



## AGENDA

JANUARY 10, 2012

SPECIAL MEETING  
CITY COUNCIL & REDEVELOPMENT AGENCY  
CITY OF YUBA CITY

5:30 P.M. – COUNCIL CHAMBERS

<b>MAYOR</b>	• John Miller
<b>MAYOR PRO TEM</b>	• Leslie McBride
<b>COUNCILMEMBER</b>	• John Buckland
<b>COUNCILMEMBER</b>	• John Dukes
<b>COUNCILMEMBER</b>	• Tej Maan
<b>CITY MANAGER</b>	• Steven Jepsen
<b>CITY ATTORNEY</b>	• Timothy Hayes

1201 Civic Center Blvd  
Yuba City CA 95993

*Wheelchair Accessible*



*If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4817 at least 72 hours in advance so such aids or services can be arranged. **City Hall TDD: 530-822-4732***

**AGENDA  
SPECIAL MEETING OF  
CITY COUNCIL & REDEVELOPMENT AGENCY  
CITY OF YUBA CITY  
COUNCIL CHAMBERS  
JANUARY 10, 2012 – 5:30 P.M.**

Materials related to an item on this Agenda submitted to the Council/Redevelopment Agency after distribution of the agenda packet are available for public inspection in the City Clerk's office at 1201 Civic Center Blvd., Yuba City, during normal business hours. Such documents are also available on the City of Yuba City's website at [www.yubacity.net](http://www.yubacity.net) subject to staff's availability to post the documents before the meeting.

Call to Order

Roll Call:       \_\_\_\_\_ Mayor Miller  
                  \_\_\_\_\_ Mayor Pro Tem McBride  
                  \_\_\_\_\_ Councilmember Buckland  
                  \_\_\_\_\_ Councilmember Dukes  
                  \_\_\_\_\_ Councilmember Maan

Invocation

Pledge of Allegiance to the Flag

**General Item**

- 1.       Consideration of a Resolution designating the City of Yuba City as the “Successor Agency” to the Redevelopment Agency which will be dissolved on February 1, 2012 as a result of the State Supreme Court’s recent decision on AB 1X26.**

Recommendation:    Adopt a Resolution (Exhibit A to staff report), electing to become the “Successor Agency” to the Redevelopment Agency of the City of Yuba City pursuant to Part 1.85 of Division 24 of the California Health and Safety Code.

**Public Communication**

You are welcome and encouraged to participate in this meeting. Members of the public may address the City Council on items of interest that are within the City's jurisdiction. Individuals addressing general comments are encouraged to limit their statements to 3 minutes.

- 2.       Appearance of Interested Citizens**

**Adjournment**

CITY OF YUBA CITY  
STAFF REPORT

**Date:** January 10, 2012  
**To:** Honorable Mayor and Members of the City Council  
**From:** Community Development Department  
**Presentation By:** Aaron M. Busch, Community Development Director

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**Summary**

**Subject:** Consideration of a Resolution designating the City of Yuba City as the “Successor Agency” to the Redevelopment Agency which will be dissolved on February 1, 2012 as a result of the State Supreme Court’s recent decision on AB 1X26.

**Recommendation:** Adopt the attached Resolution (Exhibit A), electing to become the “Successor Agency” to the Redevelopment Agency of the City of Yuba City pursuant to Part 1.85 of Division 24 of the California Health and Safety Code.

**Fiscal Impact:** The City’s Redevelopment Agency is one of four agencies in the state currently operating with a budget deficit. For FY 11/12, the amount of tax increment funds received (\$2.8 million) is less than the outgoing expenses which total nearly \$3.5 million. Of this amount only \$223,000 are for operating administrative costs; the balance of the \$3.5 million budget is for mandatory obligations such as pass through funding of other taxing agencies or debt service. This is a budget trend that is forecasted to continue at a deficit through FY 16/17. As of February 1, 2012, all assets and liabilities will be transferred to a Successor Agency which will be responsible for the continued funding of those redevelopment projects that are “Enforceable Obligations” as defined in AB 1X26.

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**Purpose:**

Approve the City of Yuba City serving as the required “Successor Agency” for the former Yuba City Redevelopment Agency which will be dissolved as of February 1, 2012.

**Background:**

On December 29, 2011 the California Supreme Court issued its ruling in the case of *California Redevelopment Association et al. v. Ana Matosantos et al.* which challenged the legality of Assembly Bills 1X26 (AB 26) and 1X27 (AB 27) that related to the future of redevelopment in California. In its ruling, the Supreme Court upheld AB 26, the bill that dissolves all redevelopment agencies, but found that AB 27 which would have allowed redevelopment

agencies to avoid elimination by making specific payments was unconstitutional. Based on the Supreme Court's decision, all redevelopment agencies will be dissolved as of February 1, 2012 absent any emergency legislation delaying or reversing the decision. As a result, all redevelopment agencies are required to dissolve and transfer their assets and liabilities to "Successor Agencies" that will bring to a close the redevelopment agencies' business matters.

As part of this decision, Redevelopment Agencies are required to take several immediate actions to close out all existing redevelopment operations. The first of these is the decision regarding the "Successor Agency" that is required to work with an appointed "Oversight Board" on the final disposition of all redevelopment funds and activities.

### **Discussion:**

Although there are many unknown details regarding the implementation (and associated consequences) of the Court's decision to eliminate redevelopment, staff continues to consult with legal counsel on this matter to ensure the City is responding in a timely and appropriate manner. The following is a summary of the next steps necessary for Redevelopment Agency disposition:

1. The City must decide if they want to serve as the Successor Agency by January 13, 2012.
  - The City is designated (by default) as the Successor Agency unless the City elects not to serve in this capacity. Adoption of the attached Resolution confirms the City's role as the Successor Agency.
  - If the City elects not to serve in this capacity, then the City must adopt a Resolution declaring so by January 13, 2012.
  - Such action then allows other public agencies (i.e. Sutter County, School District) to have the opportunity to apply and serve as the Successor Agency.
2. Prior to the elimination of Yuba City's Redevelopment Agency (on February 1, 2012), the Yuba City RDA must prepare a preliminary "Draft" *Recognized Obligation Payment Schedule (ROPS)* by January 30, 2012.
  - The ROPS identifies all funding obligations held by the Agency and includes bonds; loans borrowed by the RDA; and, set aside reserves as required for bonds (i.e. Gauche Park bonds).
  - The ROPS should closely resemble the *Enforceable Obligation Payment Schedule* (Attachment 1) that was approved by the City Council and RDA Board at their August 16, 2011 meeting.
  - The Successor Agency must then prepare a subsequent "Draft" ROPS by March 1, 2012.
  - The "Final Draft" ROPS must be submitted to an "Oversight Board" for approval and then forwarded to the State Controller and State Department of Finance no later than April 15, 2012.

3. If the City wishes to retain the RDA's affordable housing assets and functions (excluding unencumbered amounts in the low and moderate income housing fund), then the City should adopt a Resolution to that effect prior to the February 1, 2012 deadline.
  - No new transactions with the low and moderate housing set aside funds may be approved.
  - A Resolution for the transfer of affordable housing assets and functions will be presented to the Council at their January 17, 2012 meeting.
4. The City will need to consider future appointments to the required "Oversight Board" which is comprised of seven members who are responsible for the approval and implementation of the ROPS.
  - The Oversight Board includes representation from the following:
    - One member appointed by the County Board of Supervisors
    - One member appointed by the City Council
    - One member appointed by the largest special district, by property tax share
    - One member appointed by the County Superintendent of Education
    - One member appointed by the Chancellor of California Community Colleges
    - One member of the public appointed by the County Board of Supervisors
    - One member representing the employees of the former RDA
  - Appointments to the Oversight Board must occur by the beginning of March 2012 to ensure compliance with the ROPS approval and submittal by the April 15, 2012 deadline.
5. The City will need to rescind its prior actions of August 16, 2011 where the Council approved a "Continuation Ordinance" in compliance with the provisions of AB 1X27. .
  - Since the Supreme Court invalidated the provision allowing cities the ability to make payments to retain their redevelopment agency, the City must officially rescind the approval of the Continuation Ordinance. This action should occur prior to May 1, 2012.

The critical components of the dissolution process are the preparation of the *Recognized Obligation Payment Schedule* (ROPS), the role of the Successor Agency and the future actions by the Oversight Board. Given the importance of the funding obligations to be identified in the ROPS based on prior obligations and contracted commitments, it is essential for the City to serve as the Successor Agency. This action will aid in the City's efforts to ensure that important obligations, such as the continued repayment of bonds for Gauche Park and Plumas Street, along with on-going contamination clean-up efforts continue to be met. It should be noted that it is expected that serving as the Successor Agency will require a significant amount of time and resources in coordinating with the future Oversight Board and that the City will not likely recover all administrative costs associated with this effort. The provisions of AB 1X26 limit the reimbursement amount for administrative costs which are also reviewed and approved by the future Oversight Board.

**Fiscal Impact:**

The City's Redevelopment Agency is one of four agencies in the state currently operating with a budget deficit. For FY 11/12, the amount of tax increment funds received (\$2.8 million) is less than the outgoing expenses which total nearly \$3.5 million. Of this amount only \$223,000 are for operating administrative costs; the balance of the \$3.5 million budget is for mandatory obligations such as pass through funding of other taxing agencies or debt service. This is a budget trend that is forecasted to continue at a deficit through FY 16/17. As of February 1, 2012, all assets and liabilities will be transferred to a Successor Agency which will be responsible for the continued funding of those redevelopment projects that are "Enforceable Obligations" as defined in AB 1X26.

**Recommendation:**

Adopt the attached Resolution (Exhibit A), electing to become the "Successor Agency" to the Redevelopment Agency of the City of Yuba City pursuant to Part 1.85 of Division 24 of the California Health and Safety Code.

Prepared By:

Submitted By:

*/s/ Aaron M. Busch*

Aaron M. Busch  
Community Development Director

*/s/ Steven R. Jepsen*

Steven R. Jepsen  
City Manager

Reviewed By:

Finance

City Attorney

Other: (Name, Title)

**Attachments**

1. Enforceable Obligation Payment Schedule

**Exhibits**

- A. Resolution

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY, CALIFORNIA, ELECTING TO BECOME THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF YUBA CITY PURSUANT TO PART 1.85 OF DIVISION 24 OF THE CALIFORNIA HEALTH AND SAFETY CODE**

**WHEREAS**, the City Council of the City of Yuba City (“City”) approved and adopted the Redevelopment Plan for the Yuba City Redevelopment Project (“Redevelopment Plan”) covering certain properties within the City (the “Project Area”); and

**WHEREAS**, the Redevelopment Agency of the City of Yuba City (“Agency”) has been engaged in activities to execute and implement the Redevelopment Plan 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 Plan, the Agency has undertaken redevelopment projects in the Project Area 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**, as part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor 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**, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California on July 18, 2011 (*California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861), challenging the constitutionality of AB 1X 26 and AB 1X 27 on behalf of cities, counties and redevelopment agencies and requesting a stay of enforcement; and

**WHEREAS**, on August 11, 2011, and modified on August 17, 2011, the Supreme Court stayed portions of AB 1X 26, and AB 1X 27 in its entirety during the pendency of the matter; and

**WHEREAS**, on December 29, 2011, the Supreme Court issued its final decision in the aforesaid litigation, upholding AB 1X 26, invalidating AB 1X 27, and extending all statutory deadlines under AB 1X 26, essentially dissolving all redevelopment agencies throughout the State effective February 1, 2012; and

**WHEREAS**, AB 1X 26 further provides that, upon their dissolution, any property taxes that would have been allocated to redevelopment agencies will no longer be deemed tax increment, and will be allocated first to successor agencies to make payments on the existing

indebtedness of the dissolved redevelopment agencies, with remaining balances allocated in accordance with applicable constitutional and statutory provisions; and

**WHEREAS**, AB 1X 26 provides that successor agencies be designated as successor entities to the former redevelopment agencies, and provides that, with certain exceptions, all authority, rights, powers, duties and obligations previously vested with the former redevelopment agencies, under the CRL, are vested in the successor agencies; and

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

**THE CITY COUNCIL OF THE CITY OF YUBA CITY CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:**

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

**Section 2. Election to be Successor Agency.** In accordance with Health and Safety Code Section 34173, and based on the Recitals set forth above, the City Council hereby elects to become the “successor agency” to the former Redevelopment Agency of the City of Yuba City upon dissolution of the Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code, and except as provided under the CRL, all authority, rights, powers, duties and obligations previously vested with the former Agency, under the CRL, shall be vested in the City as the successor agency to the Agency.

**Section 3. Implementation.** The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to carry out the purposes of this Resolution, including but not limited to notifying the Sutter County Auditor-Controller, the Controller of the State of California, and the California Department of Finance of the adoption of this Resolution and the City’s election to be the successor agency to the Agency, in accordance with AB 1X 26.

**Section 4. Severability.** If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The City Council hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

**Section 5. Certification.** The City Clerk shall certify to the adoption of this Resolution.

**Section 6. Effective Date.** This Resolution shall become effective upon its adoption.

**PASSED AND ADOPTED** at a regular meeting of the City Council on the 10<sup>th</sup> day of January 2012, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

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Mayor

ATTEST:

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City Clerk

Name of Redevelopment Agency: Redevelopment Agency of the City of Yuba City  
 Project Area(s) Yuba City Project Area

**ENFORCEABLE OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) 2004 TA Bonds - Series A	Union Bank	Bonds issued to fund non-housing projects	32,486,778.00	1,094,588.91						\$ 650,000.00
2) 2004 TA Bonds - Series B (Housing)	Union Bank	Bonds issued to fund housing projects		305,966.26						\$ 185,500.00
3) 2007 TA Bonds	Union Bank	Bonds issued to fund non-housing projects	31,580,405.00	959,880.00						\$ 519,377.50
4) City Reimbursement-Guache Park	Union Bank	Loan for Public Improvement Project	9,934,532.00	381,998.13					135,000.00	\$ 135,000.00
5) California Infrastructure Bank	Wells Fargo Bank	Loan for Infrastructure Project	1,347,319.00	54,229.96						\$ 23,888.00
6) SERAF - Housing Fund Borrowing	City of Yuba City	Payment to State per AB26	1,619,147.00	0.00						\$ -
7) City-Agency Loan	City of Yuba City	Repayment of expenses paid by City	22,874,314.00	1,020,521.00					1,020,521	\$ 1,020,521
8) Employee Costs	Employees of Agency	Payroll for Employees	3,267.00	3,267.00	272.25	272.25	272.25	272.25	272.25	\$ 1,361.25
9) Other Agency Admin Costs	City of Yuba City	Administrative Costs	94,099.00	94,099.00	7,841.58	7,841.58	7,841.58	7,841.58	7,841.58	\$ 39,207.90
10) Professional Services	Per Contract	Audit, Legal and Redevelopment Consultants	214,180.00	214,800.00	17,848.33	17,848.33	17,848.33	17,848.33	17,848.33	\$ 89,241.65
11) Excavation of Contaminated Soil	Delta Oilfield Services	Removed contaminated soil/groundwater	613,450.00	610,450.00	153,000.00	360,000.00	85,450.00	12,000.00		\$ 610,450.00
12) 442 B Street	AMEC Geomatrix	Quantify and Characterize Site	62,400.00	62,400.00					12,000.00	\$ 12,000.00
13) 443 B Street	Test America	Quantify and Characterize Site	72,730.00	72,730.00						\$ -
14) 400 Bridge Street	AMEC Geomatrix	Remedial Planning and Design	89,000.00	89,000.00					78,057.90	\$ 78,057.90
15) HWY 99/20 Gateway Enhancement	R. Farley Construction	Public Improvement Project - Canopy Fascia	5,500.00	5,500.00					5,500.00	\$ 5,500.00
16) HWY 99/20 Gateway Enhancement	Russell & Boals Painting	Public Improvement Project - Painting	3,000.00	3,000.00					3,000.00	\$ 3,000.00
17) HWY 99/20 Gateway Enhancement	Visual Impacts	Public Improvement Project - LED Lights	6,658.00	6,658.00					6,658.00	\$ 6,658.00
18) HWY 99/20 Gateway Enhancement	Richall Electric	Public Improvement Project - Electrical	2,000.00	2,000.00					2,000.00	\$ 2,000.00
19) HWY 99/20 Gateway Enhancement	Cunningham Engineering	Public Improvement Project - Landscap Design	24,250.00	24,250.00					24,250.00	\$ 24,250.00
20) HWY 99/20 Gateway Enhancement	TBA	Public Improvement Project - Landscaping	60,000.00	60,000.00					60,000.00	\$ 60,000.00
21) 424 Franklin	Delta Oilfield Services	Excavation of Contaminated Soil	526,450.00	526,450.00	150,000.00	300,000.00	76,450.00	0.00		\$ 526,450.00
22) 425 Franklin	Test America	Excavation of Contaminated Soil	87,000.00	84,000.00	3,000.00	60,000.00	9,000.00	12,000.00		\$ 84,000.00
23) Sutter County Tax Administrative Fee	Sutter County	Administrative Fees Charged	128,000.00	128,000.00						\$ 128,000.00
24) Huckins Façade Grant	Huckins Trust	Façade Grant for exterior building renovations	75,000.00	75,000.00						\$ 75,000.00
25) Sutter Theater Façade Grant	SPAA	Façade Grant for exterior building renovations	175,000.00	175,000.00			58,333.00			\$ 175,000.00
26)										\$ -
27)										\$ -
28)										\$ -
29)										\$ -
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<b>Totals - This Page</b>			\$ 102,084,479.00	\$ 4,959,199.35	\$ 1,710,727.66	\$ 745,962.16	\$ 255,195.16	\$ 108,295.16	#####	\$ 4,454,463.20

\* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late August. It is valid through 12/31/11. It is the basis for the Preliminary Draft Recognized Obligation Payment Schedule (ROPS), which must be prepared by the dissolving Agency by 9/30/11. (The draft ROPS must be prepared by the Successor Agency by 11/30/11.)  
 If an agency adopts a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.  
 \*\* include only payments to be made after the adoption of the EOPS.