



MEMORANDUM
OFFICE OF THE
COUNTY EXECUTIVE OFFICE
COUNTY OF PLACER

TO: Honorable Board of Supervisors
FROM: Thomas M. Miller, County Executive Officer
DATE: August 9, 2011
SUBJECT: State Voluntary Payment to Avoid Elimination of the Redevelopment Agency

ACTION REQUESTED: Adopt an urgency ordinance electing to participate in the State Voluntary Payment program and committing to pay an estimated \$3,806,964 of Redevelopment Agency funds in FY 2011-12 and lesser annual payments in subsequent years to the State of California Redevelopment Voluntary Payment Fund to prevent elimination of the Redevelopment Agency.

BACKGROUND: With the recent enactment of the California State Budget and related bills, Placer County (County) and its Redevelopment Agency (Agency) are now facing an important decision on whether to continue with their Redevelopment program.

Since establishment of the Agency and adoption of Placer County's first redevelopment plan in 1996 (North Lake Tahoe Redevelopment Plan), the Agency has developed a comprehensive program to revitalize its three Redevelopment Project Areas – North Auburn, Sunset Industrial, and North Lake Tahoe. On June 21, 2011, the Agency Board approved a Fiscal Year 2011-2012 Proposed Budget of \$29,212,535 to carry out a wide array of projects, real estate transactions, loan programs, plans, investments, and administrative functions.

On June 29, 2011, the Governor signed into law ABx1-26 and ABx1-27. These bills, taken together, state that all redevelopment agencies in California will be terminated if their legislative bodies do not adopt ordinances committing to the payment of redevelopment funds for the benefit of local education, fire, and transit districts. The legislation established formulas to calculate the so-called 'Voluntary Payments' based on each redevelopment agency's tax increment revenue and remaining net revenue, after local taxing agency pass-through and debt service payments, as reported in the 2008-2009 Redevelopment Agency Annual Reports to the State Controller. Our Agency's estimated Voluntary Payment for FY 2011-12 is \$3,806,964. In order to avoid elimination, the Agency would also be required to pay in subsequent years an estimated \$895,756, as adjusted proportionately for changes in annual tax increment revenue and debt payment obligations.

The consequences of not committing to the Voluntary Payment Program would be a dissolution

of the Agency, an estimated loss of \$6,703,455 in annual revenue to the Agency (based on the approved Agency's FY 2011-12 Proposed Budget) and a partial or total loss of Agency cash and capital assets totaling an estimated approximately \$56,000,000. Among the capital assets are real estate properties and mortgage loans. With Agency dissolution, the real properties and loans would be sold off and the proceeds redistributed. The County would be able to recover approximately 21% of the redistributed proceeds, but the proceeds would likely be much less than the face value of the current real properties and loans.

Rationale and Impact of the Legislation

As written, the Redevelopment Elimination and Voluntary Payment legislation (ABx1-26 and ABx1-27) describe an intention by the State to address State Budget deficits and offset State costs for public education in FY 2011-12 by redirecting tax increment revenues received by redevelopment agencies throughout the state. The legislation requires local municipalities to opt to make the Voluntary Payments to avoid elimination of their redevelopment agencies. If all redevelopment agencies choose to make the Voluntary Payments, the State estimates that it will generate \$1,700,000,000 in additional revenue for local public school districts for FY 2011-12. The legislation states that the additional school revenue would offset the State's Proposition 98 funding obligation to the schools for FY 2011-12. In subsequent years the legislation states that it intends to obtain from redevelopment agencies a combined \$400,000,000 per year, adjusted for inflation and changes in local debt obligations, and that 85% of these annual funds would go to local school districts and 15% would go to local fire and transit districts.

The legislation is expected to create significant hardship for existing redevelopment agencies. Since enactment of the legislation a legal suit challenging the constitutionality of the legislation was filed by the California Redevelopment Association, League of California Cities, and individual local municipalities. While these entities are attempting to enjoin the implementation of the legislation, there is no guarantee that they will succeed in this attempt. Nor is there a guarantee that litigation will bring an expeditious resolution.

The legislation states that, immediately upon its enactment, all redevelopment agencies are prohibited from entering into any new financial obligations, such as bonds, loans, and contracts, as well as any other actions that would expand future redevelopment activities or obligations. During this time period all that a redevelopment agency is permitted to accomplish is maintain current assets and enforceable contractual obligations. Under the legislation, contracts between the Agency and its host jurisdiction would not be considered 'enforceable' if entered into after January 1, 2011. This prohibition would be lifted if and when the legislative body of the jurisdiction that formed the redevelopment agency, in our case your Board, enacted an ordinance memorializing a commitment by the County to use redevelopment tax increment revenue or any other available funds to make the mandated Voluntary Payments. If such an ordinance is not enacted by October 1, 2011, the subject redevelopment agency is

eliminated and the assets, records, and legally binding obligations of the redevelopment agency are transferred to a Successor Agency. The legislative body of the jurisdiction for the particular redevelopment agency would have the first option to become the Successor Agency, but if it declines to take on that role the legislation provides a mechanism for another agency to assume the role.

The immediate impact on our Agency is a halt on activities of several key projects. Of particular note are the North Auburn Highway 49 Streetscape Improvements project, which has recently completed design and is ready to solicit construction bids, the Kings Beach Eastern Gateway contamination cleanup, which is ready to award a construction bid, the Kings Beach Commercial Core Improvement Project, where a public parking lot site is ready to be acquired, and the Sunset Industrial Area Fire Protection District, where additional funding is needed for the cost of establishing a community facilities district.

The legislation allows redevelopment agencies (and Successor Agencies if redevelopment agencies are eliminated after October 1, 2011) to continue to finance and conduct work on existing enforceable contracts and obligations with outside third parties. It would negatively impact any existing service agreements between the Agency and County departments that were entered into after January 1, 2011. On June 21, 2011 your Board authorized six such service agreements for a combined amount not to exceed \$525,110. The legislation would not delay or defund existing Placer County redevelopment projects that fit the definition of falling under pre-existing enforceable obligations, such as the Kings Beach Scattered Sites Housing Project, the Tahoe Vista Recreation Area Improvements Project, and the Lake Forest Water District Improvements Project. Attachment B describes the level of anticipated impact on the individual projects and activities.

Timelines and Roles

Attachments E and F describe the required tasks and deadlines for various designated parties to process the elimination of redevelopment agencies or to participate in the Voluntary Payment Program and process the payments. In either case, the County Auditor-Controller plays a significant role in compiling financial data, reporting to the State, and collecting and redistributing funds to taxing agencies. The Auditor-Controller will be responsible for completing these tasks for all redevelopment agencies in the County, including those of the cities of Roseville, Rocklin, Lincoln, and Auburn, as well as for our Agency. The State Controller is required to provide to all affected municipalities and agencies the Voluntary Payment amounts by no later than August 1, 2011. Local agencies have the ability to appeal the stated Voluntary Payment amounts up until August 15, 2011. The State Department of Finance will also have a role to oversee and regulate the activities of Successor Agencies.

FISCAL IMPACT: In either scenario, of Redevelopment elimination or Voluntary Payment, there will be significant fiscal impacts to both the County and Agency.

Elimination Scenario

If your Board decides to not adopt the proposed ordinance, the Agency will be eliminated as of October 1, 2011 and the County could elect to become the Successor Agency to take on the existing contractual and financial obligations of the defunct Agency. The County would be able to continue to collect and retain tax increment revenue in an amount sufficient to satisfy the existing debt service and contractual obligations until all bond and contractual obligations are met. A legislatively mandated Oversight Board, comprised of representatives of the County, defunct Agency, school districts, and other special districts would review and have authority to approve or reject the Successor Agency's program of managing existing obligations. The Oversight Board makeup and responsibilities are described further in Attachment D.

The County Auditor has prepared tables in Attachment C to illustrate the estimated fiscal impacts of Agency dissolution or participation in the Voluntary Payment Program. For FY 2011-12, the Agency's projected net tax increment revenue (after pass-through payments) totals \$6,703,455. Agency debt service, processing fees and other obligations total \$3,128,776 and remaining 'net-net' tax increment revenue, after debt service payments and other obligations, would total an estimated \$3,574,679. These funds would have been available for Agency projects, programs and activities if the State had not enacted ABx1-26 and ABx1-27.

With Agency elimination, the \$3,574,679 would be collected by the County Auditor-Controller and distributed to all taxing agencies according to their set formula shares. The County's share as a taxing agency is estimated at \$689,766 with the balance of \$2,884,913 distributed to other taxing agencies.

The Agency's assets would be transferred to the Successor Agency and all assets determined to be free of pre-existing obligations with outside third parties would be redistributed to other taxing agencies. The Agency's total assets include an estimated \$20,872,602 in funding reserves as well as multiple real estate properties worth an estimated \$18,750,536 and mortgage and commercial loans in a combined amount of \$16,790,016. The State legislation expresses the intent of redistributing as much of the Agency's assets as possible. It establishes the Oversight Board to decide how to dispose of all of the assets and redistribute the proceeds to other taxing agencies. This Oversight Board will have majority representation by local school districts and special districts that would stand to gain from the redistribution of Agency assets.

An outcome of this redistribution of assets would be a defunding, delay, and probable ultimate elimination of most of the projects and programs. Attachment B is a detailed description of the anticipated impacts of Agency elimination on the individual components of the Work Program. Included in these impacts is the likely layoff of several of the 13 current Agency employees. An

unquantified, but significant, indirect impact of the Agency elimination would be the removal of existing programs to promote economic development and community revitalization in multiple communities within the unincorporated County. Elimination of the Agency and the loss of the use of tax increment proceeds for the establishment of affordable housing would also have a long term impact on the ability of the County to satisfy its affordable housing obligations set forth in its Housing Element.

Voluntary Payment Scenario

Under this scenario the Agency would make an estimated one time Voluntary Payment of \$3,806,964 from available funds in FY 2011-12. As a result, after meeting debt service and other obligations, the Agency would have no remaining FY 2011-12 tax increment funds to use on projects, programs, and running the organization. After spending all of its FY 2011-12 funds on pre-existing obligations and the Voluntary Payment, the Agency would need to spend an additional amount of \$232,285 in previous year fund reserves to meet the combined obligations. The Agency would also need to rely on fund reserves and austerity measures to continue programs, projects, and operations.

In this scenario, the County General Fund would not receive the estimated \$689,766 increase projected in the elimination scenario nor a share of redistributed Agency assets.

For subsequent years, if tax increment revenue and debt service obligations remain constant, the Agency Voluntary Payment is estimated at \$895,756. With this smaller payment, the Agency would wind up with estimated net tax increment revenue, available for program use after debt service and the Voluntary Payment, of \$2,678,923. The Voluntary Payment would adjust annually as a proportion of the annual changes in tax increment revenue and debt service obligations. The remaining net revenue stream would allow the Agency to continue full operations and even expand future project and program funding, subject to annual revenue fluctuations and project and program opportunities. In addition, the Agency would be able to retain its existing assets and use them to further its redevelopment goals.

Another component of the State legislation would place additional costs on the Agency for issuing new debt. If the Agency incurred additional debt, the Agency would be required to make additional annual payments to local school districts based on a formula defined in the legislation. It is estimated that the Agency would have to pay an estimated additional \$30.50 to local school districts for every \$100 of new debt service obligation that the Agency incurred. This additional penalty creates a significant disincentive for issuing new debt. The Agency has already incurred a significant amount of debt, which would not be affected by the legislation. In 2006 the Agency issued bonds for housing purposes, backed by tax increment housing

setaside funds for all three Project Areas, as well as bonds backed by discretionary tax increment funds for the North Auburn and North Lake Tahoe Redevelopment Project Areas. The Agency still holds a significant portion of the proceeds from these bond issuances. However, the Agency has not yet issued a bond backed by discretionary tax increment from the Sunset Industrial Project Area.

ABx1-27 includes language stating the State legislature's intent to adopt future legislation that would significantly reduce the additional debt penalty. Section 34194 (c)(2)(C) states:

"It is the intent of the Legislature to enact legislation in the 2011-12 session to prescribe a schedule of reductions in the community remittance, described in subparagraph (A), that will authorize payments of less than 80 percent of the school share of property taxes to the Educational Revenue Augmentation Fund. The reductions shall apply for bonds issued for the purpose of funding projects that advance the achievement of statewide goals with respect to transportation, housing, economic development and job creation, environmental protection and remediation, and climate change, including, but not limited to, projects that are consistent with the Sustainable Communities Strategies developed pursuant to Chapter 4.2 (commencing with Section 21155) of Division 13 of the Public Resources Code." If such legislation is adopted, it is anticipated that the Agency would be able to structure new debt that complied with State goals and could reduce the current penalty.

Analysis and Conclusion

Looking at the Agency and County fiscal impacts together, in the elimination scenario for FY 2011-12, the estimated impact on annual property tax revenue would be \$3,574,679 Agency lost tax increment and \$689,766 gain to the County General Fund. The total net revenue loss would be \$2,884,913. In the Voluntary Payment scenario for FY 2011-2012, the Agency would lose \$3,806,964 and the County General Fund would remain unchanged from the current condition. The combined loss of annual property tax revenue is thus greater in the Voluntary Payment scenario for FY 2011-12.

In subsequent years, however, the Voluntary Payment scenario for net annual revenue is more favorable. Assuming no tax increment revenue change in future fiscal years, the elimination scenario would remain the same, with a combined \$2,884,913 loss in revenue. Under the Voluntary Payment scenario, however, the loss to the Agency would be \$895,756 with no loss to the County for a combined net \$895,756 loss – significantly less than the elimination scenario.

A much greater impact resulting from the Agency elimination would be the transfer, sale, and redistribution of proceeds of all of the Agency's assets that the Oversight Board would determine to be free of pre-existing obligations with outside third parties. As described above, the estimated value of the Agency's combined total assets of funding reserves, real estate

holdings and mortgage and commercial loans is \$56,413,154. It is unknown at this time how the Oversight Board would ultimately decide how to handle the disposition and redistribution of all of these assets. It is unlikely that the wholesale selling and conversion of real estate holdings and loans in today's market would net a return anywhere near the assets face value. In addition, two of the Agency-owned properties in Kings Beach have not yet completed contamination remediation, which will further reduce their value. It can reasonably be assumed that in the final distribution the County could expect to receive only a small fraction of the total face value of the Agency assets. The County's anticipated share of the proceeds distributed would be approximately 21%.

In addition, the impact on existing Agency assets, economic development and housing programs, and demand for County basic services would all be significantly more favorable under the Voluntary Payment scenario. It is thus recommended that your Board approve the ordinance and establish the Voluntary Payment program. An urgency ordinance is proposed in order to avoid further delay to critical operations and activities of the Agency and County. Of particular concern is the delay to the Kings Beach Eastern Gateway Contamination Cleanup, which is now in danger of losing the current limited construction season. The Agency is also unable to execute and implement its contracts until this ordinance is enacted, and further delays would result in disruptions to service delivery and fiscal constraints for both the County and Agency. State law allows your Board to adopt an urgency ordinance by a four-fifths vote after making a declaration of facts constituting the urgency (Government Code section 25123(d)). For the aforementioned reasons, staff recommends adoption of an urgency ordinance and findings to support the same have been included in the attached proposed ordinance.

- Attachment:
- A. Ordinance
 - B. Agency Work Program Impacts from Elimination vs. Voluntary Payment
 - C. Auditor's Analysis of Fiscal Impacts
 - D. Agency Elimination Oversight Board Description
 - E. Schedule for Implementation of Dissolution Act
 - F. Schedule for Implementation of Voluntary Program Act

Before the Board of Supervisors County of Placer, State of California

In the matter of:

**An Urgency Ordinance of the Placer County
Board of Supervisors Determining it Will
Participate in the Voluntary Alternative
Redevelopment Program Pursuant to Part 1.9
Of Division 24 of the California Health and
Safety Code in Order to Permit the Continued
Existence and Operation of the
Placer County Redevelopment Agency.**

Ordinance No: _____
First Reading: _____
Second Reading: _____

The following **Urgency Ordinance** was duly passed by the Board of Supervisors of the County
of Placer at a regular meeting held _____ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Chairman Signature

Attest:
Clerk of said Board

Clerk of the Board Signature

THE BOARD OF SUPERVISORS OF THE COUNTY OF PLACER, STATE OF CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

WHEREAS, the Board of Supervisors (“Board”) of the County of Placer (“County”) approved and adopted the following Redevelopment Plans covering certain properties within the unincorporated area of the County: North Auburn Redevelopment Project (adopted June 24, 1997, Ordinance No. 4832-B); Sunset Industrial Redevelopment Project (adopted June 24, 1997, Ordinance No. 4835-B); and North Lake Tahoe Redevelopment Project (adopted July 16, 1996, Ordinance No. 4753-B) (hereinafter collectively referred to as “Project Areas”); and

WHEREAS, the County Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, et seq.) ("CRL"); and

WHEREAS, since adoption of the Redevelopment Plans, the Agency has undertaken redevelopment projects in the Project Areas to eliminate blight, to improve public facilities and infrastructure, to renovate and construct affordable housing, and to enter into partnerships with private industries to create jobs and expand the local economy; and

WHEREAS, over the next few years, the Agency hopes to implement a variety of redevelopment projects and programs to continue to eliminate and prevent blight, stimulate and expand the Project Areas' economic growth, create and develop local job opportunities and alleviate deficiencies in public infrastructure, to name a few; and

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature has recently enacted and the Governor has signed, companion bills AB 1X 26 and AB 1X 27, requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

WHEREAS, specifically, AB 1X 26 prohibits agencies from taking numerous actions, effective immediately and purportedly retroactively, and additionally provides that agencies are deemed to be dissolved as of October 1, 2011; and

WHEREAS, AB 1X 27 provides that a community may participate in an "Alternative Voluntary Redevelopment Program," in order to enable a redevelopment agency within that community to remain in existence and carry out the provisions of the CRL, by enacting an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code; and

WHEREAS, the Alternative Voluntary Redevelopment Program requires that the community agree by ordinance to remit specified annual amounts to the County auditor-controller; and

WHEREAS, under the threat of dissolution pursuant to AB 1X 26, and upon the contingencies and reservations set forth herein, the County shall make the Fiscal Year 2011-2012 community remittance, currently estimated to be Three Million Eight Hundred Six Thousand Nine Hundred Sixty-Four Dollars (\$3,806,964), as well as the subsequent annual community remittances as set forth in the CRL; and

WHEREAS, the County reserves the right to appeal the California Director of Finance's determination of the Fiscal Year 2011-12 community remittance, as provided in Health and Safety Code Section 34194; and

WHEREAS, the County understands and believes that an action challenging the constitutionality of AB 1X 26 and AB 1X 27 will be filed on behalf of cities, counties and redevelopment agencies; and

WHEREAS, while the County currently intends to make these community remittances, they shall be made under protest and without prejudice to the County's right to recover such amounts and interest thereon, to the extent there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional; and

WHEREAS, the County reserves the right, regardless of any community remittance made pursuant to this Ordinance, to challenge the legality of AB 1X 26 and AB 1X 27; and

WHEREAS, to the extent a court of competent jurisdiction enjoins, restrains, or grants a stay on the effectiveness of the Alternative Voluntary Redevelopment Program's payment obligation of AB 1X 26 and AB 1X 27, the County shall not be obligated to make any community remittance for the duration of such injunction, restraint, or stay; and

WHEREAS, all other legal prerequisites to the adoption of this Ordinance have occurred.

NOW THEREFORE, the Board ordains as follows:

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

Section 2. Participation in the Alternative Voluntary Redevelopment Program. In accordance with Health and Safety Code Section 34193, and based on the Recitals set forth above, the Board hereby determines that the County shall comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as enacted by AB 1X 27.

Section 3. Payment Under Protest. Except as set forth in Section 4, below, the Board hereby determines that the County shall make the community remittances set forth in Health and Safety Code section 34194 *et seq.*

Section 4. Effect of Stay or Determination of Invalidity. County shall not be required to make any community remittance in the event a court of competent jurisdiction either grants a stay on the enforcement of AB 1X 26 and AB 1X 27 or determines that AB 1X 26 and AB 1X 27 are unconstitutional and therefore invalid, and all appeals there from are exhausted or unsuccessful, or time for filing an appeal there from has lapsed. Any community remittance shall be made under protest and without prejudice to the County's right to recover such amount and interest thereon in the event that there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional. If there is a final determination that AB 1X 26 and AB 1X 27 are invalid, this Ordinance shall be immediately subject to repeal and of no further force or effect.

Section 5. Implementation. The County hereby authorizes and directs the Agency Director to take any action and execute any documents necessary to implement this Ordinance, including but not limited to notifying the County Auditor-Controller, the Controller of the State of California, and the California Department of Finance of the adoption of this Ordinance and the County's agreement to comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as set forth in AB 1X 27.

Section 6. Additional Understandings and Intent. It is the understanding and intent of the Board that the County will enter into an agreement with the Agency as authorized pursuant to Section 34194.2, whereby the Agency will transfer annual portions of its tax increment to the County in amounts not to exceed the annual community remittance payments to enable the County, directly or indirectly, to make the annual remittance payments. The Board does not intend, by enactment of this Ordinance, to pledge any of its general fund revenues or assets to make the remittance payments.

Section 7. CEQA. The Board finds, under Title 14 of the California Code of Regulations, Section 15378(b) (4), that this Ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") in that it is not a "project," but instead consists of the creation and continuation of a governmental funding mechanism for potential future

projects and programs, and does not commit funds to any specific project or program. The Board, therefore, directs that a Notice of Exemption be filed with the County Clerk in accordance with CEQA Guidelines.

Section 8. Custodian of Records. The documents and materials that constitute the record of proceedings on which these findings are based are located at the Clerk of the Board's office located at 175 Fulweiler Avenue, Auburn, CA 95603. The custodian for these records is the Clerk of the Board.

Section 9. Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The Board hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

Section 10. Findings. The adoption of this Urgency Ordinance is necessary for the immediate protection of the public peace, health and safety. In accordance with California Government Code section 25123(d) and in order to protect the public peace, health and safety, the Board of Supervisors of the County of Placer finds and determines as follows:

(a) AB 1X 26 prohibits agencies from taking numerous actions, until the Board adopts an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code, including but not limited to incurring any new monetary or legal obligations or expanding any existing monetary or legal obligations, entering into agreements with any person for any purpose or amending or modifying any existing agreements and taking any action with respect to a redevelopment plan;

(b) Prior to the enactment of an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code, the Agency will be unable to continue efforts to eliminate and prevent blight (including but not limited to site remediation of the Agency's Eastern Gateway Site in Kings Beach; continued site remediation at the Swiss-Mart site; construction of the Everett and Deer-Rainbow Property parking lots to support the Commercial Corridor Improvement Project; and implementation and construction of streetscape improvements along Hwy. 49), stimulate and expand the Project Areas' economic growth, create and develop local job opportunities and alleviate deficiencies in public infrastructure;

(c) Blighting conditions in the Project Areas constitute substantial threats to public peace, health and safety, and are so prevalent they cannot be eliminated without Agency action, including but not limited to the use of Agency funds and authorization of redevelopment projects and programs;

(d) During the current economic crisis, the Agency must have the ability to act and continue the efforts set forth in (b) above. The Agency must have all tools available in order to eliminate and prevent blighting conditions, including implementation of the Agency's economic development programs including the future financial contributions to the Sunset Industrial Project Area transportation infrastructure improvements; the potential redevelopment of the BB LLC Kings Beach Town Center Project; financial contributions to the Commercial Corridor Improvement Project for property acquisition, planning, design and construction costs for streetscape, infrastructure, drainage and water quality improvements; financing of infrastructure improvements for the Community Enhancement Program in Kings Beach; funding of the North Auburn Commercial Improvement Loan Program, support for economic development programs of the North Tahoe Business Association and Tahoe City Downtown Association, and funding of the Hwy. 49 Streetscape improvements;

(e) The Agency is actively engaged in efforts to rehabilitate housing units, to provide assistance for property improvements and to provide safe and affordable housing. Adoption of this Urgency Ordinance will permit the Agency to continue these efforts immediately, including efforts to move the Quartz Ridge Family Housing Project, the Neighborhood Stabilization Program; and the Housing Assistance Programs.

Section 11. Publication. The Clerk is directed to publish this ordinance, or a summary thereof, within fifteen (15) days in accordance with Government Code section 25124.

Section 12. Effective Date. The Board hereby declares, on the basis of the findings set forth above, that there is an immediate need to preserve the public peace, health and safety constituting the urgency for adoption of this Ordinance pursuant to Government Code section 25123(d). Accordingly, this Ordinance is adopted as an urgency ordinance and shall take effect and be in force immediately upon its adoption.

PLACER COUNTY REDEVELOPMENT AGENCY

IMPACTS FROM STATE ELIMINATION VS. VOLUNTARY PAYMENT

NORTH AUBURN PROJECT AREA

COMMERCIAL, MIXED-USE, AND PUBLIC FACILITIES IMPROVEMENT PROGRAM

1. North Auburn Commercial Improvements - \$250,281 budgeted for the Commercial Loan Program and general support for business districts in the Project Area

Elimination Impact – all funding would be put under the control of the Oversight Board for redistribution to other taxing agencies; existing commercial loan portfolio would become the responsibility of the Successor Agency

Voluntary Payment Impact - \$239,090 would be diverted for the Voluntary Payment; program would continue under the Agency but no new loans would be considered until FY 2012-13

2. Highway 49 Streetscape Improvements - \$973,351 budgeted to install sidewalks, landscaping and related improvements on the east side of Highway 49 between New Airport Road and Education Street

Elimination Impact – all funding would be placed under the control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – funding retained and project proceeds to construction

3. Auburn Airport Industrial Park Gateway Signage - \$24,601 is budgeted to install a monument sign for the entrance to the Industrial Park at the corner of Highway 49 and Locksley Lane

Elimination Impact – all funding placed under control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – funding retained and project proceeds to construction

4. Bowman Streetscape Improvements - \$174,155 is budgeted to plan and design streetscape improvements on Lincoln Way and Bowman Road

Elimination Impact – all funding placed under control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact - \$138,497 diverted to make Voluntary Payment; only preliminary planning work by Agency staff would proceed in FY 2011-12

AFFORDABLE HOUSING PROGRAM

5. Quartz Ridge Family Housing Project - \$1,918,253 is budgeted and a six acre Agency-owned property is reserved for developing a 64 unit affordable housing project in Bowman

Elimination Impact – Because the Agency previously entered into a Disposition, Development and Loan Agreement with a third party developer, the funds and property would be transferred to the Successor Agency and the project could go forward

Voluntary Payment Impact – The full funding and property would be retained and the project could go forward

6. Housing Assistance Programs - \$111,625 is budgeted to supplement grant funds to support housing rehabilitation assistance loans, first time homebuyer assistance loans, Neighborhood Stabilization Program and planning for new affordable housing in the unincorporated areas of Western Placer County

Elimination Impact – \$111,625 would be put under control of the Oversight Board for redistribution to other taxing agencies; the County would continue the housing programs using unaffected grant funds (CDBG, HOME, NSP)

Voluntary Payment Impact - \$101,000 diverted to make the Voluntary Payment; the programs would continue with unaffected grant funds (CDBG, HOME, NSP)

PLANNING, ADMINISTRATION, AND DEBT SERVICE PAYMENT

7. Planning, Administration, and Debt Service - \$648,364 is budgeted for planning, administration, and debt service costs of the North Auburn Redevelopment Project

Area and an additional \$426,278 is budgeted to be held in reserve for payment in FY 2012-13 of a due CalHFA loan.

Elimination Impact – The Successor Agency would be able to retain \$790,047 necessary to pay debt service and the remainder would be redistributed to other taxing agencies; it would result in the necessary elimination of most of the current 13 Agency staff positions and the likely issuing of layoff notices to those employees

Voluntary Payment Impact – The Agency would be able to retain budgeted funds and maintain its current workforce

8. Operation and Maintenance of Acquired Property - \$2,179 is budgeted for maintenance of Agency-owned property in Bowman

Elimination Impact – the funds would be put under control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the Agency would retain the funds and perform the needed property maintenance

SUNSET INDUSTRIAL PROJECT AREA

COMMERCIAL, INDUSTRIAL, AND PUBLIC FACILITIES IMPROVEMENT PROGRAM

9. Sunset Transportation Improvements - \$989,158 is budgeted to pay for future transportation infrastructure improvements of benefit to the Project Area; the Agency has committed to providing out of future revenues an additional \$2,510,842 for transportation infrastructure improvements

Elimination Impact – the budgeted funds would be put under control of the Oversight Board for redistribution to other taxing agencies and no future funds would be retained for the proposed transportation improvements

Voluntary Payment Impact – the \$989,158 of budgeted funds would be redirected to make the Voluntary Payment; the Agency would still be committed to providing \$3,500,000 of future revenue for transportation infrastructure improvements; this delay in partial funding is not expected to delay the future transportation improvement projects

10. Commercial/Industrial Improvements Support – No funds were budgeted to this program

Elimination Impact – no impact

Voluntary Payment Impact – no impact

AFFORDABLE HOUSING PROGRAM

11. Housing Assistance Programs - \$397,040 is budgeted to supplement grant funds to support housing rehabilitation assistance loans, first time homebuyer assistance loans, Neighborhood Stabilization Program and planning for new affordable housing in the unincorporated areas of Western Placer County

Elimination Impact – all of the budgeted funds would be put under control of the Oversight Board for redistribution to other taxing agencies; the County would continue the programs using unaffected grant funds (CDBG, HOME, NSP)

Voluntary Payment Impact - \$300,329 diverted to make the Voluntary Payment; the programs would continue with unaffected grant funds (CDBG, HOME, NSP)

PLANNING, ADMINISTRATION, AND DEBT SERVICE PAYMENTS

12. Planning, Administration, and Debt Service Payments - \$464,670 is budgeted to pay planning, administration, and debt service costs of the Sunset Industrial Redevelopment Project Area

Elimination Impact - the Successor Agency would be able to retain \$101,210 necessary to pay debt service and the remainder would be redistributed to other taxing agencies; it would result in the necessary elimination of most of the current 13 Agency staff positions and the likely issuing of layoff notices to those employees

Voluntary Payment Impact – the Agency would be able to retain budgeted funds and maintain its current workforce

NORTH LAKE TAHOE PROJECT AREA
COMMERCIAL, MIXED-USE, AND PUBLIC FACILITIES DEVELOPMENT
PROGRAM

13. Lake Forest Water Improvements - \$408,974 is budgeted for installation of water lines, fire hydrants, and associated improvements in the Lake Forest community

Elimination Impact - because the Agency previously entered into a Funding Agreement with a third party (Tahoe City Public Utility District), the funds would be transferred to the Successor Agency and the project could go forward

Voluntary Payment Impact – the full funding would be retained and the project could go forward

14. Tahoe Vista Recreation Area Improvements - \$507,189 is budgeted to install a public parking lot, streetscape, and related improvements at the Tahoe Vista Recreation Area

Elimination Impact – because the Agency previously entered into a Funding Agreement with a third party (North Tahoe Public Utility District), the funds would be transferred to the Successor Agency and the project could go forward

Voluntary Payment Impact – the full funding would be retained and the project could go forward

15. Tahoe City Fire Station - \$520,000 is budgeted to assist the construction by the North Tahoe Fire Prevention District of the new Tahoe City Fire Station

Elimination Impact – the Agency has not yet entered into a Funding Agreement with the North Tahoe Fire Prevention District and so the funds would be put under control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the full funding would be retained and, if a funding agreement with the NTFPD is approved by the Board, assistance for the project could go forward

16. Tahoe City Wye Improvements - \$200,000 is budgeted for improvements to the SR28/SR89 Wye intersection in Tahoe City

Elimination Impact – the funds would be put under the control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the full funding would be retained and the project could go forward

17. North Lake Tahoe Commercial Improvements - \$154,060 is budgeted to provide core operating support for the Tahoe City Downtown Association and North Tahoe Business Association and general support for businesses in the Project Area

Elimination Impact – because the Agency entered into funding agreements with the two business associations prior to enactment of the legislation, these agreements are considered to be enforceable obligations and the Successor Agency would retain those funds and manage the funding agreements

Voluntary Payment Impact – the Agency would retain the funds and manage the two funding agreements

18. Swiss Mart Project - \$66,770 is budgeted for site remediation costs and other costs to prepare the Agency-owned site for future redevelopment; an additional \$93,540 is budgeted for use in future years to complete the remediation and redevelopment planning efforts

Elimination Impact – the Successor Agency would be directed to sell the property and the sale proceeds and budgeted funds would be put under the control of the Oversight Board for redistribution to other taxing agencies; the status of future site remediation and groundwater monitoring is unknown

Voluntary Payment Impact – the Agency would retain ownership of the site; \$93,540 would be redirected to the Voluntary Payment and the Agency would retain \$66,770 to carry out remediation and planning activities during FY 2011-12

19. Kings Beach Eastern Gateway - \$391,689 is budgeted for site remediation and other costs to prepare the Agency-owned site for future redevelopment; an additional \$248,225 is budgeted for use in future years to complete the remediation and site preparation activities

Elimination Impact – the Successor Agency would be directed to sell the property and the sale proceeds as well as the budgeted funds would be put under the control of the

Oversight Board for redistribution to other taxing agencies; the status of future site remediation and groundwater monitoring is unknown

Voluntary Payment Impact – the Agency would retain ownership of the site; \$248,225 would be redirected to the Voluntary Payment and the Agency would retain \$391,689 to carry out the remediation and site preparation activities

20. Everett Parking Lot - \$1,200,000 is budgeted to design and construct a public parking lot on Agency-owned property in Kings Beach; the project is part of the overall Commercial Core Improvement Project

Elimination Impact – the funds would be put under the control of the Oversight Board for redistribution to other taxing agencies; the Successor Agency would be directed to sell the property and provide the sale proceeds to the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the Agency would retain the funds and property and the project would go forward

21. Ferrari Family Resort - \$20,000 is budgeted to cover planning and design costs for a proposed mixed-use redevelopment project in Kings Beach

Elimination Impact – the funds would be put under the control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the funds would be redirected for the Voluntary Payment; Agency staff would continue to provide project support at a staff level

22. BB LLC Kings Beach Town Center Project - \$129,504 is budgeted and is the remainder of a pre-development loan that the Agency provided to the developer of the proposed mixed use redevelopment project; the Agency is also budgeting \$169,308 for use in future years to complete the project design, environmental review, and entitlements processing; the Agency also owns a parcel within the proposed project footprint, which the Agency is reserving for use in the project, and the Agency owns the mortgage loans with a face value of approximately \$7,200,000 secured by the remainder of the approximately four acre project site

Elimination Impact – the budgeted funds, Agency-owned property and Agency-owned mortgage loans would all be put under the control of the Oversight Board for sale and redistribution to other taxing agencies; the project would be cancelled

Voluntary Payment Impact – \$169,308 would be redirected to the Voluntary Payment and the remaining budgeted funds, property, and mortgage loans would remain with the Agency and the project would be able to move forward

23. Commercial Corridor Improvement Project - \$4,489,404 is budgeted to support property acquisition, planning, design, and construction costs of the multi-faceted streetscape, infrastructure, drainage, and water quality improvement project in Kings Beach

Elimination Impact – the funds would be put under the control of the Oversight Board and redistributed to other taxing agencies

Voluntary Payment Impact – the funds would be retained by the Agency and the project would be able to move forward

24. Community Enhancement Program Infrastructure - \$2,279,411 is budgeted for infrastructure improvements to benefit any of several proposed mixed-use redevelopment projects in Kings Beach designated by the Tahoe Regional Planning Agency as Community Enhancement Program pilot projects

Elimination Impact – the funds would be put under the control of the Oversight Board and redistributed to other taxing agencies

Voluntary Payment Impact – \$218,406 would be diverted for the Voluntary Payment; the Agency would retain the remainder of the funds and would be able to assist the projects as needed

25. Deer-Rainbow Parking Lot - \$722,512 is budgeted for design and construction costs to install a public parking lot and associated improvements on an Agency-owned property on Rainbow Avenue in Kings Beach; this project is in support of the Kings Beach Commercial Core Improvement Project

Elimination Impact – the Successor Agency would be directed to sell the Agency-owned property and put the sale proceeds and all budgeted funds under the control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment – the Agency would retain ownership of the property and all budgeted funds and the project would be allowed to proceed

26. Everett Commercial Project - \$318,198 is budgeted for site preparation of an Agency-owned property fronting Highway 28 in Kings Beach and for planning and design costs to prepare for a commercial or mixed-use redevelopment project on the site; an additional \$33,198 is budgeted for anticipated future year costs of the project

Elimination Impact – the Successor Agency would be directed to sell the property and the sale proceeds as well as all budgeted funds would be put under the control of the Oversight Board for redistribution to other taxing agencies

Voluntary Payment Impact – the Agency would retain ownership of the property; \$33,198 would be redirected to the Voluntary Payment; the project would be able to move forward

AFFORDABLE HOUSING PROGRAM

27. Housing Assistance Programs - \$955,799 is budgeted to supplement grant funds to support housing rehabilitation assistance loans, first time homebuyer assistance loans, Neighborhood Stabilization Program and planning for new affordable housing in the unincorporated areas of Eastern Placer County

Elimination Impact – all of the budgeted funds would be put under control of the Oversight Board for redistribution to other taxing agencies; the County would continue the housing programs using unaffected grant funds (CDBG, HOME, NSP)

Voluntary Payment Impact - \$945,149 would be diverted to make the Voluntary Payment; the programs would continue with grant funds (CDBG, HOME, NSP)

28. Kings Beach Scattered Sites Housing Project - \$4,210,187 is budgeted to complete construction of 75 affordable new housing units and two managers units at five scattered sites in Kings Beach

Elimination Impact – because there is a pre-existing Disposition, Development and Loan Agreement with a third party developer for this project, there will be no impact

Voluntary Payment Impact – no impact

PLANNING, ADMINISTRATION, AND DEBT SERVICE

29. Planning, Administration, and Debt Service - \$3,473,186 is budgeted for the overall costs of the North Lake Tahoe Project Area for FY 2011-12 and \$706,746 is budgeted to be reserved for due payment of a CalHFA loan in FY 2012-13

Elimination Impact - the Successor Agency would be able to retain \$3,092,438 necessary to pay debt service and the remainder would be put under the control of the Oversight Board to be redistributed to other taxing agencies; it would result in the necessary elimination of most of the current 13 Agency staff positions and the likely issuing of layoff notices to those employees

Voluntary Payment Impact – \$47,136 budgeted for special plans would be diverted for the Voluntary Payment; the Agency would be able to retain other budgeted funds maintain its current workforce; the Agency would likely be unable to fill three currently vacant staff positions

30. Operation and Maintenance of Acquired Properties – the Agency owns several public parking lots in Tahoe City and Kings Beach as well as two sites planned for additional public parking lots and three other sites planned for redevelopment projects in Kings Beach; \$170,382 is budgeted to maintain these properties during FY 2011-12

Elimination Impacts – the Successor Agency would be required to sell the properties under the direction of the Oversight Board and the sale proceeds and budgeted funds would be redistributed to other taxing agencies

Voluntary Payment Impacts – the Agency would be able to retain all of the properties and all of the budgeted funds to operate and maintain them

	Current Allocation **	Allocation After Dissolution	Net Impact
RDA	6,703,455	-	(6,703,455)
Successor Agency	-	3,128,776	3,128,776
County General Fund	353,862	1,043,628	689,766
County Library	22,532	64,063	41,531
Fire Control Fund	15,376	47,123	31,747
Fire Districts	172,606	396,619	224,013
Schools	1,172,747	3,072,196	1,899,449
Districts	380,476	1,068,649	688,173
Total Tax Increment	8,821,054	8,821,054	-

* Legislation also requires disposal of assets. Resulting funds would be allocated to all taxing entities.

** Estimates based on RDAs FY 2012 Budget

	Year 1			Year 2		
	Current Allocation **	Allocation After Voluntary Payment	Net Impact	Current Allocation **	Allocation After Voluntary Payment	Net Impact
RDA	6,703,455	2,896,490	(3,806,965)	6,703,455	5,807,699	(895,756)
County General Fund	353,862	373,438	19,576	353,862	362,656	8,794
County Library	22,532	23,778	1,246	22,532	23,092	560
Fire Control Fund	15,376	17,155	1,779	15,376	28,349	12,973
Fire Districts	172,606	190,559	17,953	172,606	290,773	118,167
Schools	1,172,747	4,918,110	3,745,363	1,172,747	1,918,553	745,806
Districts	380,476	401,524	21,048	380,476	389,932	9,456
Total Tax Increment	8,821,054	8,821,054	(0)	8,821,054	8,821,054	(0)

* "Voluntary" payment would be increased by approx. \$305,000 for every \$1 million of new debt issued.

** Estimates based on RDAs FY 2012 Budget

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Redevelopment Agency Elimination Successor Agency Oversight Board

If the County elects to allow the State to eliminate the Redevelopment Agency, the Successor Agency becomes responsible for taking over the responsibilities, assets, and enforceable obligations of the defunct Redevelopment Agency. The Successor Agency must honor pre-existing enforceable obligations with outside third parties, but must sell or otherwise dispose of all other assets with the purpose of maximizing returns and having those returns redistributed to local taxing agencies. The State legislation requires that an Oversight Board be formed to oversee the actions of the Successor Agency. The Oversight Board will determine whether they accept or require modifications to the description of pre-existing enforceable obligations drawn up by the Successor Agency. The Oversight Board also oversees disposition of the former Redevelopment Agency's assets and redistribution of the revenues and assets. The State Department of Finance (DOF) also has an oversight role. The Oversight Board must report to the DOF and the DOF may overrule decisions of the Oversight Board. The Oversight Board would be comprised of the following representatives:

- 2 seats appointed by the County Board of Supervisors to represent the County (one may be a staff person, one must be a member of the public)
- 2 seats appointed the County Superintendent of Education
- 1 seat appointed by the Chancellor of California Community Colleges
- 1 seat appointed by the largest special district within the redevelopment project areas
- 1 seat is a former employee of the defunct redevelopment agency, appointed by the County Board of Supervisors

IMPLEMENTATION OF REDEVELOPMENT DISSOLUTION ACT

Key Milestones

Upon effectiveness of the Dissolution Act, June 29, 2011	Redevelopment activities suspended except for limited specified activities.
In July 2011	Placer County must notify the County Auditor-Controller by resolution within 30 days of the effective date of the legislation if the County elects not to serve as the Successor Agency.
Within 60 days after effectiveness of the Dissolution Act, August 29, 2011	Agency adopts at public meeting an Enforceable Obligation Payment Schedule for obligations through December 1, 2011. Posts schedule on website and delivers it to Department of Finance ("DOF"), State Controller and County Auditor-Controller.
By September 30, 2011	RDA prepares a preliminary draft of the initial Recognized Obligation Payment Schedule and provides it to the Successor Agency.
October 1, 2011	RDA is dissolved if Placer County has not enacted an ordinance opting in to Voluntary Program.
October 1, 2011	Successor Agency created.
October 1, 2011	All dissolved RDA assets (including properties, contracts, leases, books and records, buildings and equipment), except housing assets, transferred to Successor Agency. RDA delivers Enforceable Obligation Payment Schedule to Successor Agency. Transfer of RDA housing assets (excluding existing Housing Fund balances) to successor housing entity.
By October 1, 2011	Successor Agency permitted to make payments only as listed on Enforceable Obligation Payment Schedule.
By December 1, 2011 and May 1, 2012	Each December 1 and May 1 thereafter, Successor Agency reports to the County Auditor-Controller if the total amount available to the Successor Agency is insufficient to fund the specified payments in the next six-month fiscal period. County Auditor-Controller notifies State Controller and DOF no later than 10 days from the date of that notification from the Successor Agency.

December 15, 2011	Successor Agency submits first Recognized Obligation Payment Schedule to State Controller and DOF for the period of January 1, 2012 to June 30, 2012. Successor Agency prepares new Recognized Obligation Payment Schedule for each six month period thereafter for approval by Oversight Board. Approved Recognized Obligation Payment Schedules are posted on Successor Agency website and submitted to DOF, State Controller and County Auditor-Controller.
January 1, 2012	Successor Agency may pay only those payments listed in the approved Recognized Obligation Payment Schedule. Statements of Indebtedness are no longer recognized for dissolved RDAs.
By January, 2012	Select and appoint members of the Oversight Board.
By January 1, 2012	Oversight Board elects and reports name of chairperson and other members to DOF.
By January 16, 2012 and June 1, 2012,	Each January 16 and June 1 thereafter, County Auditor-Controller transfers from the Redevelopment Property Tax Trust Fund of each Successor Agency into the Redevelopment Obligation Retirement Fund of that Successor Agency, an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule. Successor Agency makes payments on listed Recognized Obligation Payment Schedule from those funds.
By March 1, 2012	County Auditor-Controller completes audit of each dissolved RDA.
By March 15, 2012	County Auditor-Controller provides the State Controller copy of all audits performed on dissolved RDAs.
July 1, 2016	Consolidation of all Oversight Boards into one county-wide Oversight board in each county where more than one Oversight Board was created.

**IMPLEMENTATION OF
REDEVELOPMENT VOLUNTARY PROGRAM ACT**

Key Milestones

By August 1, 2011	Department of Finance ("DOF") notifies Placer County of 2011-2012 Remittance amount
August 9, 2011	Placer County considers urgency ordinance to opt-in to Voluntary Program and authorize the County to enter into an agreement with the Redevelopment Agency to transfer a portion of its tax increment to the County, in an amount not to exceed the annual Remittance amount.
August 10, 2011	Upon enactment of the Placer County ordinance, the suspension of Agency activities is lifted.
August 15, 2011	Placer County may appeal the amount of the 2011-2012 Remittance to DOF director.
By October 1, 2011	County Auditor-Controller notifies DOF and State Controller of adoption of ordinance.
Commencing January 15, 2012 and May 15, 2012	Every January 15 and May 15 thereafter, Placer County shall pay one-half of the Remittance amount for the applicable year. County Auditor-Controller notifies the DOF director of any failure to make the payment within 30 days of due date.
November 1, 2012	Each November 1 thereafter, County Auditor-Controller notifies DOF, State Controller of Remittance amounts for each fiscal year.

