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**Redevelopment
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Staff Report

**JOINT
CITY/RDA
ITEM NO.**

9

**To: Lemoore City Council and
Lemoore Redevelopment Agency Board**

From: Judy Holwell, Redevelopment Project Manager

Date: July 14, 2011

**Subject: Urgency Ordinance to Comply with Voluntary Alternative
Redevelopment Program to Permit the Continued Existence and
Operation of the Lemoore Redevelopment Agency**

Discussion

As you know, on June 28, Governor Jerry Brown signed into law AB 1X 26 (AB 26), which dissolves redevelopment agencies and AB 1X 27 (AB 27) allows redevelopment agencies to be reestablished through a voluntary alternative redevelopment program. Under the alternative program, an agency could continue to exist upon the enactment of an ordinance by the city to comply with the provisions of AB 27, including the payment of an annual remittance to the County Auditor-Controller. Under the legislation, the County Auditor-Controller would then allocate the funding to school districts, county offices of education, charter schools, and community college districts based on information provided by the County Superintendent of Schools.

Currently, the Lemoore Redevelopment Agency (Agency) is prohibited from entering into any new agreements until the City Council enacts an ordinance committing to make the payments required by AB 27. The State Director of Finance will notify cities by August 1 the amount of their respective voluntary payment, which will be due on or before November 1. We can appeal the amount by August 15 if we believed the amount is incorrect based on the calculations contained in AB 27. The California Redevelopment Association (CRA) has prepared preliminary estimates based on the formula presented and our payment for FY 2011-12 is estimated at \$2,879,953. The payment for FY 2012-13, and every year thereafter, is estimated at \$677,636. We intend to appeal these calculations because they are based on the 2008-09 State Controller's Report. Since then, our debt service has increased due to the recent bond issue and the payment to Leprino in conjunction with the Second Amendment to Agreement.

Attached is Ordinance No. 2011-03, which makes findings that an urgency ordinance is necessary so that the Agency can continue its efforts to eliminate and prevent blight, stimulate and expand the economy in Lemoore, create and develop job opportunities within the City and alleviate deficiencies in public infrastructure, all of which are for the immediate protection of the public peace, health, and safety.

The proposed Ordinance limits the City's commitment to making these payments only from tax increment funds that the Agency transfers to the City for such purpose. Once the Agency is again authorized to enter into agreements, the City would enter into an agreement with the Agency whereby the Agency would transfer to the City an amount of tax increment sufficient to make the payments annually. The City's general fund would not be pledged to make these payments.

The proposed Ordinance further reserves all rights to challenge the validity of the legislation and reserves the right of the City Council to repeal the Ordinance at any time in the future, in the City's sole discretion. In addition, the City reserves the right to appeal to the California Director of Finance as to the amount of such payments, reserves the right to recover such amounts paid if the Bills are found to be unconstitutional, and reserves the right, regardless of making such payment, to challenge the legality of AB 26 and AB 27.

This Ordinance was drafted and reviewed by our City Attorney upon receipt of a sample ordinance by the CRA. The findings contained in the Ordinance support its adoption as an urgency ordinance. Therefore, it is recommended that Council adopt the urgency ordinance and direct staff to prepare and submit all documents necessary to cause the Agency to be able to continue its existence and operations. Upon passing the Ordinance, staff will begin preparing an agreement between the City and Agency for the payment required by AB 27.

Budget Impact

The estimated payment as currently required by AB 27 for FY 2011-12 is \$2,879,953 and will be funded through unallocated redevelopment tax increment. The amount of this payment may decrease due to the increase in debt service.

Recommendation

That City Council adopt by not less than a 4/5 vote Ordinance No. 2011-03 as an Urgency Ordinance to comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Lemoore Redevelopment Agency.