



OROVILLE CITY COUNCIL/ OROVILLE REDEVELOPMENT AGENCY

Council Chambers
1735 Montgomery Street
Special Joint Meeting
JANUARY 9, 2012
5:00 P.M.

ROLL CALL

Council Members/Commissioners Andoe, Berry, Bunker, Pittman, Simpson, Vice Mayor Wilcox, Mayor Dahlmeier

RECOGNITION OF INDIVIDUALS WHO WISH TO SPEAK ON AGENDA ITEMS

This is the time the Mayor will invite anyone in the audience wishing to address the Council on a matter that is on the agenda to state your name and the agenda item on which you wish to speak. When that item comes up on the agenda, you will be asked to step to the podium, repeat your name for the record, and make your presentation. **Presentations are limited to 3 minutes.** Under Government Code Section 54954.3 the time allotted for presentations may be limited.

SPECIAL BUSINESS

1. **DECLARATION OF SUCCESSOR AGENCY AND OTHER ACTIONS NECESSARY TO IMPLEMENT AB 1X 26 - THE DISSOLUTION ACT – staff report**

The Council/Commission will consider declaring that the City of Oroville become the Successor Agency to the Oroville Redevelopment Agency, and that the City of Oroville retain housing assets, functions and all of its rights, powers, duties, and obligations previously performed by the Oroville Redevelopment Agency. **(G. Harold Duffey, City Administrator)**

Council/Commission Action Requested:

1. **Adopt Resolution No. 7847 - A RESOLUTION OF THE CITY COUNCIL ELECTING TO HAVE THE CITY OF OROVILLE SERVE AS THE SUCCESSOR AGENCY TO THE OROVILLE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34173.**
2. **Adopt Resolution No. 7848 - A RESOLUTION OF THE CITY COUNCIL ELECTING TO RETAIN THE HOUSING ASSETS AND FUNCTIONS PREVIOUSLY PERFORMED BY THE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176.**
3. **Direct staff to return to the Council with the creation of an Oroville Housing Authority.**

ADJOURNMENT

The meeting will be adjourned. A regular meeting of the Oroville City Council will be held on Tuesday, January 17, 2012 at 5:00 p.m.

**OROVILLE CITY COUNCIL
STAFF REPORT**

TO: MAYOR AND COUNCIL MEMBERS

FROM: G. HAROLD DUFFEY, CITY ADMINISTRATOR

**RE: DECLARATION OF SUCCESSOR AGENCY AND OTHER ACTIONS
NECESSARY TO IMPLEMENT AB 1X 26 - THE DISSOLUTION ACT**

DATE: JANUARY 9, 2012

SUMMARY

The Council will consider declaring that the City of Oroville becomes the Successor Agency to the Oroville Redevelopment Agency, and that the City of Oroville retains housing assets, functions and all of its rights, powers, duties, and obligations previously performed by the Oroville Redevelopment Agency.

DISCUSSION

In June 2011, the Governor signed into law AB 1X 26, the Redevelopment Dissolution Act, and AB 1X 27, the Alternative Voluntary Redevelopment Program, which permitted redevelopment agencies to remain in effect if they pay a “community remittance” as part of the State budget package. Shortly thereafter, on July 18th, the California League of Cities in conjunction with the California Redevelopment Association filed a lawsuit to stop Assembly Bill 1X 26 and 1X 27. On August 11th, the California Supreme Court (Court) issued a stay of the law and established an expedited schedule to render their decision before January 15, 2012, the date when redevelopment agencies are required to make their first community remittance payment.

On December 29, 2011, the Court upheld ABX1 26, which on February 1, 2012, will dissolve all redevelopment agencies in California, and found ABX1 27, which allowed redevelopment agencies to remain in existence if they opted into the “pay to play” program, to be unconstitutional.

Implementation of AB 1X 26

The City is obligated to take immediate actions to start the dissolution process. The following are the necessary actions to be taken before February 1, 2012.

- No later than January 13, 2012: the City of Oroville must decide whether to serve as a Successor Agency by resolution.
- No later than January 31, 2012: The RDA should consider any appropriate amendments to its previously adopted Enforceable Obligations Payment Schedule to reflect payments due after December 31, 2011.

- o No later than January 31, 2012: If the RDA has prepared a preliminary draft of the initial Recognized Obligation Payment Schedule, it should forward a copy to the Successor Agency after February 1, 2012.
- o FEBRUARY 1, 2012: Redevelopment Agencies throughout California are eliminated.

The “Successor Agency”

As defined under ABX1 26, the Successor Agency is a newly created entity that is responsible for winding down the affairs of the redevelopment agency. In doing so, the Successor Agency plays a critical role in continuing to fulfill and make payments on pre-existing and continuing Agency debt obligations, such as bonded indebtedness, loans, judgments or settlements, and other legally binding and enforceable agreements or contracts that meet specified criteria of the law.

In accordance with Health and Safety Code Section 34173(d)(1), the City would automatically become the Successor Agency unless it affirmatively elected not to serve as the Successor Agency by Resolution. In the event that Council does not elect to be the Successor Agency it must notify the Butte County Auditor-Controller’s Office (“Auditor”) by January 13, 2012, which the Auditor has the responsibility of finding a Successor Agency. The first taxing agency that submits a resolution to the Auditor electing to be the Successor Agency would become the Successor Agency. In the event no taxing agency elects to serve as the Successor Agency, then the Governor will appoint members of the public to serve as it.

Staff finds that it is the best interest of the City that it becomes the Successor Agency. The resolution attached proactively confirms the City’s intention to serve as the Successor Agency to the Oroville Redevelopment Agency. The Successor Agency will ultimately serve at the pleasure of an “oversight board” that will need to be created pursuant to Health and Safety Code Section 34179. The oversight board is responsible for overseeing the liquidation of Agency assets and payments that alleviate Agency debt obligations.

Transferring of Housing Assets to the City

Pursuant to Health and Safety Code Section 34176, the City may also elect to retain the housing assets and functions previously performed by the Agency. If the City does not elect to retain the housing assets and functions, the Butte County Housing Authority will assume housing assets and functions. Given the nature of the Agency’s housing assets, including parcels that were intended for future housing related development, the City’s is best served by electing to retain the housing assets and functions previously performed by the Agency.

Creation of an Oroville Housing Authority

Staff is requesting the Council to consider establishing an Oroville Housing Authority. The California “Housing Authority Law” (California Health and Safety Code 34200 et seq.) automatically creates a dormant Housing Authority in every city and county. In order for the City Housing Authority to transact business and exercise its powers, a City

must activate its Housing Authority by adopting a resolution containing certain findings and by appoint commissioners to serve on the Housing Authority board.

Upon adoption of the resolution that enables the City to retain the housing assets and functions previously performed by the Agency, the City may elect to shift assets and functions to the newly created Housing Authority. That way the City would be able to continue to provide affordable housing opportunities. Additionally, it would allow the City to maintain, to the greatest extent feasible, local control over housing that would otherwise default to the Butte County Housing Authority. The core activities of a Housing Authority are primarily to build, acquire, own, manage and maintain residential rental units and to provide financial assistance for rentals or ownership in the private real estate market. Having a Housing Authority assume assets and functions from the City will buffer the City from certain fiscal and legal liabilities.

FISCAL IMPACT

As the Successor Agency, the City would incur certain administrative costs to fulfill its responsibilities. ABX1 26 provides that a Successor Agency is entitled to an administrative allowance to offset these costs. The allowance will provide up to 5 percent of the 2011/12 allocation of property taxes the agency will receive for enforceable obligation payments, and 3 percent of such each year thereafter, but not less than \$250,000 per year.

RECOMMENDATION

1. Adopt Resolution No. 7847 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE ELECTING TO HAVE THE CITY OF OROVILLE SERVE AS THE SUCCESSOR AGENCY TO THE OROVILLE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34173
2. Adopt Resolution No. 7848 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE ELECTING TO RETAIN THE HOUSING ASSETS, FUNCTIONS, AND ALL OF ITS RIGHTS, POWERS, DUTIES, AND OBLIGATIONS PREVIOUSLY PERFORMED BY THE OROVILLE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176
3. Direct staff to bring back to the Council the creation of an Oroville Housing Authority.

ATTACHMENTS

Resolution No. 7847

Resolution No. 7848

Attachment A – Key Milestones for Implementation of the Dissolution Act

RESOLUTION NO 7847

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE ELECTING TO HAVE THE CITY OF OROVILLE SERVE AS THE SUCCESSOR AGENCY TO THE OROVILLE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34173

WHEREAS, the Oroville Redevelopment Agency (“Agency”) is a public body, corporate and politic, organized and existing under the California Community Redevelopment Law (Health & Safety Code §§ 33000 et seq. (“CRL”); and

WHEREAS, the City of Oroville is a municipal corporation and charter city under the Constitution of the State of California (“City”); and

WHEREAS, on December 29, 2011, in *California Redevelopment Association v. Matosantos*, Case, the California Supreme Court upheld ABX1 26, which dissolves all of the redevelopment agencies in California, and struck down ABX1 27, which allowed redevelopment agencies to remain in existence if they opted in to the “Voluntary Alternative Redevelopment Program”; and

WHEREAS, in footnote 25 of the Supreme Court’s decision, the Court extended the deadline for making the election to January 13, 2012; and

WHEREAS, Health and Safety Code Section 34173(d)(1) permits a city that authorized the creation of the redevelopment agency to serve as the Successor Agency to the Oroville Redevelopment Agency.

WHEREAS, the City Council has determined that it is in the best interest of the City of Oroville for the City to serve as the Successor Agency; and

WHEREAS, pursuant to Health and Safety Code Section 34173(d)(1), although the City would automatically become the Successor Agency unless it affirmatively elected not to serve as the Successor Agency by Resolution, the City wishes to proactively confirm its intention to serve as the Successor Agency to the Oroville Redevelopment Agency.

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

SECTION 1. The above recitals are true and correct and are adopted as the findings of the City Council.

SECTION 2. The City Council hereby affirmatively elects pursuant to Health and Safety Code Section 34173(d)(1) to serve as the Successor Agency to the Oroville Redevelopment Agency.

SECTION 3. The City Administrator is hereby authorized and directed to take such other and further actions, and sign such other and further documents, as is necessary and proper in order to implement this Resolution on behalf of the City.

SECTION 4. The Clerk shall attest to the adoption of this Resolution.

PASSED AND ADOPTED by the Oroville City Council at a special meeting on January 9, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Linda L. Dahlmeier, Mayor

APPROVED AS TO FORM:

ATTEST:

Scott E. Huber, City Attorney

G. Harold Duffey, City Clerk

RESOLUTION NO 7848

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OROVILLE ELECTING TO RETAIN THE HOUSING ASSETS, FUNCTIONS, AND ALL OF ITS RIGHTS, POWERS, DUTIES, AND OBLIGATIONS PREVIOUSLY PERFORMED BY THE OROVILLE REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 34176

WHEREAS, the Oroville Redevelopment Agency (“Agency”) is a public body, corporate and politic, organized and existing under the California Community Redevelopment Law (Health & Safety Code §§ 33000 et seq. (“CRL”); and

WHEREAS, the City of Oroville is a municipal corporation and charter city under the Constitution of the State of California (“City”); and

WHEREAS, on December 29, 2011, in *California Redevelopment Association v. Matosantos*, Case, the California Supreme Court upheld ABX1 26, which dissolves all of the redevelopment agencies in California, and struck down ABX1 27, which allowed redevelopment agencies to remain in existence if they opted in to the “Voluntary Alternative Redevelopment Program”; and

WHEREAS, Health and Safety Code Section 34176 permits a city that authorized the creation of the redevelopment agency to elect to retain the housing assets and functions previously performed by the redevelopment agency, and all of its rights, powers, duties, and obligations; and

WHEREAS, the City Council has determined that it is in the best interest of the City of Oroville for the City to elect to retain the housing assets and functions previously performed by the redevelopment agency.

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

SECTION 1. The above recitals are true and correct and are adopted as the findings of the City Council.

SECTION 2. The City Council hereby elects pursuant to Health and Safety Code Section 34176 to retain the housing assets and functions previously performed by the redevelopment agency, and all its rights, powers, duties, and obligations.

SECTION 3. The City Administrator is hereby authorized and directed to take such other and further actions, and sign such other and further documents, as is necessary and proper in order to implement this Resolution on behalf of the City.

SECTION 4. The Clerk shall attest to the adoption of this Resolution.

PASSED AND ADOPTED by the Oroville City Council at a special meeting on January 9, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Linda Dahlmeier, Mayor

APPROVED AS TO FORM:

ATTEST:

Scott E. Huber, City Attorney

G. Harold Duffey, City Clerk

ATTACHMENT A

KEY MILESTONES FOR IMPLEMENTATION OF AB1X 26 - THE DISSOLUTION ACT

The Supreme Court promulgated simple reformation rules calling for a four month extension of those dates and deadlines contained in the Dissolution Act that were prior to May 1, 2012. The milestone schedule outlined below honors those rules, while pointing out some anomalies and inconsistencies that may be caused by those rules and that may merit further clarification.

- December 29, 2011 – January 31, 2012: Redevelopment activities continue to remain suspended except for limited specified activities pending dissolution of RDAs.
- No later than January 13, 2012: Sponsoring Community decides whether to serve as a Successor Agency or Successor Housing Agency by resolution.
- No later than January 13, 2012: Sponsoring Community that elects not to serve as a Successor Agency files a copy of resolution to that effect with the County Auditor-Controller.
- No later than January 31, 2012: A RDA should consider any appropriate amendments to its previously adopted Enforceable Obligation Payment Schedule to reflect payments due after December 31, 2011.
- No later than January 31, 2012: A RDA that has not prepared a preliminary draft of the initial Recognized Obligation Payment Schedule should do so and provide it to the Successor Agency. Those RDAs that have prepared such preliminary drafts should forward it to the Successor Agency.
- January 30, 2012: The existing terms of any memorandum of understanding with an employee organization expires, unless a new agreement is reached with a recognized employee organization prior to that date.
- **FEBRUARY 1, 2012: RDA IS DISSOLVED.**
- February 1, 2012: RDA agreements with Sponsoring Community void (with limited exceptions).
- February 1, 2012: All dissolved RDA assets (including properties, contracts, leases, books and records, buildings and equipment, and existing Housing Fund balance), except other 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 Agency.

- On and after February 1, 2012: Successor Agency permitted to make payments only as listed on Enforceable Obligation Payment Schedule.
- From February 1, 2012 to July 1, 2012: Successor Agency prohibited from accelerating payments or making any lump sum payments that are intended to prepay loans unless such accelerated repayments were required prior to February 1, 2012.
- By March 1, 2012: Successor Agency prepares initial draft of Recognized Obligation Payment Schedule for the Enforceable Obligations of the former RDA, subject to review and certification by external auditor as to accuracy and approval by Oversight Board.
- No later than April 1, 2012 and May 1, 2012, and 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.
- April 15, 2012: 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, Controller and County Auditor-Controller.
- Commencing on May 1, 2012¹¹: 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 May 1, 2012: Oversight Board elects and reports name of chairperson and other members to DOF.
- No specified date but after formation of Oversight Board: Each Oversight Board informs DOF of a designated contact person and related contact information for the purpose of communicating with DOF.
- May 15, 2012: Governor appoints persons to unfilled positions on Oversight Board (or any member position that remains vacant for more than 60 days).
- No later than May 16, 2012 and June 1, 2012, and each January 16 and June 1 thereafter: County Auditor-Controller transfers an amount of property tax revenues equal to that specified in the Recognized Obligation Payment Schedule from the Trust Fund of each Successor Agency into the Redevelopment

Obligation Retirement Fund of that Successor Agency. Successor Agency makes payments on listed Recognized Obligation Payment Schedule from that fund.

- By July 1, 2012: County Auditor-Controller completes audit of each dissolved RDA.
- By July 15, 2012: County Auditor-Controller provides the State Controller copy of all audits performed on dissolved RDAs.
- By October 1, 2012: County Auditor-Controller reports specified financial information to the Controller and DOF.
- January 1, 2013: California Law Revision Commission drafts a Community Redevelopment Law cleanup bill for consideration by the Legislature.
- 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.
- After July 15, 2016: Governor appoints persons to unfilled positions on county-wide Oversight Board (or any member position that remains vacant for more than 60 days).