

REPORT TO CITY COUNCIL

DATE: JULY 11, 2012

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER

SUBJECT: AUTHORIZE THE CITY MANAGER TO MAKE THE REQUIRED PAYMENTS TO LOS ANGELES COUNTY PER ASSEMBLY BILL 1484, WHICH ADDED SECTION 34183.5 TO THE HEALTH AND SAFETY CODE

As part of the approved State budget, trailer bill, Assembly Bill (AB) 1484 was passed. The legislature was attempting to clarify some of the language in AB X1 26, which dissolved Redevelopment Agencies within the State. AB 1484 covers a variety of issues related to the former redevelopment agencies, including but not limited to a separation of housing funds, directions on how to deal with unexpended bond funds, the disposition of properties, and affected taxing entities. Several of the directives in the bill have timelines that are immediate and carry penalties for non-compliance. One of the directives requires the Successor Agency to make certain payments to the Affected Taxing Entities (ATE) as referred to in the Health & Safety Code, Sections 34183 and 34183.5. These payments are related to a portion of the pass-through payments for the first-half of this calendar year, previously made by the redevelopment agency. Due to fact that AB X1 26 and 27 were challenged in court, tax distributions were not made to the former redevelopment agencies. Thus, pass-through payments were not made to the various taxing entities for a certain time period. Since February 1, 2012, the County of Los Angeles has made a portion of the pass-through payments as listed on and approved by the Successor Agency to the Agoura Hills Redevelopment Agency Board and the Oversight Board to the Successor Agency via the Recognized Obligation Payment Schedule (ROPS) and Enforceable Obligations Payment Schedule (EOPS) but has done so only recently and has yet to provide the details of their calculations for payments, as it is understood to differ slightly from how the redevelopment agency had calculated the amounts in the past.

AB 1484 requires the counties to provide demand letters to the various Successor Agencies by July 9, 2012, providing an amount to complete or make whole, the various ATE's via their pass-through payment. The Successor Agencies would need to make these payments from the funds on hand from the former redevelopment agency. If the entire payment is not available from the funds on hand then the City is expected to make the remainder of the payment from General Funds. Should the payment not be made by the due date, there is a 10% penalty (Successor Agency) on the amount owed and a monthly fine until the payment is paid in full and will subject the City to the same civil penalty plus the City will not receive its July 18, 2012 sales tax payment (up to amount owed).

Due to the fact that this bill took immediate effect following the Governor's signature, City and Successor Agency staff has been forced to try and deal with the items that have the most imminent deadlines. In addition, due to the fact that there is no information available to identify the amount of payments that will need to be made at the time that this report is being written, staff will need to bring the information to the City Council and Successor Agency Board at their respective meetings.

RECOMMENDATION

Staff respectfully recommends the City Council authorize the City Manager to make the necessary payments to Los Angeles County and/or any affected taxing entities from the General Fund Reserves as required and described in Health & Safety Code, Section 34183.5, that are not covered by existing funds on hand from the former Agoura Hills Redevelopment Agency.