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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: September 15, 2011

**Subject: Remittance Agreement between the City of Lemoore & Lemoore
Redevelopment Agency to pay the Opt-In Payment**

Discussion

On August 16, Council adopted Ordinance No. 2011-03 (attached) determining that the City would comply with the Voluntary Alternative Redevelopment Program, which permits the continued existence and operation of the Lemoore Redevelopment Agency (Agency) as long as the City complies with the provisions of AB1x27, including the payment of an annual remittance to the County Auditor-Controller. The California Department of Finance has estimated our payment for FY 2011-12 at \$2,857,019. This amount may be reduced by \$47,597 as a result of an appeal we submitted. The payment for subsequent years is estimated at \$677,636. The Ordinance limits the City's commitment to making the payments only from tax increment funds transferred from the Agency to the City for such purpose and Council was informed that an agreement for such payments by the Agency would be brought back at a future meeting for approval.

Pursuant to Section 34194.2 of the Health & Safety Code, the City may enter into an agreement with the Agency, whereby the Agency may annually transfer to the City a portion of its tax increment, equal to the amount of the City's remittance payment. By executing such agreement, the remittance amount would become an obligation of the Agency and therefore constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan. Our City Attorney's office has prepared the attached document entitled Remittance Agreement Pursuant to California Health and Safety Code Section 34194.2, which provides for the transfer of Agency funds to the City for the payment of the remittance amount. In addition, attached is Resolution No. 2011-38, which approves the Remittance Agreement.

Our City Attorney's office also recommends that the Redevelopment Agency Board adopt Resolution No. 2011-08 (attached) approving the Remittance Agreement with the City. As you know, the Supreme Court issued partial stays on AB1x26 & AB1x27 and the Agency is currently not allowed to enter into new agreements. However, according to our City Attorney (Memorandum attached), there will be harsh penalties for any new debt displayed on any future statements of indebtedness filed after our Statement of Indebtedness that is due on October 1, 2011. Therefore, the Board should approve the Remittance Agreement and Resolution No. 2011-08 so that the Agency can include the remittance payment on this year's Statement of Indebtedness. The Memorandum goes on to explain that AB1x27, even though now stayed, authorizes the Continuation Ordinance & Remittance Agreement. If the law is ultimately upheld by the Supreme Court, the Ordinance and Remittance Agreement will already be in place.

Budget Impact

The estimated payment as currently required by AB1x27 for FY 2011-12 is \$2,857,019 (\$2,809,422 if appeal is approved), which will be funded through unallocated Redevelopment Agency tax increment.

Recommendation

That the Lemoore City Council approve the attached Remittance Agreement with the Lemoore Redevelopment Agency and adopt Resolution No. 2011-38, authorizing the City to enter into the Remittance Agreement; and,

That the Lemoore Redevelopment Agency Board approve the Remittance Agreement with the City of Lemoore and adopt Resolution No. 2011-08 authorizing the Agency to enter into the Remittance Agreement and to annually transfer to the City of Lemoore that portion of tax increment equal to the amount of the City's remittance payment.