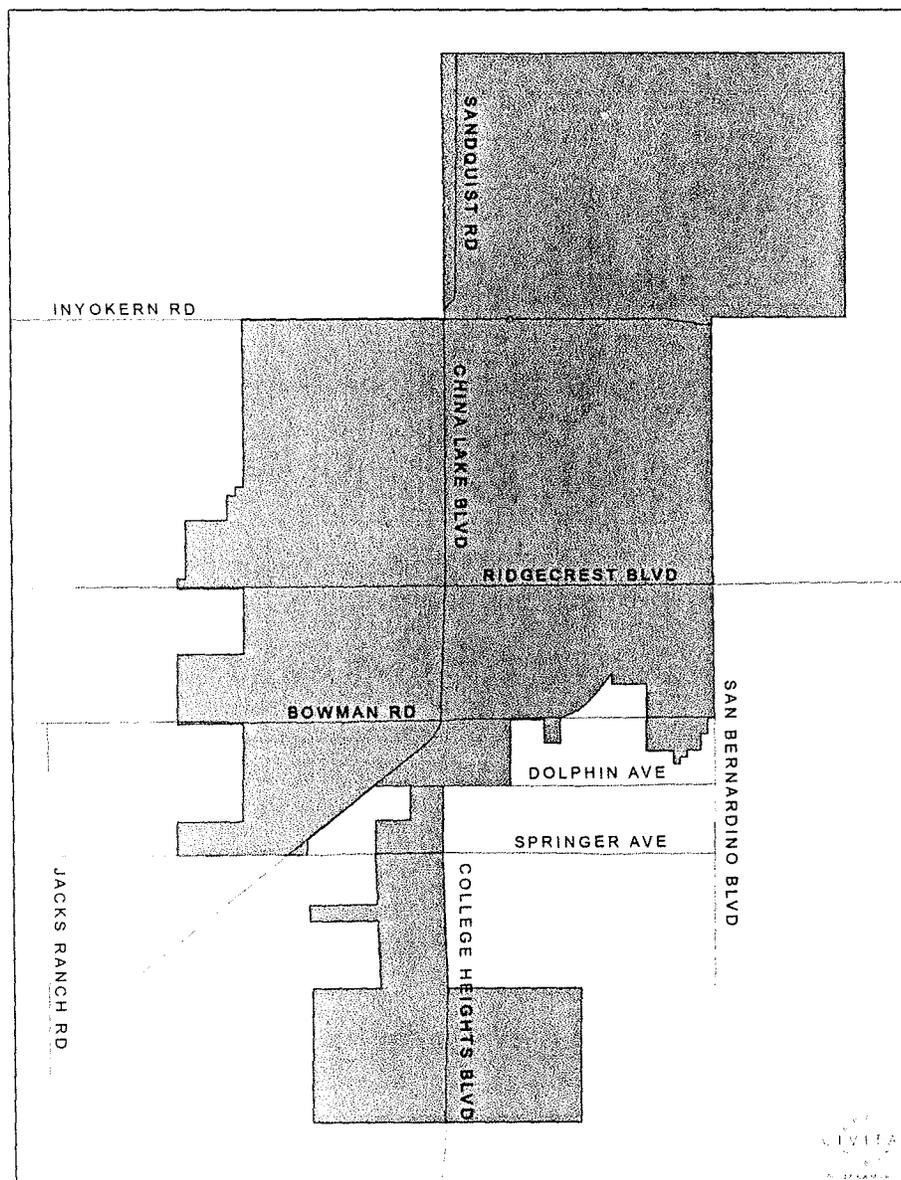
- Funds cannot be diverted for other government programs;
- Tourism Improvement Districts are customized to fit the needs of each tourism district;
- They allow for a wide range of services, including those listed above;
- Tourism Improvement Districts are ***designed, created and governed by those who will pay*** the assessment;
- They provide a stable funding source for tourism promotion.

The Property and Business Improvement District Law of 1994 is provided in Appendix 1 of this document.

#### IV. RIDGECREST TID BOUNDARY

The RTID will include all lodging businesses, existing and in the future, available for public occupancy within the boundaries of the City of Ridgecrest. Lodging business means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and including any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fix location, or other similar structure or portion thereof. Lodging business does not include a private home, vacation cabin or similar facility which is rented by a person who is not regularly engaged in the business of renting such facility and does so only occasionally and incidentally to his own use thereof.

The boundary currently includes 18 lodging businesses. Please see the map below. A complete listing of lodging businesses within the proposed RTID can be found on Appendix 2 of this Plan.



## **V. SERVICE PLAN AND BUDGET**

### **A. Assessment**

The annual assessment rates is two percent (2%) of gross short term (stays less than 31 days) room rental revenue. Based on the benefit received, assessments will not be collected on stays of more than thirty (30) consecutive days, nor on any officer or employee of a foreign government who is exempt from transient occupancy taxes by reason of express provision of federal law or international treaty. Assessments pursuant to the RTID shall not include room rental revenue resulting from stays pursuant to contracts executed prior to September 1, 2012.

The term "gross revenue" as used herein means the consideration charged, whether or not received, for the occupancy of space in a lodging business valued in money, whether to be received in money, good, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Gross revenue shall not include any federal, state or local taxes collected, including but not limited to transient occupancy taxes. Any other charges shall be considered gross revenue only in accordance with the local transient occupancy tax.

Bonds shall not be issued.

The amount of assessment, if passed on to each transient, shall be disclosed in advance.

### **B. Delinquencies**

1. Any business which fails to remit the assessment within the time required shall pay a penalty of ten percent (10%) of the amount of the assessment in addition to the amount of the assessment.

2. If the City determines that the nonpayment of any remittance due is due to fraud, a penalty of twenty-five percent (25%) of the amount of the assessment shall be added thereto in addition to the penalties stated in subsection 1 above.

3. In addition to the penalties imposed, any business which fails to remit any assessment shall pay interest at the rate of one-half (1/2) of one percent (1%) per month or fraction thereof on the amount of the assessment, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

4. Every penalty imposed and such interest as accrues shall become a part of the assessment required to be paid.

5. Penalties and interest collected shall be retained by the City to cover the costs of collecting delinquent assessments. The delinquent assessment amount collected shall be forwarded to the Bureau in the same manner as are timely assessments.

### **C. Determination of Specific Benefit**

State law requires that assessment funds be expended on a specific benefit conferred directly to the payors that is not provided to those not charged, and which does not exceed the reasonable cost to the County and cities of conferring the benefit.

The specific benefit the district will provide to assessed lodging businesses, and will not provide to non-assessed lodging businesses, is room night sales. The programs and services provided with the district funds will be designed specifically to drive room night sales at assessed lodging businesses. Only assessed lodging businesses will be featured in marketing materials, receive sales leads generated from district-funded activities, be featured in advertising campaigns, and benefit from other district-funded services. Non-assessed lodging businesses will not receive these and any other district-funded services.

**D. Time and Manner for Collecting Assessments**

The RTID assessment will be implemented beginning September 1, 2012 and will continue for five years. The City of Ridgecrest will be responsible for collecting the assessment on a monthly basis (including any delinquencies, penalties and interest) from each lodging business located in the boundaries of the RTID. The City shall take all reasonable efforts to collect the assessments from each lodging business. The City of Ridgecrest shall forward the assessments to the Ridgecrest Area Convention and Visitors Bureau (the Bureau) which will have the responsibility of managing TID programs as provided in this Management District Plan.

**E. Service Plan Budget Summary**

A summary of the annual service plan budget for the RTID is provided on the following pages. The total five year improvement and service plan budget is projected at approximately \$240,000 annually, or \$1,200,000 through 2017.

**F. Annual Service Plan**

A service plan budget has been developed to deliver services throughout the District. An annual service plan and budget will be developed and approved by the the Bureau Board. Please see the budget exhibit below. In the initial year of operation, the cost of forming the District shall be repaid. Formation costs shall be proportionally deducted from the budget categories.

**Ridgecrest Tourism Improvement District  
Annual Budget, Years One through Five**

Category	Percent of Budget	Dollar Amount
Sales, Marketing, Events and Sales Staff	69%	\$165,600
Administration	25%	\$60,000
City Collection Costs	3%	\$7,200
Contingency/Renewal	3%	\$7,200
<b>Total Annual Budget</b>	<b>100%</b>	<b>\$240,000.00</b>

**Sales, Marketing, Events and Sales Staff**

A sales and marketing program will promote Ridgecrest lodging businesses as tourist and meeting destinations. The sales and marketing program will have a central theme of promoting Ridgecrest as a desirable place to visit, and may include the following activities:

- Internet marketing efforts to increase awareness and optimize internet presence;
- Print ads in magazines and newspapers targeted at potential visitors;
- Television ads targeted at potential visitors;

- Radio ads targeted at potential visitors;
- Attendance of trade shows;
- Sales blitzes;
- Familiarization tours;
- Preparation and production of collateral promotional materials such as brochures, flyers and maps;
- Attendance of professional industry conferences and affiliation events;
- Lead generation activities designed to attract tourists and group events to Ridgecrest;
- Director of Sales and General Manager meetings to plan and coordinate tourism promotion efforts;
- Education of hospitality staff on service and safety (related to alcohol and food) designed to create a visitor experience that will bring repeat visits; and
- Education of lodging business management and the owners' association on marketing strategies best suited to meet Ridgecrest's needs.

### **Administration and Operations**

The administrative and operations portion of the budget shall be utilized for staffing costs, office costs, and other general administrative costs.

### **City Administration Fee**

The City of Ridgecrest shall be paid a fee equal to 3% of the amount of assessment collected to cover their costs of collection and administration. In addition, the City shall retain any penalties and interest collected during the course of pursuing delinquent assessments, to cover the cost of pursuing delinquencies.

### **Contingency/Renewal**

A prudent portion of the budget will be set aside in a contingency fund, to be used for unforeseeable costs in carrying out the sales and marketing programs. If at the expiration of the district there are contingency funds remaining, and business owners wish to renew the district, the remaining contingency funds may be used for renewal costs.

### **G. Adjustments**

Although actual revenues will fluctuate due to market conditions, the proportional allocations of the budget shall remain the same. However, the City and the the Bureau board shall have the authority to adjust budget allocations between the categories by no more than fifteen percent (15%) per year.

### **H. Expiration**

The budget also includes a portion for contingencies and renewal of the District. Should the the Bureau Board approve, funds may be appropriated for the renewal effort. If there are funds remaining at the end of the District term and lodging businesses choose to renew, these remaining funds could be transferred to the renewed District. If there are funds remaining at the end of the District and lodging businesses choose not to renew, any remaining funds will be spent consistent with this Plan or returned to assessed businesses in equal proportions to the assessment paid by each business.

## **VI. BID GOVERNANCE**

### **A. Owners' Association**

The City Council, through adoption of this Management District Plan, has the right, pursuant to Streets and Highways Code §36651, to identify the body that shall implement the proposed program, which shall be the owners' association of the RTID as defined in Streets and Highways Code §36614.5. The the Bureau will serve as the Owner's Association for the RTID. The Bureau board of directors will be composed of nine directors. Among the nine directors, there shall be: five representatives of assessed hotels, one of which shall be from a hotel with fewer than fifty (50) rooms; one representative of the City; one representative of a business in the transportation industry; and two at-large directors.

### **B. Brown Act and California Public Records Act Compliance**

The owner's association is subject to government regulations relating to transparency, namely the Ralph M. Brown Act and the California Public Records Act, designed to promote public accountability. The owners' association of a TID is considered a legislative body under the Ralph M. Brown Act (Government Code §54950 et seq.). Thus, meetings of the the Bureau board must be held in compliance with the public notice and other requirements of the Brown Act. The Owner's Association is also subject to the record keeping requirements of the California Public Records Act.

### **C. Annual Report**

The the Bureau board shall present an annual report at the end of each year of operation to the City Council pursuant to Streets and Highways Code §36650 (see Appendix 1).

**APPENDIX 1 – THE PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994**

**PROPERTY AND BUSINESS IMPROVEMENT DISTRICT LAW OF 1994**  
STREETS AND HIGHWAYS CODE  
Division 18. Parking

\*\*\* THIS DOCUMENT IS CURRENT THROUGH 2009-2010 EXTRAORDINARY SESSIONS 1-5, \*\*\*  
AND 7, AND URGENCY LEGISLATION THROUGH CH 4 OF THE 2010 REGULAR SESSION

**§ 36600. Citation of part**

This part shall be known and may be cited as the "Property and Business Improvement District Law of 1994."

**§ 36601. Legislative findings and declarations**

The Legislature finds and declares all of the following:

(a) Businesses located and operating within the business districts of this state's communities are economically disadvantaged, are underutilized, and are unable to attract customers due to inadequate facilities, services, and activities in the business districts.

(b) It is in the public interest to promote the economic revitalization and physical maintenance of the business districts of its cities in order to create jobs, attract new businesses, and prevent the erosion of the business districts.

(c) It is of particular local benefit to allow cities to fund business related improvements, maintenance, and activities through the levy of assessments upon the businesses or real property that benefits from those improvements.

(d) Assessments levied for the purpose of providing improvements and promoting activities that benefit real property or businesses are not taxes for the general benefit of a city, but are assessments for the improvements and activities which confer special benefits upon the real property or businesses for which the improvements and activities are provided.

**§ 36602. Purpose of part**

The purpose of this part is to supplement previously enacted provisions of law that authorize cities to levy assessments within a business improvement area. This part does not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these purposes.

**§ 36603. Preemption of authority or charter city to adopt ordinances levying assessments**

Nothing in this part is intended to preempt the authority of a charter city to adopt ordinances providing for a different method of levying assessments for similar or additional purposes from those set forth in this part. A property and business improvement district created pursuant to this part is expressly exempt from the provisions of the Special Assessment Investigation, Limitation and Majority Protest Act of 1931 (Division 4 (commencing with Section 2800)).

**§ 36603.5. Part prevails over conflicting provisions**

Any provision in this part that conflicts with any other provision of law shall prevail over the other provision of law.

**§ 36604. Severability**

This part is intended to be construed liberally and, if any provision is held invalid, the remaining provisions shall remain in full force and effect. Assessments levied under this part are not special taxes.

**§ 36605. [Section repealed 2001.]**

**§ 36606. "Assessment"**

"Assessment" means a levy for the purpose of acquiring, constructing, installing, or maintaining improvements and promoting activities which will benefit the properties or businesses located within a property and business improvement district.

**§ 36607. "Business"**

"Business" means all types of businesses and includes financial institutions and professions.

**§ 36608. "City"**

"City" means a city, county, city and county, or an agency or entity created pursuant to Article 1 (commencing with *Section 6500*) of *Chapter 5 of Division 7 of Title 1 of the Government Code*, the public member agencies of which includes only cities, counties, or a city and county.

**§ 36609. "City council"**

"City council" means the city council of a city or the board of supervisors of a county, or the agency, commission, or board created pursuant to a joint powers agreement and which is a city within the meaning of this part.

**§ 36610. "Improvement"**

"Improvement" means the acquisition, construction, installation, or maintenance of any tangible property with an estimated useful life of five years or more including, but not limited to, the following:

- (a) Parking facilities.
- (b) Benches, booths, kiosks, display cases, pedestrian shelters and signs.
- (c) Trash receptacles and public restrooms.
- (d) Lighting and heating facilities.
- (e) Decorations.
- (f) Parks.
- (g) Fountains.
- (h) Planting areas.
- (i) Closing, opening, widening, or narrowing of existing streets.
- (j) Facilities or equipment, or both, to enhance security of persons and property within the area.
- (k) Ramps, sidewalks, plazas, and pedestrian malls.
- (l) Rehabilitation or removal of existing structures.

**§ 36611. "Property and business improvement district"; "District"**

"Property and business improvement district," or "district," means a property and business improvement district established pursuant to this part.

**§ 36612. "Property"**

"Property" means real property situated within a district.

**§ 36613. "Activities"**

"Activities" means, but is not limited to, all of the following:

- (a) Promotion of public events which benefit businesses or real property in the district.
- (b) Furnishing of music in any public place within the district.

- (c) Promotion of tourism within the district. / *FILMING*
- (d) Marketing and economic development, including retail retention and recruitment.
- (e) Providing security, sanitation, graffiti removal, street and sidewalk cleaning, and other municipal services supplemental to those normally provided by the municipality.
- (f) Activities which benefit businesses and real property located in the district.

**§ 36614. "Management district plan"; "Plan"**

"Management district plan" or "plan" means a proposal as defined in Section 36622.

**§ 36614.5. "Owners' association"**

"Owners' association" means a private nonprofit entity that is under contract with a city to administer or implement activities and improvements specified in the management district plan. An owners' association may be an existing nonprofit entity or a newly formed nonprofit entity. An owners' association is a private entity and may not be considered a public entity for any purpose, nor may its board members or staff be considered to be public officials for any purpose. Notwithstanding this section, an owners' association shall comply with the Ralph M. Brown Act (Chapter 9 (commencing with *Section 54950*) of *Part 1 of Division 2 of Title 5 of the Government Code*), at all times when matters within the subject matter of the district are heard, discussed, or deliberated, and with the California Public Records Act (Chapter 3.5 (commencing with *Section 6250*) of *Division 7 of Title 1 of the Government Code*), for all documents relating to activities of the district.

**§ 36615. "Property owner"; "Owner"**

"Property owner" or "owner" means any person shown as the owner of land on the last equalized assessment roll or otherwise known to be the owner of land by the city council. The city council has no obligation to obtain other information as to the ownership of land, and its determination of ownership shall be final and conclusive for the purposes of this part. Wherever this subdivision requires the signature of the property owner, the signature of the authorized agent of the property owner shall be sufficient.

**§ 36616. "Tenant"**

"Tenant" means an occupant pursuant to a lease of commercial space or a dwelling unit, other than an owner.

**§ 36617. Alternate method of financing certain improvements and activities; Effect on other provisions**

This part provides an alternative method of financing certain improvements and activities. The provisions of this part shall not affect or limit any other provisions of law authorizing or providing for the furnishing of improvements or activities or the raising of revenue for these

purposes. Every improvement area established pursuant to the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500) of this division) is valid and effective and is unaffected by this part.

**§ 36620. Establishment of property and business improvement district**

A property and business improvement district may be established as provided in this chapter.

**§ 36620.5. Requirement of consent of city council**

A county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city. A city may not form a district within the unincorporated territory of a county without the consent of the board of supervisors of that county. A city may not form a district within the territorial jurisdiction of another city without the consent of the city council of the other city.

**§ 36621. Initiation of proceedings; Petition of property or business owners in proposed district**

(a) Upon the submission of a written petition, signed by the property or business owners in the proposed district who will pay more than 50 percent of the assessments proposed to be levied, the city council may initiate proceedings to form a district by the adoption of a resolution expressing its intention to form a district. The amount of assessment attributable to property or a business owned by the same property or business owner that is in excess of 40 percent of the amount of all assessments proposed to be levied, shall not be included in determining whether the petition is signed by property or business owners who will pay more than 50 percent of the total amount of assessments proposed to be levied.

(b) The petition of property or business owners required under subdivision (a) shall include a summary of the management district plan. That summary shall include all of the following:

(1) A map showing the boundaries of the district.

(2) Information specifying where the complete management district plan can be obtained.

(3) Information specifying that the complete management district plan shall be furnished upon request.

(c) The resolution of intention described in subdivision (a) shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement as to whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) A time and place for a public hearing on the establishment of the property and business improvement district and the levy of assessments, which shall be consistent with the requirements of Section 36623.

## **§ 36622. Contents of management district plan**

The management district plan shall contain all of the following:

(a) A map of the district in sufficient detail to locate each parcel of property and, if businesses are to be assessed, each business within the district.

(b) The name of the proposed district.

(c) A description of the boundaries of the district, including the boundaries of benefit zones, proposed for establishment or extension in a manner sufficient to identify the affected lands and businesses included. The boundaries of a proposed property assessment district shall not overlap with the boundaries of another existing property assessment district created pursuant to this part. This part does not prohibit the boundaries of a district created pursuant to this part to overlap with other assessment districts established pursuant to other provisions of law, including, but not limited to, the Parking and Business Improvement Area Law of 1989 (Part 6 (commencing with Section 36500)). This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with another business assessment district created pursuant to this part. This part does not prohibit the boundaries of a business assessment district created pursuant to this part to overlap with a property assessment district created pursuant to this part.

(d) The improvements and activities proposed for each year of operation of the district and the maximum cost thereof.

(e) The total annual amount proposed to be expended for improvements, maintenance and operations, and debt service in each year of operation of the district.

(f) The proposed source or sources of financing, including the proposed method and basis of levying the assessment in sufficient detail to allow each property or business owner to calculate the amount of the assessment to be levied against his or her property or business. The plan also shall state whether bonds will be issued to finance improvements.

(g) The time and manner of collecting the assessments.

(h) The specific number of years in which assessments will be levied. In a new district, the maximum number of years shall be five. Upon renewal, a district shall have a term not to exceed 10 years. Notwithstanding these limitations, a district created pursuant to this part to finance capital improvements with bonds may levy assessments until the maximum maturity of the bonds. The management district plan may set forth specific increases in assessments for each year of operation of the district.

(i) The proposed time for implementation and completion of the management district plan.

(j) Any proposed rules and regulations to be applicable to the district.

(k) A list of the properties or businesses to be assessed, including the assessor's parcel numbers for properties to be assessed, and a statement of the method or methods by which the expenses of a district will be imposed upon benefited real property or businesses, in proportion to the benefit received by the property or business, to defray the cost thereof, including operation and maintenance. The plan may provide that all or any class or category of real property which is exempt by law from real property taxation may nevertheless be included within the boundaries of the district but shall not be subject to assessment on real property.

(l) Any other item or matter required to be incorporated therein by the city council.

### **§ 36623. Procedure to levy assessment**

(a) If a city council proposes to levy a new or increased property assessment, the notice and protest and hearing procedure shall comply with *Section 53753 of the Government Code*.

(b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with *Section 54954.6 of the Government Code*, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. A written protest which does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners of businesses in the proposed district which will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

### **§ 36624. Changes to proposed assessments**

At the conclusion of the public hearing to establish the district, the city council may adopt, revise, change, reduce, or modify the proposed assessment or the type or types of improvements and activities to be funded with the revenues from the assessments. Proposed assessments may only be revised by reducing any or all of them. At the public hearing, the city council may only make changes in, to, or from the boundaries of the proposed property and business improvement district that will exclude territory that will not benefit from the proposed improvements or activities. Any modifications, revisions, reductions, or changes to the proposed assessment district shall be reflected in the notice and map recorded pursuant to Section 36627.

### **§ 36625. Resolution of formation**

(a) If the city council, following the public hearing, decides to establish the proposed property and business improvement district, the city council shall adopt a resolution of formation that shall contain all of the following:

(1) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property or businesses within the district, a statement about whether bonds will be issued, and a description of the exterior boundaries of the proposed district. The descriptions and statements do not need

to be detailed and shall be sufficient if they enable an owner to generally identify the nature and extent of the improvements and activities and the location and extent of the proposed district.

(2) The number, date of adoption, and title of the resolution of intention.

(3) The time and place where the public hearing was held concerning the establishment of the district.

(4) A determination regarding any protests received. The city shall not establish the district or levy assessments if a majority protest was received.

(5) A statement that the properties or businesses in the district established by the resolution shall be subject to any amendments to this part.

(6) A statement that the improvements and activities to be provided in the district will be funded by the levy of the assessments. The revenue from the levy of assessments within a district shall not be used to provide improvements or activities outside the district or for any purpose other than the purposes specified in the resolution of intention, as modified by the city council at the hearing concerning establishment of the district.

(7) A finding that the property or businesses within the area of the property and business improvement district will be benefited by the improvements and activities funded by the assessments proposed to be levied.

(b) The adoption of the resolution of formation and recordation of the notice and map pursuant to Section 36627 shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

#### **§ 36626. Resolution establishing district**

If the city council, following the public hearing, desires to establish the proposed property and business improvement district, and the city council has not made changes pursuant to Section 36624, or has made changes that do not substantially change the proposed assessment, the city council shall adopt a resolution establishing the district. The resolution shall contain all of the information specified in paragraphs (1) to (8), inclusive, of subdivision (b) of Section 36625, but need not contain information about the preliminary resolution if none has been adopted.

**§ 36626.5. [Section repealed 1999.]**

**§ 36626.6. [Section repealed 1999.]**

**§ 36626.7. [Section repealed 1999.]**

#### **§ 36627. Notice and assessment diagram**

Following adoption of the resolution establishing the district pursuant to Section 36625 or 36626, the clerk of the city shall record a notice and an assessment diagram pursuant to Section 3114. If the assessment is levied on businesses, the text of the recorded notice shall be modified to reflect that the assessment will be levied on businesses, or specified categories of businesses,

within the area of the district. No other provision of Division 4.5 (commencing with Section 3100) applies to an assessment district created pursuant to this part.

**§ 36628. Establishment of separate benefit zones within district; Categories of businesses**

The city council may establish one or more separate benefit zones within the district based upon the degree of benefit derived from the improvements or activities to be provided within the benefit zone and may impose a different assessment within each benefit zone. If the assessment is to be levied on businesses, the city council may also define categories of businesses based upon the degree of benefit that each will derive from the improvements or activities to be provided within the district and may impose a different assessment or rate of assessment on each category of business, or on each category of business within each zone.

**§ 36628.5. Assessments on businesses or property owners**

The city council may levy assessments on businesses or on property owners, or a combination of the two, pursuant to this part. The city council shall structure the assessments in whatever manner it determines corresponds with the distribution of benefits from the proposed improvements and activities.

**§ 36629. Provisions and procedures applicable to benefit zones and business categories**

All provisions of this part applicable to the establishment, modification, or disestablishment of a property and business improvement district apply to the establishment, modification, or disestablishment of benefit zones or categories of business. The city council shall, to establish, modify, or disestablish a benefit zone or category of business, follow the procedure to establish, modify, or disestablish a parking and business improvement area.

**§ 36630. Expiration of district; Creation of new district**

If a property and business improvement district expires due to the time limit set pursuant to subdivision (h) of Section 36622, a new management district plan may be created and a new district established pursuant to this part.

**§ 36631. Time and manner of collection of assessments; Delinquent payments**

The collection of the assessments levied pursuant to this part shall be made at the time and in the manner set forth by the city council in the resolution establishing the management district plan described in Section 36622. Assessments levied on real property may be collected at the same time and in the same manner as for the ad valorem property tax, and may provide for the same lien priority and penalties for delinquent payment. All delinquent payments for assessments levied pursuant to this part shall be charged interest and penalties.

**§ 36632. Assessments to be based on estimated benefit; Classification of real property and businesses; Exclusion of residential and agricultural property**

(a) The assessments levied on real property pursuant to this part shall be levied on the basis of the estimated benefit to the real property within the property and business improvement district. The city council may classify properties for purposes of determining the benefit to property of the improvements and activities provided pursuant to this part.

(b) Assessments levied on businesses pursuant to this part shall be levied on the basis of the estimated benefit to the businesses within the property and business improvement district. The city council may classify businesses for purposes of determining the benefit to the businesses of the improvements and activities provided pursuant to this part.

(c) Properties zoned solely for residential use, or that are zoned for agricultural use, are conclusively presumed not to benefit from the improvements and service funded through these assessments, and shall not be subject to any assessment pursuant to this part.

**§ 36633. Time for contesting validity of assessment**

The validity of an assessment levied under this part shall not be contested in any action or proceeding unless the action or proceeding is commenced within 30 days after the resolution levying the assessment is adopted pursuant to Section 36626. Any appeal from a final judgment in an action or proceeding shall be perfected within 30 days after the entry of judgment.

**§ 36634. Service contracts authorized to establish levels of city services**

The city council may execute baseline service contracts that would establish levels of city services that would continue after a property and business improvement district has been formed.

**§ 36635. Request to modify management district plan**

The owners' association may, at any time, request that the city council modify the management district plan. Any modification of the management district plan shall be made pursuant to this chapter.

**§ 36636. Modification of plan by resolution after public hearing; Adoption of resolution of intention; Modification of improvements and activities by adoption of resolution after public hearing**

(a) Upon the written request of the owners' association, the city council may modify the management district plan after conducting one public hearing on the proposed modifications. The city council may modify the improvements and activities to be funded with the revenue derived from the levy of the assessments by adopting a resolution determining to make the modifications after holding a public hearing on the proposed modifications. If the modification includes the levy of a new or increased assessment, the city council shall comply with Section

36623 . Notice of all other public meetings and public hearings pursuant to this section shall comply with both of the following:

(1) The resolution of intention shall be published in a newspaper of general circulation in the city once at least seven days before the public meeting.

(2) A complete copy of the resolution of intention shall be mailed by first class mail, at least 10 days before the public meeting, to each business owner or property owner affected by the proposed modification.

(b) The city council shall adopt a resolution of intention which states the proposed modification prior to the public hearing required by this section. The public hearing shall be held not more than 90 days after the adoption of the resolution of intention.

#### **§ 36637. Reflection of modification in notices recorded and maps**

Any subsequent modification of the resolution shall be reflected in subsequent notices and maps recorded pursuant to Division 4.5 (commencing with Section 3100), in a manner consistent with the provisions of Section 36627.

#### **§ 36640. Bonds authorized; Procedure; Restriction on reduction or termination of assessments**

(a) The city council may, by resolution, determine and declare that bonds shall be issued to finance the estimated cost of some or all of the proposed improvements described in the resolution of formation adopted pursuant to Section 36625, if the resolution of formation adopted pursuant to that section provides for the issuance of bonds, under the Improvement Bond Act of 1915 (Division 10 (commencing with Section 8500)) or in conjunction with Marks-Roos Local Bond Pooling Act of 1985 (Article 4 (commencing with *Section 6584*) of *Chapter 5 of Division 7 of Title 1 of the Government Code*). Either act, as the case may be, shall govern the proceedings relating to the issuance of bonds, although proceedings under the Bond Act of 1915 may be modified by the city council as necessary to accommodate assessments levied upon business pursuant to this part.

(b) The resolution adopted pursuant to subdivision (a) shall generally describe the proposed improvements specified in the resolution of formation adopted pursuant to Section 36625, set forth the estimated cost of those improvements, specify the number of annual installments and the fiscal years during which they are to be collected. The amount of debt service to retire the bonds shall not exceed the amount of revenue estimated to be raised from assessments over 30 years.

(c) Notwithstanding any other provision of this part, assessments levied to pay the principal and interest on any bond issued pursuant to this section shall not be reduced or terminated if doing so would interfere with the timely retirement of the debt.

**§ 36641. [Section repealed 2001.]**

**§ 36642. [Section repealed 2001.]**

**§ 36643. [Section repealed 2001.]**

**§ 36650. Report by owners' association; Approval or modification by city council**

(a) The owners' association shall cause to be prepared a report for each fiscal year, except the first year, for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report. The owners' association's first report shall be due after the first year of operation of the district. The report may propose changes, including, but not limited to, the boundaries of the property and business improvement district or any benefit zones within the district, the basis and method of levying the assessments, and any changes in the classification of property, including any categories of business, if a classification is used.

(b) The report shall be filed with the clerk and shall refer to the property and business improvement district by name, specify the fiscal year to which the report applies, and, with respect to that fiscal year, shall contain all of the following information:

(1) Any proposed changes in the boundaries of the property and business improvement district or in any benefit zones or classification of property or businesses within the district.

(2) The improvements and activities to be provided for that fiscal year.

(3) An estimate of the cost of providing the improvements and the activities for that fiscal year.

(4) The method and basis of levying the assessment in sufficient detail to allow each real property or business owner, as appropriate, to estimate the amount of the assessment to be levied against his or her property or business for that fiscal year.

(5) The amount of any surplus or deficit revenues to be carried over from a previous fiscal year.

(6) The amount of any contributions to be made from sources other than assessments levied pursuant to this part.

(c) The city council may approve the report as filed by the owners' association or may modify any particular contained in the report and approve it as modified. Any modification shall be made pursuant to Sections 36635 and 36636.

The city council shall not approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments, including any commitment to pay principal and interest on any bonds issued on behalf of the district.

**§ 36651. Designation of owners' association to provide improvements and activities**

The management district plan may, but is not required to, state that an owners' association will provide the improvements or activities described in the management district plan. If the management district plan designates an owners' association, the city shall contract with the designated nonprofit corporation to provide services.

**§ 36660. Renewal of district; Transfer or refund of remaining revenues; District term limit**

(a) Any district previously established whose term has expired, may be renewed by following the procedures for establishment as provided in this chapter.

(b) Upon renewal, any remaining revenues derived from the levy of assessments, or any revenues derived from the sale of assets acquired with the revenues, shall be transferred to the renewed district. If the renewed district includes additional parcels or businesses not included in the prior district, the remaining revenues shall be spent to benefit only the parcels or businesses in the prior district. If the renewed district does not include parcels or businesses included in the prior district, the remaining revenues attributable to these parcels shall be refunded to the owners of these parcels or businesses.

(c) Upon renewal, a district shall have a term not to exceed 10 years, or, if the district is authorized to issue bonds, until the maximum maturity of those bonds. There is no requirement that the boundaries, assessments, improvements, or activities of a renewed district be the same as the original or prior district.

**§ 36670. Circumstances permitting disestablishment of district; Procedure**

(a) Any district established or extended pursuant to the provisions of this part, where there is no indebtedness, outstanding and unpaid, incurred to accomplish any of the purposes of the district, may be disestablished by resolution by the city council in either of the following circumstances:

(1) If the city council finds there has been misappropriation of funds, malfeasance, or a violation of law in connection with the management of the district, it shall notice a hearing on disestablishment.

(2) During the operation of the district, there shall be a 30-day period each year in which assessees may request disestablishment of the district. The first such period shall begin one year after the date of establishment of the district and shall continue for 30 days. The next such 30-day period shall begin two years after the date of the establishment of the district. Each successive year of operation of the district shall have such a 30-day period. Upon the written petition of the owners of real property or of businesses in the area who pay 50 percent or more of the assessments levied, the city council shall pass a resolution of intention to disestablish the district. The city council shall notice a hearing on disestablishment.

(b) The city council shall adopt a resolution of intention to disestablish the district prior to the public hearing required by this section. The resolution shall state the reason for the disestablishment, shall state the time and place of the public hearing, and shall contain a proposal to dispose of any assets acquired with the revenues of the assessments levied within the property and business improvement district. The notice of the hearing on disestablishment required by this section shall be given by mail to the property owner of each parcel or to the owner of each business subject to assessment in the district, as appropriate. The city shall conduct the public hearing not less than 30 days after mailing the notice to the property or business owners. The public hearing shall be held not more than 60 days after the adoption of the resolution of intention.

**§ 36671. Refund of remaining revenues upon disestablishment of district; Calculation of refund; Use of outstanding revenue collected after disestablishment of district**

(a) Upon the disestablishment of a district, any remaining revenues, after all outstanding debts are paid, derived from the levy of assessments, or derived from the sale of assets acquired with the revenues, or from bond reserve or construction funds, shall be refunded to the owners of the property or businesses then located and operating within the district in which assessments were levied by applying the same method and basis that was used to calculate the assessments levied in the fiscal year in which the district is disestablished. All outstanding assessment revenue collected after disestablishment shall be spent on improvements and activities specified in the management district plan.

(b) If the disestablishment occurs before an assessment is levied for the fiscal year, the method and basis that was used to calculate the assessments levied in the immediate prior fiscal year shall be used to calculate the amount of any refund.

## APPENDIX 2 – LODGING BUSINESSES TO BE ASSESSED WITHIN THE RTID

Best Western # 52  
400 S. China Lake Blvd.  
Ridgecrest, CA 93555

Comfort Inn # 58  
507 S. China Lake Blvd.  
Ridgecrest, CA 93555

Hampton Inn & Suites # 93  
104 East Sydnor Ave.  
Ridgecrest, CA 93555

Motel 6 # 76  
535 S. China Lake Blvd.  
Ridgecrest, CA 93555

Vagabond Inn  
426 S. China Lake Blvd.  
Ridgecrest, CA 93555

Travelodge  
131 W. Upjohn Ave.  
Ridgecrest, CA 93555

Rose Garden Inn & Suites  
329 E. Ridgecrest Blvd.  
Ridgecrest, CA 93555

Budget Inn & Suites  
831 N. China Lake Blvd.  
Ridgecrest, CA 93555

Vagabond Inn  
426 S. China Lake Blvd.  
Ridgecrest, CA 93555

Carriage Inn # 160  
901 N. China Lake Blvd.  
Ridgecrest, CA 93555

EconoLodge Inn & Suites # 86  
201 W. Inyokern Rd.  
Ridgecrest, CA 93555

Heritage Inn & Suites # 122  
1050 N. Norma  
Ridgecrest, CA 93555

SpringHill Suites Marriott # 93  
113 East Sydnor Ave.  
Ridgecrest, CA 93555

BevLen Haus Bed & Breakfast # 3  
809 N. Sanders St.  
Ridgecrest, CA 93555

Economy Inn & Suites  
416 S. China Lake Blvd.  
Ridgecrest, CA 93555

Aloha Motel  
706 Balsam St.  
Ridgecrest, CA 93555

Desert Motel  
339 W. Church  
Ridgecrest, CA 93555

American Best Value  
131 & 553 S. China Lake Blvd.  
Ridgecrest, CA 93555

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Grant Application United States Department of Justice, COPS Hiring Program Grant.

**REIMBURSEMENT GRANT- 50% MATCH REQUIRED**

**PRESENTED BY:**

Ron Strand, Chief of Police

**SUMMARY:**

The United States Department of Justice is offering local law enforcement agencies grants to hire entry-level police officers. This grant is an extension of the 2011 COPS Hiring Program Grant application that was approved by the Ridgecrest City Council in 2011. At that time, the Ridgecrest Police Department was not selected for a grant award. In 2012, we were invited to apply for a second round of the COPS Hiring Program Grant. The grant application was updated and resubmitted in February of this year.

On June 25, 2012, we were awarded a COPS Hiring Program Grant to fund two police officer positions for three years. The grant period began June 1, 2012 and requires an approximate 50% in matching funds.

The grant requires that the two new police officers be post-9/11 Military Veterans. After the three-year grant period, the City of Ridgecrest will be obligated to continue employment of the grant funded positions for a period of one year.

The matching funds for these two grant positions will come from "Measure L."

**FISCAL IMPACT:**

This a reimbursement grant requiring a 50% match in funds. Revenue over the three-year grant period is \$250,000 with an approximate \$262,234 in matching funds from the City.

Reviewed by Administrative Services Director

**ACTION REQUESTED:**

Approval of Resolution

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Approve Resolution applying for COPS grant and authorizing matching funds as stated.

Submitted by: RON STRAND

Action Date: July 18, 2012

(Rev. 2-14-07)

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**RESOLUTION NO. 12-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL AUTHORIZING APPLICATION FOR AND ACCEPTANCE OF THE UNITED STATES DEPARTMENT OF JUSTICE, 2012 COPS HIRING PROGRAM GRANT.**

**WHEREAS**, the United States Department of Justice is offering grants under the COPS Hiring Grant Program, and;

**WHEREAS**, this grant will fund 50% of actual expenditures relating to the employment of two entry level police officers for three years, including salaries and benefits, and;

**WHEREAS**, the two entry level officers must be post-9/11 Military Veterans, and;

**WHEREAS**, up to approximately \$250,000 in revenue will be received by the City, and;

**WHEREAS**, at the end of the grant, the City of Ridgecrest will be obligated to continue employment of the grant funded police officer positions for a period of one year, and;

**WHEREAS**, the matching funds for this grant will come from "Measure L."

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest authorizes the City Manager, or his designee, to apply for this grant with the United States Department of Justice COPS Program, and to approve, sign and execute any and all documents relating to the grant award, including amendments, and;

**BE IT FURTHER RESOLVED**, that the City Council authorizes the Finance Director to increase the FY13 budget revenue and expenditures in the amount of this grant, and;

**BE IT FURTHER RESOLVED**, that this resolution shall remain in full force and effect until a resolution of the City Council is adopted amending or rescinding this resolution.

**APPROVED AND ADOPTED THIS** 18th day of July 2012, by the following vote.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Ron Carter, Mayor

ATTEST:

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Rachel J. Ford, CMC, City Clerk

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**10**

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Appointments to the Measure 'L' Citizens Advisory Committee

**PRESENTED BY:**

Kurt Wilson – City Manager

**SUMMARY:**

Measure 'L', a ¾ percent sales tax increase, was approved by voters on June 5<sup>th</sup>, 2012. When the item was placed on the ballot, the City Council opted to create an advisory body to focus specifically on the corresponding revenues as a safeguard to ensure the appropriate expenditures of the funds. The funds are anticipated to be collected beginning October 1 with the city receiving the first revenues in January 2013. Rather than wait until January, the city council has indicated a desire to convene the committee as soon as practical in order to facilitate their learning and decision-making process. An excerpt from the ordinance reads as follows:

**“Ridgecrest Public Safety / Essential City Services Measure.** To help prevent additional cuts and maintain City of Ridgecrest services, including: city streets and pothole repair; police officers and neighborhood police patrols; 9-1-1 emergency response times; and crime prevention and investigation; and other city services, shall the City of Ridgecrest enact a ¾ cent sales tax, for five (5) years, requiring a citizen's oversight committee, annual independent audits, with all funds for City of Ridgecrest services only, no funds for Sacramento?”

Several months ago, the City Council directed staff to open a solicitation period for prospective committee members. The original filing period closed prior to the June 5<sup>th</sup> election. At a subsequent city council meeting, staff was directed to reopen the process to ensure that everyone had ample opportunity to apply without providing tacit approval of Measure L. The second solicitation period has concluded and the attached applications were received.

The Council has latitude in selecting the 5 committee members. One possible option is to mimic the planning commission selection process which essentially charges each council member with making one selection. Alternatively, the city council could opt for a slate of candidates being selected by majority vote of the council. The city council could select one of these options or any other that results in concurrence of the majority of the city council.

**FISCAL IMPACT:**

No Fiscal Impact

Reviewed by Finance Director

**ACTION REQUESTED:**

Staff recommends the city council select 5 members to serve on the Measure L advisory committee

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Staff recommends the city council select 5 members to serve on the Measure L advisory committee

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Discussion And Approval Of A Refined Project List For Tax Allocation Bond (TAB) Allocations

**PRESENTED BY:**

Kurt Wilson – City Manager

**SUMMARY:**

The former Ridgecrest Redevelopment Agency (Agency) authorized Tax Allocation Bonds on February 17 2010 for the purpose of funding several key infrastructure and economic development projects. The bond issuance process is highly complex and involves a number of variable factors. Consequently, the Agency could not determine, prior to bond issuance, the exact amount of revenues which would be raised. Additionally, determining the exact project costs often involves outside experts because it requires a deeper level on prediction and analysis than the current level of internal resources can provide. At the time of issuance, the general intent of the bonds was clear, however, the specific dollar amounts and contract execution was intended to occur at a later date.

When the Governor signed Assembly Bill 1X 26 in an effort to seize redevelopment funds to benefit state obligations, the future of these funds came into question. After a highly publicized legal battle, the law became effective earlier this year. A provision in the law permits local governments to expend these types of funds as they were originally intended unless it was impossible or illegal to do so. The bill also provided a type of veto authority for the State Department of Finance (DOF). While local governments interpreted the plain language of the law to enable the expenditure of those funds within the constraints, the DOF took a different position and determined that any funds that were not encumbered by an end-user contract were to be seized.

More recently, as part of the state's FY 13 budget trailer bill process, the Legislature approved AB 1484. Among other things, this bill clarified the ability of local governments to access and spend Tax Allocation Bond proceeds in certain circumstances. City staff believes that we have or will, in the near future, met those requirements and be able to access those funds.

In anticipation of the release of these funds, staff is requesting that the City Council revisit the previous project list, assign more specific dollar amounts to specific projects or provide a ranking system to guide staff, and authorize staff to proceed with the implementation of the projects that will have been selected by the city council.

## ORIGINAL BOND LIST

<b>Bond Refund</b>		<b>\$18,985,000</b>
Capital Infrastructure Improvements		9,800,000
West Ridgecrest Blvd design	1,000,000	
Norma Street Improvements (South of Bowman to China Lake)	800,000	
College Heights area infrastructure improvements	1,325,000	
Sunland	500,000	
Bataan	125,000	
Bowman East of Silver Ridge	450,000	
College Heights/China Lake Signal	250,000	
Add't Infrastructure Street CIP Improvements	3,675,000	
Corporate City Yards, 636 W. Ridgecrest Blvd.	3,000,000	
<b>Community Development</b>		<b>4,250,000</b>
Agency Economic development, Business Retention, and/or Incentive Grant Program	2,750,000	
Agency Improvement, Façade, & Business Retention Olde Towne Enhancement/Grant Program	1,000,000	
Civic Center Solar Realignment Energy Project	500,000	
<b>Parks and Recreation</b>		<b>4,935,000</b>
Kerr McGee Sport Complex	Acquire Land	400,000
	Concession/Restroom/Storage	500,000
	Lighting on Football Field	125,000
	Rehab existing fields/fencing	200,000
	Parking /Road Development	400,000
	Estimated sub-total	1,625,000
Jackson Sport Complex	Concession/Restroom/Storage	200,000
	Lighting-Field Rehab & Tennis Crts	160,000
	Expand Skatepark-trick Bike Park	100,000
	Rehab Walking Trail/Concrete	100,000
	Estimated sub-total	560,000
Aquatics Complex	Estimated Phase I	2,750,000

### Roads

A significant portion of the proceeds were intended to be allocated to street construction projects. A guide for this process can be found in the Pavement Management System study prepared in June 1, 2011. That study recommended approximately \$5 million in expenditures for each of the first three years followed by approximately \$1.5 million annually after that. The paving methods anticipated in the study, however, can be replaced by more modern techniques in approximately 2/3 of the projects. This will substantially reduce the project cost. As a result, the updated recommendation for full project implementation is:

old method	new method
Year 1	\$5 million
Year 2	\$5 million
Year 3	\$5 million
Year 4+	\$1.5 million

With the addition of Measure L funds, the range of Tax Allocation Bond funding is likely between \$X and \$X .

### **Parks**

The Parks, Recreation and Quality of Life Committee at their November 15, 2011 meeting unanimously have recommended to the City Council to fund a total of 11 Million dollars of Parks and Facility Capital Improvements from the TAB Funds.

Consultant HLA and Aquatic Design Group prepared and presented detailed reports and drawings for the proposed improvements. Please see attachments.

The involvement from the community during this process has seen many members from the local Swim Clubs, IWV Baseball Association, IWV Youth Softball Association, Scorpions Soccer, Ridgecrest Tennis Association, Seniors and members of the community.

The result is a range in this area of approximately \$4,200,000 - \$11,000,000 of Tax Allocation Bond funds.

Other projects include:

- Reimbursement of TAB prior issuance Costs
- Pilot Bowman Channel Drainage Improvements
- West Ridgecrest Blvd. Drainage Improvements
- Pavement Management System Study by Willdan
- Civic Center Solar Realignment Energy Project (reimbursement to Agency)
- Leroy Jackson Sports Complex
- Old Town Enhancement Grant Program
- Balsam Street Market
- Sunland Avenue – Wilson to Upjohn
- Drummond Avenue – Downs to Inyo
- Signal Coordination – Upjohn Synchronization and drainage
- Sunland Avenue – Upjohn to Bowman
- Project Application Fees
- Project Design or Match

The likely range of Tax Allocation Bond funds for these projects is \$1,000,000 - \$3,000,000.

CITY OF RIDGECREST  
2010 TAX ALLOCATION REFUNDING BOND  
PROJECT LIST

PROJECT NAME	DESCRIPTION	Total Cost	Paid	Balance
Pearson Prk/Upjohn Park Upgrade	RDA Match of Project MF1101 Cost	325,000	27,211	297,789
LJ & KM Sports Complex MP	RDA Match of Project MF1102 cost	3,350,000	174,278	3,175,722
R/C Blvd: Mahan -China Lake	RDA Match of Project ST0101 Cost	1,000,000		1,000,000
Alleyway @ City Hall	RDA Match of Project ST1107 Cost	50,000	12,860	37,140
Corporate Yards	TAB project Corporate Yards	3,000,000		3,000,000
College Heights Infrastructure	TAB project College Heights Infrastructure	1,600,000		1,600,000
PMS Designated Micro Paving	TAB reimbursement for PMS Designated MP	900,000		900,000
Old Town Enhancement Program	Old Town Enhancement Program (Kosmont Project)	50,000	37,340	12,660
Balsam St Market	Balsam Street Market (Smith Communications)	30,000	10,000	20,000
Civic Center Solar Realignment Project	Reimbursement Agency for Solar Project	500,000		500,000
Land Acquisition	TAB Reimbursement for acquisition of land by Kerr McGee Sports	550,000	550,000	-
Norma Improvements Bowman to China Lake	Street Improvements to South Norma	800,000		800,000
College Heights/China Lake Signal	College Heights/CL Traffic Signal	50,000		50,000
Additional Infrastructure CIP	Additional Infrastructure CIP	9,165,000		9,165,000
Economic Dev, Business Ret Grant	Economic Dev, Business Ret Grant	2,750,000		2,750,000
Old Town Enhancement Project	Old Town Enhancement Project	450,000		450,000
Aquatics Project	Aquatics Project	800,000		800,000
Aquatic Center Study	Aquatic Center Study	27,000	26,671	329
Traffic Signal at C/L and Upjohn	Traffic Signal at C/L and Upjohn (TS1201)	40,300		40,300
Banner Poles	Banner Poles from Factory Graphx	4,558	4,558	-
Road Improvement - Downs	RDA Match of Project ST1106 Downs between Inyokern and Ward	192,048		192,048
Road Improvement - Downs	RDA Match of Project ST1105 Downs between Drummond & Ward	172,311		172,311
Road Improvement - College Height Blvd	RDA Match of Project ST0906 College Heights between Franklin & Jarvis	189,212		189,212
	<b>TOTAL</b>	<b>\$ 25,995,429</b>	<b>\$ 842,918</b>	<b>\$ 25,152,511</b>

\*\$24,900,000 available less the \$292,918 shown

**FISCAL IMPACT:**

Reviewed by Finance Director

**ACTION REQUESTED:**

Council discussion and approval of a detailed project list for TAB funding allocations.

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Council discuss, refine, and approve a detailed project list for TAB funding allocations

Submitted by: Kurt Wilson  
(Rev. 02/13/12)

Action Date: July 18, 2012

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**AB-1484 Community redevelopment.** (2011-2012)

<b>Text</b>	Votes	History	Bill Analysis	Today's Law As Amended		Status	Comments To Author
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SHARE THIS:

ENROLLED JUNE 28, 2012  
 PASSED IN SENATE JUNE 27, 2012  
 PASSED IN ASSEMBLY JUNE 27, 2012  
 AMENDED IN SENATE JUNE 25, 2012

CALIFORNIA LEGISLATURE— 2011-2012 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1484**

**Introduced by Committee on Budget (Blumenfield (Chair), Alejo, Bonilla, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)**

January 10, 2012

**An act to amend Section 53760.1 of the Government Code, and to amend Sections 33500, 33501, 34163, 34171, 34173, 34175, 34176, 34177, 34178, 34179, 34180, 34181, 34182, 34183, 34185, 34186, 34187, 34188, and 34189 of, to add Sections 34167.10, 34177.3, 34177.5, 34178.8, 34179.5, 34179.6, 34179.7, 34179.8, 34182.5, 34183.5, 34189.1, 34189.2, and 34189.3 to, to add Chapter 9 (commencing with Section 34191.1) to Part 1.85 of Division 24 of, and to add and repeal Section 34176.5 of, the Health and Safety Code, relating to community redevelopment, and making an appropriation therefor, to take effect**

**immediately, bill related to the budget.**

LEGISLATIVE COUNSEL'S DIGEST

AB 1484, Committee on Budget. Community redevelopment.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, and, among other things, provides that an action may be brought to review the validity of specified agency actions, findings, or determinations that occurred after January 1, 2011, within 2 years of the triggering event.

This bill would toll the time limit for bringing an action until the Department of Finance issues a finding of completion to the successor agency.

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined, perform obligations required pursuant to any enforceable obligation, dispose of all assets of the former redevelopment agency, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

The bill would modify provisions relating to the transfer of housing responsibilities associated with dissolved redevelopment agencies and would define the term "housing asset" for these purposes. The bill would impose new requirements on successor agencies with regard to the submittal of the Recognized Obligation Payment Schedule, the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities, and the recovery and subsequent remittance of funds determined to have been transferred absent an enforceable obligation. The bill would authorize the Department of Finance to issue a finding of completion to a successor agency that completes the due diligence review and meets other requirements. Upon receiving a finding of completion, the bill would authorize the successor agency to participate in a loan repayment program and limited property management activities.

Existing law authorizes the Department of Finance and the Controller to require any documents associated with enforceable obligations to be provided to them in a manner of their choosing.

The bill would authorize the county auditor-controller and the department, under specified circumstances, to require the return of funds improperly spent or transferred to a public entity and would authorize the department and the Controller to require the State Board of Equalization and the county auditor-controller to offset sales and use tax and property tax allocations, respectively, to the local agency. The bill would authorize the Controller to review the activities of a successor agency to determine if an improper asset transfer had occurred between the successor agency and the city or county that created the former redevelopment agency, and would require the Controller to order the return of these assets if such an asset transfer did occur.

The bill would impose new requirements on the county auditor-controller relating to the allocation of property tax revenues to affected taxing entities during a specified timeframe. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

The bill would appropriate up to \$22,000,000 to the Department of Finance from the General Fund for costs associated with the bill, as specified.

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.

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

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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

SECTION 1. Section 53760.1 of the Government Code is amended to read:

53760.1. As used in this article the following terms have the following meanings:

(a) "Chapter 9" means Chapter 9 (commencing with Section 901) of Title 11 of the United States Code.

(b) "Creditor" means either of the following:

(1) An entity that has a noncontingent claim against a municipality that arose at the time of or before the commencement of the neutral evaluation process and whose claim represents at least five million dollars (\$5,000,000) or comprises more than 5 percent of the local public entity's debt or obligations, whichever is less.

(2) An entity that would have a noncontingent claim against the municipality upon the rejection of an executory contract or unexpired lease in a Chapter 9 case and whose claim would represent at least five million dollars (\$5,000,000) or comprises more than 5 percent of the local public entity's debt or obligations, whichever is less.

(c) "Debtor" means a local public entity that may file for bankruptcy under Chapter 9.

(d) "Good faith" means participation by a party in the neutral evaluation process with the intent to negotiate toward a resolution of the issues that are the subject of the neutral evaluation process, including the timely provision of complete and accurate information to provide the relevant parties through the neutral evaluation process with sufficient information, in a confidential manner, to negotiate the readjustment of the municipality's debt.

(e) "Interested party" means a trustee, a committee of creditors, an affected creditor, an indenture trustee, a pension fund, a bondholder, a union that, under its collective bargaining agreements, has standing to initiate contract or debt restructuring negotiations with the municipality, or a representative selected by an association of retired employees of the public entity who receive income from the public entity convening the neutral evaluation. A local public entity may invite holders of contingent claims to participate as interested parties in the neutral evaluation if the local public entity determines that the contingency is likely to occur and the claim may represent five million dollars (\$5,000,000) or comprise more than 5 percent of the local public entity's debt or obligations, whichever is less.

(f) "Local public entity" means any county, city, district, public authority, public agency, or other entity, without limitation, that is a municipality as defined in Section 101(40) of Title 11 of the United States Code (bankruptcy), or that qualifies as a debtor under any other federal bankruptcy law applicable to local public entities, and also includes a successor agency to a redevelopment agency created pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. For purposes of this article, "local public entity" does not include a school district.

(g) "Local public entity representative" means the person or persons designated by the local public agency with authority to make recommendations and to attend the neutral evaluation on behalf of the governing body of the municipality.

(h) "Neutral evaluation" is a form of alternative dispute resolution that may be known as mandatory mediation. A "neutral evaluator" may also be known as a mediator.

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

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

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

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

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

(e) The time limit for bringing an action under subdivision (c) or (d) shall be tolled with respect to the adoptions, findings, and determinations of any former redevelopment agency or its legislative body until the Department of Finance has issued a finding of completion to the successor agency of that former redevelopment agency pursuant to Section 34179.7. Subdivisions (c) and (d) shall not apply to any adoption, finding, or determination of any former redevelopment agency or its legislative body after the department has issued a finding of completion to the successor agency of that former redevelopment agency pursuant to Section 34179.7.

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

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

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

(c) Any action that is commenced on or after January 1, 2011, which is brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity or legality of any issue, document, or action described in subdivision (a), may be brought within two years after any triggering event that occurred after January 1, 2011. The time limit for bringing an action under this subdivision shall be tolled with respect to the validity or legality of any issue, document, or action described in subdivision (a) of any former redevelopment agency or its legislative body until the Department of Finance has issued a finding of completion to the successor agency of that former redevelopment agency pursuant to Section 34179.7. This subdivision shall not apply to any adoption, finding, or determination of any former redevelopment agency or its legislative body after the department has issued a finding of

completion to the successor agency of that former redevelopment agency pursuant to Section 34179.7.

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

(e) For purposes of contesting the inclusion in a project area of lands that are enforceably restricted, as that term is defined in Sections 422 and 422.5 of the Revenue and Taxation Code, or lands that are in agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, the Department of Conservation, the county agricultural commissioner, the county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice, are interested persons pursuant to Section 863 of the Code of Civil Procedure, in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

SEC. 4. Section 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) 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. 5. Section 34167.10 is added to the Health and Safety Code, to read:

34167.10. (a) Notwithstanding any other law, for purposes of this part and Part 1.85 (commencing with Section 34170), the definition of a city, county, or city and county includes, but is not limited to, the following entities:

(1) Any reporting entity of the city, county, or city and county for purposes of its comprehensive annual financial report or similar report.

(2) Any component unit of the city, county, or city and county.

(3) Any entity which is controlled by the city, county, or city and county, or for which the city, county, or city and county is financially responsible or accountable.

(b) The following factors shall be considered in determining that an entity is controlled by the city, county, or city and county, and are therefore included in the definition of a city, county, or city and county for purposes of this part and Part 1.85 (commencing with Section 34170):

- (1) The city, county, or city and county exercises substantial municipal control over the entity's operations, revenues, or expenditures.
  - (2) The city, county, or city and county has ownership or control over the entity's property or facilities.
  - (3) The city, county, or city and county and the entity share common or overlapping governing boards, or coterminous boundaries.
  - (4) The city, county, or city and county was involved in the creation or formation of the entity.
  - (5) The entity performs functions customarily or historically performed by municipalities and financed through levies of property taxes.
  - (6) The city, county, or city and county provides administrative and related business support for the entity, or assumes the expenses incurred in the normal daily operations of the entity.
- (c) For purposes of this section, it shall not be relevant that the entity is formed as a separate legal entity, nonprofit corporation, or otherwise, or is not subject to the constitution debt limitation otherwise applicable to a city, county, or city and county. The provisions in this section are declarative of existing law as the entities described herein are and were intended to be included within the requirements of this part and Part 1.85 (commencing with Section 34170) and any attempt to determine otherwise would thwart the intent of these two parts.

SEC. 6. 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 judgements, 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.

SEC. 7. Section 34173 of the Health and Safety Code is amended to read:

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

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

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

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

(d) (1) A city, county, city and county, or the entities forming the joint powers authority that authorized the creation of each redevelopment agency may elect not to serve as a successor agency under this part. A city, county, city and county, or any member of a joint powers authority that elects not to serve as a

successor agency under this part must file a copy of a duly authorized resolution of its governing board to that effect with the county auditor-controller no later than January 13, 2012.

(2) The determination of the first local agency that elects to become the successor agency shall be made by the county auditor-controller based on the earliest receipt by the county auditor-controller of a copy of a duly adopted resolution of the local agency's governing board authorizing such an election. As used in this section, "local agency" means any city, county, city and county, or special district in the county of the former redevelopment agency.

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

(B) Designated local authority members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

(4) A city, county, or city and county, or the entities forming the joint powers authority that authorized the creation of a redevelopment agency and that elected not to serve as the successor agency under this part, may subsequently reverse this decision and agree to serve as the successor agency pursuant to this section. Any reversal of this decision shall not become effective for 60 days after notice has been given to the current successor agency and the oversight board and shall not invalidate any action of the successor agency or oversight board taken prior to the effective date of the transfer of responsibility.

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

(f) Any existing cleanup plans and liability limits authorized under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1) shall be transferred to the successor agency and may be transferred to the successor housing entity at that entity's request.

(g) A successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge. The liabilities of the former redevelopment agency shall not be transferred to the sponsoring entity and the assets shall not become assets of the sponsoring entity. A successor agency has its own name, can be sued, and can sue. All litigation involving a redevelopment agency shall automatically be transferred to the successor agency. The separate former redevelopment agency employees shall not automatically become sponsoring entity employees of the sponsoring entity and the successor agency shall retain its own collective bargaining status. As successor entities, successor agencies succeed to the organizational status of the former redevelopment agency, but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. Each successor agency shall be deemed to be a local entity for purposes of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(h) The city, county, or city and county that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city's discretion, but the receipt and use of these funds shall be reflected on the Recognized Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans.

(i) At the request of the city, county, or city and county, notwithstanding Section 33205, all land use related plans and functions of the former redevelopment agency are hereby transferred to the city, county, or city and county that authorized the creation of a redevelopment agency; provided, however, that the city,

county, or city and county shall not create a new project area, add territory to, or expand or change the boundaries of a project area, or take any action that would increase the amount of obligated property tax (formerly tax increment) necessary to fulfill any existing enforceable obligation beyond what was authorized as of June 27, 2011.

SEC. 8. Section 34175 of the Health and Safety Code is amended to read:

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

(b) All assets, properties, contracts, leases, books and records, buildings, and equipment of the former redevelopment agency are transferred on February 1, 2012, to the control of the successor agency, for administration pursuant to the provisions of this part. This includes all cash or cash equivalents and amounts owed to the redevelopment agency as of February 1, 2012. Any legal or contractual restrictions on the use of these funds or assets shall also be transferred to the successor agency.

SEC. 9. Section 34176 of the Health and Safety Code is amended to read:

34176. (a) (1) The city, county, or city and county that authorized the creation of a redevelopment agency may elect to retain the housing assets and functions previously performed by the redevelopment agency. If a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency, all rights, powers, duties, obligations, and housing assets, as defined in subdivision (e), excluding any amounts on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency, shall be transferred to the city, county, or city and county.

(2) The entity assuming the housing functions of the former redevelopment agency shall submit to the Department of Finance by August 1, 2012, a list of all housing assets that contains an explanation of how the assets meet the criteria specified in subdivision (e). The Department of Finance shall prescribe the format for the submission of the list. The list shall include assets transferred between February 1, 2012, and the date upon which the list is created. The department shall have up to 30 days from the date of receipt of the list to object to any of the assets or transfers of assets identified on the list. If the Department of Finance objects to assets on the list, the entity assuming the housing functions of the former redevelopment agency may request a meet and confer process within five business days of receiving the department objection. If the transferred asset is deemed not to be a housing asset as defined in subdivision (e), it shall be returned to the successor agency and the provision of Section 34178.8 may apply. If a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency shall maintain control of the asset in order to pay for the bond debt.

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

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

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

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

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

(d) Except as specifically provided in Section 34191.4, any funds transferred to the city, county, or city and county or designated entity pursuant to this section, together with any funds generated from housing assets, as defined in subdivision (e), shall be maintained in a separate Low and Moderate Income Housing Asset Fund which is hereby created in the accounts of the entity assuming the housing functions pursuant to this section. Funds in this account shall be used in accordance with applicable housing-related provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(e) For purposes of this part, "housing asset" includes all of the following:

(1) Any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

(2) Any funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing, as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)) unless required in the bond covenants to be used for repayment purposes of the bond.

(3) Any loan or grant receivable, funded from the Low and Moderate Income Housing Fund, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(4) Any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

(5) A stream of rents or other payments from housing tenants or operators of low- and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low- and moderate-income housing.

(6) (A) Repayments of loans or deferrals owed to the Low and Moderate Income Housing Fund pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171, which shall be used consistent with the affordable housing requirements in the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(B) Loan or deferral 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 paragraph and subdivision (b) of Section 34191.4 combined shall be equal to one-half of the increase between the amount distributed to taxing entities pursuant to paragraph (4) 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. Loan or deferral repayments made pursuant to this paragraph shall take priority over amounts to be repaid pursuant to subdivision (b) of Section 34191.4.

(f) If a development includes both low- and moderate-income housing that meets the definition of a housing asset under subdivision (e) and other types of property use, including, but not limited to, commercial use, governmental use, open space, and parks, the oversight board shall consider the overall value to the community as well as the benefit to taxing entities of keeping the entire development intact or dividing the title and control over the property between the housing successor and the successor agency or other public or private agencies. The disposition of those assets may be accomplished by a revenue-sharing

arrangement as approved by the oversight board on behalf of the affected taxing entities.

(g) (1) (A) The entity assuming the housing functions pursuant to this section may designate the use of and commit indebtedness obligation proceeds that remain after the satisfaction of enforceable obligations that have been approved in a Recognized Obligation Payment Schedule and that are consistent with the indebtedness obligation covenants. The proceeds shall be derived from indebtedness obligations that were issued for the purposes of affordable housing prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund. Enforceable obligations may be satisfied by the creation of reserves for the projects that are the subject of the enforceable obligation that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects.

(B) The entity assuming the housing functions pursuant to this section shall provide notice to the successor agency of any designations of use or commitments of funds specified in subparagraph (A) that it wishes to make at least 20 days before the deadline for submission of the Recognized Obligation Payment Schedule to the oversight board. Commitments and designations shall not be valid and binding on any party until they are included in an approved and valid Recognized Obligation Payment Schedule. The review of these designations and commitments by the successor agency, oversight board, and Department of Finance shall be limited to a determination that the designations and commitments are consistent with bond covenants and that there are sufficient funds available.

(2) Funds shall be used and committed in a manner consistent with the purposes of the Low and Moderate Income Housing Asset Fund. Notwithstanding any other law, the successor agency shall retain and expend the excess housing obligation proceeds at the discretion of the succeeding housing entity, provided that the successor agency ensures that the proceeds are expended in a manner consistent with the indebtedness obligation covenants and with any requirements relating to the tax status of those obligations. The amount expended shall not exceed the amount of indebtedness obligation proceeds available and such expenditure shall constitute the creation of excess housing proceeds expenditures to be paid from the excess proceeds. Excess housing proceeds expenditures shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

SEC. 10. Section 34176.5 is added to the Health and Safety Code, to read:

34176.5. (a) Notwithstanding any other law, the Director of Finance is authorized to contract with auditors, lawyers, and other types of advisors and consultants to assist, advise, and represent the director and the Department of Finance in any matter or action arising out of or contemplated by this part or Part 1.8 (commencing with Section 34161). In furtherance of this authorization, Sections 14827.1, 14827.2, and 14838 of the Government Code, and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of and Section 10295 of, the Public Contract Code shall not apply to any agreement entered into by the director pursuant to this section.

(b) In addition to the waivers of statute provided in subdivision (a), Section 6072 of the Business and Professions Code shall not apply to the legal services agreement entered into by the director pursuant to this section.

(c) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

SEC. 11. 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.

(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 be posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by 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.

(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. 12. Section 34177.3 is added to the Health and Safety Code, to read:

34177.3. (a) Successor agencies shall lack the authority to, and shall not, create new enforceable obligations under the authority of the Community Redevelopment Law (Part 1 (commencing with Section 33000)) or begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011.

(b) Successor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance.

(c) Successor agencies shall lack the authority to, and shall not, transfer any powers or revenues of the successor agency to any other party, public or private, except pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the department. Any such transfers of authority or revenues that are not made pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the Department of Finance are hereby declared to be void, and the successor agency shall take action to reverse any of those transfers. The Controller may audit any transfer of authority or revenues prohibited by this section and may order the prompt return of any money or other things of value from the receiving party.

(d) Redevelopment agencies that resolved to participate in the Voluntary Alternative Redevelopment Program under Chapter 6 of the First Extraordinary Session of the Statutes of 2011 were and are subject to the provisions of Part 1.8 (commencing with Section 34161). Any actions taken by redevelopment agencies to create obligations after June 27, 2011, are ultra vires and do not create enforceable obligations.

(e) The Legislature finds and declares that the provisions of this section are declaratory of existing law.

SEC. 13. Section 34177.5 is added to the Health and Safety Code, to read:

34177.5. (a) In addition to the powers granted to each successor agency, and notwithstanding anything in the act adding this part, including, but not limited to, Sections 34162 and 34189, a successor agency shall have the authority, rights, and powers of the redevelopment agency to which it succeeded solely for the following purposes:

(1) For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or other indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms.

(2) For the purpose of issuing bonds or other indebtedness to finance debt service spikes, including balloon

maturities, provided that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

(3) For the purpose of amending an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision, or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (C) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance. The pledge set forth in that amended enforceable obligation, when made in connection with the execution of the amendment of the enforceable obligation, shall have the same lien priority as the pledge in the enforceable obligation prior to its amendment and shall be valid, binding, and enforceable in accordance with its terms.

(4) For the purpose of issuing bonds or incurring other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues prior to the effective date of this part, or other funds and the obligation to issue bonds secured by that pledge. The successor agency may pledge to the bonds or other indebtedness the property tax revenues and other funds described in the enforceable obligation, and that pledge, when made in connection with the issuance of the bonds or the incurring of other indebtedness, shall be valid, binding, and enforceable in accordance with its terms. This paragraph shall not be deemed to authorize a successor agency to increase the amount of property tax revenues pledged under an enforceable obligation or to pledge any property tax revenue not already pledged pursuant to an enforceable obligation. This paragraph does not constitute a change in, but is declaratory of, the existing law.

(b) The refunding bonds authorized under this section may be issued under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the refunding bonds may be sold at public or private sale, or to a joint powers authority pursuant to the Marks-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code).

(c) (1) Prior to incurring any bonds or other indebtedness pursuant to this section, the successor agency may subordinate to the bonds or other indebtedness the amount required to be paid to an affected taxing entity pursuant to paragraph (1) of subdivision (a) of Section 34183, provided that the affected taxing entity has approved the subordinations pursuant to this subdivision.

(2) At the time the successor agency requests an affected taxing entity to subordinate the amount to be paid to it, the successor agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service on the bonds or other indebtedness and the payments required by paragraph (1) of subdivision (a) of Section 34183, when due.

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

(d) An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of

the Code of Civil Procedure to determine the validity of bonds or other obligations authorized by this section, the pledge of revenues to those bonds or other obligations authorized by this section, the legality and validity of all proceedings theretofore taken and, as provided in the resolution of the legislative body of the successor agency authorizing the bonds or other obligations authorized by this section, proposed to be taken for the authorization, execution, issuance, sale, and delivery of the bonds or other obligations authorized by this section, and for the payment of debt service on the bonds or the payment of amounts under other obligations authorized by this section. Subdivision (c) of Section 33501 shall not apply to any such action. The Department of Finance shall be notified of the filing of any action as an affected party.

(e) Notwithstanding any other law, including, but not limited to, Section 33501, an action to challenge the issuance of bonds, the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement by a successor agency shall be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the issuance of bonds, the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under this section.

(f) The actions authorized in this section shall be subject to the approval of the oversight board, as provided in Section 34180. Additionally, an oversight board may direct the successor agency to commence any of the transactions described in subdivision (a) so long as the successor agency is able to recover its related costs in connection with the transaction. After a successor agency, with approval of the oversight board, issues any bonds, incurs any indebtedness, or executes an amended enforceable obligation pursuant to subdivision (a), the oversight board shall not unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation. If, under the authority granted to it by subdivision (h) of Section 34179, the Department of Finance either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller. The department may extend its review time to 60 days for actions authorized in this section and may seek the assistance of the Treasurer in evaluating proposed actions under this section.

(g) Any bonds, indebtedness, or amended enforceable obligation authorized by this section shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the Community Redevelopment Law that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule, and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172, as provided in paragraph (2) of subdivision (a) of Section 34183. Property tax revenues pledged to any bonds, indebtedness, or amended enforceable obligations authorized by this section are taxes allocated to the successor agency pursuant to subdivision (b) of Section 33670 and Section 16 of Article XVI of the California Constitution.

(h) The successor agency shall make diligent efforts to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for any bullets or spikes and shall not use variable rates. The successor agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request.

(i) If an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of such revenues is expected to occur over time, the successor agency may petition the Department of Finance to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted, then the department's review of such payments in future Recognized Obligation Payment Schedules shall be limited to confirming that they are required by the prior enforceable obligation.

(j) The successor agency may request that the department provide a written determination to waive the two-year statute of limitations on an action to review the validity of the adoption or amendment of a

redevelopment plan pursuant to subdivision (c) of Section 33500 or on any findings or determinations made by the agency pursuant to subdivision (d) of Section 33500. The department at its discretion may provide a waiver if it determines it is necessary for the agency to fulfill an enforceable obligation.

SEC. 14. Section 34178 of the Health and Safety Code is amended to read:

34178. (a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its oversight board. A successor agency or an oversight board shall not exercise the powers granted by this subdivision to restore funding for an enforceable obligation that was deleted or reduced by the Department of Finance pursuant to subdivision (h) of Section 34179 unless it reflects the decisions made during the meet and confer process with the Department of Finance or pursuant to a court order.

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

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

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

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

SEC. 15. Section 34178.8 is added to the Health and Safety Code, to read:

34178.8. Commencing on the effective date of the act adding this section, the Controller shall review the activities of successor agencies in the state to determine if an asset transfer has occurred after January 31, 2012, between the successor agency and the city, county, or city and county that created a redevelopment agency, or any other public agency, that was not made pursuant to an enforceable obligation on an approved and valid Recognized Obligation Payment Schedule. If such an asset transfer did occur, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the successor agency. Upon receiving that order from the Controller, an affected local agency shall, as soon as practicable, reverse the transfer and return the applicable assets to the successor agency. This section shall not apply to housing assets as defined in subdivision (e) of Section 34176.

SEC. 16. Section 34179 of the Health and Safety Code is amended to read:

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

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

(2) One member appointed by the mayor for the city that formed the redevelopment agency.

(3) (A) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is

eligible to receive property tax revenues pursuant to Section 34188.

(B) On or after the effective date of this subparagraph, the county auditor-controller may determine which is the largest special district for purposes of this section.

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

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

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

(7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time. In the case where city or county employees performed administrative duties of the former redevelopment agency, the appointment shall be made from the recognized employee organization representing those employees. If a recognized employee organization does not exist for either the employees of the former redevelopment agency or the city or county employees performing administrative duties of the former redevelopment agency, the appointment shall be made from among the employees of the successor agency. In voting to approve a contract as an enforceable obligation, a member appointed pursuant to this paragraph shall not be deemed to be interested in the contract by virtue of being an employee of the successor agency or community for purposes of Section 1090 of the Government Code.

(8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.

(9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.

(10) If a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city if that appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

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

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

(d) Oversight board members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

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

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

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

(h) The Department of Finance may review an oversight board action taken pursuant to this part. Written notice and information about all actions taken by an oversight board shall be provided to the department by electronic means and in a manner of the department's choosing. An action shall become effective five business days after notice in the manner specified by the department is provided unless the department requests a review. Each oversight board shall designate an official to whom the department may make those requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. Except as otherwise provided in this part, in the event that the department requests a review of a given oversight board action, it shall have 40 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and the oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department. If the department reviews a Recognized Obligation Payment Schedule, the department may eliminate or modify any item on that schedule prior to its approval. The county auditor-controller shall reflect the actions of the department in determining the amount of property tax revenues to allocate to the successor agency. The department shall provide notice to the successor agency and the county auditor-controller as to the reasons for its actions. To the extent that an oversight board continues to dispute a determination with the department, one or more future recognized obligation schedules may reflect any resolution of that dispute. The department may also agree to an amendment to a Recognized Obligation Payment Schedule to reflect a resolution of a disputed item; however, this shall not affect a past allocation of property tax or create a liability for any affected taxing entity.

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

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

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

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

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

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

made pursuant to this paragraph shall be made by the county board of education.

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

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

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

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

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

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

(n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.

(o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.

(p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.

SEC. 17. Section 34179.5 is added to the Health and Safety Code, to read:

34179.5. (a) In furtherance of subdivision (d) of Section 34177, each successor agency shall employ a licensed accountant, approved by the county auditor-controller and with experience and expertise in local government accounting, to conduct a due diligence review to determine the unobligated balances available for transfer to taxing entities. As an alternative, an audit provided by the county auditor-controller that provides the information required by this section may be used to comply with this section with the concurrence of the oversight board.

(b) For purposes of this section the following terms shall have the following meanings:

(1) "Cash" and "cash equivalents" includes, but is not limited to, cash in hand, bank deposits, Local Agency Investment Fund deposits, deposits in the city or county treasury or any other pool, marketable securities, commercial paper, United States Treasury bills, banker's acceptances, payables on demand and amounts due from other parties as defined in subdivision (c), and any other money owned by the successor agency.

(2) "Enforceable obligation" includes any of the items listed in subdivision (d) of Section 34171, contracts detailing specific work to be performed that were entered into by the former redevelopment agency prior to June 28, 2011, with a third party that is other than the city, county, or city and county that created the former redevelopment agency, and indebtedness obligations as defined in subdivision (e) of Section 34171.

(3) "Transferred" means the transmission of money to another party that is not in payment for goods or services or an investment or where the payment is de minimus. Transfer also means where the payments are ultimately merely a restriction on the use of the money.

(c) At a minimum, the review required by this section shall include the following:

(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

(5) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

SEC. 18. Section 34179.6 is added to the Health and Safety Code, to read:

34179.6. The review required pursuant to Section 34179.5 shall be submitted to the oversight board for review. 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 review to the oversight board for review.

(a) By October 1, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the Department of Finance the results of the review conducted pursuant to Section 34179.5 for the Low and Moderate Income Housing Fund and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. By December 15, 2012, each successor agency shall provide to the oversight board, the county auditor-controller, the Controller, and the department the results of the review conducted pursuant to Section 34179.5 for all of the other fund and account balances and specifically the amount of cash and cash equivalents determined to be available for allocation to taxing entities. The department may request any supporting documentation and review results to assist in its review under subdivision (d). The department may specify the form and manner information about the review shall be provided to it.

(b) Upon receipt of the review, the oversight board shall convene a public comment session to take place at least five business days before the oversight board holds the approval vote specified in subdivision (c). The oversight board also shall consider any opinions offered by the county auditor-controller on the review results submitted by the successor agencies.

(c) By October 15, 2012, for the Low and Moderate Income Housing Fund and by January 15, 2013, for all other funds and accounts, the oversight board shall review, approve, and transmit to the department and the county auditor-controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities as determined according to the method provided in Section 34179.5. The oversight board may adjust any amount provided in the review to reflect additional information and analysis. The review and approval shall occur in public sessions. The oversight board may request from the successor agency any materials it deems necessary to assist in its review and approval of the determination. The oversight board shall be empowered to authorize a successor agency to retain assets or funds identified in subparagraphs (B) to (E), inclusive, of paragraph (5) of subdivision (c) of Section 34179.5. An oversight board that makes that authorization also shall identify to the department the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets shall be subject to the review and approval of the department pursuant to subdivision (d).

(d) The department may adjust any amount associated with the determination of the resulting amount described in paragraph (6) of subdivision (c) of Section 34179.5 based on its analysis and information provided by the successor agency and others. The department shall consider any findings or opinions of the county auditor-controllers and the Controller. The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than November 9, 2012, for the Low and Moderate Income Housing Fund and also shall notify the oversight board and the successor agency of its decision to overturn any decision of the oversight board to authorize a successor agency to retain assets or funds made pursuant to subdivision (c). The department shall complete its review of the determinations provided pursuant to subdivision (c) no later than April 1, 2013, for the other funds and accounts and also shall notify the oversight board and the successor agency of its decision to overturn any oversight board authorizations made pursuant to subdivision (c). The department shall provide the oversight board and the successor agency an explanation of its basis for overturning or modifying any findings, determinations, or authorizations of the oversight board made pursuant to subdivision (c).

(e) The successor agency and the entity or entities that created the former redevelopment agency may request to meet and confer with the department to resolve any disputes regarding the amounts or sources of funds identified as determined by the department. The request shall be made within five business days of the transmission, and no later than November 16, 2012, for the determination regarding the Low and Moderate Income Housing Fund, to the successor agency or the designated local authority of the department's determination, decisions, and explanations and shall be accompanied by an explanation and documentation of the basis of the dispute. The department shall meet and confer with the requesting party and modify its determinations and decisions accordingly. The department shall either confirm or modify its determinations and decisions within 30 days of the request to meet and confer.

(f) Each successor agency shall transmit to the county auditor-controller the amount of funds required pursuant to the determination of the department within five working days of receipt of the notification under subdivision (c) or (e) if a meet and confer request is made. Successor agencies shall make diligent efforts to recover any money determined to have been transferred without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5. The department shall notify the county auditor-controllers of its actions and the county auditor-controllers shall disburse the funds received from successor agencies to taxing entities pursuant to Section 34188 within five working days of receipt. Amounts received after November 28, 2012, and April 10, 2013, may be held and disbursed with the regular payments to taxing entities pursuant to Section 34183.

(g) By December 1, 2012, the county auditor-controller shall provide the department a report specifying the amount submitted by each successor agency pursuant to subdivision (d) for low- and moderate-income housing funds, and specifically noting those successor agencies that failed to remit the full required amount. By April 20, 2013, the county auditor-controller shall provide the department a report detailing the amount submitted by each successor agency pursuant to subdivision (d) for all other funds and accounts, and specifically noting those successor agencies that failed to remit the full required amount.

(h) If a successor agency fails to remit to the county auditor-controller the sums identified in subdivisions (d) and (f), by the deadlines specified in those subdivisions, the following remedies are available:

(1) (A) If the successor agency cannot promptly recover the funds that have been transferred to another public agency without an enforceable obligation as described in paragraphs (2) and (3) of subdivision (c) of Section 34179.5, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency to which the funds were transferred. To recover such funds, the Department of Finance may order the State Board of Equalization to make an offset pursuant to subdivision (a) of Section 34179.8. If the Department of Finance does not order a sales tax offset, the county auditor-controller may reduce the property tax allocations to any local agency in the county that fails to repay funds pursuant to subdivision (c) of Section 34179.8.

(B) The county auditor-controller and the department shall each have the authority to demand the return of funds improperly spent or transferred to a private person or other private entity. If funds are not repaid within 60 days, they may be recovered through any lawful means of collection and are subject to a ten percent penalty plus interest at the rate charged for late personal income tax payments from the date the improper payment was made to the date the money is repaid.

(C) If the city, county, or city and county that created the former redevelopment agency is also performing the duties of the successor agency, the Department of Finance may order an offset to the distribution provided to the sales and use tax revenue to that agency pursuant to subdivision (a) of Section 34179.8. This offset shall be equal to the amount the successor fails to remit pursuant to subdivision (f). If the Department of Finance does not order a sales tax offset, the county auditor-controller may reduce the property tax allocations of the city, county, or city and county that created the former redevelopment agency pursuant to subdivision (c) of Section 34179.8.

(D) The department and the county auditor-controller shall coordinate their actions undertaken pursuant to this paragraph.

(2) Alternatively or in addition to the remedies provided in paragraph (1), the department may direct the county auditor-controller to deduct the unpaid amount from future allocations of property tax to the successor agency under Section 34183 until the amount of payment required pursuant to subdivision (d) is accomplished.

(3) If the Department of Finance determines that payment of the full amount required under subdivision (d) is not currently feasible or would jeopardize the ability of the successor agency to pay enforceable obligations in a timely manner, it may agree to an installment payment plan.

(i) (1) If a legal action contesting a withholding effectuated by the State Board of Equalization pursuant to subparagraphs (B), (C), or (B) and (C) of paragraph (2) of subdivision (b) of Section 34183.5 is successful and results in a final judicial determination, the court shall order the state to pay to the prevailing party a

penalty equal to a percentage of the amount of funds found by the court to be improperly withheld, as provided in Section 34179.8. This percentage shall be equivalent to the number of months the funds have been found by the court to be improperly withheld, not to exceed 10 percent.

(2) If a legal action contesting an offset effectuated by the State Board of Equalization or the county auditor-controller pursuant to subdivision (h) is successful and results in a final judicial determination, the court shall order the state or the county auditor-controller to pay to the prevailing party a penalty equal to 10 percent of the amount of funds found by the court to be improperly offset, as provided in Section 34179.8.

(j) If a legal challenge to invalidate any provision in subdivision (h) or subparagraph (B) or (C), or subparagraphs (B) and (C) of paragraph (2) of subdivision (b) of Section 34183.5 is successful and results in a final judicial determination, the invalidated provision shall become inoperative and subdivision (i) shall become inoperative with respect to the invalidated provision.

SEC. 19. Section 34179.7 is added to the Health and Safety Code, to read:

34179.7. Upon full payment of the amounts determined in subdivision (d) or (e) of Section 34179.6 as reported by the county auditor-controller pursuant to subdivision (g) of Section 34179.6 and of any amounts due as determined by Section 34183.5, or upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the county auditor-controller, the department shall issue, within five business days, a finding of completion of the requirements of Section 34179.6 to the successor agency.

SEC. 20. Section 34179.8 is added to the Health and Safety Code, to read:

34179.8. (a) If an offset or withholding of sales and use tax is ordered by the Department of Finance pursuant to this part, the State Board of Equalization shall reduce the distribution of sales and use taxes collected under Chapter 1 (commencing with Section 7200) of Part 1.5 of Division 2 of the Revenue and Taxation Code to the entity that is the subject of the offset or withholding and shall direct the Controller to issue a warrant in the amount of any offset pursuant to subdivision (h) of Section 34179.6 to the county auditor-controller. The county auditor-controller shall distribute this amount to the taxing entities for the former redevelopment area according to Section 34188.

(b) (1) If a court has issued a final judicial determination or the department determines that some or all of the amount collected through the offset of sales and use tax has been paid by another means and no additional amount is owed, the court or the department shall notify the State Board of Equalization of that determination. Upon notification, the State Board of Equalization shall reverse the relevant amount of sales and use tax offset, add any penalty payable under subdivision (i) of Section 34179.6, and adjust the next distribution of sales and use tax to the affected local entity by reducing the allocation of tax to the General Fund and increasing the distribution to the local entity by that sum.

(2) The board shall inform the Controller of the reversal of the offset of sales and use tax undertaken pursuant to paragraph (1). The Controller shall send a demand for payment to the county auditor-controller for the amount of the offset reversal, excluding any penalty amount determined by the court pursuant to subdivision (i) of Section 34179.6 to be applicable to the offset. The auditor-controller shall reduce allocations to taxing entities in the next distributions under Section 34188 until the amount of the reversed offset is recovered and shall pay such recovered amounts to the State Controller for deposit in the General Fund.

(c) (1) If an offset of property tax is ordered by the county auditor-controller pursuant to this part, the auditor-controller shall reduce the distribution of property taxes to the entity that is the subject of the offset and shall distribute the amount to the taxing entities for the former redevelopment area according to Section 34188.

(2) If a court has issued a final judicial determination or the department determines that some or all of the amount collected through the offset made pursuant to paragraph (1) has been paid by another means and

no additional amount is owed, the court or the department shall notify the county auditor-controller of that determination. Upon notification, the county auditor-controller shall reverse the relevant amount of property tax revenues offset in the next distribution of property tax to the affected local entity by reducing the allocation of tax to the taxing entities of the former redevelopment area under Section 34188 and increasing the distribution of property taxes to the local entity that was subject to the offset.

SEC. 21. Section 34180 of the Health and Safety Code is amended to read:

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

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

(b) 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.

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

(d) Merging of project areas.

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

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

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the oversight board.

(g) Establishment of the Recognized Obligation Payment Schedule.

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

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

(j) 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. 22. Section 34181 of the Health and Safety Code is amended to read:

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

(a) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

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

(c) Transfer housing assets pursuant to Section 34176.

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

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

(f) All actions taken pursuant to subdivisions (a) and (c) shall be approved by resolution of the oversight board at a public meeting after at least 10 days' notice to the public of the specific proposed actions. The actions shall be subject to review by the Department of Finance pursuant to Section 34179 except that the department may extend its review period by up to 60 days. If the department does not object to an action subject to this section, and if no action challenging an action is commenced within 60 days of the approval of the action by the oversight board, the action of the oversight board shall be considered final and can be relied upon as conclusive by any person. If an action is brought to challenge an action involving title to or an interest in real property, a notice of pendency of action shall be recorded by the claimant as provided in Title 4.5 (commencing with Section 405) of Part 2 of the Code of Civil Procedure within a 60-day period.

SEC. 23. Section 34182 of the Health and Safety Code is amended to read:

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

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

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

(b) By October 5, 2012, the county auditor-controller shall provide the Controller's office and the Department of Finance a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part. The county auditor-controller shall calculate the property tax revenues using current assessed values on the last equalized roll on August 20, pursuant to Section 2052 of the Revenue and Taxation Code, and pursuant to statutory formulas or contractual agreements with other taxing entities, as of the effective date of this section, and shall deposit that amount in the Redevelopment Property Tax Trust Fund.

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

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

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

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

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

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

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

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

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

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

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

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

SEC. 24. Section 34182.5 is added to the Health and Safety Code, to read:

34182.5. A county auditor-controller may review the Recognized Obligation Payment Schedules and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items. This review may take place prior to the submission of the Recognized Obligation Payment Schedule to the oversight board or subsequent to oversight board action. The county auditor-controller shall promptly transmit notice of any of those objections to the successor agency, the oversight board, and the Department of Finance. Notice shall be given at least 60 days prior to an allocation date specified in Section 34183, except that for the January 1, 2013 to June 30, 2013 Recognized Obligation Payment Schedule, notice shall be given no later than October 1, 2012. If an oversight board disputes the finding of the county auditor-controller, it may refer the matter to the Department of Finance for a determination of what will be approved for inclusion in the Recognized Obligation Payment Schedule.

SEC. 25. 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 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 (3), inclusive, shall be distributed to local agencies and school entities in accordance with Section 34188.

(b) If the successor agency reports, no later than 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 (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (4), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688 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 (4) and the amounts available for distribution for administrative costs in paragraph (3) have all been exhausted.

(c) The county treasurer may loan any funds from the county treasury 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. 26. Section 34183.5 is added to the Health and Safety Code, to read:

34183.5. (a) The Legislature hereby finds and declares that due to the delayed implementation of this part due to the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos et al. (2011) 53 Cal.4th 231, some disruption to the intended application of this part and other law with respect to passthrough payments may have occurred.

(1) If a redevelopment agency or successor agency did not pay any portion of an amount owed for the 2011–12 fiscal year to an affected taxing entity pursuant to Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, or pursuant to any passthrough agreement entered into before January 1, 1994, between a redevelopment agency and an affected taxing entity, and to the extent the county auditor-

controller did not remit the amounts owed for passthrough payments during the 2011–12 fiscal year, the county auditor-controller shall make the required payments to the taxing entities owed passthrough payments and shall reduce the amounts to which the successor agency would otherwise be entitled pursuant to paragraph (2) of subdivision (a) of Section 34183 at the next allocation of property tax under this part, subject to the provisions of subdivision (b) of Section 34183. If the amount of available property tax allocation to the successor agency is not sufficient to make the required payment, the county auditor-controller shall continue to reduce allocations to the successor agency under paragraph (2) of subdivision (a) of Section 34183 until the time that the owed amount is fully paid. Alternately, the county auditor-controller may accept payment from the successor agency's reserve funds for payments of passthrough payments owed as defined in this subdivision.

(2) If a redevelopment agency did not pay any portion of the amount owed for the 2011–12 fiscal year to an affected taxing entity pursuant to Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, or pursuant to any passthrough agreement entered into before January 1, 1994, between a redevelopment agency and an affected taxing entity, but the county auditor-controller did pay the difference that was owing, the auditor controller shall deduct from the next allocation of property tax to the successor agency under paragraph (2) of subdivision (a) of Section 34183, the amount of the payment made on behalf of the successor agency by the county auditor-controller, not to exceed one-half the amount of passthrough payments owed for the 2011–12 fiscal year. If the amount of available property tax allocation to the successor agency is not sufficient to make the required deduction, the county auditor-controller shall continue to reduce allocations to the successor agency under paragraph (2) of subdivision (a) of Section 34183 until the time that the amount is fully deducted. Alternatively, the auditor-controller may accept payment from the successor agency's reserve funds for deductions of passthrough payments owed as defined in this subdivision. Amounts reduced from successor agency payments under this paragraph are available for the purposes of paragraphs (2) to (4), inclusive, of subdivision (a) of Section 34183 for the six-month period for which the property tax revenues are being allocated.

(b) In recognition of the fact that county auditor-controllers were unable to make the payments required by paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012, on January 16, 2012, due to the California Supreme Court's ruling in the case of California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231, in addition to taking the actions specified in Section 34183 with respect to the June 1 property tax allocations, county auditor-controllers should have made allocations as provided in paragraph (1).

(1) From the allocations made on June 1, 2012, for the Recognized Obligation Payment Schedule covering the period July 1, 2012, through December 31, 2012, deduct from the amount that otherwise would be deposited in the Redevelopment Property Tax Trust Fund on behalf of the successor agency an amount equivalent to the amount that each affected taxing entity was entitled to pursuant to paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012. The amount to be retained by taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 for the January 1, 2012, through June 30, 2012, period is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance pursuant to subdivision (h) of Section 34179 and any amount determined to be owed pursuant to subdivision (b). Any amounts so computed shall not be offset by any shortages in funding for recognized obligations for the period covering July 1, 2012, through December 31, 2012.

(2) (A) If an affected taxing entity has not received the full amount to which it was entitled pursuant to paragraph (4) of subdivision (a) of Section 34183 of the property tax distributed for the period January 1, 2012, through June 30, 2012, and paragraph (1), no later than July 9, 2012, the county auditor-controller shall determine the amount, if any, that is owed by each successor agency to taxing entities and send a demand for payment from the funds of the successor agency for the amount owed to taxing entities if it has distributed the June 1, 2012, allocation to the successor agencies. No later than July 12, 2012, successor agencies shall make payment of the amounts demanded to the county auditor-controller for deposit into the Redevelopment Property Tax Trust Fund and subsequent distribution to taxing entities. No later than July 16, 2012, the county auditor-controller shall make allocations of all money received by that date from successor agencies in amounts owed to taxing entities under this paragraph to taxing entities in accordance

with Section 34183. The county auditor-controller shall make allocations of any money received after that date under this paragraph within five business days of receipt. These duties are not discretionary and shall be carried out with due diligence.

(B) If a county auditor-controller fails to determine the amounts owed to taxing entities and present a demand for payment by July 9, 2012, to the successor agencies, the Department of Finance or any affected taxing entity may request a writ of mandate to require the county auditor-controller to immediately perform this duty. Such actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Any county in which the county auditor-controller fails to perform the duties under this paragraph shall be subject to a civil penalty of 10 percent of the amount owed to taxing entities plus 1.5 percent of the amount owed to taxing entities for each month that the duties are not performed. The civil penalties shall be payable to the taxing entities under Section 34183. Additionally, any county in which the county auditor-controller fails to make the required determinations and demands for payment under this paragraph by July 9, 2012, or fails to distribute the full amount of funds received from successor agencies as required by this paragraph shall not receive the distribution of sales and use tax scheduled for July 18, 2012, or any subsequent payment, up to the amount owed to taxing entities, until the county auditor-controller performs the duties required by this paragraph.

(C) If a successor agency fails to make the payment demanded under subparagraph (A) by July 12, 2012, the Department of Finance or any affected taxing entity may file for a writ of mandate to require the successor agency to immediately make this payment. Such actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Any successor agency that fails to make payment by July 12, 2012, under this paragraph shall be subject to a civil penalty of 10 percent of the amount owed to taxing entities plus one and one-half percent of the amount owed to taxing entities for each month that the payments are not made. Additionally, the city or county or city and county that created the redevelopment agency shall also be subject to a civil penalty of 10 percent of the amount owed to taxing entities plus 1.5 percent of the amount owed to taxing entities for each month the payment is late. The civil penalties shall be payable to the taxing entities under Section 34183. If the Department of Finance finds that the imposition of penalties will jeopardize the payment of enforceable obligations it may request the court to waive some or all of the penalties. A successor agency that does not pay the amount required under this subparagraph by July 12, 2012, shall not pay any obligations other than bond debt service until full payment is made to the county auditor-controller. Additionally, any city, county or city and county that created the redevelopment agency that fails to make the required payment under this paragraph by July 12, 2012, shall not receive the distribution of sales and use tax scheduled for July 18, 2012, or any subsequent payment, up to the amount owed to taxing entities, until the payment required by this paragraph is made.

(D) The Legislature hereby finds and declares that time is of the essence. Funds that should have been received and were expected and spent in anticipation of receipt by community colleges, schools, counties, cities, and special districts have not been received resulting in significant fiscal impact to the state and taxing entities. Continued delay and uncertainty whether funds will be received warrants the availability of extraordinary relief as authorized herein.

(3) If an affected taxing entity has not received the full amount to which it was entitled pursuant to paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012, and paragraph (1), the county auditor-controller shall reapply the provisions of paragraph (1) to each subsequent property tax allocation until such time as the affected taxing entity has received the full amount to which it was entitled pursuant to paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012.

SEC. 27. Section 34185 of the Health and Safety Code is amended to read:

34185. Commencing on June 1, 2012, and on each January 2 and June 1 thereafter, the county auditor-controller shall transfer, from the Redevelopment Property Tax Trust Fund of each successor agency into the Redevelopment Obligation Retirement Fund of that agency, an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule for that successor agency as payable from the

Redevelopment Property Tax Trust Fund subject to the limitations of subdivision (l) of Section 34177 and Section 34183.

SEC. 28. Section 34186 of the Health and Safety Code is amended to read:

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

(b) Differences between actual passthrough obligations and property tax amounts and the amounts used by the county auditor-controller in determining the amounts to be allocated under Sections 34183 and 34188 for a prior six-month period shall be applied as adjustments to the property tax and passthrough amounts in subsequent periods as they become known. County auditor-controllers shall not delay payments under this part to successor agencies or taxing entities based on pending transactions, disputes, or for any other reason, other than a court order, and shall use the Recognized Obligation Payment Schedule approved by the Department of Finance and the most current data for passthroughs and property tax available prior to the statutory distribution dates to make the allocations required on the dates required.

SEC. 29. Section 34187 of the Health and Safety Code is amended to read:

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

(2) Notwithstanding paragraph (1), the Department of Finance may authorize a successor agency to retain property tax that otherwise would be distributed to affected taxing entities pursuant to this subdivision, to the extent the department determines the successor agency requires those funds for the payment of enforceable obligations. Upon making a determination, the department shall provide the county auditor-controller with information detailing the amounts that it has authorized the successor agency to retain. Upon determining the successor agency no longer requires additional funds pursuant to this subdivision, the department shall notify the successor agency and the county auditor-controller. The county auditor-controller shall then distribute the funds in question to the affected taxing entities in accordance with the provisions of the Revenue and Taxation Code.

(b) When all of the debt of a redevelopment agency has been retired or paid off, the successor agency shall dispose of all remaining assets and terminate its existence within one year of the final debt payment. When the successor agency is terminated, all passthrough payment obligations shall cease and no property tax shall be allocated to the Redevelopment Property Tax Trust Fund for that agency.

SEC. 30. Section 34188 of the Health and Safety Code is amended to read:

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

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

(2) For each taxing entity that receives passthrough payments, that agency shall receive the amount of any passthrough payments identified under paragraph (1) of subdivision (a) of Section 34183, in an amount not to exceed the amount that it would receive pursuant to this section in the absence of the passthrough

agreement. However, to the extent that the passthrough payments received by the taxing entity are less than the amount that the taxing entity would receive pursuant to this section in the absence of a passthrough agreement, the taxing entity shall receive an additional payment that is equivalent to the difference between those amounts.

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

(c) The total school share, including passthroughs, shall be the share of the property taxes that would have been received by school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, in the jurisdictional territory of the former redevelopment agency, including, but not limited to, the amounts specified in Sections 97.68 and 97.70 of the Revenue and Taxation Code.

(d) This section shall not be construed to increase any allocations of excess, additional, or remaining funds that would otherwise have been allocated to cities, counties, cities and counties, or special districts pursuant to clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Section 97.2, clause (i) of subparagraph (B) of paragraph (4) of subdivision (d) of Section 97.3, or Article 4 (commencing with Section 98) of Chapter 6 of Part 0.5 of Division 1, of the Revenue and Taxation Code, had this section not been enacted.

SEC. 31. Section 34189 of the Health and Safety Code is amended to read:

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

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

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

SEC. 32. Section 34189.1 is added to the Health and Safety Code, to read:

34189.1. No party, public or private, may pursue, nor does a court have jurisdiction over, a validation action with respect to any action of a redevelopment agency or a successor agency to a redevelopment agency that took place on or after January 1, 2011, unless the Department of Finance and the Controller, representing interests of the State of California and each of the taxing entities who could be affected financially by the action, has been properly noticed. All actions shall be filed in the County of Sacramento.

SEC. 33. Section 34189.2 is added to the Health and Safety Code, to read:

34189.2. A successor agency or any party to an enforceable obligation as defined under this part shall properly notice the state with respect to a validation action involving any enforceable obligation or matter of title to an asset that belonged to a redevelopment agency. For such an action to be properly filed, both the Controller and the Director of Finance shall be noticed and actions shall be filed in the County of Sacramento.

SEC. 34. Section 34189.3 is added to the Health and Safety Code, to read:

34189.3. An action contesting any act taken or determinations or decisions made pursuant to this part or Part 1.8 (commencing with Section 34161) may be brought in superior court and shall be filed in the County of Sacramento.

SEC. 35. Chapter 9 (commencing with Section 34191.1) is added to Part 1.85 of Division 24 of the Health and Safety Code, to read:

CHAPTER 9. Postcompliance Provisions

34191.1. The provisions of this chapter shall apply to a successor agency upon that agency's receipt of a finding of completion by the Department of Finance pursuant to Section 34179.7.

34191.3. Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

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 by 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 obligations 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 (4) 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. 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.

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) 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.

(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. 36. The Legislature finds and declares as follows:

(a) Certain provisions of Assembly Bill 26 of the 2011–12 First Extraordinary Session of 2011 (Ch. 5, 2011–12 First Ex. Sess.) are internally inconsistent, or uncertain in their meaning, with regard to the calculation of the amount to be paid by a county auditor-controller from the Redevelopment Property Tax Trust Fund to meet passthrough payment obligations to local agencies and school entities.

(b) Consistent with the statement in Section 34183 of the Health and Safety Code, as added by the measure identified in subdivision (a), that the provisions of that section are to apply “[n]otwithstanding any other law,” it was the intent of the Legislature in enacting that measure that the amount of the passthrough payments that are addressed by that section be determined in the manner specified by paragraph (1) of subdivision (a) of Section 34183 of the Health and Safety Code, and that the amount so calculated not be reduced or adjusted pursuant to the operation of any other provision of that measure.

SEC. 37. If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application and to this end, the provisions of this act are severable.

SEC. 38. There is hereby appropriated up to twenty-two million dollars (\$22,000,000) from the General Fund, for allocation to departments by the Director of Finance in furtherance of the objectives of this act. Up to two million dollars (\$2,000,000) of this amount may be allocated to the Director of the Trial Court Trust Fund for allocation by the Administrative Office of the Courts to the Superior Court of California, County of Sacramento for work associated with Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code. An allocation of funds approved by the Director of Finance under this item shall become effective no sooner than 30 days after the director files written notification thereof with the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees in each house of the Legislature, or no sooner than any lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

SEC. 39. 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.

SEC. 40. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.

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## SUMMARY OF AB 1484: REDEVELOPMENT DISSOLUTION/ UNWIND TRAILER BILL

JUNE 29, 2012

*The laws described below could be impacted by future cleanup legislation. Goldfarb & Lipman intends to update this summary as appropriate, but please contact us to get the most up-to-date information on the status and content of this legislation.*

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**SUMMARY OF AB 1484:  
REDEVELOPMENT DISSOLUTION/UNWIND TRAILER BILL**

**PART I.  
INTRODUCTION AND BACKGROUND**

**A. Introduction; Purpose of Summary.**

ABx1 26 (the "Dissolution Act") was enacted in late June 2011 as part of the FY 2011-12 state budget package and was held by the California Supreme Court to be largely constitutional on December 29, 2012. Under the Dissolution Act, each of California's redevelopment agencies (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the cities, counties, and city and county that formed the Dissolved RDAs, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDAs.

As part of the FY 2012-13 state budget package, on June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which is to make technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing that act. As a budget "trailer bill," AB 1484 took immediate effect upon signature by the Governor.

AB 1484 will require those involved in the redevelopment unwind process to learn and implement some significant new rules of conduct just as they were beginning to adapt to and implement the complex rules mandated by the Dissolution Act itself. The purpose of this Summary is to highlight the key elements of AB 1484 for those involved in the redevelopment unwind process. Following a background synopsis of the Dissolution Act in this Part I, Part II of the Summary describes key features of AB 1484, while Part III provides a checklist Summary of major new upcoming milestones mandated by AB 1484.

**We recommend particular attention to the Part III milestones checklist, as AB 1484 has added significant new or modified actions and deadlines, with major compliance consequences, that need to be implemented in the very near future and throughout the Summer and Fall of 2012.**

Because AB 1484 was enacted less than two days after it first appeared in bill form, there has been no time for questions of interpretation and practice to be carefully evaluated by state and local officials charged with the redevelopment unwind process. Consequently, the highlights presented in this Summary represent a good faith initial understanding of the meaning and intent of AB 1484, with the expectation and plan that this Summary will be updated from time to time as further consideration and practice shed light on the proper interpretation of various elements of the bill. Please visit our website at [www.goldfarblipman.com](http://www.goldfarblipman.com) to review future updates of this Summary.

This document is a summary of complex legislation. Reference should be made to the actual statutory language before making decisions or taking actions pursuant to AB 1484. Unless otherwise noted, section references in this Summary are to sections of the Health and Safety Code as added or amended by AB 1484. Reference to a "Part" is to the referenced Part of this Summary.

B. Overview Of Dissolution Act.

Under the Dissolution Act:

1. The authority of Dissolved RDAs to undertake most new activities was suspended as of the effectiveness of the Dissolution Act.
2. Each Dissolved RDA went out of existence on February 1, 2012.
3. A successor agency (a "Successor Agency") was created for each Dissolved RDA and charged with winding down the Dissolved RDA's affairs, including making payments due for enforceable obligations (as defined in the Dissolution Act), performing obligations required pursuant to enforceable obligations, disposing of the Dissolved RDA's assets (other than housing assets), and remitting unencumbered balances of the Dissolved RDA to the county auditor-controller (the "CAC") for distribution to the affected taxing entities. Except for certain housing assets, the assets of the Dissolved RDA transferred to the Successor Agency for this unwinding process.
4. For all but eight of California's Dissolved RDAs, the city, county, or city and county that had formed the Dissolved RDA (the "Sponsoring Community") elected to take on the role of Successor Agency for its Dissolved RDA.
5. Housing assets (other than unencumbered fund balances in the Dissolved RDA's Low and Moderate Income Housing Fund (the "LMIHF") at the time of dissolution, which were instead transferred to the Successor Agency), housing obligations and housing functions of the Dissolved RDA were transferred to a designated housing successor entity (the "Housing Successor"), which in most cases is the Sponsoring Community (and in a limited number of cases is a local housing authority).
6. The CAC is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. Semiannually, the CAC is required to make distributions from the RPTTF (a) to the affected taxing entities in the amount of the pass-through payments they would have received had the Dissolved RDA not been dissolved, (b) to the Successor Agency to pay amounts due on enforceable obligations for the upcoming six-month period, and (c) to various entities for specified administrative costs. Any amount left in the RPTTF after each semiannual distribution for the above purposes is distributed by the CAC to the affect taxing entities as normal property taxes.

7. An oversight board (the "Oversight Board") is established for each Successor Agency to approve specified actions and direct specified activities of the Successor Agency.

8. A recognized obligation payment schedule is prepared by the Successor Agency and approved by the Oversight Board setting forth the amounts due for each enforceable obligation during each six-month period (each, a "ROPS"). The Successor Agency is limited to making payments for items shown on an approved ROPS (except that, pending effectiveness of the first ROPS, a Successor Agency is authorized to make payments for amounts on an Enforceable Obligation Payment Schedule (the "EOPS") prepared by the Dissolved RDA prior to dissolution, and subject to update by the Successor Agency).

9. The Department of Finance (the "DOF") and the State Controller's office (the "SCO") are given specified review and approval responsibilities and are assigned certain other tasks in connection with the redevelopment dissolution and unwind process under the Dissolution Act.

## PART II. SUMMARY OF AB 1484

### A. Affordable Housing.

AB 1484 significantly modifies and provides some clarifications to the treatment of housing assets under the Dissolution Act. Specifically, AB 1484 now includes a definition of housing assets, sets forth explicit procedures with respect to transfer of housing assets which must occur by August 1, 2012, provides some greater flexibility and procedural steps regarding the use of housing bond proceeds, establishes a new Low and Moderate Income Housing Asset Fund (the "Housing Asset Fund") to be administered by the Housing Successor, and clarifies that no future deposits are required to be made to the LMIHF.

1. Definition of Housing Assets. Section 34176(e) sets forth a list of assets that are considered housing assets. This is important because the Dissolution Act, as modified by AB 1484, treats both the Housing Successor and housing assets with more flexibility than the Successor Agency and non-housing assets. The list of housing assets in AB 1484 significantly expands the limited list of housing assets announced in the DOF Housing Frequently Asked Questions issued earlier this year (the "Housing FAQs"), due in large part to the efforts of several housing policy groups. The list of housing assets includes the following:

a. Real Property Assets. Housing assets include any real property, interest in, or restriction on the use of real property, whether improved or not, and any personal property provided in residences, including furniture and appliances, all housing-related files and loan documents, office supplies, software licenses, and mapping programs, that were acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds.

b. Encumbered Funds. Housing assets include any funds that are encumbered by an enforceable obligation to build or acquire low- and moderate-income housing,

as defined by the Community Redevelopment Law unless required in the bond covenants to be used for repayment purposes of the bond.

c. Loan or Grant Receivables. Housing assets include any loan or grant receivable, funded from the LMIHF, from homebuyers, homeowners, nonprofit or for-profit developers, and other parties that require occupancy by persons of low or moderate income as defined by the Community Redevelopment Law.

d. Rents and Payments from Operations. Housing assets include any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant repayments, cost savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

e. Rent and Payments from Operations Used to Maintain Affordability or for Affordable Housing-Related Enforceable Obligations. Housing assets include a stream of rents or other payments from housing tenants or operators of low- and moderate-income housing financed with any source of funds that are used to maintain, operate, and enforce the affordability of housing or for enforceable obligations associated with low- and moderate-income housing.

f. Amounts Owed to LMIHF. Repayment of amounts previously borrowed from, or owed to, the LMIHF (i.e. to make Supplemental Educational Revenue Augmentation Fund (“SERAF”) payments in prior years), repayment of which had been deferred as of the effective date of the Dissolution Act, are considered housing assets. The repayments can only be made pursuant to a schedule that must be approved by the Oversight Board. The repayments cannot start before FY 2013-14 and the maximum annual repayment is strictly limited by statutory formula. The repayments related to the SERAF (as opposed to other amounts owed to the LMIHF for other reasons) must be made before specified loan repayments to the Sponsoring Community that are described in Part II.E.2.

g. Mixed Use Assets. If a development includes both affordable housing and other types of property, the Oversight Board determines if this mixed use property should remain intact or be split into affordable housing and non-affordable housing components. AB 1484 leaves to the Oversight Board (subject to the DOF review) the decision on whether to make an allocation and, if so, how to accomplish this allocation. The legislation directs the Oversight Board to consider the overall value to the community as well as the benefit to taxing entities of keeping the mixed use development intact or dividing the property in making its decision. The legislation also provides that the disposition of mixed assets may be accomplished by a revenue-sharing arrangement as approved by the Oversight Board on behalf of the taxing entities.

h. Housing Bond Proceeds. Housing bond proceeds from bonds issued prior to January 1, 2011 for affordable housing purposes and secured by a pledge of LMIHF, remaining after satisfaction of enforceable obligations approved on a ROPS (the “Excess Housing Bond Proceeds”), are considered housing assets. The legislation provides that an enforceable obligation may be satisfied by creation of reserves, for projects which are the subject

of that enforceable obligation, consistent with the contractual obligations for the project, or by expending funds to complete that project. See discussion in Part II.A.3 below regarding new process for use of Excess Housing Bond Proceeds.

i. Exclusion of Unencumbered LMIHF Balance. AB 1484 does not change the Dissolution Act treatment of the amounts in the LMIHF balance that were not encumbered by an enforceable obligation as of the effective date of the Dissolution Act. Those funds are to be distributed to the taxing entities pursuant to new audit and review procedures, described in Part II.D.2, and not retained by the Housing Successor for affordable housing uses.

2. Transfer of Housing Assets. AB 1484 sets forth an explicit schedule related to the verification of housing assets transferred to the Housing Successor (Section 341676(a)(2)). By August 1, 2012, the Housing Successor is required to submit a list of all housing assets to the DOF in a format to be prescribed by the DOF. The list must include an explanation of why each asset qualifies as a housing asset, and include a list of assets that transferred between February 1, 2012 (when presumably all housing assets of a Dissolved RDA transferred to the Housing Successor by operation of law pursuant to 34176(a)(1)), and the date the list is made. The DOF has thirty (30) days after receipt of the housing asset list to object to any item on the list. The Housing Successor may request a meet and confer process with the DOF within five (5) business days of receiving any objection from the DOF. There is no timeframe set forth for completing this meet and confer process. Any asset ultimately determined not to be a housing asset is to be returned to the Successor Agency and is subject to clawback by the SCO under Section 34178.8 if not returned. Assets determined to be housing assets under this procedure are not subject to clawback by the SCO under Section 34178.8. The Successor Agency may retain a housing asset, and not transfer it to the Housing Successor, if that asset was previously pledged to pay bonds.

For the transfer of a housing asset that occurs after the date of the list, Sections 34181(c) and (f) provide that an Oversight Board must direct the transfer of housing assets after a 10-day public notice and the DOF then has five business days to review the proposed transfer with the option to extend the review period to up to 60 days. One possible example of this type of future transfer is a property acquired with LMIHF monies, which is in the process of undergoing Polanco Act clean-up and will transfer to the Housing Successor only upon completion of the remediation.

3. Use of Excess Housing Bond Proceeds. After the passage of the Dissolution Act, many practitioners considered any housing bond proceeds not yet committed to a specific project as housing assets to be used by the Housing Successor pursuant to the applicable bond documents with no oversight. AB 1484 significantly changes that practice.

Under Section 34176(g), the Housing Successor can use the Excess Housing Bond Proceeds (defined in subsection 1.h above) only after the following steps and approvals:

a. The Housing Successor must notify the Successor Agency of the intended use or commitment of Excess Housing Bond Proceeds at least twenty (20) days before the deadline to submit the ROPS to the Oversight Board.

b. The Successor Agency must list the proposed expenditure of Excess Housing Bond Proceeds as a separate line item on the ROPS prepared by the Successor Agency.

c. The Oversight Board must approve use of the Excess Housing Bond Proceeds on the ROPS.

d. The usual review period for the ROPS must be completed without objection to the use of the Excess Housing Bond Proceeds by the DOF, the CAC and the SCO.

e. Any review by the Successor Agency, Oversight Board and the DOF is limited to a determination that the use is consistent with the bond covenants and that sufficient funds are available.

f. No commitment or designation of use of the Excess Housing Bond Proceeds is valid until it is included on an approved and valid ROPS.

The Excess Housing Bond Proceeds must be used in a manner consistent with the purposes of the Housing Asset Fund (see subsection 4 below). The Successor Agency shall retain and expend the Excess Housing Bond Proceeds at the discretion of the Housing Successor; provided the Successor Agency ensures that the proceeds are expended in a manner consistent with the bond documents and any requirement relating to tax-exempt status of the bonds. The amount of the expenditures cannot exceed the amount of proceeds available.

4. Low and Moderate Income Housing Asset Fund. The Housing Successor must now create a new type of fund called the Low and Moderate Income Housing Asset Fund (the “Housing Asset Fund”) in its accounting records pursuant to Section 34176(d). If the Housing Successor assumed the housing function of a Dissolved RDA with multiple projects areas, we suggest that the Housing Successor also account for the funds in the Housing Asset Fund on a project area basis for purposes of making applicable findings required under the Community Redevelopment Law. Any funds generated from housing assets (also known as program income by practitioners) and any funds transferred to the Housing Successor pursuant to the transfer provisions discussed in subsection 2 above (such as encumbered LMIHF monies) are required to be placed in the Housing Asset Fund. All payments made to repay amounts previously borrowed from, or owed to, the LMIHF, as of the effective date of the Dissolution Act, shall be placed in the Housing Asset Fund. In addition, twenty percent (20%) of all loan repayments made to the Sponsoring Community on loans described in Part II.E.2 will be deducted from those repayments and transferred to the Housing Asset Fund. All monies in the Housing Asset Fund must be used in accordance with the applicable housing-related provisions of the Community Redevelopment Law. This is a substantial change from the Housing FAQs and will provide a limited but on-going source of funds for low and moderate income housing activities in many communities.

5. Continuation of Community Redevelopment Law Housing Obligations. AB 1484 makes clear that no future deposits are required to be made to the LMIHF despite the assertion to the contrary by some housing advocacy groups. The legislation appears to make this requirement effective as of the effective date of the Dissolution Act therefore causing some ambiguity about whether LMIHF deposits were required for tax increment distributions made to Dissolved RDAs in December 2011 and January 2112.

AB 1484 fails to clearly address whether there are any continuing requirements with regard to redevelopment housing production and replacement housing obligations although the DOF has taken the position that those are no longer applicable except perhaps in the case of enforceable obligations. This may be an area for clean-up legislation in the future.

6. Housing Successors. AB 1484 clarifies many questions regarding affordable housing roles of the Housing Successor in the post- redevelopment era. However, some issues are not resolved. For instance, what happens in situations where the Sponsoring Community elects not to serve as the Housing Successor and the local housing authority also declines to take on that responsibility? Such a situation leaves the housing assets in limbo to the great distress, for instance, of a homeowner trying to refinance a home purchased under a first-time homebuyer program funded from LMIHF monies. Some practitioners had hoped AB 1484 would address this situation more directly. Presumably, the reluctance to act as the Housing Successor in those situations will be alleviated by the revised treatment of housing assets in AB 1484, which allows some flow of funds to the Housing Successor. However, further legislation may be required to address these situations, in particular, funding of administrative costs for Housing Successors where there is no stream of income derived from the Dissolved Agency's housing assets.

B. Successor Agency and Oversight Board Issues.

1. Successor Agency Legal Status. Under the Dissolution Act, the term "successor agency" was defined to refer to the Dissolved RDA's Sponsoring Community (the city, county or city and county that formed the Dissolved RDA), unless that Sponsoring Community adopted a resolution electing not to serve in that capacity. AB 1484 redefines "successor agency" to mean the successor entity to the Dissolved RDA pursuant to Section 34173.

Further, AB 1484 declares that "a successor agency is a separate legal entity from the public agency that provides for its governance," but then fails to directly address the relationship between the Successor Agency and that public agency that does provide for its governance. It appears that what AB 1484 is trying to establish is that: (a) unless the Sponsoring Community elected otherwise, the Sponsoring Community's governing body (e.g., city council or board of supervisors) and staff serve as the governing body and staff of the Successor Agency; but (b) the Successor Agency itself is a separate legal entity from the Sponsoring Community. AB 1484's apparent attempt to accomplish this result is ambiguous and imperfect at best.

As a separate legal entity, the Successor Agency will not merge with the public agency that provides for the Successor Agency's governance (Section 34173(g)). The Successor Agency retains the liabilities of the Dissolved RDA, as those do not transfer to the Dissolved RDA's Sponsoring Community (Section 34173(g)). The Successor Agency can sue and be sued in its own name (Section 34173(g)), and all litigation involving the Dissolved RDA is automatically transferred to the Successor Agency (Section 34173(g)).

The Successor Agency "retains" a separate collective bargaining status and the Dissolved RDA's employees do not automatically become employees of the Sponsoring Community (by

virtue of the Sponsoring Community's election to serve as the Successor Agency) (Section 34173(g)).

The Successor Agency succeeds to the organizational status of the Dissolved RDA but lacks the legal authority to participate in redevelopment activities except to complete work on enforceable obligations (Section 34173(g)).

AB 1484 further affirms that the Successor Agency is deemed to be a local public entity subject to the Ralph M. Brown Act (Section 34173(g)).

AB 1484 provides an opportunity for a Sponsoring Community that initially elected not to serve as a Successor Agency to reverse its decision and agree to serve as the Successor Agency (Section 34173(d)(4)). AB 1484 does not include a provision for a Sponsoring Community that initially elected to serve as a Successor Agency to later reverse the election and determine to no longer serve as the Successor Agency.

Although AB 1484 establishes the separate legal status of the Successor Agency and continues to limit the liability of the Successor Agency to the total sum of property tax revenues it receives pursuant to the Dissolution Act and the value of assets transferred to it (Section 34173(e)), several provisions of AB 1484 expose the Dissolved RDA's Sponsoring Community to penalties and other liabilities for the actions and inactions of the now separate and distinct legal entity that is the Successor Agency (see Part II.D.1. and 2. for additional discussion).

AB 1484 also provides that the Successor Agency is included in the definition of a "local public entity" required to participate in a neutral evaluation process pursuant to Government Code Section 53760.3 prior to filing a petition for federal bankruptcy.

## 2. Successor Agency Roles, Limitations, and Funding.

a. Authorized Activities. In addition to the activities authorized under the Dissolution Act, AB 1484 clarifies the authority of a Successor Agency to conduct certain activities, and also authorizes a Successor Agency to perform activities not previously authorized under the Dissolution Act.

AB 1484 clarifies that a Successor Agency may assume existing cleanup plans and liability limits under the Polanco Redevelopment Act<sup>1</sup> (Section 34173(f)), which was previously understood by most practitioners to be the legislative intent, but not expressly stated in the Dissolution Act.

In addition to previous authority granted under Section 34180(c), under AB 1484 a Successor Agency is authorized to hold reserves when required by bond indenture or when the next property tax allocation from the RPPTF will be insufficient to pay all bond debt obligations due in the following six-month period (Section 34171(d)(1)(A)).

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<sup>1</sup> The existing cleanup plans and liability limits may also be transferred to the Housing Successor at that entity's request.

AB 1484 also more clearly sets forth a Successor Agency's authority to create enforceable obligations to conduct wind-down activities of the Dissolved RDA, such as hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance (Section 34177.3(b)).

Under AB 1484, a Successor Agency can, subject to Oversight Board approval, also enter into contracts, that will constitute enforceable obligations, with the Sponsoring Community to borrow from the Sponsoring Community to assist a Successor Agency to fund shortfalls for Successor Agency administrative costs, enforceable obligations, or project-related expenses (Section 34173(h)).

b. Annual Audit. A Successor Agency must also cause a certified public accountant to conduct a post-audit of a Successor Agency's financial transactions and records at least once annually (Section 34177(n)). AB 1484 is unclear on whether the cost of such post-audits may be shown as a separate enforceable obligation line item on a ROPS.

c. Additional Limitation on Activities. AB 1484 provides that a Successor Agency lacks the authority to enter into new enforceable obligations under the applicable portions of the Dissolution Act or begin new redevelopment work, except to comply with enforceable obligations that existed prior to June 28, 2011 (Section 34177.3(a)).

A Successor Agency has no authority and is prohibited from transferring any powers or revenues of a Successor Agency to any other party (public or private) except pursuant to an enforceable obligation listed on a DOF-approved ROPS (Section 34177.3(c)).

Under the Dissolution Act, a Successor Agency was authorized, with the approval of its Oversight Board, to re-enter into agreements with its Sponsoring Community pursuant to Section 34178(a) and Section 34180(h). AB 1484 narrows this authority, by providing that neither the Successor Agency or its Oversight Board has authority to restore funding for an enforceable obligation between a Successor Agency and the Sponsoring Community if the enforceable obligation was deleted or reduced by the DOF pursuant to Section 34179(h) (unless allowed as a result of the meet and confer process with the DOF, required by court order, or pursuant to new authority created by AB 1484 for certain Successor Agency/Sponsoring Community contracts as fully discussed in Part II.E.2 (Sections 34178(a); 34180(a), and 34180(h)).

d. Successor Agency Administrative Costs. The Dissolution Act established an administrative cost allowance for each Successor Agency, but did not specify which costs of a Successor Agency must be paid from the administrative cost allowance and which Successor Agency costs could be separately placed on a ROPS for payment in addition to and outside of the administrative cost allowance. AB 1484 only partially fills that void.

AB 1484 states that the administrative cost allowance excludes litigation costs related to assets or obligations, settlements and judgments, and predisposition carrying costs for property transferred to a Successor Agency. Furthermore, AB 1484 clarifies that project-specific employee costs (like employee costs for construction inspection, project management, and actual

construction) are excluded from a Successor Agency's administrative cost allowance. By excluding these costs from the administrative cost allowance, AB 1484 grants express authority to a Successor Agency to separately list enforceable obligations for such costs on a ROPS for payment in addition to and outside of the administrative cost allowance.

AB 1484 also provides for various mechanisms to reduce a Successor Agency's administrative cost allowance. As more fully discussed in Section II.B.3, the Oversight Board is authorized to reduce the administrative cost allowance below the \$250,000 annual minimum required under the Dissolution Act (Section 34171(b)). Additionally, upon failure by a Successor Agency to submit a ROPS by October 14 and March 13 of each year, the maximum administrative cost allowance for the fiscal year can be reduced by 25% (Section 34177(m))<sup>2</sup>.

e. Wind-Down of a Successor Agency. When all debts of the Dissolved RDA are retired or paid off, a Successor Agency is required to dispose of all remaining assets and terminate its existence within one year of the final debt payment (Section 34187(b)). AB 1484 is silent on which entity a Successor Agency is allowed to transfer its remaining assets to, how that transfer should be effectuated, or if the Oversight Board has a role in the process of terminating a Successor Agency's existence. Also unclear is what becomes of a Successor Agency's non-monetary obligations or duties.

### 3. Oversight Board Composition and Roles.

a. Composition. AB 1484 makes modifications to the determination of the members of the Oversight Board. Under the Dissolution Act, one member of the Oversight Board is to be selected by the largest special district, by property tax share, with territory in the territorial jurisdiction of the Dissolved RDA. Disputes arose in several jurisdictions related to making that determination and the Dissolution Act did not provide for an arbiter of the dispute. Under AB 1484, the CAC is given the authority to determine which special district is the largest special district, by property tax share, with territory in the territorial jurisdiction of the Dissolved RDA (Section 34179(a)(3(B))).

The Dissolution Act required that one Oversight Board member, representing the employees of the Dissolved RDA, be selected from the recognized employee organization representing the largest number of Dissolved RDA employees employed by a Successor Agency. AB 1484 clarifies that in the case where city or county employees performed the administrative duties of the Dissolved RDA, the appointment to the Oversight Board under 34179(a)(7) is to be made from the recognized employee organization representing the city or county employees that performed the administrative duties of the Dissolved RDA (Section 34179(a)(7)). AB 1484 further clarifies that no conflict of interest exists (under Government Code Section 1090) when the Oversight Board member, employed by a Successor Agency or the Sponsoring Community and appointed pursuant to Section 34179(a)(7), votes to approve a contract as an enforceable obligation (Section 34179(a)(7)).

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<sup>2</sup> For the ROPS covering January 1, 2013 through June 30, 2013 this date is September 10.

b. Staffing. Under the Dissolution Act, a Successor Agency is charged with providing staffing to its Oversight Board. Under AB 1484, the Oversight Board can direct a Successor Agency to provide additional legal or financial advice independent from a Successor Agency staff (Section 34179(n)) and the Oversight Board is also authorized to contract with the county or other public or private agency for administrative support (Section 34179(o)).

c. Powers. Under the Dissolution Act, a Successor Agency was guaranteed an administrative cost allowance of not less than \$250,000 for each fiscal year. Under AB 1484, the Oversight Board may reduce a Successor Agency's administrative cost allowance below the \$250,000 statutory minimum (Section 34171(b)).

AB 1484 further provides that Oversight Board decisions on matters within its purview supersede decisions of a Successor Agency or Successor Agency staff (Section 34179(p)).

d. Immunities. Oversight Board members have the same immunities applicable to public entities and public employees (Section 34179(d)) when exercising the authority granted to the Oversight Board under the Dissolution Act and AB 1484.

e. Review of Oversight Board Actions. AB 1484 requires that all actions taken by an Oversight Board be adopted by resolution (Section 34179(e)). A Successor Agency must notify the County Administrative Officer, the CAC, and the DOF, at the same time the Successor Agency transmits a proposed action to the Oversight Board for its approval (Section 34180(j)).

All actions taken by an Oversight Board require transmittal of notice to the DOF by electronic means in a manner of the DOF's choosing. Under the Dissolution Act, the DOF had a period of three business days to request review of Oversight Board actions. AB 1484 extends that time for the DOF to request review of an action to five business days (Section 34179(h)). Actions of the Oversight Board are deemed effective if the DOF does not request a review within five business days of receipt of the notice by the DOF. If the DOF requests a review of a particular Oversight Board action, the DOF has 40 calendar days to approve the action or return it to the Oversight Board for its reconsideration, giving the DOF an additional 30 days to review actions of the Oversight Board beyond the deadline originally in the Dissolution Act. For Oversight Board actions taken pursuant to Sections 34181(a) and (c) related to the disposition of real property and to housing assets, the DOF may extend the review period to 60 calendar days (Section 34181(f)). As discussed in Part II.C.2.c, a slightly different review period applies to the DOF's review of a ROPS.

### C. Enforceable Obligations and ROPS Issues.

1. Enforceable Obligations. AB 1484 contains numerous substantive changes to the definition of the term "enforceable obligation."

In recognition of the timing issues related to the implementation of the Dissolution Act, under AB 1484, a Successor Agency is granted authority to amend the EOPS to authorize

continued payments on enforceable obligations until the ROPS covering the period from January 1, 2012 through June 30, 2012 has been approved by the Oversight Board and the DOF (Section 34177(a)(1)-(2)). AB 1484 also deletes the prohibition on making payments on enforceable obligations after May 1, 2012 unless a ROPS was approved by the Oversight Board and the DOF and certified by the CAC. Instead, under AB 1484, a Successor Agency is allowed to make payments on enforceable obligations listed on the EOPS through the date that the initial ROPS is approved by the Oversight Board and the DOF, erasing any uncertainty for payments made after May 1, 2012 but before the ROPS was approved by the DOF, which for most agencies did not occur until later in May.

AB 1484 clarifies that costs incurred to comply with collective bargaining agreements for layoffs or terminations of employees that performed work for the Dissolved RDA are payable for any employees to whom the obligations apply (Section 34171(d)(1)(C)). If an employee is transferred to the Housing Successor, a Successor Agency is authorized to enter into a contract with the Housing Successor to reimburse the Housing Successor for any costs of the employee obligations, and that contract will constitute an enforceable obligation of the Successor Agency (Section 34171(d)(1)(C)).

AB 1484 clarifies that contracts for the administration or operation of the Successor Agency, including agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and predisposition asset carrying costs, are enforceable obligations of the Successor Agency (Section 34171(d)(1)(F)).

Contrary to published interpretations of the Dissolution Act posted by the DOF, AB 1484 establishes that amounts borrowed from and payments owing to the LMIHF (including SERAF loans) are enforceable obligations and are payable to the Housing Successor (Section 34171(d)(1)(G)) (see further discussion in Part II.A.1.f).

As discussed in other sections of this Summary, AB 1484 also allows a Successor Agency, subject to Oversight Board approval, to enter into an enforceable obligation whereby a Successor Agency borrows money from the Dissolved RDA's Sponsoring Community for administrative costs, enforceable obligations, or project-related expenses at the Sponsoring Community's discretion (Section 34173(h));<sup>3</sup>

AB 1484 also purports to retroactively declare as non-enforceable any contract entered into by a redevelopment agency after June 27, 2011 (Section 34177.3(d)). (See more detailed discussion in Part II.F.5.)

## 2. Recognized Obligation Payment Schedules.

AB 1484 makes several changes to the process and timing for preparation and approval of each ROPS.

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<sup>3</sup> Technically, Section 34173(h) only gives authority to a city, not a county, to make such a loan, although there does not appear to be any policy reason why the Legislature would intend such a distinction.

a. Changes to the Initial ROPS (For the Period Ending June 30, 2012). AB 1484 deletes the requirement that the initial ROPS be certified by the CAC before it can take effect (Section 34177(l)(2)(A)). AB 1484 also reforms dates and payment requirements in the initial ROPS to reflect delays in implementing the Dissolution Act caused by litigation (i.e. a new requirement that the initial ROPS specify January payments and estimate payments through June 30, 2012). AB 1484 states that the Initial ROPS takes effect once it has been approved by the Oversight Board and the DOF.

b. Schedule for Adoption of ROPS. AB 1484 establishes a schedule for adoption of the ROPS for the period ending June 30, 2013 (the “Third ROPS”) and all subsequent ROPS.

Although the schedule previously distributed by the DOF indicated that a Successor Agency and its Oversight Board would have until October 1, 2012 to approve the Third ROPS, under AB 1484 a Successor Agency is required to submit to the DOF and the CAC the Third ROPS, approved by the Oversight Board, no later than September 1, 2012.

The DOF will require that the ROPS be completed on a DOF-approved form. Moreover, AB 1484 now requires the Successor Agency staff to submit an electronic copy of the ROPS to the county administrative officer, the CAC, and the DOF at the same time as the proposed ROPS is submitted to the Oversight Board for approval (Section 34177(l)(2)(B)).

Beginning with the fourth ROPS (for the period ending December 31, 2013), a Successor Agency will be required to submit an Oversight Board approved ROPS to the CAC and the DOF no fewer than 90 days prior to the semiannual RPTTF property fund distribution (or October 4 for the January 2 distribution and March 3 for the June 1 distribution) (Section 34177(m)). If a Successor Agency fails to timely submit an Oversight Board approved ROPS within the specified deadlines, AB 1484 gives standing to creditors of a Successor Agency, the DOF and affected taxing entities to file suit for writ of mandate to compel a Successor Agency to adopt a ROPS (Section 34177(m)), and exposes the Successor Agency to additional penalties described below.

c. Review of ROPS. AB 1484 greatly expands this review period and authority of the DOF and significantly changes the ROPS review and approval process. Under the Dissolution Act, the DOF had a period of three business days to request a review of an enforceable obligation listed on a ROPS. AB 1484 extends the deadline to request review to five business days. It is presumed, pursuant to Section 34179(h) that if the DOF does not request a review of any items listed on a ROPS within the five business day review period, the ROPS will be deemed effective. The CAC’s role in review of the ROPS is discussed in more detail in Part II.D.3.

Under AB 1484, the DOF is required to make its determination “of the enforceable obligations and the amounts and funding sources of the enforceable obligations” no later than 45 days after the ROPS has been submitted by a Successor Agency. The addition of Section 34177(m) appears to give the DOF authority not only to determine what constitutes an enforceable obligation, but also provides the additional authority to determine the amount and

funding source to meet enforceable obligations. Furthermore, amendments to Section 34179(h), give the DOF the authority to eliminate or modify any item on the ROPS being reviewed under Section 34179 prior to DOF approval (Section 34179(h)). In some respects, these changes appear to provide statutory authority for practices the DOF had already assumed for itself in the first and second ROPS reviews.

A Successor Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, but such a request must be made within five business days of the Successor Agency's receipt of a DOF determination (Section 34177(m)). The DOF is then required to notify a Successor Agency and the CAC of its review at least 15 days before the date of the property tax distribution (by December 18 for the January 2 distribution and May 17 for the June 1 distribution).

A Successor Agency and Oversight Board may approve amendments to a ROPS to reflect the resolution of a dispute between the DOF and a Successor Agency, but such amendments will not effect a past allocation of property taxes or create a liability to any affected taxing entity with respect to past allocations (Section 34179(h)).

d. Penalties. Failure to approve and submit a timely ROPS may result in the assessment of various penalties to a Successor Agency and/or to the Sponsoring Community.

If a Successor Agency does not timely submit a ROPS pursuant to the deadlines set forth in AB 1484, the Sponsoring Community may be subject to a \$10,000 per day civil penalty for each day the ROPS is delinquent. In addition, failure of a Successor Agency to submit a ROPS within 10 days of the deadline (by October 14 for the January 2 distribution and March 13 for the June 1 distribution)<sup>4</sup> may result in a 25% reduction of a Successor Agency's maximum administrative cost allowance for the period covered by the delinquent ROPS (Section 34177(m)(2)).

If a Successor Agency fails to submit an Oversight Board approved ROPS pursuant to the requirements of AB 1484 within five business days after the April 1 and October 1 dates on which the CAC releases the estimated property tax allocations from the RPTTF, the DOF may determine if any amount should be withheld to pay enforceable obligations (Section 34177(m)(3)). Funds withheld pursuant Section 34177(m)(3) are to be distributed to affected taxing entities in accordance with Section 34183(a)(4). If the DOF orders the CAC to withhold funds to pay for a Successor Agency's enforceable obligations, those funds will only be disbursed to the Successor Agency pursuant to a ROPS approved by the DOF (Section 34177(m)(3)).

#### D. Flow of Funds and Financial Issues.

1. Near Term Payments to Taxing Entities. AB 1484 contains provisions that appear to be designed to assure payments are made to the taxing entities in the short term, including payment of the FY 2011-12 pass-through payments and the potential payment of residual

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<sup>4</sup> For the Third ROPS, the date is September 10, 2012.

amounts pursuant to Section 34183(a)(4) for the first ROPS period although there was no distribution from the RPTTF for that period.

a. Fiscal Year 2011-12 Pass-through Payments. AB 1484 adds Section 34184.5 to the Dissolution Act to provide for the payment of the FY 2011-12 pass-through amounts to the taxing entities if such payments were not previously made.

Section 34184.5(a)(1) requires the CAC to make payments to the taxing entities for the FY 2011-12 pass-through amounts that were not previously paid, either by the former Dissolved RDA or by the CAC from the June 1, 2012 distribution from the RPTTF, by reducing the amounts that would be paid to a Successor Agency for enforceable obligations in subsequent distributions from the RPTTF, subject to any subordination of the payments owed to bond debt (as currently allowed pursuant to Section 34183(b)). The CAC will continue to reduce the amounts paid to a Successor Agency from the RPTTF during subsequent distributions until the full amount owed to the taxing entities for the FY 2011-12 pass-through payments have been made. Alternatively, a Successor Agency can use reserve funds to make these payments.

Pursuant to this section, if a Successor Agency did not have sufficient funds to pay the full amount of its pass-through payments for FY 2011-12, the unpaid amount effectively becomes a debt of a Successor Agency with a higher priority for payment from the RPTTF than other enforceable obligations in the next distribution from the RPTTF. The only exception will be if the Dissolved RDA, prior to dissolution, subordinated the pass-through payments to bond debt in which event the bond debt will have priority over the pass-through payments as currently allowed by Section 34183(b).

Under Section 34184.5(a)(2), if the Dissolved RDA did not make the FY 2011-12 pass-through payments but the CAC did, the CAC can offset up to one-half of the amount the CAC paid from the next distribution from the RPTTF to the Successor Agency. If the amount distributed to the Successor Agency is not sufficient to make the full deduction of one-half of the amount owed in the next distribution, the CAC is to continue to reduce the amounts allocated to the Successor Agency in subsequent distributions until one-half of the amount paid by the CAC is deducted. The CAC can also accept payments from the Successor Agency's reserve funds to cover the deduction provided for above.

b. Residual Distributions for FY 2011-12. Section 34183.5 also contains procedures for distributing any residual amounts of funds in the RPTTF that would have been available if the Dissolution Act had gone into effect when originally intended. If Dissolved RDAs had been dissolved effective October 1, 2011 under the Dissolution Act as originally set out in the statute (rather than on February 1, 2012 as modified by the Supreme Court), the first distribution from the RPTTF would have been in January 2012 and would have covered the initial ROPS period of January 1, 2012 through June 30, 2012. However, because of the Supreme Court stay, the funds that would have been available for deposit into the RPTTF for the January 2012 distribution were distributed to the Dissolved RDAs late in 2011 and used by most agencies to pay enforceable obligations on the EOPS incurred since July 1, 2011. The purpose

of Section 34183.5(b) appears to be to retroactively undo the Supreme Court stay and attempt expeditiously to collect funds from Successor Agencies<sup>5</sup>.

The provisions of Section 34183.5 require the distribution of residual funds deemed to be owing to the taxing entities from the first ROPS period of January through June 2012. The amounts owed to the taxing entities pursuant to 34183(a)(4) are to be determined based on the initial ROPS approved by the Department of Finance. How the amount is to be determined since there was no distribution from the RPTTF for this period is not explained in the legislation.

If the taxing entities have not received the full amount owed under Section 34183(a)(4) by July 9, 2012, the CAC is to determine the amount, if any, owed by each Successor Agency and demand the funds from the Successor Agency by no later than July 12, 2012. Although this section does not appear to allow for any appeal of the CAC's demand, the DOF assured legislators prior to passage of AB 1484 that the meet and confer provisions elsewhere in the legislation are applicable to this section as well.

If the CAC fails to make the demand by July 9, 2012, the DOF or any affected taxing agency can request a writ of mandate to compel the CAC to make the required determination of the amounts owed. The CAC is subject to penalties of 10% of the amount owed plus 1.5 % of the amount owed to each taxing entity for each month that it fails to perform its duties under this section. Additionally, any county that fails to make the determinations required by July 9, 2012 or fails to distribute the full amount received from the Successor Agencies by July 16, 2012 will not receive the distribution of sales and use tax scheduled for July 18, 2012 or any subsequent sales and use tax distributions up to the full amount owed to the taxing entities.

If the Successor Agency fails to make the payment demanded by the CAC by July 12, 2012, the DOF or any taxing entity can bring a writ of mandate to require the payment. Failure to make the payment will subject the Successor Agency and the Sponsoring Community to penalties of 10% of the amount owed plus 1.5% for each month that the payments are not made. The Successor Agency also cannot make any payment other than bond debt until the amounts owed are paid.

Finally, if the amounts owed are not paid on July 12, 2012, the Sponsoring Community will not receive a distribution of sales and use tax on July 18, 2012 or any subsequent distributions up to the full amount owed to the taxing entities.<sup>6</sup>

2. Unencumbered Fund Remittances; Finding of Completion. Section 34179.5 provides new procedures for reviewing the available cash assets of the Dissolved RDA (the "Review"). This Review is to be conducted by each Successor Agency with the end goal of distributing what are determined to be available cash assets to the taxing entities during FY

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<sup>5</sup> It should be noted that the DOF Exhibit H, *Distribution, Reporting and Transaction Period for the RPTTF*, shows that no residual distribution pursuant to Section 34183(a)(4) is due for the initial ROPS period. This appears to be the logical consequence of the fact that there were no deposits into the RPTTF for this reporting period so distributions of residual amounts appear to be impossible.

<sup>6</sup> The constitutionality of these offsets is questionable.

2012-13. At the conclusion of the Review, if the Successor Agency remits the cash assets to the CAC, and if the Successor Agency has also made the payments summarized in Part II.D.1, the DOF will issue a finding of completion for the Successor Agency (a “Finding of Completion”). As fully discussed in Part II.E, the issuance of the Finding of Completion makes the Successor Agency eligible to retain Dissolved RDA properties, reinstate loans between the Dissolved RDA and the Sponsoring Community, and spend unspent bond proceeds from bonds issued prior to January 1, 2011 for the purposes for which the bonds were issued (subject to restrictions).

Successor Agencies undertaking the Review will need to proceed carefully in instructing the accountant hired. The Review is governed by definitions contained in Section 34179.5 that are multi-layered and nuanced.

a. Timeline for Review. The Review as it relates to the LMIHF must be complete by October 1, 2012. The Review for all other funds must be complete by December 15, 2012.

b. Review Procedures. Section 34179.5 requires each Successor Agency to hire a licensed accountant with experience and expertise in local government accounting to review the unobligated balances available for transfer to the taxing entities. The legislation does not provide any funding source for paying for the accountant and does not indicate whether the costs of the Review are to be covered by the Successor Agency's administrative cost allowance. The selection of the accountant has to be approved by the CAC. Alternatively, an audit conducted by the CAC that provides the required information can be used to comply if the Oversight Board concurs. The nature of the Review differs significantly from the agreed-upon procedure audits currently under way (see further discussion in Part II.D.3), so it is unlikely that the agreed-upon procedure audits will provide the required information. The DOF can specify the form in which the Review is to be provided.

c. Contents of Review. The statute contains specific definitions to be used for purposes of complying with the Review requirement. Proper interpretation of these definitions is essential to ensuring that the Review is conducted correctly. A Successor Agency will want to work closely with the accountant hired to perform the Review on setting the parameters for the Review to ensure correct application.

(1) Enforceable Obligations. For purposes of the Review, “enforceable obligations” are considered primarily to be those contained in the definition of enforceable obligations that applies after dissolution as set forth in Section 34171(d) and thus would exclude most contracts or agreements between the Dissolved RDA and the Sponsoring Community even though under the Dissolution Act those contracts are considered enforceable obligations prior to dissolution (through January 31, 2012). Since the Review covers both pre-dissolution and post-dissolution periods, this definition appears to be a camouflaged attempt to retroactively disallow payments prior to dissolution made by a Dissolved RDA to its Sponsoring Community, even though such payments were valid at the time made.

(2) Cash and Cash Equivalents. For purposes of the Review, “cash and cash equivalents” are defined as cash in hand, bank deposits, LAIF deposits, deposits with

the Sponsoring Community treasury and any other pool, marketable securities, commercial paper, US Treasury bills, banker's acceptances, payables and amounts from other parties and any other money owed by the Successor Agency (presumably this section was intended to mean amounts owed to the Successor Agency).

(3) Transferred. The definition of "Transferred" presents numerous interpretation challenges. As the definition reads: "Transferred means the transmission of money to another party that is not in payment of goods or services or an investment or where the payment is de minimus. Transfer also means where the payments are ultimately merely a restriction on the use of the money" (Section 34179.5(b)(3)). The Review is required to include the dollar value of assets transferred from the Dissolved RDA or the Successor Agency to the Sponsoring Community or any other party. Based on the definition of the term Transferred and Transfer in the statute, it appears that the Review need only cover those instances where assets were transferred without consideration, for investment purposes or pursuant to agreements that merely restricted the use of the money.

The Review is required to include all of the following:

- The dollar value of assets transferred from the Dissolved RDA to the Successor Agency upon dissolution;
- The dollar value of assets and cash and cash equivalents transferred by the Dissolved RDA or Successor Agency to the Sponsoring Community between January 1, 2011 and June 30, 2012, including the purpose of any such transfer and the documentation for any enforceable obligation related to such transfer;
- The dollar value of any cash or cash equivalents transferred after January 1, 2011 through June 30, 2012 to any other public agency or private party and the purpose of those transfers including documentation of any enforceable obligations requiring the transfer;
- Expenditure and revenue accounting information and transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles the balances, assets, liabilities of the Successor Agency on June 30, 2012 to those reported to the SCO for FY 2009-10;
- Separate accountings for (i) the balance of the LMIHF, and (ii) for all other funds combined that includes the following:
  - A statement of value of each fund as of June 30, 2012;
  - An itemized statement listing any amounts that are legally restricted and cannot be provided to the taxing entities, including bond proceeds, grant funds or restricted funds provided by other governmental entities;

- An itemized statement of the value of any assets that are not cash or cash equivalents which can include land, records and equipment. Physical assets can be valued at purchase cost or estimated market value. Housing assets are to be listed separately;
- An itemized list of any current balances that are legally owed to fund an enforceable obligation with the specific enforceable obligation identified. The Successor Agency is also to provide a listing of all approved enforceable obligations that includes a projection of the annual payments needed to satisfy the obligation and the projected revenues available to pay the obligation;
- If the Review finds that the current balances are necessary to fund the enforceable obligations because available restricted funds and future revenues are insufficient, the Review must identify the amounts necessary to pay the enforceable obligations from the current balances;
- Additionally, if the Review determines that the Successor Agency will have insufficient property tax to pay the enforceable obligations, the Review is to include the projected property tax revenue and other revenues projected to be available to the Successor Agency along with the amount and timing of bond debt payments of the Successor Agency; and
- An itemized list of the current balances that will be needed to pay enforceable obligations to be placed on a ROPS for the current fiscal year.

The Review is required to total the net balances available after deducting the restricted funds, the physical assets and the balances necessary for payment of enforceable obligations where there are insufficient funds from the projected property tax revenues and other revenues to pay the enforceable obligations. The balance available is to include the value of any cash transferred between January 1, 2011 and June 30, 2012 if there is not an enforceable obligation for that transfer. It is a rebuttable presumption that cash and cash equivalents are available to disburse to the taxing entities.

If the Review determines that there are insufficient cash balances to pay the amount determined to be the available amount, that insufficiency is to be demonstrated in a separate schedule.

d. Oversight Board and DOF Role with Respect to Review. Upon completion of the Review, the Review is to be submitted to the Oversight Board for review and approval. Additionally, the Successor Agency is to submit a copy of the ROPS to the County administrative officer, the CAC and the DOF at the same time the Successor Agency submits the Review to the Oversight Board.

Upon receipt of the Review, the Oversight Board is to convene a public comment session to take place at least five business days before the Oversight Board votes on approval of the Review. The Oversight Board is to review, approve and transmit the Review by October 15, 2012 for the LMIHF and by January 15, 2013 for all other funds. The Oversight Board can

adjust amounts provided in the Review to reflect additional information and analysis. The Oversight Board can also authorize the Successor Agency to retain the restricted funds, the non-cash assets, and the cash balances that are contractually committed or needed for items to be placed on the ROPS during the fiscal year.

The DOF may adjust the amounts determined to be available for allocation to the taxing entities in the Review based on its analysis and information provided by the Successor Agency and others. The DOF is to complete its review by November 9, 2012 for the LMIHF and by April 1, 2013 for the remaining funds. The DOF is required to provide the Successor Agency and the Oversight Board with an explanation of the basis for overturning or modifying any findings or determinations of the Oversight Board.

The Successor Agency and the Dissolved RDA's Sponsoring Community can request a meet and confer with the DOF after the DOF has made its determination of the amounts available for allocation to the taxing entities within five business days of receipt of the DOF's determination (and no later than November 16, 2012 for the LMIHF portion of the Review). The request to meet and confer must include an explanation and documentation of the basis for the dispute. The DOF is required to meet and confer with the requesting party and make a decision within 30 days of the request to meet and confer.

e. Payments to Taxing Entities and Penalties for Noncompliance. Successor Agencies are required to transmit the funds determined to be available for allocation to the taxing entities within five business days of receipt of the notification of the amount determined by the DOF. Successor Agencies are required to make diligent efforts to recover money determined to be transferred without an enforceable obligation. If the Successor Agency fails to transmit the funds determined to be available for allocation to the taxing entities, there are a variety of remedies set forth in the statute including:

- If the Successor Agency cannot recover funds transferred to another public agency without an enforceable obligation, the DOF can order the Board of Equalization to offset the sales and use tax of the local agency that received the transferred funds, or the if the DOF does not order a sales or use tax offset, the CAC can offset property tax of the local agency that received the funds<sup>7</sup>;
- The DOF and the CAC can demand the return of funds improperly spent or transferred to a private party and can recover those funds plus a 10% penalty and interest through any lawful means;
- If the Sponsoring Community is performing the duties of the Successor Agency<sup>8</sup>, the DOF can order an offset of the Sponsoring Community's sales and use tax. If the DOF does not order such an offset, the CAC can offset property tax owed to the Sponsoring Community;

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<sup>7</sup> As noted earlier, the constitutionality of these offsets is questionable.

<sup>8</sup> The statute does not address the fact that, pursuant to AB 1484, each Successor Agency is now a separate and distinct legal entity and is no longer the Sponsoring Community.

- As an alternative to all of the above, the DOF can order the CAC to offset the amounts owed against future distributions from the RPTTF to the Successor Agency pursuant to Section 34183.

If the DOF determines that the full payment of the amounts determined to be available for allocation to the taxing entities is not feasible or would jeopardize a Successor Agency's ability to pay enforceable obligations, the DOF can agree to an installment payment plan.

3. County Auditor-Controller Responsibilities; Redevelopment Property Tax Trust Fund Distribution Issues. AB 1484 contains numerous substantive changes to the role and responsibilities of the CAC in the redevelopment unwind process and to the instructions for administering and making distributions from the RPTTF. In addition to matters described in other parts of this Summary, key changes include:

a. The initial ROPS (covering January through June 2012) is no longer subject to certification by the CAC based on the results of the agreed-upon procedures audit that the CAC is required to conduct or cause to be conducted by an external auditor (the "AUP Audit") (Section 34177(1)(2)). This change raises questions about the continuing purpose of the AUP Audit.

b. The AUP Audit completion deadline is pushed back from July 1 to October 1, 2012, and related delivery dates are pushed back correspondingly (Section 34182(a)).

c. Instead of "certifying" a ROPS, the CAC is instead authorized under AB 1484 to review a ROPS and object to inclusion of any items that are not demonstrated to be enforceable obligations and/or the funding source proposed for any items. Such review and objection may occur before or after Oversight Board action on a particular ROPS. The CAC is directed to submit notice to the DOF, the Successor Agency, and the Oversight Board concerning any objection, generally at least 60 days prior to the distribution date for moneys from the RPTTF for the applicable ROPS period. If an Oversight Board disputes a CAC objection to a ROPS item, it may refer the matter to the DOF for determination of what will be approved for inclusion on the applicable ROPS (Section 34182.5). The AUP Audit presumably could be of use to a CAC in this role.

d. In calculating pass-through payment amounts that would have been owed had the Dissolved RDA not been dissolved, the CAC is directed to assume that the requirement still existed to deposit a portion of what would have been tax increment into the LMIHF (Section 34183(a)(1)).

e. The obligation of the CAC to make a distribution from the RPTTF on May 16, 2012 (as required by the Dissolution Act as modified by the Supreme Court) is deleted by AB 1484, thereby sanctioning the previously unauthorized practice implemented by most CACs (Section 34183(a)(2)).

f. The CAC is required to provide estimates of the amounts it will distribute from the RPTTF for the upcoming six-month period on October 1 (was November 1 in the Dissolution Act) and April 1 (was May 1 in the Dissolution Act) (Section 34182(c)(4)).

g. The date for distributions by a CAC from the RPTTF for the first six-month period of each calendar year (starting in 2013) is moved from January 16 to January 2. The distribution date for the second six-month period of each calendar year remains June 1 (Sections 34183(a) and 34185).

h. If there is a confirmed insufficiency of funds available to pay all of a Successor Agency's debt service enforceable obligations, the Dissolution Act established a procedure for reducing various distributions from the RPTTF to deal with such insufficiency, including giving priority of RPTTF distributions to such debt service payments over any statutory pass-through payments that had been subordinated under the applicable statutory procedure to the debt service payments. AB 1484 clarifies that contract pass-through payment obligations entered into prior to 1994 that were expressly subordinated to debt service payments on a particular enforceable obligation are also subordinated for purposes of distributions by the CAC from the RPTTF (Section 34183(b)).

i. Within 10 days after each semi-annual distribution from the RPTTF, the CAC must provide a report to the DOF on specified matters related to such distribution (Section 34183(e)).

j. AB 1484 establishes a procedure for a CAC to adjust the amounts distributed from the RPTTF to a particular taxing entity for a succeeding six-month period to the extent the amount of pass-through payment distributed by the CAC to that taxing entity for the preceding six-month period (based on estimates of the amount owed) varied from the actual amount of pass-through payment owed to that taxing entity (based on more complete subsequent information) (Section 34186(b)).

k. Once a Successor Agency pays off all the enforceable obligations of the Dissolved RDA, AB 1484 directs it to dispose of all remaining assets and terminate its existence within one year of the final debt payment. When the Successor Agency is terminated, all pass-through payment obligations cease and no further property tax is deposited in or distributed from the RPTTF, with the effect that all property tax that would formerly have been tax increment becomes normal property taxes distributed among the taxing entities as if the Dissolved RDA had never existed (Section 34187(b)).

l. Acknowledging that it had created inconsistency and uncertainty in the way it enacted related provisions of the Dissolution Act regarding calculation of the amount of pass-through payments owed, the Legislature in AB 1484 states its intent that the full amount of pass-through payments be made from the RPTTF, and that the apparent reduction in such payments mandated by one of the provisions at issue in the Dissolution Act would not be operative (uncodified Section 36 of AB 1484). Serious questions remain as to whether the payment of full pass-through amounts, as now clarified by AB 1484, violates various provisions of the California Constitution.

4. Reversal of Certain Successor Agency/Sponsoring Community Transactions. AB 1484 directs the SCO to review activities of each Successor Agency to determine if it transferred an asset on or after February 1, 2012 (when the Successor Agency was established) to the Sponsoring Community (city, county, or city and county that formed the Dissolved RDA) other than pursuant to an enforceable obligation contained on an approved and valid ROPS.<sup>9</sup> If such a transfer did occur other than in connection with an enforceable obligation, then the SCO is directed to order the return of the transferred asset to the Successor Agency (unless such return is prohibited by state and federal law), and the "affected local agency" (words used in the statute) is directed to effectuate such return of the applicable asset as soon as practicable. This provision does not apply to the transfer of housing assets (see discussion of housing asset definition in Part II.A) which, if held by the Successor Agency, are allowed and required to be transferred to a Housing Successor (which often will be the Sponsoring Community) for continued housing functions (Section 34178.8).

5. Refunding Bonds. AB 1484 provides much greater flexibility in the refunding of bonds than the Dissolution Act provided. The legislation recognizes the advisability of authorizing the refunding bonds to lower the long-term cost of financing in many situations. Section 34177.5 adopts in most respects the language prepared by a committee of bond counsel from around the State, although it did not include the suggested language to address greater flexibility in refunding variable rate bonds. We suggest consultation with bond counsel for details regarding possible restructuring of any bonds.

As with other actions in the post-redevelopment era, any bond refunding requires Oversight Board approval and DOF review. The statute also provides for subordination of pass-through payments by taxing entities in substantially the same manner as previously provided in the Community Redevelopment Law (Section 34177.5(c)). To provide greater certainty to bond holders and others, the Successor Agency may petition the DOF to provide written confirmation that a DOF approval of an enforceable obligation with payments over time is final and conclusive and reflects the DOF's approval of subsequent payments under that enforceable obligation. If such confirmation is granted by the DOF, DOF review in the future is limited to confirming the payments are required by that prior approved enforceable obligation (Section 34177.5(i)).

A validation action may be brought regarding any bond refunding within 30 days of the Oversight Board approval of the refunding (Section 34177.5(e)). The DOF is required to be notified of a validation action involving a bond refunding (Section 34177.5(d)).

E. Potential Local Benefits of AB 1484.

The following potential benefits to a Successor Agency and its Sponsoring Community are offered under AB 1484 once the Successor Agency has attained a Finding of Completion from the DOF, as further described in Part II.D.2.

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<sup>9</sup> Presumably, the same treatment should apply to a transfer pursuant to an enforceable obligation listed on an approved Enforceable Obligation Payment Schedule in effect prior to the effectiveness of the first ROPS.

1. Property Disposition. The Dissolution Act calls for the Successor Agency, under the direction of the Oversight Board, to dispose of real property it received from the Dissolved RDA either for limited public uses, or for disposition into the private market expeditiously and with a view toward maximizing value, with the disposition proceeds ultimately made available for distribution to the affected taxing entities.

AB 1484 appears to suspend this process,<sup>10</sup> and to provide certain flexibility and local benefits in connection with property disposition for a Successor Agency that has received a DOF Finding of Completion (Section 34191.3). Within six months after receipt of a Finding of Completion, the Successor Agency must submit a long-range property management plan for the real property of the Dissolved RDA for approval by the Oversight Board and the DOF (Section 34191.5(b)). The property management plan must include an inventory (with specified information) about each property, and address the use or disposition of each property (Section 34191.5(c)).

Permitted uses under a property management plan include:

- a. retention of the property for governmental use;
- b. retention of the property for future development;
- c. sale of the property; and
- d. use of the property to fulfill an enforceable obligation.

Upon approval of the property management plan, the properties of the Dissolved RDA are to be placed in a Community Redevelopment Property Trust Fund administered by the Successor Agency in accordance with the approved property management plan (Sections 34191.4(a) and 34191.5(a)). If the property management plan calls for use or liquidation (sale to obtain revenues) of a property for a project identified in an approved redevelopment plan, that property is to be transferred to the Sponsoring Community for that purpose. If the property management plan calls for the liquidation of the property or use of revenues from the property for purposes other than a project identified in a redevelopment plan or other than to fulfill an enforceable obligation, the proceeds from the sale are to be distributed as property taxes to the taxing entities (Section 34191.5(c)(2)(A) and (B)).

In short, use of property placed in the Community Redevelopment Property Trust Fund in accordance with an approved property management plan enables the Successor Agency and the Sponsoring Community to direct the use of specified properties and revenues generated from those properties for community development activities, including affordable housing, in a manner somewhat similar to the uses of property formerly implemented by the Dissolved RDA.

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<sup>10</sup> It is not clear if a Successor Agency can continue to follow the Dissolution Act path and dispose of property under Oversight Board direction to maximize value received for distribution to the affected taxing entities, or is instead compelled to follow the alternative path set out in AB 1484.

2. Sponsoring Community Loans. Under the Dissolution Act, the repayment of many loans made in good faith by a Sponsoring Community to its now Dissolved RDA became unenforceable as of February 1, 2012 and not subject to repayment by the Successor Agency. Under AB 1484, upon application by the Successor Agency and approval by the Oversight Board (which approval in turn creates the opportunity for DOF review and disapproval as further described in Part II.B.3.e), loan agreements between the Sponsoring Community and the Dissolved RDA that were previously deemed not to constitute enforceable obligations as of February 1, 2012, can once again be deemed to be enforceable obligations if the Oversight Board finds that the loan from the Sponsoring Community to the Dissolved RDA was for legitimate redevelopment purposes (Section 34191.4(b)).

However, AB 1484 places several conditions on the repayment by the Successor Agency to the Sponsoring Community of a loan that is reinstated, including:

- a. accumulated interest on the loan is recalculated from loan origination at the Local Agency Investment Fund ("LAIF") interest rate and supersedes any different interest calculation in the loan agreement;
- b. going forward, interest is also limited to the LAIF rate;
- c. loan repayments to the Sponsoring Community cannot begin until FY 2013-14 and are to be made according to a defined schedule over a "reasonable term of years", with the maximum annual repayment being strictly limited by statutory formula;
- d. repayments received by the Sponsoring Community must first be applied to retire any outstanding amounts that had been previously borrowed by the Dissolved RDA from its LMIHF (e.g., amounts borrowed to make SERAF payments); and
- e. 20% of any remaining repayments received by the Sponsoring Community are deducted and placed in the Housing Asset Fund maintained by the Housing Successor (see discussion of this fund in Part II.A.4) (Section 34191.4(b)).

Depending on circumstances, these conditions could significantly reduce the repayment amounts received by the Sponsoring Community under any loan that is reinstated under AB 1484 following Oversight Board approval (and lack of DOF disapproval) of such reinstated loan.

3. Bond Proceeds. The Dissolution Act was ambiguous about the authority for a Successor Agency to expend unencumbered bond proceeds. Under AB 1484, following receipt of a DOF Finding of Completion, a Successor Agency is clearly authorized to spend, in a manner consistent with the original bond covenants, excess bond proceeds (proceeds not already committed to satisfy approved enforceable obligations) from bonds issued prior to 2011. Such expenditures of excess pre-2011 bond proceeds are considered enforceable obligations to be separately listed on the ROPS submitted by the Successor Agency. If such excess bond proceeds cannot be spent in a manner consistent with the bond covenants, then those proceeds are to be used to defease or purchase bonds (Section 34191.4(c)). AB 1484 does not clarify the authority

to expend bond proceeds from bonds issued by a Dissolved RDA in 2011. AB 1484 contains additional provisions regarding expenditures of unencumbered bond proceeds of a bond issuance secured by deposits in the LMIHF (see discussion in Part II.A.3).

F. Other Provisions.

AB 1484 adds other provision, including the following:

1. Economic Development Corporations. AB 1484 adds Section 34167.10 to expand the definition of “city, county and city and county” to include independent entities that are reporting units, component units or controlled by the city, county or city and county. The expanded definition is declarative of existing law and thus applies retroactively to the adoption of the Dissolution Act.

For purposes of determining whether an independent entity is controlled by the Sponsoring Community, the statute list factors to be considered but does not indicate whether all factors must be met or how to weigh the factors. The fact that the independent entity is a separate legal entity is not relevant to the analysis. The factors to be considered include, whether:

- a. the Sponsoring Community exercises substantial municipal control over the independent entity's operations, revenues or expenditures;
- b. the Sponsoring Community has ownership or control over the independent entity's property;
- c. the Sponsoring Community and the independent entity share common or overlapping governing boards or conterminous boundaries;
- d. the Sponsoring Community was involved in the creation of the independent entity;
- e. the independent entity performs functions customarily performed by municipalities and financed through levies of property taxes; and
- f. the Sponsoring Community provides administrative support for the independent entity.

The expanded definition of city, county and city and county is an effort to subject asset transfers to economic development corporations and other types of corporations separate and distinct from the Sponsoring Community to the clawback provisions in the Dissolution Act (Section 34167.5), and make agreements between the Dissolved RDA and such corporations null and void, similar to Sponsoring Community/Dissolved RDA agreements (Section 34178(a)).

2. RDA Land Use Functions. AB 1484 authorizes the transfer of land use plans and land use functions of the Dissolved RDA to the Sponsoring Community at the request of the Sponsoring Community (Section 34173(i)).

3. Statute of Limitations. The Dissolution Act lengthened to two years the statute of limitations on bringing a challenge to a redevelopment plan adoption or amendment, a redevelopment bond issuance, and findings and determinations of a redevelopment agency or legislative body. AB 1484, in turn, completely tolls (suspends) the already lengthened statute of limitations on these matters until the DOF has issued a Finding of Completion (see further discussion in Part II.D.2) to the Successor Agency of the applicable Dissolved RDA. Once the DOF has issued a Finding of Completion, the statute of limitations reverts to the original pre-Dissolution Act 90-day period (which will have long expired at that point) (Sections 33500 and 33501).

Section 34177.5 provides that a Successor Agency may request that the DOF waive the two-year statute of limitations with regard to redevelopment plan adoptions and amendments and findings and determinations made by the Dissolved Agency or its legislative body for plan adoptions, plan amendment, findings and determinations made after January 1, 2011. The DOF may provide this waiver if it determines, in its discretion, that it is necessary for the Successor Agency to fulfill an enforceable obligation.

4. Validation Action Notices and Venue. The DOF and the SCO (and, for certain actions, the affected taxing entities) must be properly notified of any validation action with respect to any action of a Dissolved RDA or Successor Agency or with respect to any enforceable obligation or matter of title to an asset the belonged to a Dissolved RDA. Such notification is a condition to the proper filing of the action. All such actions must be filed in the County of Sacramento (Sections 34189.1 and 34189.2).

5. Post-Suspension Actions. AB 1484 declares that any action taken by a Dissolved RDA after June 27, 2011 does not create an enforceable obligation (Section 34177.3(d)). Serious questions remain as to when the Dissolution Act took effect in late June 2011 (at which time the power to enter into most new redevelopment agreements was suspended), and whether the Legislature can retroactively alter that point of effectiveness in a way that would impair contracts validly entered into at the time of entry (which could, in turn, constitute a constitutionally flawed retroactive impairment of such contract). Also, if a Dissolved RDA had entered into a valid enforceable obligation prior to June 28, 2011 (or whatever point the Dissolution Act actually became effective) that obligated it to enter into a subsequent agreement after the effectiveness of the Dissolution Act, this provision of AB 1484 would likewise seem to constitute a constitutionally flawed impairment of the initial valid enforceable obligation, by preventing the effectiveness of the subsequent contract.

AB 1484 also declares that redevelopment agencies that opted to participate in the Voluntary Alternative Redevelopment Program (ABx1 27, that was subsequently found unconstitutional by the Supreme Court) did not receive a grace period to undertake new activities after the suspension date in the Dissolution Act (Section 34177.3(d)).

6. DOF Budget and Consultants. AB 1484 appropriates \$22 million to the DOF (of which up to \$2 million may be allocated to the State court system) for work associated with applicable portions of the Dissolution Act (uncodified Section 38 of AB 1484). In addition, the DOF is authorized to hire auditors, lawyers, and other types of advisors and consultants to assist, advise and represent the DOF in matters related to the Dissolution Act, and in doing so may avoid certain State law procedures for hirings.

PART III.  
AB 1484 MILESTONE ACTIONS

Following is a checklist of upcoming key milestone actions under the Dissolution Act as amended by AB 1484.

<u>Date</u>	<u>Action</u>
July 9, 2012	Successor Agency to receive from the CAC determination of amount owed, if any, for distributions pursuant to the Section 34183(a)(4) for the initial ROPS period (Section 34183.5(b)(2)(A)).
July 12, 2012	Successor Agency to pay to the CAC any amounts identified as owed to the taxing entities (Section 34183.5(b)(2)(A)).
July 16, 2012	The CAC distributes to the taxing entities amounts received from the Successor Agency on July 12, 2012 (Section 34183.5(b)(2)(A)).
July 18, 2012	The DOF can order offset of sales and use tax due to Sponsoring Community if the Successor Agency has failed to make payments due on July 12, 2012 (Section 34183.5(b)(2)(A)).
August 1, 2012	Housing Successor must submit to DOF list of all housing assets transferred to it by the Dissolved RDA, with explanation of how assets meet criteria set forth in law. DOF to prescribe format for list (Section 34176(a)(2)).
August 10, 2012	Housing Successor provides notice to the Successor Agency of any designations of use or commitments of funds specified in 34176(g)(1)(A) that the Housing Successor empowers the Successor Agency to retain (Section 34179.6(c)).
September 1, 2012	The Successor Agency submits the ROPS for January 1, 2013 through June 30, 2013 to the DOF after Oversight Board approval (Section 34177(m)). Note, the Successor Agency will be assessed a \$10,000 per day penalty for failure to timely submit the ROPS (Section 34177(m)(2)).

<b><u>Date</u></b>	<b><u>Action</u></b>
September 11, 2012	If the Successor Agency has not submitted a ROPS, the maximum administrative cost allowance for the fiscal year covered by the ROPS will be reduced 25% (Section 34177(m)).
October 1, 2012	The Successor Agency to provide to the Oversight Board, the CAC, the DOF, and the SCO results of the 34179.5 review for the LMIHF balances of a Dissolved RDA conducted by a licensed accountant. Accountant must be approved by the CAC (Section 34179.6(a)).
October 1, 2012	The CAC to complete agreed-upon procedures audit of each Dissolved RDA (Section 34182(a)(1)).
October 1, 2012	The CAC to provide notice to the Successor Agency of any objections to items included on the Third ROPS (Section 34182.5).
October 1, 2012	The CAC to prepare and provide estimates to the DOF and fund recipients of amounts to be allocated and distributed from RPTTF on January 2, 2013 for Third ROPS period (Section 34182(c)(3)).
October 1, 2012	The CAC to report to the SCO and the DOF specified information about property tax distributions (Section 34182(d)).
October 5, 2012	The CAC to provide to the SCO and the DOF results of agreed-upon procedures audit of each Dissolved RDA (Section 34182(b)).
October 15, 2012	The Oversight Board to review, approve and transmit the results of the 34179.5 Review for the LMIHF account balances of the Dissolved RDA and notify the CAC and the DOF (Section 34179.6(c)). Note, that the Oversight Board must hold a public session at least five business days in advance of the meeting to consider approval of the Review (Section 34179.6(b)).
No later than November 9, 2012	The DOF completes review of 34179.5 Review of LMIHF balances and reports findings, determinations, and decisions to overturn Oversight Board decision to allow retention of Successor Agency assets (Section 34179.6(d)).

<b><u>Date</u></b>	<b><u>Action</u></b>
Within 5 days of receipt of initial determination from the DOF	Successor Agency/Sponsoring Community deadline to request meet and confer with DOF over any dispute regarding amount of the LMIHF to be distributed to Taxing Entities under the 34179.5 Review process (Section 34179.6(e)). The DOF must meet and confer with the Successor Agency and confirm or modify findings within 30 days of request (Section 34179.6(e)).
Within 5 days of receipt of final determination from the DOF	The Successor Agency to transfer to the CAC the LMIHF balances determined to be available pursuant to Section 34179.5 Review of the LMIHF. Sponsoring Community sales and use tax may be offset if funds are not transferred (Section 34179.6(f)).
December 1, 2012	The Successor Agency reports to the CAC if total amount of available revenues (including RPTTF, other revenues, proceeds from sale of assets) will be insufficient to fund enforceable obligations (Section 34183(b)).
December 1, 2012	The CAC provides the DOF report specifying amount remitted by the Successor Agency pursuant to the 34179.5 Review of LMIHF balances (Section 34179.6(g)).
December 15, 2012	The Successor Agency submits to the Oversight Board, the CAC, the DOF, and the SCO results of review required under 34179.5 with respect to all other fund and account balances of a Dissolved RDA (Section 34179.6(a)).
January 2, 2013	The CAC to make distributions from the RPTTF for the Third ROPS period (January-June 2012) (Section 34183(a)(2)).
January 12, 2013	The CAC to provide a report to the DOF regarding most recent distributions from the RPTTF (Section 34283(e)).
January 15, 2013	The Oversight Board to review, approve and transmit the results of the 34179.5 Review for all other fund and account balances of a Dissolved RDA and notify the CAC and the DOF of determination (Section 34179.6(c)). Note, that the Oversight Board must hold a public session at least five business days in advance of the meeting to consider approval of the Review (Section 34179.6(b)).
March 3, 2013	Successor Agency submits ROPS for July 1, 2013 through December 31, 2013 to DOF after Oversight Board approval (Section 34177(m))

<b><u>Date</u></b>	<b><u>Action</u></b>
No later than April 1, 2013	The DOF completes reviews of 34179.5 Review of other fund balances and reports findings, determinations and decisions to overturn Oversight Board decision to allow retention of Successor Agency assets. (Section 34179.6(a)).
April 1, 2013	The CAC provides estimates to the DOF and all fund recipients of amounts to be allocated and distributed from the RPTTF on June 1 for the July 1, 2013 through December 31, 2013 ROPS period (Section 34182(c)(3)).
Within 5 days of receipt of initial determination from the DOF	Successor Agency/Sponsoring Community deadline to request meet and confer with the DOF over any dispute regarding amount of other fund balances to be distributed to the taxing entities under 34179.5 Review process. The DOF must meet and confer with Successor Agency and confirm or modify findings within 30 days of request (Section 34179.6(e)).
Within 5 days of receipt of final determination from the DOF	The Successor Agency to transfer to the CAC cash and other assets determined to be available pursuant to Section 34179.5 Review of other funds (if meet and confer process is complete). Sponsoring Community sales and use tax may be offset for unfunded amounts (Section 34179.6(f)).
April 20, 2013	The CAC provides the DOF a report specifying the amount remitted by Successor Agencies pursuant to the Section 34179.5 Review of other balances (Section 341796(g)).
May 1, 2013	The Successor Agency reports to the CAC if total amount of available revenues (including RPTTF, other revenues, proceeds from sale of assets) will be insufficient to fund enforceable obligations (Section 34183(b)).
June 1, 2013	The CAC to make distributions from the RPTTF for the ROPS period July-December 2013 (Section 34284(c)).

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

**SUBJECT**

Ridgecrest Redevelopment Agency Refund Bond List Projects

**PRESENTED BY:**

James E. McRea

**SUMMARY:**

The City Council at an earlier Public Hearing adopted the Five Year Implementation Plan for 2009-10 through 2013-14. That Plan contained in outline form the proposed projects and improvement program of a pending issuance. The various committees over the past two year have developed and reviewed the proposed projects. The current listing is present for consideration to the City Council, as a Committee of the Whole for recommendations to the Fiscal Consultants of the issuance. Individual project will be reviewed by the Committees and by the City Council prior to any implementation.

I would be appropriate to review and consider the proposed programs and projects.

<b>Bond Refund</b>		<b>\$18,985,000</b>
Capital Infrastructure Improvements		<b>9,800,000</b>
West Ridgecrest Blvd design	1,000,000	
Norma Street Improvements (South of Bowman to China Lake)	800,000	
College Heights area infrastructure improvements	1,325,000	
Sunland	500,000	
Bataan	125,000	
Bowman East of Silver Ridge	450,000	
College Heights/China Lake Signal	250,000	
Add't Infrastructure Street CIP Improvements	3,675,000	
Corporate City Yards, 636 W. Ridgecrest Blvd.	3,000,000	
<b>Community Development</b>		<b>4,250,000</b>
Agency Economic development, Business Retention, and/or Incentive Grant Program	2,750,000	
Agency Improvement, Façade, & Business Retention Olde Towne Enhancement/Grant Program	1,000,000	
Civic Center Solar Realignment Energy Project	500,000	
<b>Parks and Recreation</b>		<b>4,935,000</b>
Kerr McGee Sport Complex	Acquire Land	400,000
	Concession/Restroom/Storage	500,000
	Lighting on Football Field	125,000
	Rehab existing fields/fencing	200,000
	Parking /Road Development	<u>400,000</u>
	Estimated sub-total	1,625,000
Jackson Sport Complex	Concession/Restroom/Storage	200,000
	Lighting-Field Rehab & Tennis Crts	160,000
	Expand Skatepark-trick Bike Park	100,000
	Rehab Walking Trail/Concrete	<u>100,000</u>
	Estimated sub-total	560,000
Aquatics Complex	Estimated Phase I	2,750,000

**FISCAL IMPACT:**

Life cycle maintenance of projects .  
Reviewed by Finance Director

**ACTION REQUESTED:**

Motion to accept as may be modified

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested :

Submitted by: James McRea

Action Date: 02-17-10

(Rev 6-12-09)

**RESOLUTION RRA NO. 10-01****RESOLUTION OF THE RIDGECREST REDEVELOPMENT AGENCY  
APPROVING DISPOSITION AND DEVELOPMENT AGREEMENT AND  
AUTHORIZING THE EXECUTION AND DELIVERY THEREOF**

**WHEREAS**, the Agency is a redevelopment agency duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California), and the powers of the Agency include the power to own and lease real property;

**WHEREAS**, the Agency and the City Council of the City of Ridgecrest have held a duly noticed joint public hearing on February 17, 2010; and

**WHEREAS**, the Agency has determined that it is in the best interests and for the benefit of the community and in accordance with the public purposes and provisions of applicable state and local laws and requirements to enter into a Disposition and Development Agreement by and between the Ridgecrest Redevelopment Agency and John Landry. (the "DDA").

**NOW THEREFORE**, the Ridgecrest Redevelopment Agency does hereby **RESOLVE, DETERMINE AND ORDER** as follows:

The Agency hereby finds and determines that based upon substantial evidence provided in the record before it, (I) the disposition and exchange of the Property to the John Landry pursuant to the DDA is in accordance with the covenants and conditions governing the transfer of the Property, and complies with the purposes of the Redevelopment Plan for the use and maintenance of the Property, which is in the best interest of the community and (ii) the consideration for the disposition of the Property pursuant to the terms and conditions of the DDA is not less than either the fair market value or the fair reuse value in accordance with the covenants, conditions and restrictions imposed under the DDA and the costs required under the DDA. The Agency further finds and determines that the disposition of the Property pursuant to the DDA (i) will assist in the elimination of blight by requiring redevelopment of the Property in accordance with the DDA is consistent with the implementation plan for the Redevelopment Project adopted by the Agency pursuant to Health and Safety Code Section 33490.

The disposition of the Property by the Agency to John Landry pursuant to the DDA and any changes mutually agreed upon by John Landry and the Executive Director as are minor and in substantial conformance with the DDA submitted herewith, which establishes terms and conditions for the transfer and exchange of the Property, are hereby approved by the Agency.

The Agency concurs in authorizing the Executive Director of the Agency to execute the Agreement and to make all steps, and to sign all documents (including the Grant Deed) necessary to implement and carry out the DDA on behalf of the Agency in the amount of an even exchange, plus or minus gross/net adjustment, as a result of easements.

The Agency hereby finds and determines that the environmental status of the project remains consistent with the environmental impact report (EIR) prepared for Redevelopment Project Area, and the DDA does not add new environmental impacts and neither a supplemental nor a subsequent EIR is required for the RBP, except for potential development of the Kerr McGee Youth Sport Complex, pending specific site improvements proposals. .

**PASSED, APPROVED AND ADOPTED** this 17th day of February 2010 by the following vote:

AYES: Agency Chair Morgan; Agency Members Carter, Wiknich, Holloway and Taylor  
NOES: None  
ABSENT: None  
ABSTAIN: None

  
\_\_\_\_\_  
Steven P. Morgan, Chair

ATTEST:

  
\_\_\_\_\_  
Rachel J. Ford, Agency Secretary

**RESOLUTION RRA NO. 10-02****A RESOLUTION OF THE RIDGECREST REDEVELOPMENT AGENCY AUTHORIZING THE PAYMENT OF FISCAL YEAR 2010 SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF) ASSESSMENTS BY THE STATE OF CALIFORNIA IN CONFORMANCE WITH HEALTH AND SAFETY CODE 33690 AND THE AMENDMENT OF THE ANNUAL RIDGECREST REDEVELOPMENT AGENCY BUDGET FOR THIS PAYMENT**

**WHEREAS**, The Health and Safety Code of the State of California 33690 requires all Redevelopment Agencies to report to the County Auditor how the Agency intends to make the SERAF payment no later than March 1, 2010; and

**WHEREAS**, the Health and Safety Code of the State of California 33690 requires all Redevelopment Agencies to pay their SERAF assessments no later than May 10, 2010; and

**WHEREAS**, the California State Department of Finance has certified the Ridgecrest Redevelopment Agency share to be \$2,593,259; and

**WHEREAS**, sufficient funds exist within the Agency's unreserved fund balance to make the payment.

**NOW, THEREFORE, BE IT RESOLVED** that:

1. The Agency Executive Director is hereby authorized to direct the Agency Treasurer to make the disbursement to the Supplemental Educational Revenue Augmentation Fund in the amount of \$2,593,259 on or before May 10, 2010 pursuant to the direction of the Kern County Auditor-Controller.;
2. The City's Finance Director is authorized to amend the Redevelopment Agency's budget from the Redevelopment Agency Unreserved Fund Balance pursuant to the City Resolution 09-41.

**APPROVED AND ADOPTED** this 17th day of February, 2010, by the following vote:

AYES: Agency Chair Morgan, Agency Members Carter, Wiknich, Holloway, and Taylor

NOES: None

ABSTAIN: None

ABSENT: None

  
 \_\_\_\_\_  
 Steven Morgan, Agency Chair

ATTEST:

  
 \_\_\_\_\_  
 Rachel Ford, City Clerk

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**RESOLUTION NO. 10-03**

**RESOLUTION OF THE RIDGECREST REDEVELOPMENT AGENCY APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF AN INDENTURE OF TRUST, A CONTINUING DISCLOSURE AGREEMENT, AN ESCROW AGREEMENT, A BOND PURCHASE CONTRACT, AN OFFICIAL STATEMENT RELATING TO THE ISSUANCE OF THE AGENCY'S TAX ALLOCATION REFUNDING BONDS SERIES 2010, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH**

**WHEREAS**, the Agency is a redevelopment agency (a public body, corporate and politic) duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the Community Redevelopment Law (Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State of California), and the powers of the Agency include the power to issue bonds or notes for any of its corporate purposes; and

**WHEREAS**, the Redevelopment Plan for a redevelopment project known and designated as the "Ridgecrest Redevelopment Project" has been adopted and approved by Ordinance No. 86-37 of the City of Ridgecrest on November 16, 1986, and amended by Ordinance No. 91-14 adopted on April 17, 1991, and amended by Ordinance No. 95-04 adopted on March 15, 1995, and all requirements of law for and precedent to the adoption and approval of the Redevelopment Plan, as amended, have been duly complied with; and

**WHEREAS**, the Agency previously issued its Ridgecrest Redevelopment Project, 1999 Tax Allocation Refunding Bonds (the "1999 Bonds") and the Ridgecrest Redevelopment Project Tax Allocation Refunding Bonds, Series 2002 (the "2002 Bonds"), a portion of which are currently outstanding; and

**WHEREAS**, the Agency desires to refund all of the 1999 Bonds and finance various projects within the Ridgecrest Redevelopment Project, including capital infrastructure improvements, the design and construction of a corporate city yard facility and the creation of a grant funding program for certain purposes of the Redevelopment Plan, by issuing at this time its approximate Thirty-Five Million Dollars (\$35,000,000) Ridgecrest Redevelopment Agency, Ridgecrest Redevelopment Project, Tax Allocation Refunding Bonds, Series 2010 (the "Bonds"), and to irrevocably set aside a portion of the proceeds of such Bonds in a separate segregated trust fund which will be used, to pay costs in connection with the issuance of the Bonds and to make certain deposits as required by the Indenture of Trust (the "Indenture"); and

**WHEREAS**, the purposes stated above will be accomplished by issuing at this time such tax allocation bonds pursuant to the Indenture and this Resolution of the Agency; and

**WHEREAS**, there have been prepared and submitted to this meeting forms of:

- (1) a draft of the Indenture of Trust;
- (2) a draft of the Continuing Disclosure Agreement;
- (3) a draft Escrow Agreement;

- (4) a draft of the Preliminary Official Statement of the Agency to be used in connection with the sale of the Bonds (such Preliminary Official Statement in the form presented at this meeting with such changes, insertions, and omissions as are made pursuant to this Resolution, being referred to herein as "Preliminary Official Statement"); and
- (5) a draft of the proposed Bond Purchase Contract; and

**WHEREAS**, the Agency now desires to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the issuance and sale of the Bonds.

**NOW, THEREFORE, THE RIDGECREST REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Subject to the provisions of Section 2 hereof, the issuance of the Bonds in the approximate aggregate principal amount of approximately Thirty-Five Million Dollars (\$35,000,000) on the terms and conditions set forth in, and subject to the limitations specified in, the Indenture on a parity with the 2002 Bonds, is hereby authorized and approved. The Bonds will be dated, will bear interest at the rate, will mature on the date, will be issued in the form, will be subject to redemption, and will be as otherwise provided in the Indenture, as the same will be completed as provided in this Resolution. The proceeds of the sale of the Bonds shall be applied as provided in the Indenture.

Section 2. The Indenture, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, is hereby approved. The Chairman and the Secretary of the Agency are hereby authorized and directed to execute and deliver the Indenture in the form presented at this meeting with such changes insertions and omissions as may be requested by Bond Counsel and approved by the Chairman, said execution being conclusive evidence of such approval.

Section 3. The Bond Purchase Contract, in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Executive Director of the Agency is hereby authorized and directed to execute the Bond Purchase Contract in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Executive Director, said execution being conclusive evidence of such approval. The Bond Purchase Contract shall provide for an Underwriter's Discount of not to exceed 1% and an interest rate of not to exceed 7% per annum.

Section 4. The Continuing Disclosure Certificate of the Agency in substantially the form submitted at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Executive Director of the Agency is hereby authorized and directed to execute the Continuing Disclosure Certificate in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Executive Director, said execution being conclusive evidence of such approval.

Section 5. The Escrow Agreement between the Agency and the 1999 Bonds Trustee, in substantially the same form submitted at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved. The Executive Director of the Agency is hereby authorized and directed to execute the Escrow Agreement in the form presented at this meeting with such changes, insertions and omissions as may be approved by the Executive Director, said execution being conclusive evidence of such approval.

Section 6. The Preliminary Official Statement in substantially the form presented at this meeting and made a part hereof as though set forth in full herein, be and the same is hereby approved and with such changes, additions or deletions as may be approved by the Executive Director with the advice of Bond Counsel. The Executive Director is hereby authorized by the Agency to deem the Preliminary Official Statement final. The use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved.

Section 7. The preparation and delivery of an Official Statement, and its use by the Agency and the Underwriter, in connection with the offering and sale of the Bonds, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be requested by Bond Counsel or the Underwriter and approved by the Executive Director of the Agency, such approval to be conclusively evidenced by the execution and delivery thereof. The Executive Director is hereby authorized and directed to execute the final Official Statement and any amendment or supplement thereto, in the name of and on behalf of the Agency, and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

Section 8. The Chairman of the Agency, the Executive Director of the Agency, the Treasurer, the Secretary of the Agency, and any other proper officer of the Agency, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments, including any agreements with the Agency relating to the Bonds, and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Bond Purchase Contract, the Continuing Disclosure Certificate, the Official Statement, this Resolution and any such agreements.

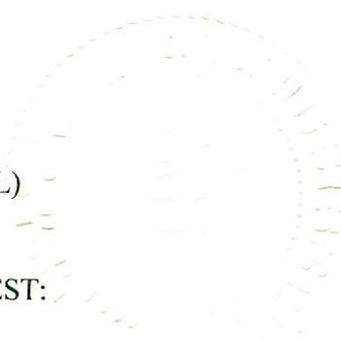
U.S. Bank National Association is hereby appointed as Trustee.

This Resolution shall take effect immediately upon its adoption.

**APPROVED AND ADOPTED** this 2<sup>nd</sup> day of June, 2010.

(SEAL)

ATTEST:

  
Rachel J. Ford  
Secretary

Steven P. Morgan  
Chairman

STATE OF CALIFORNIA )  
COUNTY OF KERN ) ss  
CITY OF RIDGECREST )

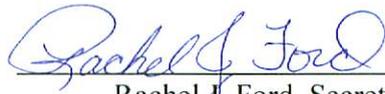
I, RACHEL FORD, Secretary of the Ridgecrest Redevelopment Agency, DO HEREBY CERTIFY the foregoing to be a true and correct copy of Resolution No. 10-03, adopted by Ridgecrest Redevelopment Agency at its meeting held on June 2, 2010.

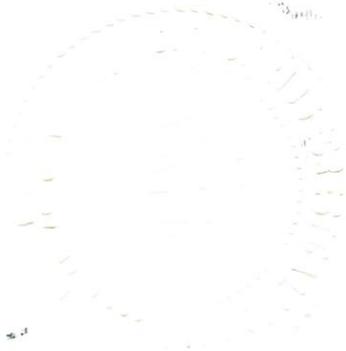
AYES: Agency Members Morgan, Carter, Wiknich, and Taylor

NOES: None

ABSENT: Agency Member Holloway

Dated: June 3, 2010

  
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Rachel J. Ford, Secretary



# FIVE YEAR IMPLEMENTATION PLAN

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## RIDGECREST REDEVELOPMENT PROJECT

FY 2009-10 through 2013-14

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FEBRUARY 12, 2010

## ABOUT THIS IMPLEMENTATION PLAN

In 1993, the State Legislature enacted Assembly Bill 1290 requiring all redevelopment agencies to adopt five year implementation plans and ten year housing compliance plans. In fulfillment of Article 16.5 of California Community Redevelopment Law (“CRL”), the Ridgecrest Redevelopment Agency (“Agency”) has prepared this Implementation Plan for the Ridgecrest Redevelopment Project Area (“Implementation Plan”). This Implementation Plan is the Agency’s fourth Implementation Plan and covers fiscal years 2009-10 through 2013-14. Included in this Implementation Plan are the Agency’s anticipated redevelopment and affordable housing programs during the five year planning period.

This Implementation Plan conforms to the City’s General Plan and has been prepared according to guidelines established in the programs and goals outlined in the Housing Element of the General Plan.

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## ABOUT THE PROJECT AREA

*Who, What, When, Where, and Why*

The City of Ridgecrest (“City”) encompasses 13,691 acres in Kern County near the southern portion of the Indian Wells Valley. The City is surrounded by four mountain ranges: the Sierra Nevada on the west, the Cosos on the north, the Argus Range on the east, and the El Paso Mountains on the south. It is approximately 80 miles from the Lancaster/ Palmdale area and approximately 125 miles from both Bakersfield and San Bernardino, the three nearest major urban centers.

Prior to the establishment of the Naval Ordinance Test Station (NOTS) at China Lake in 1943, the community consisted of a few scattered farms and homesteads. Ridgecrest was founded in 1963, after development during the 1950s and 1960s housing and services for Federal employees and contractors. NOTS, later China Lake Naval Weapons Center (NWC) and now the China Lake Naval Air Weapons Station (NAWS), continue to be the major source of employment for Ridgecrest residents. At the same time NAWS depends increasingly upon Ridgecrest for services. The economic stability Ridgecrest has enjoyed as a service community for the NAWS has been essential to its successful emergence as a community in its own right.

On November 16, 1986, the City Council adopted the Ridgecrest Redevelopment Plan and Project Area. The Project Area represents 54 percent of the total city-wide acreage, with the remainder of the City’s acreage falling within NAWS and several vacant lot on the outskirts of the City. The Project Area is generally bound by Inyokern Road to the north, the Kern County limit to the east, College Heights Boulevard to the south, and Mahan Street to the west. The Project Area encompasses approximately 7,405 acres and contains a mix of land uses, predominantly residential and governmental. Other uses within the Project Area include commercial, industrial, and other miscellaneous land uses.

Notable Timeframes and Limitations		Land Uses	Population
Redevelopment Plan	Adopted 11/16/1986 Expires 11/16/2027	7,405 Acres	26,767 People <sup>3</sup>
Final Date to Incur Indebtedness	None	<ul style="list-style-type: none"> <li>■ Commercial</li> <li>■ Government</li> <li>■ Industrial</li> <li>■ Miscellaneous</li> <li>■ Residential</li> <li>■ Vacant</li> </ul>	<ul style="list-style-type: none"> <li>■ White</li> <li>■ Black</li> <li>■ Asian/Pacific Islander</li> <li>■ Other</li> </ul>
Eminent Domain Authority	N/A		
Final Date to Collect Tax Increment Revenue	11/16/2037		
Annual Tax Increment Revenue Limit <sup>1</sup>	\$ 20,063,181		
Total Bonded Indebtedness Limit <sup>2</sup>	\$ 200,631,814		

<sup>1</sup> The annual Tax Increment Revenue Limit is adjusted annually by a Consumer Price Index (CPI) Inflationary factor. The Revenue Limit in 1986 was \$10,000,000.

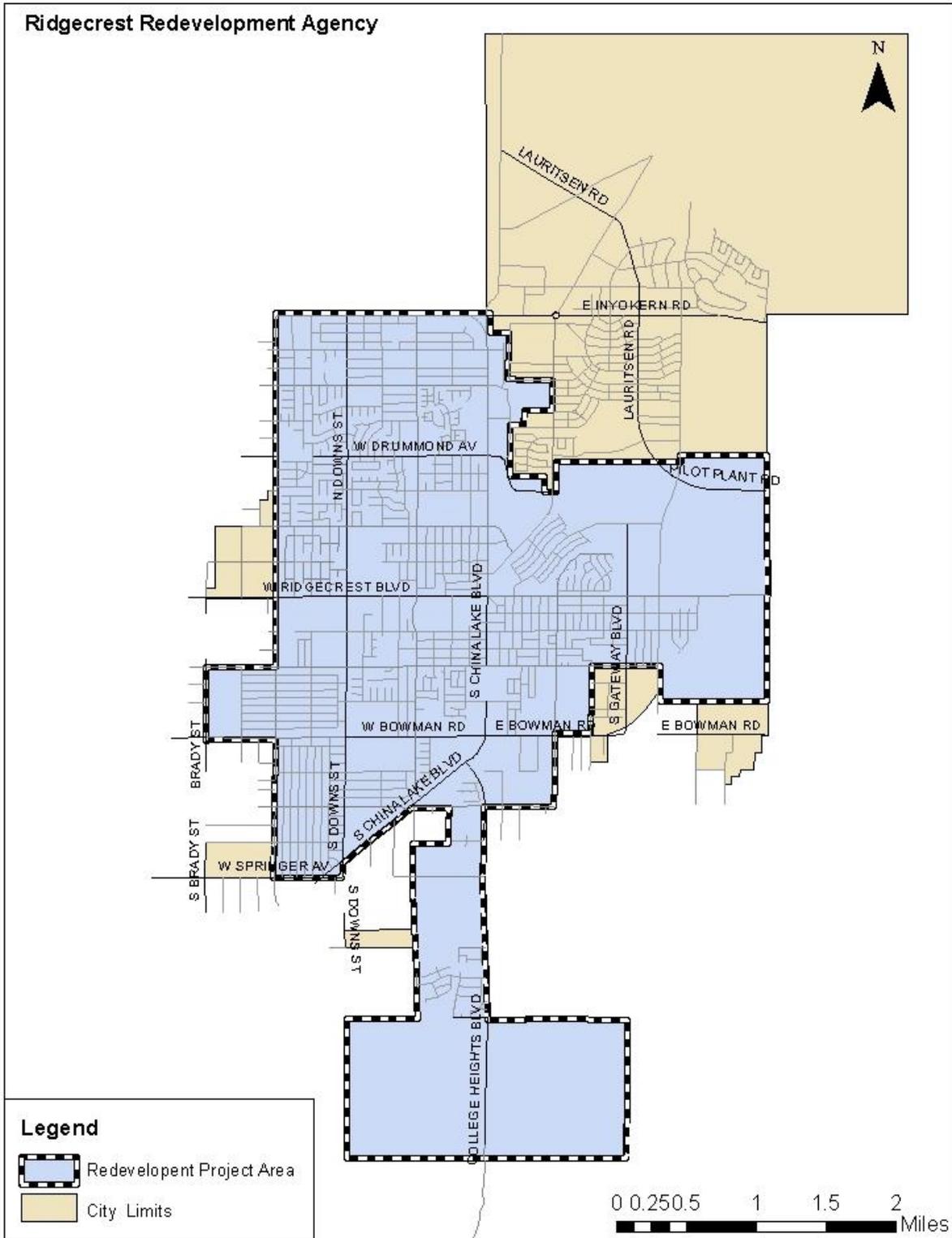
<sup>2</sup> The Total Bonded Indebtedness Limit is adjusted annually by a Consumer Price Index (CPI) Inflationary factor. The Indebtedness Limit in 1986 was \$100,000,000.

<sup>3</sup> 2009 population estimate from ESRI, based on 2000 Census information. Hispanic/Latino is not considered a separate racial category by the Census Bureau. Of the 26,767 people in Ridgecrest, 5,062 (18.9%) identify themselves as being of Hispanic origin.

# RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

## RIDGECREST REDEVELOPMENT PROJECT AREA



## REDEVELOPMENT PLAN GOALS

### Community Reinvestment and Revitalization

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Adopted in 1986, the Redevelopment Plan establishes a variety of goals for redevelopment of the Project Area; these goals frame the near term redevelopment objectives for the Implementation Plan period. The Redevelopment Plan goals are listed below:



**CLEAN**

**Update and Renovate.** To stimulate and provide new private investment opportunities by revitalizing property characterized by deterioration or blight, and to encourage continued investment in the older commercial and industrial areas of the City. To remedy, remove and prevent blight and economic obsolescence.



**SHOP**

**Revitalize the Downtown.** Develop Ridgcrest as a regional center for shopping, business services, and a variety of recreational experiences by strengthening retail and other commercial functions.



**ACCESS**

**Improve Community Facilities.** To eliminate circulation problems through the reconstruction and improvement of existing streets in the project area. To improve inadequate public utilities, infrastructure and civic facilities which impair and, in some cases, prevent development allowed by the General Plan.



**GROW**

**Cultivate New Investment.** To remove physical restraints such as existing subdivision patterns which inhibit market forces for redevelopment or reuse. To provide for the expansion, renovation and relocation of businesses within the Project Area to enhance their economic viability.



**HELP**

**Encourage Participation.** Develop an effective local government that is responsive to the identified public service needs of the community, and maximize community participation in policy decisions. To encourage the cooperation and participation of residents, business, business persons, public agencies, and community organizations in the redevelopment process and activities.



**LIVE**

**Housing for All.** Facilitate provision of a range of housing by location, type, and price to meet the growth needs of the City. Promote affordable housing opportunities in compliance with the CRL and promote rehabilitation of the existing housing stock where appropriate.

**RIDGECREST REDEVELOPMENT PROJECT**

Five Year Implementation Plan 2009-10 through 2013-14

**PROPOSED REDEVELOPMENT PROJECTS AND PROGRAMS**

Five Year Work Program for Reinvestment & Revitalization

Over the next five years, the Agency plans to implement the following redevelopment projects and programs using available non-housing redevelopment funds. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved<sup>1</sup>.

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p><b>Ridgecrest Business Park</b>                      The Agency will promote the expansion of and upgrade local commercial facilities by providing funding for exterior and interior rehabilitation. The Agency will also fund the installation of a traffic signal at China Lake Blvd and Ward St. This project encompasses over 5.3 acres and contains 36 parcels located on North China Lake Boulevard.</p> <p>Completion of this program would address vacant buildings, low lease rates, and dilapidated buildings in the Project Area.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$2,000,000</p>	 GROW  CLEAN
<p><b>Ridgecrest Industrial Park Development</b>                      The Agency will promote the conversion of an existing and planned 81-acre industrial park near West Inyokern Road and Mahan Street into a mixed use development featuring research and development, manufacturing, and commercial uses.</p> <p>Completion of this project would address high vacancy rates, low lease rates, factors hindering the viable use of buildings and parcels.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$500,000</p>	 GROW  CLEAN
<p><b>Capital Infrastructure Improvements</b>                      Design and reconstruct infrastructure at West Ridgecrest Boulevard, College Height Street, and Norma Street. Projects will include traffic improvements, curbs, gutters, and sidewalks where necessary.</p> <p>Completion of these projects would address factors hindering the viable use of buildings or lots.</p> <p><i>Timeframe</i>.....2010-14</p>	<p>\$6,800,000</p>	 ACCESS  GROW

<sup>1</sup> Costs are subject to change, and completion of these projects may require future action by the Agency.

**RIDGECREST REDEVELOPMENT PROJECT**

Five Year Implementation Plan 2009-10 through 2013-14

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p><b>Corporate City Yard</b>                      Design and construction of a Corporate City Yard incorporating public works, street maintenance, central garage fleet operations, parks and recreation, transit and other ancillary operations to a central location.</p> <p>Completion of this project would facilitate development of inadequate lots and vacant properties.</p> <p><i>Timeframe</i>.....2010-12</p>	<p>\$3,000,000</p>	 CLEAN
<p><b>Agency Economic Development, Business Retention, and/or Incentive Grant Program</b>                      The Agency will provide grants and loans to provide development, relocation, or a loan funding aimed to increase jobs or employment opportunities within the City.</p> <p>Completion of this program will decrease business vacancies and increase low lease rates. It will also create and retain jobs within the Project Area.</p> <p><i>Timeframe</i>.....2010-14</p>	<p>\$2,750,000</p>	 CLEAN  GROW
<p><b>Agency Improvement, Façade, and Business Retention Olde Towne Enhancement Grant Program</b>                      The Agency may provide revolving loans to stimulate economic growth, business development, and business retention within the Project Area. Loan proceeds may be utilized to offset Development Impact Fees or Drainage and/or Traffic Fees for commercial, industrial, professional services, or retail properties.</p> <p>Completion of this program will decrease business vacancies and increase low lease rates. It will also create and retain jobs within the Project Area.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$1,000,000</p>	 SHOP  CLEAN
<p><b>Civic Center Solar Realignment Energy Project</b>                      The Agency will participate in an alternative Solar Energy Project to install a .5 megawatt photo-voltaic facility to provide heating, air conditioning, and electrical power for the civic center and community center. The project will replace inefficient, aging, and overloaded systems with new energy efficient systems.</p> <p>Completion of this project will improve public facilities.</p> <p><i>Timeframe</i>.....2011-13</p>	<p>\$500,000</p>	 CLEAN

**RIDGECREST REDEVELOPMENT PROJECT**

Five Year Implementation Plan 2009-10 through 2013-14

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p><b>Parks and Recreation</b></p> <p>The Agency will acquire land to expand the Kerr McGee Youth Sports Complex, and will fund the rehabilitation and construction of facilities, including playing fields, tennis courts, restrooms, concession stands, storage facilities, lighting, fencing, and parking at the Kerr McGee Youth Sports Facility and Jackson Sports Complex. The Agency will also conduct a Phase I study for the development of an aquatic park at a location to be determined.</p> <p>Completion of this project will provide public facilities and improve existing public facilities.</p> <p><i>Timeframe</i>.....2011-15</p>	<p>\$4,935,000</p>	
<p><b>Other Redevelopment Initiatives</b></p> <p>Consistent with the Redevelopment Plan, the Agency anticipates pursuing additional projects including infrastructure, public facilities, and other non-residential projects.</p> <p>The purpose of these projects would be to eliminate persistent elements of blight in the Project Area.</p> <p><i>Timeframe</i>.....2009-13</p>	<p>Contingent on available funding</p>	
<p><b>Total Preliminary Cost Estimate</b></p>	<p><b>\$21,485,000</b></p>	

**RIDGECREST REDEVELOPMENT PROJECT**

Five Year Implementation Plan 2009-10 through 2013-14

**PROPOSED HOUSING PROJECTS AND PROGRAMS**

Five Year Work Program for Building Community Assets

Over the next five years, the Agency plans to implement the following affordable housing projects and programs. The list below describes the projects proposed, what blighting conditions would be eliminated, approximate costs, and the Redevelopment Plan goals that would be achieved.

Project/Description	Preliminary Cost Estimates	Goals Achieved
<p><b>Ridgecrest Villa Apartments Conversion</b></p> <p>The Agency will enter into an affordable housing agreement with the owner of a 24-unit apartment complex on 1.2 acres located at 141 West Upjohn Avenue. The Agency will provide a loan for the rehabilitation and conversion of the units to affordable senior housing. The loan will be partially forgivable upon successful completion of the conversion.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>.....2010-11</p>	<p>\$750,000</p>	 CLEAN  LIVE
<p><b>Briarwood Apartment Rehabilitation</b></p> <p>The Agency will provide financing to rehabilitate a 48-unit apartment complex and convert the units to income restricted housing featuring long-term affordability covenants. The project is located at 831 North Norma Street and encompasses approximately 2.5 acres.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>..... 2011</p>	<p>\$ 2,500,000</p>	 CLEAN  LIVE
<p><b>Apartment Construction on West Argus Avenue</b></p> <p>The Agency will help finance the development of a 50-unit apartment complex on a 3 acre parcel located along West Argus Avenue. The project will yield very low to moderate income rental housing units featuring 55 year affordability covenants.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>.....2011-12</p>	<p>\$2,000,000</p>	 LIVE  HELP

**RIDGECREST REDEVELOPMENT PROJECT**  
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<p><b>Workforce Multi-Family Housing Projects</b></p> <p>Workforce housing units are needed throughout the community to support the service sector employment base. The Agency will identify locations of parcels approximately 2.5 acres in size to develop approximately 50 units of workforce housing. The units are anticipated to be a rental product featuring 55 year affordability covenants.</p> <p>Completion of the project will create affordable housing.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$2,000,000</p>	 <p>LIVE</p>
<p><b>Infill Projects for Affordable Housing</b></p> <p>The Agency will identify opportunities to facilitate infill housing projects on vacant parcels in the Project Area, specifically near the Ridgcrest Heights area. The Agency anticipates the development of 50 low to moderate income housing units that will be sold and feature 45 year affordability covenants.</p> <p>Completion of this project will facilitate development of inadequate lots and vacant properties, and will create affordable housing.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$1,500,000</p>	 <p>LIVE</p>  <p>GROW</p>
<p><b>Habitat for Humanity</b></p> <p>The Agency is working with Habitat for Humanity to provide housing to low-income families in the Project Area. The Agency anticipates that 6 single family homes with 45 year affordability covenants will be developed over the next five years.</p> <p>Completion of this project will create affordable housing.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$115,000</p>	 <p>LIVE</p>  <p>HELP</p>
<p><b>First Time Homebuyers Program</b></p> <p>The Agency will assist up to 18 low and moderate income first-time homebuyers by providing \$7,500 in down payment assistance to qualified applicants.</p> <p>Completion of this project will help to eliminate the blighting condition of a prevalence of depreciated property values and will create affordable housing within the Project Area.</p> <p><i>Timeframe</i>.....2011-14</p>	<p>\$135,000</p>	 <p>LIVE</p>  <p>HELP</p>
<p><b>Total Preliminary Cost Estimate</b></p>	<p><b>\$9,000,000</b></p>	

### AFFORDABLE HOUSING PROGRAM COMPLIANCE OBJECTIVES

#### Ten Year Outlook of Affordable Housing

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The CRL requires all redevelopment agencies to prepare and adopt affordable housing compliance plans for successive ten year cycles, and include updates corresponding with adoption of their five year implementation plans.

This section of the Implementation Plan addresses specific requirements in the CRL with respect to prior affordable housing activities and the anticipated housing program for the current Ten-year Compliance Period from fiscal years 2004-05 through 2013-14 ("Ten Year Planning Period"). Additionally, this section evaluates the Agency's affordable housing requirements for the life of the Redevelopment Plan.

Redevelopment agencies use implementation plans to establish ten year objectives to achieve compliance with the state law in its affordable housing programs. These housing goals generally fall into three categories:

- Housing Production – Based on the number of housing units constructed or substantially rehabilitated over a ten year period, a redevelopment agency must ensure that a percentage of these units are affordable to low and moderate income households.
- Replacement Housing – Another legal obligation for redevelopment agencies is to ensure that any housing units destroyed or removed as a result of an Agency redevelopment project are replaced within four years.
- Expenditures by Household Types – The law establishes specific requirements on the amount of housing set-aside funds an agency must spend over the Ten Year Planning Period on housing affordable to very low income households, low income households, and housing for residents under the age of 65.

The housing program goals are described in this report.

## HOUSING PRODUCTION

### Estimated Production Needs

This section of the Implementation Plan identifies all new residential construction or substantial rehabilitation that has occurred within the Project Area since adoption of the Redevelopment Plan in order to determine affordable housing production needs. It accounts for past residential construction and substantial rehabilitation, and includes projections of new dwelling units that may be constructed or substantially rehabilitated during the current ten year planning period, which extends through June 30, 2014.

To date, the Agency has not directly developed or substantially rehabilitated housing units in the Project Area. However, per Section 33413(b) of the CRL, not less than 15 percent of the units produced by persons or entities other than the Agency must be affordable to low and moderate income households. In addition, not less than 40 percent of the required affordable units must be available to very low income households at an affordable housing cost. To satisfy the Agency's production requirements, new or substantially rehabilitated units must have recorded 55-year income restrictions or covenants for rental units and 45-year income restrictions or covenants for owner occupied units. The affordable housing units may be constructed inside or outside the Project Area, but units outside the Project Area may only be counted on a 2-for-1 basis. The Agency may also purchase affordability covenants on very-low or low-income multifamily units and received production credit for such purchases on a limited basis.

Table 1 summarizes the housing production activities within the Project Area, including the first five years of the Ten Year Planning Period, and identifies the projected production requirements for FY 2009-10 through 2013-14 of the Ten Year Planning Period, and over the life of the Redevelopment Plan. Historical construction and substantial rehabilitation statistics were provided by the State Department of Finance. The number of affordable units required is based on statutory thresholds, and the Agency is responsible for ensuring that the appropriate number of affordable units is created during the ten year planning period.

It should be noted that neither the existing housing units nor projections for future dwelling units include any units to be developed by the Agency. However, the Agency will continue to cooperate with and provide assistance and incentives to private developers, in order to fulfill the Agency's affordable housing production requirements.

# RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

<b>Table 1: Actual and Projected Housing Production Needs by Time Period</b>			
Time Period	Actual/Assumed Housing Units Constructed and Substantially Rehabilitated in Project Area	Required Affordable Units <sup>1</sup>	
		Total	Very Low
<b>Inception to 1993-94</b>	<b>3,059</b>	<b>459</b>	<b>184</b>
<b>1994-95 to 2003-04</b>	<b>58</b>	<b>9</b>	<b>4</b>
<b>Ten Year Planning Period</b>	<b>1,492</b>	<b>224</b>	<b>90</b>
2004-05 to 2008-09 (Actual)	488	73	30
2009-10 to 2013-14 (Forecast)	1,004	151	60
<b>2014-15 to 2018-19 (Forecast)</b>	<b>1,197</b>	<b>180</b>	<b>72</b>
<b>2019-20 to End of Plan (Forecast)</b>	<b>2,152</b>	<b>323</b>	<b>129</b>
<b>Redevelopment Plan Duration (1986 to 2027)</b>	<b>7,958</b>	<b>1,195</b>	<b>479</b>
<b>Notes:</b>			
1/	All required units based on 15 percent of actual/assumed units developed by entities other than the Agency. No units developed by the Agency.		
<i>Sources: California Department of Finance, Kern KOG</i>			

In the current 2004-05 through 2013-14 planning period, actual and projected housing production is estimated to result in a need for 224 affordable units with 90 units affordable to very low income households. Over the duration of the Redevelopment Plan, the Agency is projected to need 1,195 affordable units of which 479 units must be affordable to very low income households.

The Agency has been able to obtain some of these affordable units to date, as discussed in the following section.

**RIDGECREST REDEVELOPMENT PROJECT**  
 Five Year Implementation Plan 2009-10 through 2013-14

Housing Production Fulfillment

Table 2 identifies the Agency’s anticipated plans to meet identified production requirements for the Ten Year Planning Period, and over the life of the Redevelopment Plan.

Time Period	Units Required (from Table 1)		Units Produced		Additional Units Required		Net Surplus Units Produced <sup>1/</sup>	
	Total	Very Low	Total	Very Low	Total	Very Low	Total	Very Low
<b>10 Year Planning Period</b>	<b>224</b>	<b>90</b>	<b>0</b>	<b>0</b>	<b>224</b>	<b>90</b>	<b>0</b>	<b>0</b>
2004-05 to 2008-09(Actual) <sup>2/</sup>	73	30	0	0	73	30	0	0
2009-10 to 2013-14(Forecast)	151	60	0	0	151	60	0	0
<b>2014-15 to 2018-19 (Forecast)</b>	<b>180</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>180</b>	<b>72</b>	<b>0</b>	<b>0</b>
<b>2019-20 to End of Plan (Forecast)</b>	<b>323</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>323</b>	<b>129</b>	<b>0</b>	<b>0</b>
<b>Redevelopment Plan Duration <sup>3/</sup></b> (1986-2027)	<b>1,195</b>	<b>479</b>	<b>487</b>	<b>147</b>	<b>708</b>	<b>332</b>	<b>0</b>	<b>0</b>

**Notes:**

1/ The surplus affordable units in a 10-year period may be applied against the unit production requirements during the following ten-year compliance period, while any deficit affordable units must be first produced during the following ten-year compliance period.

2/ Affordable Units Required based on actual or estimated Total Units Produced during each planning period within the Project Area pursuant to CRL Section 33413 (b).

3/ Redevelopment Plan Duration totals include requirements and production from the periods between the Plan inception and 2003-04. All requirements from the 1994-95 to 2003-04 period have been fulfilled, and a surplus of 19 affordable units constructed during this time period may be used to address future needs. A deficit of 41 very low income units stemming from the pre-1994 period must be addressed before the end of the Plan Duration.

*Source: City of Ridgcrest Redevelopment Agency and California Department of Finance Housing Estimates.*

The Agency exceeded its affordable housing requirements during the 1994-95 to 2003-04 planning period, and carried a surplus of 19 total affordable units into the current Ten Year Planning Period. The surplus units may be used to help meet future requirements during any planning period until the end of the Redevelopment Plan duration. However, the Agency does have a deficit of 41 very low income units that was accumulated before 1994, when the obligation to fulfill housing requirements during each planning period came into effect. This deficit may be filled at any time prior to the end of the Redevelopment Plan duration.

During the first five years of the current Ten Year Planning Period (fiscal year 2004-05 through 2008-09), the Agency generated a requirement for 73 affordable units, of which 30 needed to be affordable to very low income households. During the remainder of the Ten Year Planning Period (fiscal year 2009-10 through 2013-14), the Agency is anticipated to incur a need for 151 inclusionary units, of which 60 need to be very low income units. To meet its estimated requirements for the Ten year Planning Period, over the next five years the Agency must produce 224 affordable units, of which 89 units must be affordable to very low income households.

From 2014-15 to the remaining life of the Redevelopment Plan, the Agency is projected to generate the need for 503 affordable units of which 201 need to be affordable to very low income households. Over the duration of the Plan, it is estimated that the Agency will generate the need for 1,195 affordable housing units, including 478 very low income units. Thus far, 487 total affordable housing units, including 147 very low income units, have been constructed in the Project Area.

**REPLACEMENT HOUSING NEEDS**

The CRL requires that whenever dwelling units housing low and moderate income households are destroyed as part of an Agency project, the Agency is responsible for ensuring that an equivalent number of replacement units are constructed or substantially rehabilitated within four years. These units must provide at least the same number of bedrooms destroyed, and 100 percent of the replacement units must be affordable to the same income categories (i.e. very low, low, and moderate) as those removed. The Agency receives a full credit for replacement units created inside or outside the Project Area.

According to Agency records, no units have been destroyed by Agency activity. Additionally, no units are expected to be destroyed or removed as a part of an Agency project during the planning period or over the life of the Redevelopment Plan.

**LOW AND MODERATE INCOME HOUSING FUND**

The Agency's primary source of funding for housing program implementation is the annual set-aside deposits of 20% of the Agency's total tax increment in the Low and Moderate Income Housing Fund ("Housing Fund"). The CRL requires that not less than 20% of all tax increment revenue allocated to the Agency must be used to increase, improve, and preserve the community's supply of housing available, at affordable housing cost, to persons and families of very low, low, and moderate incomes. Beginning July 1, 2009, the Agency had a Housing Fund balance of approximately \$4,901,910<sup>2</sup>. As shown in Table 3, it is estimated that the Agency will deposit an additional \$10,178,073 into the Housing Fund.

**Table 3: Estimated Housing Fund Deposits**

Fiscal Year	Estimated Deposit Amount	
	Annual	Cumulative
2009-10	\$ 1,971,970	\$ 1,971,970
2010-11	1,965,134	3,937,104
2011-12	2,021,967	5,959,071
2012-13	2,079,936	8,039,007
2013-14	2,139,065	10,178,073

*Source: RSG Tax Increment Projections*

**Targeting of Housing Fund Expenditures**

Effective January 1, 2002, expenditure of housing set-aside revenues is subject to certain legal requirements. At a minimum, the Agency's low and moderate income housing set-aside revenue is to be expended in proportion to the community's need for very low and low income housing, as well as the proportion of the low income population under the age of 65. New legal requirements took effect in 2006 that modified the previous limitation of spending Housing Fund monies on households under the age of 65. Section 33334.4(b) of the CRL formerly required that an agency spend its Housing Fund monies "in at least the same proportion as the low-income population under age 65 bears to the most recent census." The new statute provides a higher level of specificity to spend monies "in at least the same proportion as the number of low-income households with a member under age 65 bears to the total number of low-income households of the community as reported in the most recent census."

<sup>2</sup> Per Agency's Basic Financial Statements and Independent Auditors Report for the Fiscal Year Ended June 30, 2009.

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The percentage of very low and low income household expenditure requirements are based on Kern County Association of Governments (“KCOG”) Regional Housing Needs Assessment (“RHNA”) requirements for the City of Ridgecrest for the planning period of January 1, 2006 through June 30, 2014. The percentage of low income households under the age of 65 is based on Comprehensive Housing Affordability Strategy<sup>3</sup> (“CHAS”) reports of 2000 Census data as required by CRL Section 33334.4, enacted in 2005. Data relating to low income households under the age of 65 is not readily available from the Census. However, CHAS uses an extrapolation of Census data to calculate the number of low income households under the age of 62; which is the data that may be closest to that which is required by the CRL and used in this Plan.

Table 4 below presents the Agency’s requirements over the Ten Year Planning Period for Housing Fund expenditures, from January 1, 2002 June 30, 2014.

Household Type	Minimum Percentage of Housing Fund Expenditures
Very Low Income Households	41%
Low Income Households	28%
Households Under Age 65	71%

*Source: ESRI Business Online, KCOG, HUD*

Between 2002 through 2006, the Agency’s expenditures on non-senior housing were expected to be proportional to the prior requirement of 89 percent. However, for expenditures after 2006, including this implementation plan period, the minimum non-senior housing requirement is 71 percent of total Housing Fund expenditures. The minimum requirements for very-low and low income housing are 41 percent and 28 percent of total Housing Fund expenditures, respectively. Over the next five years of the compliance planning period available Housing Fund revenue must be allocated to meet these RHNA-based ratios.

### Housing Set-Aside Expenditures since January 2002

The proportionality requirements affect expenditures over a ten year period, although the law permits the compliance initially for a period beginning January 2002 and ending June 30, 2014. Table 5 below documents the amount of Housing Fund revenues used since January 2002 for these income categories. The Agency is required to fulfill its target requirements by FY 2013-14.

<sup>3</sup> Comprehensive Housing Affordability Strategy, “<http://socds.huduser.org/chas/index.htm>”

**RIDGECREST REDEVELOPMENT PROJECT**  
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**Table 5: Expenditure Targeting Status - Actual and Planned Expenditures**

	Total <sup>1/</sup>	Very Low Income	Low Income	Households Under Age 65
<b>Expenditure Targeting Summary</b>				
Actuals (2001-02 through 2008-09)	\$ 687,433	\$ 64,551	\$ 559,132	\$ 212,433
Planned (2009-10 through 2013-14) <sup>2/</sup>	9,000,000	3,914,216	2,165,459	6,691,039
<b>Planning Period Projected Totals</b>	<b>9,687,433</b>	<b>3,978,767</b>	<b>2,724,591</b>	<b>6,903,472</b>
<b>Planning Period Targets <sup>3/</sup></b>	<b>100%</b>	<b>41%</b>	<b>28%</b>	<b>71%</b>

**Notes:**

1/ Also includes moderate income household and senior housing expenditures which are not subject to proportionality requirements.

2/ Planned expenditures based on projects listed in 2009-10 implementation plan and are subject to change.

3/ Targets based on estimates of planned expenditures and targeting percentages shown in Table 4. Actual targets are based on actual expenditures at the end of the 2001-02 - 2013-14 compliance period.

*Source: City of Ridgecrest financial statements and estimated housing fund expenditures*

The Agency spent \$64,551 on very low income households and \$559,132 on low income households during the 2001-02 through 2008-09 period. During this period, the Agency spent \$212,433 on households under age 65. Under current total planned expenditures, the Agency is required to spend at least \$3,914,216 on very low income housing, and \$2,165,459 on low income housing during the 2009-10 through 2013-14 period. The Agency must also spend \$6,691,039 on housing for households under age 65 during this period.

# RIDGECREST REDEVELOPMENT PROJECT

Five Year Implementation Plan 2009-10 through 2013-14

## Units Assisted by the Housing Fund

State law requires a recap of the affordable housing projects for families (households under the age of 65) assisted by the Housing Fund over the past implementation plan period. In addition the CRL requires a recap of affordable housing projects assisted by the Housing Fund. Table 6 below summarizes these statistics by project from 2002 through 2009 to account for affordable housing projects since proportionality requirements became effective.

Table 6: Housing Expenditures on Non-Senior Family Projects						
Project/Location	Housing Set-Aside Expenditures	Units Assisted by Housing Set-Aside Fund (FY 2001-02 through 2008-09)				
		Extr. Low	Very Low	Low	Moderate	Total
<b>Family Projects</b>	<b>\$ 212,433</b> <b>31%</b>	<b>0</b>	<b>27</b>	<b>49</b>	<b>40</b>	<b>116</b>
First Time Homebuyer	\$ 15,000	0	26	19	15	60
Ridgecrest Cares	\$ 32,433	0	1	9	0	10
Desert Willows	\$ 75,000	0	0	15	0	15
Habitat for Humanity	\$ 30,000	0	0	6	0	6
Women's Shelter	\$ 60,000	0	0	0	25	25
<b>Senior Projects</b>	<b>\$ 475,000</b> <b>69%</b>	<b>0</b>	<b>3</b>	<b>23</b>	<b>0</b>	<b>26</b>
High Desert Haven	\$ 475,000	0	3	23	0	26
<b>Totals</b>	<b>\$ 687,433</b> <b>100%</b>	<b>0</b>	<b>30</b>	<b>72</b>	<b>40</b>	<b>142</b>

## Housing Units Constructed During Prior Implementation Plan Period without Using Housing Funds

No income-restricted housing units with affordability covenants were constructed in the Project Area without using Housing Funds during the prior Implementation Plan period.

### YEAR ONE PROJECT LIST

<u>Sec ID</u>	<u>Name</u>	<u>From</u>	<u>To</u>	<u>Length</u>	<u>Width</u>	<u>Lanes</u>	<u>TI</u>	<u>PCI</u>	<u>Cost</u>	<u>Alt. Cost</u>	<u>Cum Cost</u>	
100132	Downs St.	Bataan Ave.	Bowman Rd.	1332	66	4	10	26	217,182	65,155	65,155	Micropave
100141	Drummond Ave.	Inyo St.	Downs St.	1320	33	2	10	4	118,373	118,373	183,528	
100142	Drummond Ave.	Downs St.	Norma St.	2641	66	4	10	4	471,282	141,385	324,912	Micropave
100127	Dolphin Ave.	Mahan St.	Downs St.	2558	66	4	8.5	9	417,080	125,124	450,036	Micropave
100376	Norma St.	Las Flores Ave.	Drummond Ave.	2641	66	4	8.5	6	438,031	131,409	581,445	Capeseal
10084	China Lake Blvd.	College Heights	Bowman	1150	66	4	10	5	203,430	203,430	784,875	
100199	Gold Canyon Dr.	Benson Ave.	Hayden Ave.	581	36	2	8.5	0	56,055	16,816	801,692	Capeseal
100192	Gateway Blvd.	Bowman Rd.	Upjohn Ave.	2641	25	2	10	0	183,224	183,224	984,916	
100333	Mahan St.	Ward Ave.	Graaf Ave.	1250	44	2	8.5	0	148,312	148,312	1,133,228	
100130	Downs St.	China Lake Blvd.	Dolphin Ave.	1977	66	4	10	39	327,038	98,111	1,231,339	Micropave

### YEAR TWO PROJECT LIST

100202	Gold Canyon Dr.	Ridgecrest Blvd.	250'N/Sandora St.	3961	36	2	8.5	0	404,339	121,302	1,352,641	Micropave
100135	Downs St.	Ridgecrest Blvd.	Las Flores Ave.	2641	66	4	10	33	430,613	430,613	1,783,254	
100316	Las Flores Ave.	Kern St.	Downs St.	1930	61	2	8.5	9	296,290	88,887	1,872,141	Capeseal
100133	Downs St.	Bowman Rd.	Upjohn Ave.	2659	66	4	10	22	439,855	439,855	2,311,996	
10054	Bowman Road	China Lake Blvd.	Forest Knoll St.	3961	26	2	10	12	280,915	280,915	2,592,911	
100144	Drummond Ave.	China Lake Blvd.	Chelsea St.	1451	86	4	10	10	312,424	312,424	2,905,335	
100193	Gateway Blvd.	Upjohn Ave.	Church Ave.	1320	47	2	10	0	158,463	47,539	2,952,874	Micropave
100532	Upjohn Ave.	Mahan St.	Guam St.	1320	36	2	8.5	10	123,030	36,909	2,989,783	Capeseal
100378	Norma St.	Ward Ave.	Inyokern Rd.	2641	66	4	8.5	4	450,664	135,199	3,124,982	Capeseal
100136	Downs St.	Las Flores Ave.	Drummond Ave.	2641	33	2	10	10	228,957	68,687	3,193,669	CS/MP
100331	Mahan St.	Las Flores Ave.	Drummond Ave.	2641	35	2	8.5	10	246,195	73,858	3,267,528	Micropave
100496	Sunland Dr.	Ridgecrest Blvd.	Apache Ln.	1623	36	2	8.5	19	148,797	148,797	3,416,325	
100625	Bowman Road	Downs St.	850' W / China Lake Blvd.	54	26	2	10	15	3,816	3,816	3,420,141	
100437	Richmond Rd.	Upjohn Ave.	Ridgecrest Blvd.	2596	37	2	10	6	268,683	268,683	3,688,824	
100555	Ward Ave.	Mahan St.	Downs St.	2641	66	4	8.5	0	453,985	136,196	3,825,019	CS/MP
100535	Upjohn Ave.	Mahan St.	Downs St.	2596	37	2	8.5	11	252,756	75,827	3,900,846	Micropave

### YEAR THREE PROJECT LIST

100188	Franklin Ave.	Mahan St.	Ranger St.	2006	27	2	7	7	124,293	124,293	4,025,139	
10090	Church Ave.	Norma St.	China Lake Blvd.	2641	36	2	7	0	220,813	66,244	4,091,383	Capeseal
100312	Lorene Ct.	Cul-de-Sac	Mary St.	353	46	2	5	9	34,063	10,219	4,101,602	Micropave
100358	Marlene Ct.	Cul-de-Sac	Mary St.	353	46	2	5	10	34,063	10,219	4,111,821	Micropave
100211	Graaf Ave.	Sierra View St.	Begin Pavement	600	18	2	7	2	27,076	8,123	4,119,944	Micropave
100320	Lucille Ct.	Cul-de-Sac	Inyo St.	490	43	2	5	5	44,392	13,318	4,133,261	Micropave
100260	Inyo St.	Drummond Ave.	Vicki Ave.	500	36	2	7	11	38,415	11,525	4,144,786	Micropave
100508	Sierra View St.	Las Flores Ave.	Mamie Ave.	1545	36	2	7	10	118,703	118,703	4,263,489	
100252	Inyo St.	Ward Ave.	Graaf Ave.	1252	46	2	7	12	125,820	37,746	4,301,234	Capeseal
10045	Benson Ave.	Gemstone St.	Silver Ridge St.	528	36	2	5	7	41,250	12,375	4,313,609	Capeseal
100254	Inyo St.	Alene Ave.	Inyokern Rd.	579	40	2	7	2	51,486	15,446	4,329,055	Capeseal
100408	El Prado St.	Weiman Way	Ward Ave.	653	36	2	5	7	51,585	15,476	4,344,531	Micropave
100117	Cardigan Ave.	Chesapeake St.	Silver Ridge St.	495	36	2	5	0	39,219	39,219	4,383,750	
100420	Rader Ave.	Nevada St.	Downs St.	266	36	2	5	0	21,075	21,075	4,404,825	
100204	Gemstone St.	Benson Ave.	Hayden Ave.	581	36	2	5	0	46,033	13,810	4,418,635	Capeseal
10097	Chesapeake St.	Bowman Rd.	Rader Ave.	1198	36	2	5	0	98,103	98,103	4,516,738	
100225	Hayden Ave.	Gemstone St.	Silver Ridge St.	528	36	2	5	0	42,111	12,633	4,529,371	Capeseal
100551	Vicki Ave.	Downs St.	Randall St.	265	36	2	5	11	20,360	20,360	4,549,731	
100514	Stallion Way	Silver Ridge St.	Sorrel St.	264	36	2	5	31	20,283	20,283	4,570,014	
100253	Inyo St.	Graaf Ave.	Alene Ave.	606	40	2	7	11	52,371	15,711	4,585,725	Capeseal
10092	Church Ave.	Gold Canyon Dr.	Sunland St.	1995	36	2	7	35	153,276	45,983	4,631,708	Micropave
10082	Chelsea St.	Drummond Ave	Rowe Ave	1319	36	2	7	12	103,487	31,046	4,662,754	Capeseal
100406	Las Posas Ct.	Cul-de-Sac	Ward Ave.	495	36	2	5	16	38,031	11,409	4,674,164	Micropave

1009	Alvord St.	End of Pavement	Upjohn Ave.	624	36	2	5	10	47,942	47,942	4,722,106	
100524	Tamarisk Ave.	Mahan St.	Inyo St.	1357	36	2	5	11	104,259	31,278	4,753,383	Micropave
100259	Inyo St.	Denise St.	Tamarisk Ave.	655	36	2	7	48	50,324	50,324	4,803,707	
100261	Inyo St.	Hermosa Ave.	Ward Ave.	1821	36	2	5	7	147,800	44,340	4,848,047	Micropave
100292	Kinnett Ave.	Inyo St.	Downs St.	1299	36	2	5	1	102,450	30,735	4,878,782	Micropave
100484	Sanders St.	Boston Ave.	Upjohn Ave.	1519	36	2	5	0	123,996	123,996	5,002,778	
100550	Vicki Ave.	Carolyn St.	Downs St.	1987	36	2	5	0	162,199	162,199	5,164,977	
100479	Silver Ridge St.	Cul-de-Sac	Upjohn Ave.	1860	36	2	5	0	157,018	157,108	5,322,085	
100621	Tamarisk Ave.	Inyo St.	Downs St.	524	36	2	5	0	44,032	44,032	5,366,117	
100510	Sierra View St.	Sydnor Ave.	Ward Ave.	1320	36	2	5	7	115,219	115,219	5,481,336	
100307	Lakeland St.	Bowman Rd.	Cardigan Ave.	895	36	2	5	0	76,066	76,066	5,557,402	
10086	China Lake Blvd.	Bowman Rd.	Upjohn	2641	70	4	10	7	416,264	124,879	5,682,281	Capeseal
100469	Shelby Ct.	Cul-de-Sac	Kinnett Ave.	352	37	2	5	13	27,736	8,321	5,690,602	Micropave
100262	Iowa Ave.	Guam St.	Mahan St.	1269	36	2	5	30	97,498	29,249	5,719,851	Micropave
100457	Randall St.	Hurschell Ave.	Cul-de-Sac	1267	36	2	5	12	97,344	29,203	5,749,055	Micropave
1004	Alice Ave.	Cul-De-Sac	Peg St.	477	36	2	5	13	36,648	36,648	5,785,703	
100249	Hurschell Ave.	Randall St.	Scott St.	246	36	2	5	13	18,900	5,670	5,791,373	Micropave
100334	Mamie Ave.	Randall St.	Sherri St.	1723	36	2	5	7	132,379	132,379	5,923,752	
10067	Bryann Cir.	Mamie St.	Cul de sac	145	36	2	5	7	11,140	11,140	5,934,892	
100167	Fendrick Cir.	Mamie St.	Cul de sac	145	36	2	5	17	11,140	11,140	5,946,032	
100295	Lakeview Ct.	Rader Ave.	Cul-de-Sac	497	36	2	5	10	38,185	11,455	5,957,487	Capeseal
100217	Gordon St.	Upjohn Ave.	Church Ave.	1251	36	2	5	12	97,733	29,320	5,986,807	Micropave
100121	Las Cruces Ave.	Cul-de-Sac	Inyo St.	490	43	2	5	12	44,392	13,318	6,000,125	Micropave
100569	Wayne St.	Ward Ave.	Graaf Ave.	1287	36	2	5	0	101,142	101,142	6,101,267	
100485	Sanders St.	Upjohn Ave.	Church Ave.	1285	36	2	5	10	100,985	30,296	6,131,562	Micropave
10068	Beasley St.	Nancy Ave.	End of Pavement	443	36	2	5	10	34,036	10,211	6,141,773	Capeseal
100571	Weiman Way	Erwin St.	El Prado St.	211	36	2	5	19	16,211	4,863	6,146,636	Micropave
100341	Mavis Ct.	Mary St.	Cul-de-sac	356	36	2	5	11	27,352	8,205	6,154,842	Micropave
100511	Sierra View St.	Ward Ave.	Inyokern Rd.	2575	34	2	5	6	215,919	215,919	6,370,761	
100520	Sydnor Ave.	Arroyo St.	Inyo St.	645	36	2	5	10	49,556	14,867	6,385,627	Micropave
10088	Church Ave.	Downs St.	Sunset St.	1929	36	2	5	10	148,206	44,462	6,430,089	CS/MP
10034	Atkins Ave.	Sierra View St.	Norma St.	1328	36	2	5	32	102,031	30,609	6,460,698	Micropave
100266	Iowa Ave.	Warner St.	Sanders St.	528	36	2	5	2	40,566	12,170	6,472,868	Micropave

ID	Task Name	Duration	Start	Finish	Estimated Cost	Resource Names	May 9,	Jul 25,	Oct 10,	Dec 26,	Mar 13,	May 29,	Aug 14,	Oct 30,	Jan 15,	Apr 1,	Jun 17,	Sep 2,	Nov 18,	Feb 3,	Apr 21,	Jul 7,	Sep 22,	Dec 8,	Feb 23,	May 11,	Jul 27,	Oct 12,	Dec 28,
1	<b>Preliminary Draft 2010 TAB Bond Project List</b>	1 day	Mon 4/4/11	Mon 4/4/11																									
3	<b>Public Works</b>	0 days	Mon 4/4/11	Mon 4/4/11																									
4	Capital Infrastructure Improvements Projects (CIP)	566 days?	Mon 11/1/10	Mon 12/31/12																									
5	W. Ridgecrest Bl. Design (reimbursement to Sewer Fund)	914 days?	Wed 6/1/11	Mon 12/1/14	\$1,000,000																								
6	College Heights area Infrastructure improvements	22 days	Wed 6/1/11	Thu 6/30/11	\$1,275,000																								
7	a. Sunland	\$500,000	133 days?	Wed 6/1/11	Fri 12/2/11																								
8	b. Bataan	\$125,000	133 days?	Wed 6/1/11	Fri 12/2/11																								
9	c. Bowman East of SilverRidge to Sunland	\$450,000	133 days?	Wed 6/1/11	Fri 12/2/11																								
10	CIP Project	0 days	Tue 3/15/11	Tue 3/15/11																									
11	CIP Project	0 days	Tue 3/15/11	Tue 3/15/11																									
12	CIP Project	0 days	Tue 3/15/11	Tue 3/15/11																									
13	Pavement management System Study by Wildan	98 days?	Fri 10/1/10	Tue 2/15/11	\$ 60,000																								
14	a. Public Works CIP (designed local streets micro paving & slurry)	78 days?	Tue 3/15/11	Thu 6/30/11	\$ 300,000																								
15	Corporate City Yards, 636 W. Ridgecrest Bl Improvement Project	209 days?	Tue 3/15/11	Fri 12/30/11	\$3,000,000																								
16	a. to include drainage improvements and solar alternative energy	0 days	Tue 3/15/11	Tue 3/15/11																									
17		0 days	Tue 3/15/11	Tue 3/15/11	\$5,635,000																								
18	<b>Community Development Public Services</b>	0 days	Tue 3/15/11	Tue 3/15/11																									
19	Old Town Enhancement Program	129 days?	Mon 1/3/11	Thu 6/30/11	\$ 500,000																								
20	Civic Center Solar Realignment Energy Project (reimbursement to Agency)	36 days?	Tue 3/15/11	Tue 5/3/11	\$ 500,000																								
21		0 days	Tue 3/15/11	Tue 3/15/11	\$1,000,000																								
22	<b>Parks and Recreation</b>	0 days	Mon 11/1/10	Mon 11/1/10																									
23	Kerr McGee Youth Sports Complex	208 days?	Wed 2/16/11	Fri 12/2/11	\$2,900,000																								
24	a. Land Acquisition ( reimbursement to Agency \$550,000+)	0 days	Wed 2/16/11	Wed 2/16/11																									
25	Leroy Jackson Sports Complex	189 days?	Tue 3/15/11	Fri 12/2/11	\$1,000,000																								
26	Freedom Park Rehab Walking Trail/concrete & General Playground Imprv.	189 days?	Tue 3/15/11	Fri 12/2/11	\$ 300,000																								
27		0 days	Mon 3/14/11	Mon 3/14/11	\$4,200,000																								
28	First Cycle Project Sub-total	0 days	Mon 3/14/11	Mon 3/14/11	\$10,835,000																								
29																													
30	<b>Additional Expenditures or Projects</b>	0 days	Tue 3/15/11	Tue 3/15/11																									
31	Reimbursement of TAB prior issuance costs	0 days	Tue 3/15/11	Tue 3/15/11																									
32	Additional Banner Brackets for China Lake and Ridgecrest Blvd.	0 days	Tue 3/15/11	Tue 3/15/11																									
33	Pilot Bowman Channel Drainage Improvements	0 days	Tue 3/15/11	Tue 3/15/11																									
34	Potential Amendments to Wal-Mart Development Agreement	0 days	Tue 3/15/11	Tue 3/15/11																									
35	Radar & China Lake Signalization Intersection Improvement	85 days	Tue 3/15/11	Mon 7/11/11																									
36	Bowman Channel Pilot Extension to SR 178	0 days	Fri 4/15/11	Fri 4/15/11																									
37	Aquatics Complex (recommended to be removed)	0 days	Tue 3/15/11	Tue 3/15/11																									
38	West Ridgecrest Blvd. Drainage Improvements	0 days	Fri 12/14/12	Fri 12/14/12																									
39																													
40	<b>Second Cycle of Projects</b>	0 days	Fri 12/2/11	Fri 12/2/11	\$14,065,000																								
41	<b>Public Works</b>	0 days	Fri 12/2/11	Fri 12/2/11																									
42	Norman Street Improvements South of Bowman to China Lake Bl.	0 days	Fri 12/2/11	Fri 12/2/11	\$ 800,000																								
43	College Heights/China Lake Signal	0 days	Fri 12/2/11	Fri 12/2/11	\$ 50,000																								
44	Add'l Infrastructure CIP improvement (pending approved PMS)	0 days	Fri 12/2/11	Fri 12/2/11	\$3,310,000																								
45	a. Includes \$300.00 per year local street micro paving and slurry	0 days	Fri 12/2/11	Fri 12/2/11																									
46		0 days	Fri 12/2/11	Fri 12/2/11																									
47	<b>Community Development Public Services</b>	0 days	Fri 12/2/11	Fri 12/2/11																									
48	Economic Development, Business Retention, and/or Incentive Grant Program	0 days	Fri 12/2/11	Fri 12/2/11	\$2,750,000																								
49	Old Town Enhancement Grant Program	0 days	Fri 12/2/11	Fri 12/2/11	\$ 500,000																								
50		0 days	Fri 12/2/11	Fri 12/2/11																									
51	<b>Parks and Recreation</b>	0 days	Fri 12/2/11	Fri 12/2/11																									
52	Aquatics Project (Reprogrammed to P&R Projects)	0 days	Fri 12/2/11	Fri 12/2/11	\$ 800,000																								
53		0 days	Fri 12/2/11	Fri 12/2/11	\$8,210,000																								
54	Remaining Additional Expenditures or Projects #10, 11 & 12	0 days	Fri 12/2/11	Fri 12/2/11	\$2,625,000																								
55	(Projects 31 to 37 which have not been programmed or approved by Agency)	0 days	Fri 12/2/11	Fri 12/2/11	\$3,230,000																								
56																													
57	Total TAB Project Fund	1 day?	Tue 10/19/10	Tue 10/19/10	\$24,900,000																								

Project: 2010 TAB Bond Project Rev 4  
Date: Tue 4/12/11

Task Progress Summary External Tasks Deadline

Split Milestone Project Summary External Milestone

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City of Ridgecrest  
Parks, Recreation & Quality of Life  
Committee Presentation

November 15, 2011



**Kerr McGee Youth Sports Complex**  
**Leroy Jackson Sports Complex**  
**Pearson & Upjohn Park Playground Improvements**  
**Pinney Pool Aquatics Complex**



The HLA Group, Landscape Architects & Planners, Inc.

# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Today's Agenda

### I. Recap of Prior Meetings & Efforts to Date

#### 3 Projects

Kerr McGee Youth Sports Complex

Leroy Jackson Sports Park

Pearson & Upjohn Park Playground Improvements

#### Project Goals & Program Needs

#### Preliminary Design Recommendations & Costs

### II. Present Findings & Recommendations for Pinney Pool

### III. Overall Development Recommendations for RDA Bond Improvements



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Project Goals & Program Needs

Kerr McGee Youth Sports  
Park

Renovation of existing uses &  
facilities

Expansion of program uses at the  
site - baseball & football

Additional & supporting site  
uses - play area, group picnic, &  
parking

Overall site design plan for sort &  
long term development



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Design Recommendations

Kerr McGee Youth Sports Park



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Development Recommendation

### Kerr McGee Youth Sports Complex

New Sports Field Lighting @ Existing Football Field	Estimated Cost: \$170,000
Existing Parking Lot Improvements	Estimated Cost: \$71,500
New Concession/Restroom/League Admin Building	Estimated Cost: \$393,500
Renovation to Existing Bronco Baseball Field	Estimated Cost: \$202,075
Renovation to Existing Pony Baseball Field	Estimated Cost: \$175,640
Renovation to Existing Mustang Baseball Field	Estimated Cost: \$128,485
Renovation to Existing Pinto & Shetland Baseball Field	Estimated Cost: \$118,330
New Lighted Football Field	Estimated Cost: \$331,780
New Lighted Mustang Baseball Field	Estimated Cost: \$252,570
New Interim Parking Lot (90 spaces)	Estimated Cost: <u>\$66,070</u>

Estimated Construction Subtotal: \$1,909,950.00

Estimated Soft Costs: \$617,495.00

**Total Estimated Project Costs: \$2,527,445.00**



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Project Goals & Program Needs

Leroy Jackson Sports Park

Expansion and completion of site uses & facilities

Upgrades to existing sports field & court lighting

Overall site design plan for short & long term development



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Development Recommendation

Leroy Jackson Sports Park



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Development Recommendation

### Leroy Jackson Sports Complex

<b>New Sports Field Lighting @ Existing Softball Fields &amp; Tennis Courts</b>	<b>Estimated Cost: \$538,000</b>
<b>New Full Size Soccer Field</b>	<b>Estimated Cost: \$129,608</b>
<b>New Softball Field @ NE Quadrant</b>	<b>Estimated Cost: \$31,900</b>
<b>Renovation of Existing Softball Fields (3 fields)</b>	<b>Estimated Cost: \$ 25,500</b>
<b>New 225' Softball Field (Women's Varsity Size)</b>	<b>Estimated Cost: \$128,350</b>
<b>New Screen Fencing @ Soccer Fields</b>	<b>Estimated Cost: \$12,000</b>
<b>New Concession/Restroom Building</b>	<b>Estimated Cost: \$165,000</b>
<b>New Covered Shade Shelter @ Tennis Courts</b>	<b>Estimated Cost: \$28,000</b>

**Estimated Construction Subtotal: \$ 1,058,358.00**

**Estimated Soft Costs: \$ 344,752.00**

**Total Estimated Project Costs: \$ 1,403,110.00**



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Project Goals & Program Needs

Pearson & Upjohn Park

Replacement of sub-standard equipment

Provide access and compliance

Introduce innovative and modern play experiences

Shade over playground equipment

Site drainage improvements at Pearson Park



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Design Recommendations

### Pearson Park – GameTime



### Upjohn Park – Playworld Systems



**Upjohn Park**  
RIDGECREST, CA

Since 1979  
**dave bang associates, inc.**  
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# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Estimated Costs

### Pearson Park

<b>Estimated Construction Subtotal:</b>	<b>\$205,900</b>
<b>Estimated Soft Costs:</b>	<b><u>\$65,810</u></b>
<b>Total Estimated Project Cost:</b>	<b>\$271,710</b>

### Upjohn Park

<b>Estimated Construction Subtotal:</b>	<b>\$196,840</b>
<b>Estimated Soft Costs:</b>	<b><u>\$64,460</u></b>
<b>Total Estimated Project Cost:</b>	<b>\$261,300</b>

**Total Estimated Project Cost: \$533,010**



# Recommended Park & Facility Development for RDA Improvements

City of Ridgecrest

## Overall Project Development Cost Summary

Kerr McGee Youth Sports Park	\$2,527,445
Leroy Jackson Sports Park	\$1,403,110
Pearson & Upjohn Park Playground Improvements	\$533,010
Pinney Pool Feasibility Study	\$27,000
Land Acquisition @ Kerr McGee Park	\$25,000
Total Estimated RDA Improvements Cost:	\$4,740,565.00



# Sgt. Pinney Pool Option 3 Opinion of Probable Cost

<u>ITEM</u>	<u>DESCRIPTION</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT COST</u>	<u>ESTIMATE</u>
<b>1.0</b>	<b><u>CONSTRUCTION COSTS</u></b>				
1.1	Demolition	1	Lump Sum	\$ 85,000.00	\$ 85,000.00
1.2	Existing Parking Lot ADA Upgrade	1	Lump Sum	\$ 25,000.00	\$ 25,000.00
1.3	New Pool Building	4,675	Sq. Ft.	\$ 300.00	\$ 1,402,500.00
1.4	New Swimming Pool	5,080	Sq. Ft.	\$ 135.00	\$ 685,800.00
1.5	New Interactive Wading Pool	1,963	Sq. Ft.	\$ 100.00	\$ 196,300.00
1.6	Wading Pool Play Equipment	1	Lump Sum	\$ 250,000.00	\$ 250,000.00
1.7	Slide Receiving Pool	1,088	Sq. Ft.	\$ 105.00	\$ 114,240.00
1.8	Three Flume Slide Complex	1	Lump Sum	\$ 850,000.00	\$ 850,000.00
1.9	New Perimeter Pool Fence	1	Lump Sum	\$ 75,000.00	\$ 75,000.00
1.10	New Pool Deck	19,945	Sq. Ft.	\$ 15.00	\$ 299,175.00
1.11	Shade Structures	1	Lump Sum	\$ 225,000.00	\$ 225,000.00
1.12	New Thermal Solar	1	Lump Sum	\$ 85,000.00	\$ 85,000.00
1.13	Site Electrical	1	Lump Sum	\$ 25,000.00	\$ 25,000.00
1.14	New Sidewalk Allowance	655	Sq. Ft.	\$ 8.00	\$ 5,240.16
1.15	Landscape Allowance	6333	Sq. Ft.	\$ 7.00	\$ 44,328.20
1.16	New Parking	24	Spaces	\$ 1,000.00	\$ 24,000.00
1.17	New Site Lighting	1	Lump Sum	\$ 160,000.00	\$ 160,000.00
1.18	Site Utilities	1	Lump Sum	\$ 25,000.00	\$ 25,000.00
<b>1.19</b>	<b>TOTAL CONSTRUCTION COSTS</b>				<b>\$ 4,576,583.36</b>
<b>2.0</b>	<b><u>EQUIPMENT COSTS (FF&amp;E)</u></b>				
2.1	Furniture & Equipment	2%	Lump Sum		<b>\$ 91,531.67</b>
<b>3.0</b>	<b><u>SOFT COSTS</u></b>				
3.1	General Contractor Mark-up	10%			\$ 457,658.34
3.2	Contingency	10%			\$ 457,658.34
3.3	Architectural & Engineering	10%			\$ 457,658.34
3.4	Permits and Inspections	2%			\$ 91,531.67
<b>3.5</b>	<b>TOTAL SOFT COSTS</b>				<b>\$ 1,464,506.68</b>
<b>4.0</b>	<b>TOTAL PROJECT COST</b>				<b>\$ 6,132,621.70</b>

**DESIGN CRITERIA      4 Bodies of Water**

Surface Area (square feet):	10,094
Minimum Depth (feet):	0.0
Maximum Depth (feet):	12.0
Volume (gallons):	332,279
Turnover (gpm):	1,228

**AVG. DAILY**

<b>CATEGORY</b>	<b>USAGE</b>	<b>UNIT</b>	<b>UNIT PRICE</b>	<b>DAILY COST</b>	<b>ANNUAL COST</b>
Water	1,776.0	GAL	\$0.01	\$17.76	\$6,216.00
Sewer	2,653.0	GAL	\$0.01	\$26.53	\$9,285.50
Electricity	452.8	KWH	\$0.15	\$67.92	\$23,772.00
Natural Gas	508.8	THRM	\$1.00	\$508.80	\$178,080.00
Sodium Hypochlorite	14.2	GAL	\$2.50	\$35.60	\$12,460.46
Muriatic Acid	3.6	GAL	\$3.00	\$10.68	\$3,738.14
<b>TOTALS</b>				<b>\$667.29</b>	<b>\$233,552.10</b>

**ASSUMPTIONS:**

1. Annual Cost based upon 350 days of operation.
2. Analysis does not include maintenance/operations labor costs.
3. Water usage based upon 60" annual evaporative loss and filter backwash averaging once weekly.
4. Electrical usage based upon 18 hours per day operation.
5. Natural gas usage based upon air velocity of 5 ft/second, 82 degree water and 60 degree air temperature.
6. Chemical usage based upon maintaining 1.0 PPM chlorine and pH of 7.2 - 7.4.

<b>NO.</b>	<b>DESCRIPTION</b>	<b>QTY</b>
<b>1.0</b>	<b>Bather Load Calculation:</b>	
1.1	Swimming Pool	5,080
1.2	Wading Pool	1,963
1.3	Slide Receiving Pool	1,088
1.4	Interactive Splashpad	1,963
1.3	Total Water Surface Area	10,094
1.4	Bather Load at 1 Bather / 15 SF of Water Surface Area	673
1.5	Male Bathers at 50% of Total	336
1.6	Female Bathers at 50% of Total	336
<b>2.0</b>	<b>Minimum Women's Toilet Fixtures Required:</b>	
2.1	Toilets (1:60)	6
2.2	Lavatories (1:80)	4
2.3	Showers (1:50)	7
<b>3.0</b>	<b>Minimum Men's Toilet Fixtures Required:</b>	
3.1	Toilets (1:75)	4
3.2	Urinal (1:75)	4
3.3	Lavatories (1:80)	4
3.4	Showers (1:50)	7
<b>4.0</b>	<b>Minimum Drinking Fountains Required:</b>	
4.1	Drinking Fountains (1: first 250 bathers and 1:200 thereafter)	3

Notes:

- (1) Toilet fixture counts as required by Section 3115B of Calif. Building Code.
- (2) Drinking fountain count as required by Section 3116B of Calif. Building Code.

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**12**

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Discussion and Approval of Redistribution to Budget Allocations

**PRESENTED BY:**

Kurt Wilson – City Manager & Tyrell Staheli – Finance Director

**SUMMARY:**

The City adopted the annual budget for FY 13 on June 20, 2012 based on the most current information available at that time. Since then 2 new items have surfaced and, in addition, individual council members have expressed an interest in revisiting the current allocations of Measure L funds.

1. The City was successful in pursuing a federal grant to fund police officers. The COPS grant will pay for approximately 50% of the total costs for two police officers who are either being saved from layoff because of the grant or for new hires who are veterans of the U.S. Armed Services. This award is consistent with the City council goals of further increasing public safety. The total City cash contribution is approximately \$250,000 for the three-year period with each year requiring approximately \$125,000 of funding to support the two officers.
2. The state legislature approved AB 1484 on June 27, 2012 which has far reaching impacts on the operation of successor agencies and the allocation of funds during the wind down period of the former redevelopment agencies. One of the financial assumptions made in the current budget was that the City was prohibited from spending most of the proceeds from the Tax Allocation Bonds issued by the former Ridgecrest Redevelopment Agency. One provision of AB 1484 has changed that recommendation and staff now believes it is likely that those funds can be allocated in the current fiscal year. While the vast majority of the funds will be spent on the core projects that are consistent with the intent of the bond issuance, the general fund also benefits because of administrative overhead (prescribed in the enabling statute Assembly Bill 1X 26) and from project-specific costs that are required in order to carry out the various projects. Based on a staff estimate of the projects, it is anticipated that the general fund will benefit by approximately \$125,000. Based on the estimated expenditures, the internal staff workload would be distributed largely between Public Works and Parks & Recreation with a lesser workload assigned to administration.
3. The current expenditures include \$120,000 of Measure L funds being allocated to programs to be operated by the Parks & Recreation Department with the purpose of providing structured youth activities with adult supervision. Research has repeatedly demonstrated the nexus between the juvenile crime rate and this concept of keeping adolescent youth occupied. With the new funding requirement of matching the federal grant, however, a policy decision will have to be made as to which is the most appropriate use of Measure L funds.

**FISCAL IMPACT:**

No Fiscal Impact, reallocation of budgeted funds.

Reviewed by Finance Director

**ACTION REQUESTED:**

In order to increase the number of Ridgecrest police officers, make strides toward the pavement management system milestones, and protect youth programs, staff recommends:

1. Reallocate the \$120,000 of Measure L funds from Parks & Recreation to the Police Department.
2. Move aggressively toward completing Tax Allocation Bond projects with the general fund impacts being used to support this goal in a way that also maintains the previously approved levels of Parks & Recreation funding.
3. Allocate any additional funds, if they exist, to the unrestricted fund balance to continually increase the City's reserves.
4. Provide cash-flow assistance from wastewater with repayment upon receipt of sufficient Measure L receipts.

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Approve redistribution of budget allocations as recommended

Submitted by: Kurt Wilson  
(Rev. 02/13/12)

Action Date: July 18, 2012

**RESOLUTION NO. 12-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL APPROVING  
BUDGET AMENDMENT #2013-01 INCREASING APPROPRIATIONS  
AND ESTIMATED REVENUES IN THE ANNUAL BUDGET**

**WHEREAS**, the City Council of the City of Ridgecrest has duly adopted its annual budget;

**WHEREAS**, resolution 12-56 spells out the circumstances whereby total fund appropriations may be and can be increased; and

**WHEREAS**, certain increases in annual appropriations and estimated revenues to the budget require City Council Resolution prior to implementation; and

**WHEREAS**, The City was successful in pursuing a federal grant to fund 2 police officers at 50%; and

**WHEREAS**, the state legislature approved AB 1484 allowing the City to spend Tax Allocation Bond proceeds on approved projects and project administration by certain City staff;

**NOW, THEREFORE, BE IT RESOLVED**, The adjustments as identified as Attachment "A" are herein approved.

**APPROVED AND ADOPTED**, this 18<sup>th</sup> day of July 2012 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Ronald H. Carter, Mayor

ATTEST:

---

Rachel J. Ford, CMC  
City Clerk



**RESOLUTION NO. 12-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL APPROVING  
A LOAN BETWEEN THE WASTE WATER FUND AND THE CITY  
GENERAL FUND FOR CASH FLOW PURPOSES**

**WHEREAS**, The City Council of the City of Ridgecrest has duly adopted its annual budget;

**WHEREAS**, the City Council deems it appropriate to continue operation of City services without interruption and implement certain grants requiring matching funds;

**WHEREAS**, the General Fund reserve does not allow for continued operation and immediate grant implementation through the first half of the year due to low revenue receipts during that period;

**NOW, THEREFORE, BE IT RESOLVED** that:

1. The City Council of the City of Ridgecrest does hereby authorize a loan from the Waste Water Fund not to exceed \$3 million
2. The loan shall be repaid on or before June 30<sup>th</sup>, 2011;
3. The Finance Director/City Treasurer is hereby authorized to amend the current fiscal year's budget to reflect the loan.

**APPROVED AND ADOPTED** this 18th day of July, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Ronald H. Carter, Mayor

ATTEST:

---

Rachel J. Ford CMC  
City Clerk

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**13**

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

<b>SUBJECT:</b> First reading of Ordinance adopting the amendment of the contract between City of Ridgecrest and CalPERS							
<b>PRESENTED BY:</b> Kurt Wilson – City Manager							
<b>SUMMARY:</b>  As part of the FY11 negotiations, the following amendment of the retirement contract with CalPERS was agreed on and is being implemented for all eligible members of CalPERS. The cost of which has been included in the current year's budget. This includes the pending amendment presented herein and all actuarial costs. The actuarial valuation of this amendment is available for public inspection in the City Clerk's Office.  <ol style="list-style-type: none"> <li>1. <b>To provide Section 21363.1 (3.0% @ 55 Full, Supplemental or Modified formula) for local safety members.</b></li> </ol> <p>Pursuant to CalPERS regulation, Resolution no. 12-xx, a resolution of Notice of intent to approve an amendment to the contract between the Board Of Administration of California Public Employees Retirement System and the City Council of the City of Ridgecrest was approved on June 27, 2012.</p> <p>An Ordinance adopting the amendment to the contract with CalPERS is presented to City Council for first reading and adoption. The City of Ridgecrest is obligated to comply with all CalPERS requirements including Government Code Section 7507.</p>							
<b>FISCAL IMPACT:</b> <table style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 60%;">1. Change in the Present Value of Benefits</td> <td style="text-align: right;">\$1,120,322</td> </tr> <tr> <td>2. Change in the Accrued Liability</td> <td style="text-align: right;">\$ 832,422</td> </tr> <tr> <td>3. Change in the Total Employer Rate</td> <td style="text-align: right;">4.741%</td> </tr> </table> Reviewed by Finance Director		1. Change in the Present Value of Benefits	\$1,120,322	2. Change in the Accrued Liability	\$ 832,422	3. Change in the Total Employer Rate	4.741%
1. Change in the Present Value of Benefits	\$1,120,322						
2. Change in the Accrued Liability	\$ 832,422						
3. Change in the Total Employer Rate	4.741%						
<b>ACTION REQUESTED:</b>  Motion To Adopt an Ordinance Of The City Council Of The City Of Ridgecrest to amend the agency's contract with CalPERS							
<b>CITY MANAGER'S RECOMMENDATION:</b>  Approve as requested, an ordinance amending the agency's contract with CalPERS  Kurt Wilson, City Manager							

Submitted by: Kurt Wilson

Action date: July 18, 2012

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**ORDINANCE NO. \_\_\_\_\_**

**An Ordinance of the City Council of the City of Ridgecrest authorizing an amendment to the contract between the City Council of the City of Ridgecrest and the Board of Administration of the California Public Employees' Retirement System.**

**The City Council of the City of Ridgecrest does ordain as follow:**

**Section 1.**

That an amendment to the contract between the City Council of the City of Ridgecrest and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said amendment being attached hereto, marked Exhibit, and by such reference made a part hereof as though herein set out in full.

**Section 2.**

The Mayor of the City Council is hereby authorized, empowered, and directed to execute said amendment for and on behalf of said Agency.

**Section 3.**

This ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 10 days from the passage thereof shall be published at least two (2) times in the Daily Independent, a newspaper of general circulation, published and circulated in the City of Ridgecrest and thenceforth and thereafter the same shall be in full force and effect.

Adopted and approved this 18<sup>th</sup> day of July, 2012.

\_\_\_\_\_  
Ronald H. Carter – Mayor

Attest:

\_\_\_\_\_  
Rachel J. Ford, CMC – City Clerk

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**RESOLUTION NO. 12-57**

**A RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE CITY COUNCIL OF THE CITY OF RIDGECREST**

**WHEREAS**, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

**WHEREAS**, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

**WHEREAS**, the following is a statement of the proposed change:

To provide Section 21363.1 (3.0% @ 55 Full, Supplemental or Modified formula) for local safety members.

**NOW, THEREFORE BE IT RESOLVED**, that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

**APPROVED AND ADOPTED** this 27<sup>th</sup> day of June 2012 by the following vote:

AYES: Mayor Carter, Council Members Holloway, Taylor, and Patin  
NOES: None  
ABSENT: Council Member Morgan  
ABSTAIN: None



Ronald H. Carter, Mayor

ATTEST



Rachel J. Ford, CMC  
City Clerk

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# Exhibit A

## CalPERS Option Benefit Listing

### **Section 21363.1 3% @ 55 Full, Supplemental or Modified Formula for Local Safety Members**

This formula provides to local safety members 3% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 2.400% at age 50, which gradually increases for each attained age to 3% at age 55+. Local safety members subject to the 3% @ 55 Full or Supplemental formulas contribute 9% of reportable earnings. Those covered under the 3% @ 55 Modified formula (coordinated with Social Security) contribute 9% of reportable earnings in excess of \$133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 3% @ 55 formula cannot exceed 90% of final compensation.

Employer Cost: Valuation required.

Rough Estimate: Impact on Employer Normal Cost:

- 1.6% to 3.1% of payroll for 2% at 50 safety groups Impact on Total Employer Contribution Rate:
  - 4.7% to 8.9% of payroll for 2% at 50 safety groups Member

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Ordinance No. 12-01, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIDGECREST AMENDING THE RIDGECREST MUNICIPAL CODE AS IT RELATES TO CONFLICTS OF INTEREST

**PRESENTED BY:**

Keith Lemieux – City Attorney

**SUMMARY:**

The Political Reform Act, Government Code Section 81000 *et seq.*, requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission (“FPPC”) has adopted a regulation, California Code of Regulations, Title 2, division 6, Section 18730 (hereinafter “CCR 18730”), which contains the terms of a standard conflict of interest code

This ordinance amends Section 2-8.102 of the Ridgecrest Municipal Code and reinforces the employee and elected classifications required to file disclosure information with the FPPC.

The ordinance was introduced for first reading and introduction at the regular council meeting of June 20, 2012. It is brought for second reading and adoption at this time and requires the following two motions:

1. *Motion To Waive Reading In Full And To Adopt By Title Only, Ordinance No. 12-01, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Conflicts Of Interest.*

**Requires a second**

2. *Motion To Adopt, By Title Only, Ordinance No. 12-01, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Conflicts Of Interest.*

**Requires a second**

**FISCAL IMPACT:**

No Fiscal Impact

Reviewed by Finance Director

**ACTION REQUESTED:**

Approve the aforementioned motions

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: approve two motions as listed above.

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**ORDINANCE NO. 12-01**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIDGECREST  
AMENDING THE RIDGECREST MUNICIPAL CODE AS IT RELATES TO  
CONFLICTS OF INTEREST**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST as follows:**

**Section 1. Purpose.**

This ordinance amends Section 2-8.102 of the Ridgecrest Municipal Code.

**Section 2. Amendment.**

Section 2-8.102 of the Ridgecrest Municipal Code is amended and reenacted to read as follows:

**"2-8.102. - Conflicts of Interest**

(a) The Political Reform Act, Government Code Section 81000 *et seq.*, requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission ("FPPC") has adopted a regulation, California Code of Regulations, Title 2, division 6, Section 18730 (hereinafter "CCR 18730"), which contains the terms of a standard conflict of interest code. It can be incorporated by reference and may be amended by the FPPC after public notice and hearings to conform to amendments in the Political Reform Act. Therefore, the terms of CCR 18730 and any amendments to it duly adopted by the FPPC are hereby incorporated by reference and along with the list of designated individuals in which members and employees are designated and disclosure categories are set forth constitute the conflict of interest code of City of Ridgecrest.

Designated employees shall file statements of economic interests with the agency. Upon receipt of the statements of the Directors, the agency shall make and retain a copy and forward the original of these statements to the Clerk of the Board of Supervisors. The original statements for all other designated employees will be retained by the agency.

(b) The following categories are established for the purpose of conflicts of interest disclosure:

Category 1. Persons in this category shall disclose all investments, business positions and sources of income, including gifts, loans and travel payments.

Category 2. Persons in this category shall disclose all interests in real property within the City's jurisdiction. The definition of "interests in real property," as used herein, can be found in the Political Reform Act. (See Government Code Section 82033.)

Category 3. Persons in this category shall disclose all income (including gifts, travel payments and loans) from investments in and business positions with business sources that provide leased facilities, manufacture, provide or sell services (including consulting

and training services) and/or supplies (including goods, equipment, vehicles or machinery) of a type utilized by the City and associated with the job assignment of designated positions assigned this disclosure category. The definitions for "income and gift," as used herein, can be found in the Political Reform Act. (See Government Code Section 82028 and 82034.)

Category 4. Persons in this category shall disclose all investments, business positions and income, including gifts, loans and travel payments, from sources that are subject to the regulatory, permit or licensing authority of, or have an application for a license or permit pending before the City and associated with the job assignment of designated positions assigned this disclosure category.

(c) The following employees, hereinafter "designated employees", shall file disclosure statements for all categories of disclosure:

Chief of Police

City Clerk

Community and Economic Development Director

Parks and Recreation Director

Public Works Director

Engineering Manager

Lieutenants

Support Services Manager

Public Works Supervisor

Wastewater Treatment Supervisor

Chief Building Official

Building Inspector(s)

Associate Planner

Assistant Planner

Planning Technician

City Manager

Oversight Board members

City council members

Elected Mayor

And all designated employees appointed on interim or temporary duty for these listed positions.

(d) Consultants shall file conflict of interest disclosure statements for categories of disclosure affected by the consultant's work as determined by the City Manager. As used herein, the term "consultants" refers to persons identified as consultants under the regulations of the Fair Political Practices Commission. The City Manager may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties

that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based on that description, a statement of the extent of disclosure requirements. The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code."

**Section 3. Other.**

This ordinance shall go into effect and be in full force and operation from and after thirty (30) days after its final passage and adoption. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance to be published as set forth below.

At least five (5) days prior to its final adoption, copies of this Ordinance shall be posted in at least three (3) prominent and public locations in the City; and a notice shall be published once in a newspaper of general circulation in the City of Ridgecrest, setting forth the title of this Ordinance, the date of its introduction and the places where this Ordinance is posted. Within fifteen (15) days following final adoption, a summary of the Ordinance with the names of the council members and votes shall be published in a newspaper of general circulation.

Introduced and first read at a meeting of the City Council of the City of Ridgecrest held the \_\_\_\_\_ day of May, 2012.

**PASSED AND ADOPTED** at a regular meeting of said City Council held on \_\_\_\_\_, 2012, by the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Ronald H. Carter, Mayor

ATTEST:

\_\_\_\_\_  
Rachel J. Ford, City Clerk

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