

Honorable Chair and Members  
of the Torrance Redevelopment Agency  
City Hall  
Torrance, California

Members of the Agency:

**SUBJECT: Redevelopment Agency - Approve Agreements in accordance with ABX1-27 and ABX1-26.**

**Expenditure:** None

### **RECOMMENDATION**

Recommendation of the Deputy Executive Director that the Redevelopment Agency:

- 1) Approve a Remittance Agreement authorizing the City to make payments to the County Auditor-Controller per ABX1-27, and
- 2) Approve a Cooperation and Funding Agreement for payment or reimbursement of administrative expenses during FY2011-2012 to be placed on the Agency's annual Statement of Indebtedness.

### **BACKGROUND AND ANALYSIS**

As part of the California budget package, Governor Jerry Brown signed the Redevelopment dissolution bills ABX1-26 and ABX1-27 into effect on June 29, 2011. While ABX1-26 dissolves Redevelopment Agencies, ABX1-27 provides a "voluntary" option for Agencies who wish to remain in existence. The provisions of ABX1-27 require an Agency to remit a payment to the County Auditor-Controller in accordance with the Voluntary Alternative Redevelopment Program (VARP). On Tuesday, July 19, 2011, the Agency adopted Ordinance No. 3748 authorizing the City to participate in the ABX1-27 VARP and issue a total of \$1.63 Million to the County Auditor-Controller (Attachment C). This payment is to be made in two equal parts, due in January and May of FY11-12. The first year of participation can be paid out of Housing Set-Aside Funds.

Since the Agency approved the VARP ordinance, there have been several updates on the status of the legislature. The California Redevelopment Association (CRA) and the League of California Cities (League) filed a law suit against the State on July 18<sup>th</sup>, asserting that ABX1-26 & ABX1-27 violate constitutional protections for Redevelopment funds. On August 11<sup>th</sup>, 2011, the Supreme Court announced that it would hear the law suit and issued a partial stay on the effectiveness of the bills. Due to the uncertainty as to when the Supreme Court will make a ruling, Agencies are being advised to take precautionary measures to protecting their assets should the Supreme Court uphold all or part of ABX1-26 & ABX1-27.

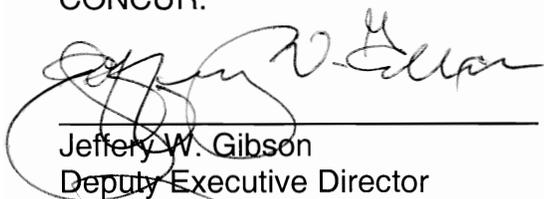
One such precautionary step was filing the Enforceable Obligations Payment Schedule, approved by the Agency at its meeting on August 23<sup>rd</sup> (Attachment D). The Remittance Agreement (Attachment A) authorizes the City to make payments to the County Auditor-Controller in accordance with ABX1-26. The updated language addresses the fact that the enforceability of ABX1-27 is contingent upon the Supreme Court lifting the stay such that ABX1-26 does not apply. Similarly, the Master Cooperation and Funding Agreement (Attachment B) serves to cover administrative costs incurred during FY2011-12. Both the Remittance Agreement and Master Cooperation Agreement should be reflected in the annual Statement of Indebtedness reports that agencies must file with the State by October 1, 2011 in order to reflect all payments to be made during this fiscal year.

Redevelopment Staff recommends that the Agency approve the Remittance Agreement and Master Cooperation & Funding Agreement and reflect both items on its annual Statement of Indebtedness.

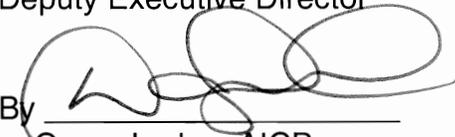
Respectfully submitted,

JEFFERY W. GIBSON  
Deputy Executive Director

CONCUR:

  
\_\_\_\_\_  
Jeffery W. Gibson  
Deputy Executive Director

  
\_\_\_\_\_  
LeRoy J. Jackson  
Executive Director

By   
for: Gregg Lodan, AICP  
Planning Manager

Attachments:

- A. Remittance Agreement
- B. Master Cooperation and Funding Agreement
- C. City Council Item 12C and attachments from 07/19/2011
- D. Redevelopment Item 4A and attachments from 08/23/2011

## REMITTANCE AGREEMENT

(CALIFORNIA HEALTH AND SAFETY CODE SECTION 34194.2)

This REMITTANCE AGREEMENT (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, (the “Date of Approval”), by and between the CITY OF TORRANCE, a California municipal corporation (the “City”), and the REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic (the “Agency”). The City and the Agency (collectively, the “Parties” and individually, a “Party”) enter into this Agreement with reference to the following:

### RECITALS

A. On or about November 16, 1976, the City Council for the City approved and adopted the Redevelopment Plan for the Skypark Project; on or about July 10, 1979, the City Council for the City approved and adopted the Redevelopment Plan for the Downtown Redevelopment Project; on or about November 25, 1983, the City Council for the City approved and adopted the Redevelopment Plan for the Industrial Redevelopment Project, (collectively the “Project Areas”), covering certain properties located within the City and defined in the Skypark, Downtown, and Industrial Redevelopment Plans (as subsequently amended, the “Redevelopment Plans”) as the Redevelopment Project Areas (the “Project Areas”).

B. The Agency has been and is engaged in activities to execute and implement the Redevelopment Plans pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) (“CRL”).

C. Since adoption of the Redevelopment Plans, the Agency has undertaken redevelopment projects in the Project Areas to eliminate blight, to improve public facilities and infrastructure, to renovate and construct affordable housing, and to enter into partnerships with private parties to create jobs and expand the local economy.

D. Over the next few years, the Agency hopes to implement a variety of redevelopment projects and programs to continue to eliminate and prevent blight, stimulate and expand the Project Areas’ economic growth, create and develop local job opportunities and alleviate deficiencies in public infrastructure, and increase, improve, and preserve the City’s supply of low and moderate income housing.

E. As part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, from the 2011-12 First Extraordinary Session, Assembly Bills 26 and 27 (“AB X1 26” and “AB X1 27”), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments.

F. Specifically, AB X1 26 prohibits agencies from taking numerous actions, effective immediately and purportedly retroactively, and additionally provides that agencies are deemed to be dissolved as of October 1, 2011.

G. AB XI 27 provides that a community may participate in an “Alternative Voluntary Redevelopment Program,” in order to enable a redevelopment agency within that community to remain in existence and carry out the provisions of the CRL, by enacting an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code (“Part 1.9”).

H. The Alternative Voluntary Redevelopment Program requires that the City agree by ordinance to remit specified annual amounts to the Los Angeles County Auditor-Controller (“County Auditor”).

I. City adopted Ordinance No. 9748 (“Ordinance”), thereby agreeing to participate in the Alternative Voluntary Redevelopment Program and to remit specified annual amounts in accordance therewith.

J. Pursuant to Health and Safety Code Section 34194.1, in making remittances to the County Auditor pursuant to Health and Safety Code Sections 34194 or 34194.5, the City may use any available funds not otherwise obligated for other uses.

K. Pursuant to Health and Safety Code Section 34194.2 (“Section 34194.2”), the City may enter into an agreement with the Agency, whereby the Agency will transfer a portion of its tax increment to the City, in an amount not to exceed the annual remittance required that year pursuant to Chapter 3 of Part 1.9, for the purpose of financing activities within the redevelopment area that are related to accomplishing the Agency’s project goals.

L. The purpose of this Agreement is to provide for the transfer of funds by the Agency to the City pursuant to the authorization in Section 34194.2, with said transfer of funds to be in an amount not to exceed the annual amount that is sufficient for the City to make the remittances required by Chapter 3 of Part 1.9 for the applicable fiscal year.

M. Pursuant to Health and Safety Code Section 34194.3, for Fiscal Year 2011-12, the Agency, by complying with the provisions of Part 1.9, shall be exempt from making the full allocation required to the Agency’s Low and Moderate Income Housing Fund required pursuant to Health and Safety Code Sections 33334.2, 33334.4, and 33334.6 (“Housing Fund”) upon the Agency making the finding that there are insufficient other moneys available to meet its debt and other obligations, current priority program needs, or its obligations under Section 34194.2. In accordance with Section 34194.3, the Agency hereby finds that Agency has insufficient other moneys available to meet its debt and other obligations, current priority program needs, and its remittance payment obligations to the City under Section 34194.2 and this Agreement and, therefore, Agency is exempt from and shall not be required to make an allocation to the Housing Fund for Fiscal Year 2011-12. The Agency makes this finding based on evidence that is on file with the Agency Secretary and has been presented to the Agency Board of Directors, which includes the following: the Enforceable Obligations Payment Schedule as presented and approved by the Agency on August 23<sup>rd</sup>, 2011, schedules of the Agency’s current debt service obligations, rental subsidies for Coleman Court and Ocean Terrace, current and ongoing third party contractual obligations, such as the Downtown landscaping contract, current projects and programs occurring throughout the community, and approved future projects such as the 1640 Cabrillo Avenue mixed-use workforce housing development, among others.

N. As of the Date of Approval of this Agreement, the California Supreme Court (“Supreme Court”) has exercised original jurisdiction in the case *California Redevelopment Association, et al., Petitioners v. Ana Matosantos, et al., Respondents*, Case No. S194861 (“CRA Case”), a lawsuit challenging the constitutionality and validity of AB X1 26 and AB X1 27. In conjunction with exercising original jurisdiction in the CRA Case, the Supreme Court issued a partial stay on the enforcement of AB X1 26 and AB X1 27 (the “Stay Order”), and the Supreme Court has indicated its intent to issue a ruling in the case in January 2012. As such, and as more specifically set forth below, this Agreement is conditionally approved on the Date of Approval, but its effectiveness and enforceability shall be subject to the conditions subsequent that (i) the Supreme Court lifts or modifies the Stay Order, such that (ii) the lift or modification of the Stay Order results in the Agency not being subject to Chapter 1 (commencing with Section 34161) of Part 1.8 of Division 24 of the Health and Safety Code. The conditions subsequent set forth in clauses (i) and (ii) of this Recital shall be collectively the “Enforceability Conditions,” and the date on which the Supreme Court lifts or modifies the Stay Order, resulting in the condition subsequent set forth in clause (ii) of this Recital being satisfied, shall be the “Enforceability Effective Date” of this Agreement.

O. The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plan for the Project Area.

P. While the City intends to make the remittances as provided for in AB X1 27 and pursuant to this Agreement, the remittances shall be made under protest and without prejudice to the City’s right to recover such amounts, and interest thereon, to the extent there is a final determination by the Supreme Court in the CRA Case or any other court of competent jurisdiction that AB X1 26 or AB X1 27, or both, are unconstitutional or otherwise unlawful. The City reserves the right, regardless of any remittance made pursuant to this Agreement, to challenge the legality of AB X1 26 or AB X1 27, or both.

Q. To the extent the Supreme Court’s Stay Order from the CRA Case or another court of competent jurisdiction enjoins, restrains, or grants a stay on the effectiveness of the Alternative Voluntary Redevelopment Program’s payment obligation of AB X1 26 and AB X1 27, the City shall not be obligated to make any community remittance for the duration of such injunction, restraint, or stay. Moreover, to the extent that the Supreme Court or a court of competent jurisdiction determines that either AB X1 26 or AB X1 27, or both, are unconstitutional and therefore invalid, and all appeals therefrom are exhausted or unsuccessful, or time for filing an appeal therefrom has lapsed, this Agreement shall be deemed null and void and of no further force and effect.

### AGREEMENT

NOW, THEREFORE, based on the foregoing Recitals, which are incorporated herein by this reference and are an integral part of this Agreement, the Parties mutually agree as follows:

1. Definitions. For purposes of this Agreement, “Available Agency Funds” shall mean, collectively, (a) any and all funds received and held by Agency not otherwise restricted or dedicated for a particular use, project, or program (“Unrestricted Agency Funds”), (b) the

FY 2011-12 Housing Fund Tax Increment Funds, and (c) Net Available Tax Increment Funds. For purposes of this Agreement, “Net Available Tax Increment Funds” means any and all tax increment funds allocated to the Agency pursuant to Article XVI, Section 16 of the California Constitution and Health and Safety Code Section 33670 (“tax increment”), less the following: (i) tax increment funds committed to bond and other debt service payments and any interest payments thereon, (ii) tax increment funds committed to other third-party contractual payment obligations, (iii) tax increment funds required to be used for statutory or contractual “pass-through” payment obligations to or for the benefit of any affected taxing entities, and (iv) tax increment funds that are required to be deposited into and held in the Agency’s Housing Fund (except FY 2011-12 Housing Fund Tax Increment Funds).

2. Agency Obligation to Transfer Funds to City; Determination of Remittance Payment Amounts. The Agency shall transfer to the City in a timely manner, from Available Agency Funds, amounts sufficient for the City to make the remittance payments required by Part 1.9 for every year such payments are required to be made. The amount of the remittance payments for each fiscal year shall be determined pursuant to Part 1.9, including Health and Safety Code Section 34194 (“Section 34194”). In the event the City disputes the State Director of Finance’s determination of the City’s remittance payment amount for Fiscal Year 2011-12 or the amount of the City’s remittance payment for any subsequent fiscal year, the City reserves the right to appeal to the State Director of Finance pursuant to Section 34194 and/or to initiate and pursue litigation to establish the correct amount that is required to be paid.

3. City Obligation to Transfer Remittance Payment Amounts to County Auditor; Limited Obligation of City; No Commitment of Funds from City General Fund. Subject to the receipt of sufficient Available Agency Funds from the Agency, the City shall, pursuant to Part 1.9, timely remit to the County Auditor the remittance payment amounts as determined pursuant to this Agreement. The City’s obligation to make such remittances shall be a special limited obligation of the City payable solely from payments received from the Agency pursuant to this Agreement. Nothing contained in this Agreement shall be deemed to be or is a pledge or commitment of the City’s general fund revenues or other City assets to make the remittance payments as provided for in Part 1.9, and any remittance payments shall be solely from payments received from the Agency pursuant to this Agreement.

4. Termination of Agreement and All City-Agency Agreements Upon Termination of City’s Participation in Alternative Voluntary Redevelopment Program; Self-Executing. In the event that the City elects to not make a remittance as required by Part 1.9 and the State Director of Finance makes the determination described in Health and Safety Code Section 34194(d)(2) or 34194.5 that the Agency shall be subject to Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code, this Agreement and all City-Agency Cooperation Agreements shall be terminated, and of no further force and effect, without the need for any further action by the City Council, Agency Board of Directors, or any City or Agency officer, official, employee, agent, or representative. For purposes of this Agreement, “City-Agency Cooperation Agreements” shall mean any and all agreements, whether written or oral or by arrangement or general practice, by and between the City and Agency, which are not defined as “enforceable obligations” pursuant to Health and Safety Code Sections 34167 or 34170.5 (as may be amended from time to time) and which obligate the Agency to pay the City any amount of money or other consideration, including but not limited to City-Agency loan agreements that are not otherwise “enforceable

obligations” (as defined above). It is the intent of the City and Agency by agreeing to the terms and conditions of this Section 4 that, upon the termination of the City’s and Agency’s participation in the Alternative Voluntary Redevelopment Program, neither the City nor the Agency shall owe any payments to the other Party, and that no payments from the Agency to the City pursuant to any City-Agency agreement shall be assigned to the State of California as contemplated by Health and Safety Code Sections 34193.2 and 34195(b).

5. Reservation of Rights; Payments Under Protest; Termination of Agreement If AB X1 26 and/or 27 Ruled Unlawful; Self-Executing. The City and Agency reserve any and all rights to challenge the legality of AB X1 26 and AB X1 27, and the City and Agency reserve any and all rights to benefit from any other legal challenge, including but not limited to the *CRA* Case, that determines AB X1 26 or AB X1 27, or both, are unlawful. All remittance payments made by the City pursuant to this Agreement shall be made under protest and without prejudice to the City’s right to recover such amounts and interest thereon unless and until there is a final determination by the Supreme Court in the *CRA* Case or any other court of competent jurisdiction for any other case that AB X1 26 and AB X1 27 are constitutional and the remittance payments required therein are legally enforceable payment obligations of the City. For any action or actions challenging the validity of AB X1 26 or AB X1 27, or both, in the event that the Supreme Court’s Stay Order from the *CRA* Case or any other court of competent jurisdiction enjoins, restrains, or grants a stay on the effectiveness of the Alternative Voluntary Redevelopment Program’s payment obligations of AB X1 26 and AB X1 27, the City shall not be obligated to make any community remittance for the duration of such injunction, restraint, or stay, unless and until there is a final determination by the Supreme Court in the *CRA* Case or a court of competent jurisdiction for any other such case that AB X1 26 and AB X1 27 are constitutional and the remittance payments required therein are legally enforceable payment obligations of the City. For any action or actions challenging the validity of AB X1 26 or AB X1 27, or both, including but not limited to the *CRA* Case, in the event that a court of competent jurisdiction, including the Supreme Court for the *CRA* Case, determines that either AB X1 26 or AB X1 27, or both, are unconstitutional or otherwise legally invalid, and all appeals therefrom are exhausted or unsuccessful, or time for filing an appeal therefrom has lapsed, this Agreement shall be terminated, and of no further force and effect, without the need for any further action by the City Council, Agency Board of Directors, or any City or Agency officer, official, employee, agent, or representative.

6. Conditional Effective Date; Enforceability Contingent Upon Conditions Subsequent. This Agreement shall be approved and entered into on the Date of Approval, but this Agreement shall be of no force and effect, and may not be enforced or be enforceable by either Party, until the Enforceability Effective Date when the Enforceability Conditions set forth in Recital N of this Agreement have been satisfied. In the event that the Supreme Court in the *CRA* Case does not expressly lift or modify the Stay Order but does determine that both AB X1 26 and AB X1 27 are constitutional and legally valid, such that the Supreme Court upholds the constitutionality and legal validity of Part 1.9, then for purposes of this Agreement the Enforceability Effective Date shall be the date that the Supreme Court files its opinion so determining said constitutionality and legal validity.

7. Indebtedness of Agency Prior to October 1, 2011. The Agency’s funding obligations in this Agreement are intended to be and shall constitute an indebtedness of the

Agency, incurred prior to October 1, 2011, within the meaning of Article XVI, Section 16 of the California Constitution and Health and Safety Code Sections 33670(b) and 34194(c)(2). The Agency shall include the total estimated indebtedness incurred by Agency pursuant to this Agreement on the Agency's annual statements of indebtedness that Agency is required to annually file pursuant to Health and Safety Code Section 33675 (or successor statute).

8. Subordination. Agency's funding obligations hereunder shall be junior and subordinate to (i) all existing Agency tax allocation bonds or other direct long-term indebtedness of Agency secured and to be repaid by tax increment funds, (ii) all pledges by Agency of tax increments for tax allocation bonds or other direct long-term indebtedness of Agency secured and to be repaid by tax increment funds, (iii) other Agency financial agreements or other contractual obligations of Agency with any person or entity not a party to this Agreement, including but not limited to any and all tax sharing or so-called "pass-through" agreements entered into between Agency and any taxing entity; (iv) any contingent obligations of Agency; and (v) other financial agreements or other contractual obligations between the parties to this Agreement.

9. Non-Recourse Obligation. No officer, official, employee, agent, or representative of Agency or City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action herein shall be personally enforced against any such officer, official, employee, agent, or representative.

10. Indemnity. In contemplation of Government Code Section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being a party to an agreement defined by Government Code Section 895, the Parties hereto, as between themselves, agree that the Agency shall indemnify, defend, and hold harmless the City for any loss, costs, or expenses that may be imposed upon the City by virtue of a third party prevailing in a legal challenge to the validity, enforceability, or administration of this Agreement. The provisions of Civil Code Section 2778 shall be applicable to this Agreement.

11. Entire Agreement and Full Integration. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the subject matter of this Agreement.

12. Intended Parties; No Third Party Beneficiaries. This Agreement is intended solely for the benefit of the City and the Agency, and their respective successors in interest; provided, however, that this Agreement shall be terminated in accordance with the terms and conditions set forth above in the event that the City or any other public agency becomes the "successor agency" to the Agency pursuant to Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code. The City and Agency expressly covenant that there shall be no third party beneficiaries under this Agreement.

13. Waiver. Any waiver or amendment of the provisions of this Agreement must be in writing and signed by the authorized representatives of the Parties.

14. Severability. Each provision of this Agreement shall be severable from the whole, and if any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in duplicate originals, each of which shall be deemed to be an original.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

“AGENCY”

\_\_\_\_\_ REDEVELOPMENT  
AGENCY, a public body, corporate and politic

By: \_\_\_\_\_  
Chair of the Agency Board of Directors

ATTEST:

\_\_\_\_\_  
Agency Secretary

“CITY”

CITY OF \_\_\_\_\_, a California  
municipal corporation

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:  
RUTAN & TUCKER, LLP

\_\_\_\_\_  
Its: City Attorney and Agency Counsel

Name of Redevelopment Agency: Redevelopment Agency of the City of Torrance  
 Project Area(s): All (Skypark, Industrial, Downtown)

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

Project Name / Debt Obligation	Funding Source	Payee	Description	Total Outstanding Debt or Obligation As of June 30, 2010	Total Paid During 2010-11 Fiscal Year (unaudited)	Total Due During 2011-12 Fiscal Year	Payments by month				Total		
							Aug**	Sept	Oct	Nov		Dec	
1) 2001 Tax Allocation Refunding Bonds (Skypark)	Tax Increment	Bank of New York	Bonds issued to fund non-housing project.	\$ 880,360.00	\$ 352,144.00	\$ 352,144.00	\$ 176,072.00				\$ 176,072.00	\$ 352,144.00	
2) Advance from Low-Mod Housing Fund (Skypark)	Tax Increment	City of Torrance RDA	City Low Mod Housing Fund	\$ 1,633,409.00	\$ 326,981.80							\$ -	
3) Property Tax Admin Cost FY 10-11 (Skypark)	Tax Increment	Skypark Redevelopment	admin	\$ 10,240.00	\$ 11,949.76	\$ 12,189.00	\$ 12,189.00					\$ 12,189.00	
4) 20% Low Mod Housing set-aside FY 10-11 (Skypark)	Tax Increment	City of Torrance RDA		\$ 134,361.00	\$ 123,907.00	\$ 134,178.00	\$ 134,178.00					\$ 134,178.00	
5) SERAF FY10-11 (Skypark)	Tax Increment	State of CA	downtown revitalization, relocation costs	\$ 436,758.00	\$ 436,758.00							\$ -	
6) City Advances 1990- 1993 (Downtown)	Tax Increment	City of Torrance	downtown revitalization, relocation costs	\$ 2,050,313.00								\$ -	
7) Advance from County 1992-2010 (Downtown)	Tax Increment	County of Los Angeles	downtown revitalization, relocation costs	\$ 18,674,905.00								\$ -	
8) City Advance 1997-1998 (Downtown)	Tax Increment	City of Torrance	downtown revitalization, relocation costs	\$ 455,000.00								\$ -	
9) Bond Series A (Downtown)	Tax Increment	Bank of New York	downtown revitalization, relocation costs	\$ 10,928,389.00	\$ 579,222.00	\$ 577,932.00	\$ 401,681.00				\$ 176,051.00	\$ 577,932.00	
10) County Admin Fee FY10-11 (Downtown)	Tax Increment	County of Los Angeles	admin	\$ 28,600.00	\$ 28,600.00	\$ 30,300.00	\$ 30,300.00					\$ 30,300.00	
11) Bond Admin Fee FY10-11 (Downtown)	Tax Increment	Bank of New York	admin	\$ 2,000.00	\$ 2,000.00	\$ 1,796.70	\$ 1,796.70					\$ 1,796.70	
12) County Pass Thru (Downtown)	Tax Increment	County of Los Angeles		\$ 1,123,101.00								\$ -	
13) 20% Low-Mod Set-Aside (Downtown)	Tax Increment	City of Torrance	Non-housing improvements	\$ 393,812.00	\$ 358,445.00	\$ 342,289.00	\$ 342,289.00					\$ 342,289.00	
14) City Advance 1982 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 54,230.00								\$ -	
15) City Advance 1985 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 47,040,041.00								\$ -	
16) City Advance 1986 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 3,385,000.00								\$ -	
17) City Advance 1987 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 3,207,341.00								\$ -	
18) City Advance 1988 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 296,230.00								\$ -	
19) City Advance 1990 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 245,372.00								\$ -	
20) City Advance 1997 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 1,694,040.00								\$ -	
21) City Advance 1998 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 63,253.00								\$ -	
22) City Advance 1999 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 149,865.00								\$ -	
23) Notes Payable, Developer (Industrial)	Tax Increment	Honda	for dev. of north american headquarters	\$ 1,726,609.00								\$ -	
24) City Advance 1998 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 1,515,459.00								\$ -	
25) City Advance 1999 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 111,893.00								\$ -	
26) Industrial Series B&C Bond (Industrial)	Tax Increment	Bank of New York	Non-housing improvements	\$ 38,440,644.00	\$ 2,391,381.00	\$ 2,772,650.00	\$ 923,810.00				\$ 1,848,810.00	\$ 2,772,650.00	
27) City Advance 1999 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 619,431.00								\$ -	
28) City Advance 1998 (Industrial)	Tax Increment	City of Torrance	Non-housing improvements	\$ 539,149.00								\$ -	
29) Bond Admin Fee FY10-11 (Industrial)	Tax Increment	Bank of New York	admin	\$ 7,671.00	\$ 4,766.50	\$ 5,000.00	\$ 5,000.00					\$ 5,000.00	
30) County Pass Thru (Industrial)	Tax Increment	County of Los Angeles		\$ 2,391,864.00								\$ -	
31) Admin Fee SB2557/AB1924 (Industrial)	Tax Increment	State of CA		\$ 97,329.00	\$ 121,203.22	\$ 123,300.00	\$ 123,300.00					\$ 123,300.00	
32) 20% Low-Mod Set-Aside FY10-11 (Industrial)	Tax Increment	City of Torrance		\$ 1,366,780.00	\$ 1,073,200.60	\$ 1,240,074.00	\$ 1,240,074.00					\$ 1,240,074.00	
33) Salaries (Downtown)	City Advances	City of Torrance	employees salaries & benefits	\$ 59,900.00	\$ 55,712.27	\$ 58,400.00	\$ 4,866.66				\$ 4,866.66	\$ 4,866.66	
34) Housing Programs (Low-Mod)	Low-Mod Set Aside	City of Torrance	labor & admin. for Home Improvement Program (HIP)	\$ 247,550.00	\$ 181,390.84	\$ 214,250.00	\$ 214,250.00					\$ 214,250.00	
35) Professional/Contract Services & Utilities (Downtown/ Low-Mod)	City Advances & Low-Mod	City of Torrance	Legal, tech services, housing & non housing projects	\$ 407,077.18	\$ 188,157.41	\$ 398,717.00	\$ 398,717.00					\$ 398,717.00	
36) Materials Supplies, Maintenance (Downtown/ Low-Mod)	City Advances & Low-Mod	City of Torrance	rental subsidies, supplies, OPA charges, HIP	\$ 188,156.00	\$ 182,336.44	\$ 179,400.00	\$ 179,400.00					\$ 179,400.00	
<b>Total Obligations</b>				\$ 140,606,132.18	\$ 6,418,155.84	\$ 6,442,589.70	\$ 3,786,242.36	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 2,205,799.66	\$ 5,040,149.00

Tax Increments Received 2010-2011	\$9,042,411
Low-Mod Set Aside Cash Balance 2010-2011	\$7,173,098

\* This Enforceable Obligation Payment Schedule (EOPS) is to be adopted by the redevelopment agency no later than late August. 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.)  
 \*\* include only payments to be made after the adoption of the EOPS.



**COOPERATION AND FUNDING AGREEMENT FOR  
PAYMENT OR REIMBURSEMENT OF ADMINISTRATIVE EXPENSES**

This COOPERATION AND FUNDING AGREEMENT FOR PAYMENT OR REIMBURSEMENT OF ADMINISTRATIVE EXPENSES (“Agreement”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2011 (the “Date of Approval”), by and between the CITY OF TORRANCE, a California municipal corporation (the “City”), and the REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, a public body, corporate and politic (the “Agency”). The City and the Agency (collectively, the “Parties” and individually, a “Party”) enter into this Agreement with reference to the following:

**R E C I T A L S**

A. On or about November 16, 1976, the City Council for the City approved and adopted the Redevelopment Plan for the Skypark Project; on or about July 10, 1979, the City Council for the City approved and adopted the Redevelopment Plan for the Downtown Redevelopment Project; on or about November 25, 1983, the City Council for the City approved and adopted the Redevelopment Plan for the Industrial Redevelopment Project, (collectively the “Project Areas”), covering certain properties located within the City and defined in the Skypark, Downtown, and Industrial Redevelopment Plans (as subsequently amended, the “Redevelopment Plans”) as the Redevelopment Project Areas (the “Project Areas”).

B. The Agency has been and is engaged in activities to execute and implement the Redevelopment Plan pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) (“CRL”).

C. Since adoption of the Redevelopment Plans, the Agency has undertaken redevelopment projects in the Project Areas to eliminate blight, to improve public facilities and infrastructure, to renovate and construct affordable housing, and to enter into partnerships with private parties to create jobs and expand the local economy.

D. Pursuant to Section 33220 of the CRL, any public body is authorized to enter into an agreement with the Agency for the purpose of aiding and cooperating in the planning, undertaking, construction, or operation of redevelopment projects located within the jurisdiction in which such public body is authorized to act, upon the terms and with or without consideration as such public body determines.

E. Pursuant to California Health and Safety Code Section 33220 and City’s police powers, City has the authority to aid and cooperate with Agency in the planning, undertaking, construction or operation of redevelopment projects within the area in which City and Agency are authorized to act.

F. Pursuant to Section 33126(b) of the CRL, the Agency may enter into a contract with any other public agency pursuant to which such public agency furnishes necessary staff services associated with or required by redevelopment.

G. In carrying out the Redevelopment Plans, the Agency is utilizing the staff and other resources of the City. The City Manager of the City serves as the Executive Director of the Agency, and staff in various City departments perform functions and provide administrative services on behalf of the Agency, including but not limited to the City Clerk, City legal counsel, City Engineer, Administration, Finance, Community Development, Planning, Building, Community Services, and Public Works (collectively, the “City’s Administration Service Provider Departments”). The City’s Administration Service Provider Departments devote substantial time in gathering information relating to the Redevelopment Plans and the Project Areas, compiling, analyzing, and reporting data on numerous State-mandated reports and programs, managing projects funded through tax increment, conferring with developers and potential developers of land within the Project Areas, and undertaking planning and administrative activities in connection with the production, improvement and preservation of affordable housing, among other duties and responsibilities.

H. The Agency and City, by annual budget actions, have implemented the Agency’s and City’s authority under the CRL, and under the City’s police powers, for the City to aid the Agency and cooperate with the Agency in the planning, undertaking, construction, or operation of redevelopment projects located within the Project Areas and, as may be authorized under the CRL, portions of the City outside the Project Areas, by the Agency engaging the services of the City to provide administrative services to assure the proper and legal functioning of the Agency.

I. City adopted Ordinance No. 3748 (“Ordinance”), thereby enabling the City and Agency to participate in the “Alternative Voluntary Redevelopment Program” pursuant to Part 1.9 of Division 24 of the Health and Safety Code (“Part 1.9”).

J. Part 1.9, the Alternative Voluntary Redevelopment Program, was enacted as part of the 2011-12 State budget bill, and more specifically as part of a two-bill package from the 2011-12 First Extraordinary Session, Assembly Bills 26 and 27 (“AB X1 26” and “AB X1 27”).

K. As of the Date of Approval of this Agreement, the California Supreme Court (“Supreme Court”) has exercised original jurisdiction in the case *California Redevelopment Association, et al., Petitioners v. Ana Matosantos, et al., Respondents*, Case No. S194861 (“CRA Case”), a lawsuit challenging the constitutionality and validity of AB X1 26 and AB X1 27. In conjunction with exercising original jurisdiction in the CRA Case, the Supreme Court issued a partial stay on the enforcement of AB X1 26 and AB X1 27 (the “Stay Order”), and the Supreme Court has indicated its intent to issue a ruling in the case in January 2012. As such, and as more specifically set forth below, this Agreement is conditionally approved on the Date of Approval, but its effectiveness and enforceability shall be subject to the conditions subsequent that (i) the Supreme Court lifts or modifies the Stay Order, such that (ii) the lift or modification of the Stay Order results in the Agency not being subject to Chapter 1 (commencing with Section 34161) of Part 1.8 of Division 24 of the Health and Safety Code. The conditions subsequent set forth in clauses (i) and (ii) of this Recital shall be collectively the “Enforceability Conditions,” and the date on which the Supreme Court lifts or modifies the Stay Order, resulting in the condition subsequent set forth in clause (ii) of this Recital being satisfied, shall be the “Enforceability Effective Date” of this Agreement.

L. The obligations of the Agency under this Agreement are authorized by City's agreeing to participate in the Alternative Voluntary Redevelopment Program and shall constitute an indebtedness of the Agency for the purpose of carrying out the Redevelopment Plans for the Project Areas.

M. City and Agency desire to enter into this Agreement to ratify and confirm the prior budget actions described in the foregoing Recital and to ensure that the duties, functions, operations, activities, programs, and projects of the Agency continue to be funded and implemented.

## A G R E E M E N T

Based upon the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, Agency and City hereby agree as follows:

1. City to Provide General Administrative Services. In support of the Agency's duties, functions, operations, activities, programs, and projects in the redevelopment of the Project Areas, and in furtherance of the Agency's powers under the CRL, but excluding those duties, functions, operations, activities, programs and projects to be paid as part of the Agency's affordable housing expenses described in Section 3 below, the City shall provide staffing and other administrative services through the City's Administration Service Provider Departments (collectively, "Agency Non-Housing Administrative Services").

2. Agency to Pay City for Non-Housing Agency Administration with Regular Tax Increment Funds; Annual Payment Amounts and Requirements. Agency shall pay the City annually for the costs of Agency Non-Housing Administrative Services in the amounts and fiscal years as set forth in the schedule of payments in Exhibit "A" attached hereto and incorporated herein by reference, as may be amended from time to time ("Agency Non-Housing Administration Annual Costs"). The source of funds for Agency's payments to City for the Agency Non-Housing Administration Annual Costs shall be any and all tax increment funds allocated to the Agency pursuant to Article XVI, Section 16, of the California Constitution and Section 33670 of the CRL ("tax increment") excluding tax increment deposited into the Agency's Low and Moderate Income Housing Fund required pursuant to Sections 33334.2, 33334.3, 33334.4 and 33334.6 of the CRL ("Housing Funds").

3. Affordable Housing Programs and Projects Administration Services; Source of Funds; Annual Payment Amounts and Requirements. In support of the Agency's duties, functions, operations, activities, programs, and projects to increase, improve, and provide for low- and moderate-income housing pursuant to the CRL, including but not limited to Sections 33334.2 and 33334.3 thereof, the City shall provide staffing and other administrative services not otherwise included in the Agency Non-Housing Administration Services described above through the City's Administration Service Provider Departments (collectively, "Agency Housing Administration Services"). Agency shall pay the City annually for the costs of Agency Housing Administration Services in the amounts and fiscal years as set forth in the schedule of payments in Exhibit "B" attached hereto and incorporated herein by reference, as may be amended from time to time ("Agency Housing Administration Annual Costs"). The source of funds for

Agency's payments to City for the Agency Housing Administration Annual Costs shall be Housing Funds.

4. City Right to Payments. Agency payments required by this Agreement may be paid to City as costs are incurred by City or in advance, but in no event shall Agency pay City later than the end of the fiscal year for which the amounts are due of Agency Non-Housing Administration Annual Costs and Agency Housing Administration Annual Costs, as set forth in Exhibit "A" and Exhibit "B," respectively. City shall be entitled to periodically invoice Agency for payment of eligible costs and Agency shall pay eligible costs within thirty (30) days after receipt of invoice. City shall expend all payments received from Agency pursuant to this Agreement only for the costs permitted by this Agreement. Upon Agency's request, City shall account to Agency for all City costs and expenditures.

5. Restrictions to Reimbursable Administrative Costs by Operation of Law; Amendment to Agreement; Self-Executing. In the event that the CRL is amended after the Date of Approval of this Agreement such that, by operation of law, the amounts that Agency may pay to City for either Agency Non-Housing Administration Annual Costs or Agency Housing Administrative Costs, or both, are less than those annual amounts set forth in Exhibit "A" or Exhibit "B," respectively, then this Agreement shall be amended automatically to allow for the maximum payment amount allowable by law from Agency to City for the Agency Non-Housing Administration Services and Agency Housing Administration Services, without any further action by the City Council, Agency Board of Directors, or any City or Agency officer, official, employee, agent, or representative.

6. Termination of Agreement Upon Termination of City's Participation in Alternative Voluntary Redevelopment Program; Self-Executing. In the event that City does not make a remittance as required by Part 1.9 of the CRL, and the State Director of Finance makes the determination described in Sections 34194(d)(2) or 34194.5 of the CRL that Agency shall be subject to Parts 1.8 and 1.85 of Division 24 of the CRL, this Agreement shall be terminated, and of no further force and effect, without the need for any further action by the City Council, Agency Board of Directors, or any City or Agency officer, official, employee, agent, or representative; provided, however, that this Agreement shall not terminate if this Agreement is deemed to be an "enforceable obligation" as defined pursuant to Sections 34167 or 34170.5 (as may be amended from time to time) of the CRL, and/or the City is otherwise deemed to be a Party that is entitled to receive payments for any or all unpaid Agency Non-Housing Administration Annual Costs and/or Agency Housing Administration Annual Costs, as set forth in Exhibit "A" and Exhibit "B," respectively. It is the intent of the City and Agency by agreeing to the terms and conditions of this Section 6 that, upon the termination of the City's and Agency's participation in the Alternative Voluntary Redevelopment Program, neither the City nor the Agency shall owe any payments to either Party, and that no payments from the Agency to the City pursuant to this Agreement shall be assigned to the State as contemplated by Sections 34193.2 and 34195(b) of the CRL.

7. Conditional Effective Date; Enforceability Contingent Upon Conditions Subsequent. This Agreement shall be approved and entered into on the Date of Approval, but this Agreement shall be of no force and effect, and may not be enforced or be enforceable by either Party, until the Enforceability Effective Date when the Enforceability Conditions set forth

in Recital K of this Agreement have been satisfied. In the event that the Supreme Court in the CRA Case does not expressly lift or modify the Stay Order but does determine that both AB X1 26 and AB X1 27 are constitutional and legally valid, such that the Supreme Court upholds the constitutionality and legal validity of Part 1.9, then for purposes of this Agreement the Enforceability Effective Date shall be the date that the Supreme Court files its opinion so determining said constitutionality and legal validity.

8. Indebtedness of Agency Prior to October 1, 2011. The Agency's funding obligations in this Agreement are intended to be and shall constitute an indebtedness of the Agency, incurred prior to October 1, 2011, within the meaning of Article XVI, Section 16, of the California Constitution and Health and Safety Code Sections 33670(b) and 34194(c)(2). The Agency shall include the total estimated indebtedness incurred by Agency pursuant to this Agreement on the Agency's annual statements of indebtedness that Agency is required to annually file pursuant to Health and Safety Code Section 33675 (or successor statute). The estimated total indebtedness incurred by the Agency pursuant to this Agreement is shown on Exhibit "A" and Exhibit "B," respectively. Any increase to the total estimated indebtedness that may occur after the Date of Approval of this Agreement shall constitute indebtedness incurred prior to October 1, 2011.

9. Subordination. Agency's funding obligations hereunder shall be junior and subordinate to (i) all existing Agency tax allocation bonds or other direct long-term indebtedness of Agency secured and to be repaid by tax increment funds, (ii) all pledges by Agency of tax increments for tax allocation bonds or other direct long-term indebtedness of Agency secured and to be repaid by tax increment funds, (iii) other Agency financial agreements or other contractual obligations of Agency with any person or entity not a party to this Agreement, including but not limited to any and all tax sharing or so-called "pass-through" agreements entered into between Agency and any taxing entity; (iv) any contingent obligations of Agency; and (v) other financial agreements or other contractual obligations between the parties to this Agreement.

10. Non-Recourse Obligation. No officer, official, employee, agent, or representative of Agency or City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action herein shall be personally enforced against any such officer, official, employee, agent, or representative.

11. Indemnity. In contemplation of Government Code Section 895.2 imposing certain tort liability jointly upon public entities solely by reason of such entities being a party to an agreement defined by Government Code Section 895, the Parties hereto, as between themselves, agree that the Agency shall indemnify, defend, and hold harmless the City for any loss, costs, or expenses that may be imposed upon the City by virtue of a third party prevailing in a legal challenge to the validity, enforceability, or administration of this Agreement. The provisions of Civil Code Section 2778 shall be applicable to this Agreement.

12. Entire Agreement and Full Integration. This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof. This Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to the

supersedes all negotiations or previous agreements between the Parties with respect to the subject matter of this Agreement.

13. Intended Parties; No Third Party Beneficiaries. This Agreement is intended solely for the benefit of the City and the Agency, and their respective successors in interest; provided, however, that this Agreement shall be terminated in accordance with the terms and conditions set forth above in the event that the City or any other public agency becomes the “successor agency” to the Agency pursuant to Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code. The City and Agency expressly covenant that there shall be no third party beneficiaries under this Agreement.

14. City and Agency Approvals or Actions. By approval of this Agreement, the City Manager and Agency Executive Director are authorized and may sign this Agreement on behalf of the City and Agency respectively. Whenever a reference is made in this Agreement to an action or approval to be undertaken by the City, the City Manager or his or her authorized designee is authorized to act on behalf of the City unless specifically provided otherwise or the law otherwise requires. Whenever a reference is made in this Agreement to an action or approval to be undertaken by the Agency, the Agency Executive Director or his or her authorized designee is authorized to act on behalf of Agency unless specifically provided otherwise or the law otherwise requires.

15. Waiver. Any waiver or amendment of the provisions of this Agreement must be in writing and signed by the authorized representatives of the Parties.

16. Severability. Each provision of this Agreement shall be severable from the whole, and if any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall remain in full force and effect.

17. Counterparts. This Agreement may be executed in duplicate originals, each of which shall be deemed to be an original.

[signatures on next page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

“AGENCY”

\_\_\_\_\_ REDEVELOPMENT  
AGENCY, a public body, corporate and politic

By: \_\_\_\_\_  
Chair of the Agency Board of Directors

ATTEST:

\_\_\_\_\_  
Agency Secretary

“CITY”

CITY OF \_\_\_\_\_, a California  
municipal corporation

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:  
RUTAN & TUCKER, LLP

\_\_\_\_\_  
Its: City Attorney and Agency Counsel

**EXHIBIT "A"****AGENCY NON-HOUSING ADMINISTRATION ANNUAL COSTS**

Fiscal Year	Costs
2011-12	<u>\$50,400</u>
2012-13	<u>\$51,408</u>
2013-14	<u>\$52,436.16</u>
2014-15	<u>\$53,484.88</u>
2015-16	<u>\$53,484.88</u>
2016-17	<u>\$53,484.88</u>
2017-18	<u>\$53,484.88</u>

**EXHIBIT A**

**EXHIBIT "B"****AGENCY HOUSING ADMINISTRATION ANNUAL COSTS**

Fiscal Year	Costs
2011-12	<u>\$24,400</u>
2012-13	<u>\$24,888</u>
2013-14	<u>\$25,385.76</u>
2014-15	<u>\$25,893.48</u>
2015-16	<u>\$26,411.35</u>
2016-17	<u>\$26,939.58</u>
2017-18	<u>\$26,939.58</u>



Council Meeting of  
July 19, 2011

Honorable Mayor and Members  
of the City Council  
City Hall  
Torrance, California

**Members of the Council:**

**SUBJECT: City Manager – Adopt Ordinance to participate in ABX1 27 Voluntary Alternative Redevelopment Program (VARP).**

**RECOMMENDATION**

Recommendation of the City Manager that City Council adopt an ORDINANCE authorizing the City to participate in ABX1 27, the Voluntary Alternative Redevelopment Program (VARP), and approve an ordinance summary for publication.

Funding

No funding is required for the requested action. If approved funding in an amount of approximately \$1.633 million will be required to make the payment required by ABX1 27, funds are available in the Housing Set Aside Fund.

**BACKGROUND/ANALYSIS**

On June 15, 2011, the State Legislature passed two bills related to redevelopment: ABX1 26 and AB1X 27. Both bills were signed into law by the Governor on June 29, 2011. ABX1 26 requires the dissolution of redevelopment agencies and the sale of its assets and the proceeds to be remitted to the state for redistribution as property taxes to the state, county and municipalities. ABX1 27 provides for a “voluntary” alternative redevelopment program (VARP). VARP exempts redevelopment agencies from dissolution if an ordinance is enacted before November 11, 2011 for compliance with the new legislation and authorization to make certain required payments required by VARP.

If the proposed Ordinance is adopted the following timeline will take place:

- **August 1, 2011:** Department of Finance (DOF) is set to release FY 2011-12 payment amounts for all redevelopment agencies.
- **August 15, 2011:** Deadline for City to submit appeal to DOF regarding payment demand amount from the 8/1/11 notice (if City/Agency disagree).
- **August 28, 2011:** Deadline for RDA to submit its enforceable debt obligation schedule as defined in AB1X 26.
  - If City has already had its second reading of ordinance “opting in” to payments required by AB1X 27, agency is exempted from this requirement.

- **October 1, 2011:** Deadline for Agency to file Statement of Indebtedness. Important note: Any debt incurred after 10/1/11 and not shown on 10/1/11 Statement of Indebtedness is subject to onerous new statutory pass-through for schools.
- **January 15, 2012:** First half of FY 2011-12 State payment is due.
- **May 15, 2012:** Second half of FY 2011-12 State payment is due.

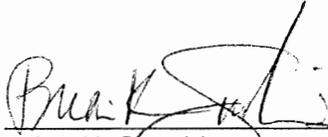
The Ordinance before Your Honorable Body this evening, if enacted, will allow for the Redevelopment Agency to move from the state-enacted suspension back to a functioning Redevelopment Agency for one year. Subsequent years will require additional payments. This year's payment is allowed to be made from the Housing Set-Aside also known as the 20% Housing Set-Aside. In future years the payment must be made from the General Fund. Also there may be clean-up legislation that requires reimbursement of this year's payment back to the 20% Housing Set-Aside Fund.

If the Ordinance is not approved, the Agency will remain suspended and the State will require the dissolution of the Agency and the sale of all assets. The process for selling the assets requires the City to obtain a fair market appraisal and then market the properties. Proceeds from the sales will then be returned to the State for re-distribution as property tax.

Staff recommends that the City Council adopt the proposed Ordinance, which will set in motion the process required to retain the Redevelopment Agency.

Respectfully submitted,

LeROY J. JACKSON  
City Manager

By:   
Brian K. Sunshine  
Assistant to the City Manager

CONCUR:

  
LeRoy J. Jackson  
City Manager

Attachments: A) VARP Ordinance  
B) Ordinance Summary

## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, DETERMINING IT WILL COMPLY WITH THE VOLUNTARY ALTERNATIVE REDEVELOPMENT PROGRAM PURSUANT TO PART 1.9 OF DIVISION 24 OF THE CALIFORNIA HEALTH AND SAFETY CODE IN ORDER TO PERMIT THE CONTINUED EXISTENCE AND OPERATION OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE**

**WHEREAS**, the City Council of the City of Torrance (“City”) approved and adopted the Redevelopment Plans for the Skypark, Downtown, and Industrial Redevelopment Projects (“Redevelopment Plan”) covering certain properties within the City (the “Project Area”); and

**WHEREAS**, the Redevelopment Agency of the City of Torrance (“Agency”) is 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**, over the next few years, the Agency hopes to implement a variety of redevelopment projects and programs to continue to eliminate and prevent blight, stimulate and expand the Project Area’s economic growth, create and develop local job opportunities and alleviate deficiencies in public infrastructure, to name a few; and

**WHEREAS**, as part of the 2011-12 State budget bill, the California Legislature has recently enacted and the Governor has 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**, specifically, AB 1X 26 prohibits agencies from taking numerous actions, effective immediately and purportedly retroactively, and additionally provides that agencies are deemed to be dissolved as of October 1, 2011; and

**WHEREAS**, AB 1X 27 provides that a community may participate in an “Alternative Voluntary Redevelopment Program,” in order to enable a redevelopment agency within that community to remain in existence and carry out the provisions of the CRL, by enacting an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code; and

**WHEREAS**, the Alternative Voluntary Redevelopment Program requires that the community agree by ordinance to remit specified annual amounts to the county auditor-controller; and

**WHEREAS**, under the threat of dissolution pursuant to AB 1X 26, and upon the contingencies and reservations set forth herein, the City shall make the Fiscal Year 2011-2012 community remittance, currently estimated to be One Million Six Hundred Thirty-Two Thousand Six Hundred Fifty-Nine Dollars (\$1,632,659), as well as the subsequent annual community remittances as set forth in the CRL; and

**WHEREAS**, the City reserves the right to appeal the California Director of Finance's determination of the Fiscal Year 2011-12 community remittance, as provided in Health and Safety Code Section 34194; and

**WHEREAS**, City understands and believes that an action challenging the constitutionality of AB 1X 26 and AB 1X 27 will be filed on behalf of cities, counties and redevelopment agencies; and

**WHEREAS**, while the City currently intends to make these community remittances, they shall be made under protest and without prejudice to the City's right to recover such amounts and interest thereon, to the extent there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional; and

**WHEREAS**, the City reserves the right, regardless of any community remittance made pursuant to this Ordinance, to challenge the legality of AB 1X 26 and AB 1X 27; and

**WHEREAS**, to the extent a court of competent jurisdiction enjoins, restrains, or grants a stay on the effectiveness of the Alternative Voluntary Redevelopment Program's payment obligation of AB 1X 26 and AB 1X 27, the City shall not be obligated to make any community remittance for the duration of such injunction, restraint, or stay; and

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

**THE CITY COUNCIL OF THE CITY OF TORRANCE, CALIFORNIA, DOES ORDAIN AS FOLLOWS:**

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

**Section 2.**     **Participation in the Alternative Voluntary Redevelopment Program.** In accordance with Health and Safety Code Section 34193, and based on the Recitals set forth above, the City Council hereby determines that the City shall comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as enacted by AB 1X 27.

**Section 3.**     **Payment Under Protest.** Except as set forth in Section 4, below, the City Council hereby determines that the City shall make the community remittances set forth in Health and Safety Code section 34194 *et seq.*

**Section 4.** **Effect of Stay or Determination of Invalidity.** City shall not make any community remittance in the event a court of competent jurisdiction either grants a stay on the enforcement of AB 1X 26 and AB 1X 27 or determines that AB 1X 26 and AB 1X 27 are unconstitutional and therefore invalid, and all appeals therefrom are exhausted or unsuccessful, or time for filing an appeal therefrom has lapsed. Any community remittance shall be made under protest and without prejudice to the City's right to recover such amount and interest thereon in the event that there is a final determination that AB 1X 26 and AB 1X 27 are unconstitutional. If there is a final determination that AB 1X 26 and AB 1X 27 are invalid, this Ordinance shall be deemed to be null and void and of no further force or effect.

**Section 5.** **Implementation.** The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to implement this Ordinance, including but not limited to notifying the Los Angeles County Auditor-Controller, the Controller of the State of California, and the California Department of Finance of the adoption of this Ordinance and the City's agreement to comply with the provisions of Part 1.9 of Division 24 of the Health and Safety Code, as set forth in AB 1X 27.

**Section 6.** **Additional Understandings and Intent.** It is the understanding and intent of the City Council that, once the Agency is again authorized to enter into agreements under the CRL, the City will enter into an agreement with the Agency as authorized pursuant to Section 34194.2, whereby the Agency will transfer annual portions of its tax increment to the City in amounts not to exceed the annual community remittance payments to enable the City, directly or indirectly, to make the annual remittance payments. The City Council does not intend, by enactment of this Ordinance, to pledge any of its general fund revenues or assets to make the remittance payments.

**Section 7.** **CEQA.** The City Council finds, under Title 14 of the California Code of Regulations, Section 15378(b)(4), that this Ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") in that it is not a "project," but instead consists of the creation and continuation of a governmental funding mechanism for potential future projects and programs, and does not commit funds to any specific project or program. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Santa Cruz in accordance with CEQA Guidelines.

**Section 8.** **Custodian of Records.** The documents and materials that constitute the record of proceedings on which these findings are based are located at the City Clerk's office located at 3031 Torrance Blvd., Torrance, CA 90503. The custodian for these records is Sue Herbers.

**Section 9.** **Severability.** If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council hereby declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof.

**Section 10. Certification; Publication.** The City Clerk shall certify to the adoption of this Ordinance and cause it, or a summary of it, to be published once within 15 days of adoption in a newspaper of general circulation printed and published within the City of Torrance, and shall post a certified copy of this Ordinance, including the vote for and against the same, in the Office of the City Clerk in accordance with Government Code § 36933.

**Section 11. Effective Date.** This Ordinance shall become effective thirty (30) days from its adoption.

INTRODUCED and APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

ADOPTED and PASSED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Frank Scotto, Mayor

ATTEST:

\_\_\_\_\_  
Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III  
City Attorney

By: \_\_\_\_\_

ORDINANCE NO. \_\_\_\_\_

## SUMMARY

On \_\_\_\_\_, 2011, the City Council of the City of Torrance adopted Ordinance number \_\_\_\_\_ determining that it will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Redevelopment Agency of the City of Torrance.

As part of the 2011-12 State budget bill, the California Legislature has recently enacted and the Governor has 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. AB 1X 26 prohibits agencies from taking numerous actions, effective immediately and purportedly retroactively, and additionally provides that agencies are deemed to be dissolved as of October 1, 2011. AB 1X 27 provides that a community may participate in an "Alternative Voluntary Redevelopment Program," in order to enable a redevelopment agency within that community to remain in existence and carry out the provisions of the CRL, by enacting an ordinance agreeing to comply with Part 1.9 of Division 24 of the Health and Safety Code. The Alternative Voluntary Redevelopment Program requires that the community agree by ordinance to remit specified annual amounts to the county auditor-controller; and

\*\*\*\*\*City Clerk to add a paragraph stating that copies of the ordinance are available at the City Clerk's office and stating the names of the City Council members that voted in favor and those that voted against.\*\*\*\*\*



Redevelopment Agency of  
August 23, 2011

Agency Item 4A

Honorable Chairman and Members  
of the Redevelopment Agency of the City of Torrance  
City Hall  
Torrance, California

**SUBJECT: Redevelopment Agency – Adopt Enforceable Obligation Payment  
Schedule (EOPS)  
Expenditure: Not Applicable**

### **RECOMMENDATION**

Recommendation of the Deputy Executive Director that the Redevelopment Agency adopt the Enforceable Obligation Payment Schedule and post the schedule as statutorially required as well as submit with transmittal letter to the California State Controller's Office, the California Department of Finance, and the Los Angeles County Auditor-Controller.

### **BACKGROUND AND ANALYSIS**

On June 29, 2011, ABX1 26, the "Dissolution Act", and ABX1 27, the "Continuation Act", became effective upon the signature of the state budget by the Governor. ABX1 26 requires the dissolution of redevelopment agencies and the sale of its assets and the proceeds to be remitted to the state for redistribution as property taxes to the state, county and municipalities. ABX1 27 provides for a "Voluntary" Alternative Redevelopment Program (VARP). VARP exempts redevelopment agencies from dissolution if an ordinance is enacted before November 11, 2011 for compliance with the new legislation and authorization to make certain required payments required by VARP.

On July 19, 2011, the Redevelopment Agency of the City of Torrance adopted an Ordinance to participate in ABX1 27, the VARP. This Ordinance allows the Redevelopment Agency to move from the state-enacted suspension back to a functioning Redevelopment Agency for one year with payment to the State. This year's payment will be made from the Housing set-aside fund. Subsequent years will require additional payments from the General Fund.

The deadline for the Redevelopment Agency to submit its Enforceable Debt Obligation schedule as defined in ABX1 26 is August 28, 2011. The schedule lists any debt, contract agreements and other obligation debt that the Agency has due during a certain part of the fiscal year and would include any projects associated with the enforceable obligation payment necessary for the continued administration or operation of the Agency.

In listing obligations on the EOPS, the Agency is laying out the tax increment funding that will need to be continued in order to meet these obligations. The legislation allows for payments to continue for those existing obligations meeting the criteria set forth in the legislation and then set forth by the Agency in the EOPS. Initially it was thought that, since the City had passed the VARP ordinance, the EOPS would not be necessary, since with passage of the VARP, the Agency would continue as it had previously. The EOPS was

specifically for those agencies who were not continuing in order to ensure that they were able to meet the existing financial obligations after the dissolution of the Redevelopment Agency. With the filing of the CRA lawsuit challenging the Redevelopment legislation and the Court stay of provisions of that legislation, the current legal situation is murky at best. Staff recommends that we would be safest in submitting the EOPS in a timely manner so that our debt and obligations would be clearly understood. This would allow the Agency the opportunity to meet those obligations should the legal situation change, however should the CRA prevail our expectation would be that this document would be null and void. According to the California Redevelopment Association "CRA", Section 34167 prohibits agencies from making payments for anything other than "enforceable obligations" (as defined by Section 34167(d)) beginning August 28, 2011. Therefore, in the meantime, agencies are being recommended to continue the process of determining which of their obligations are "enforceable obligations" as defined by the statute.

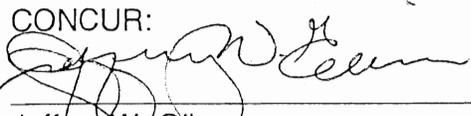
Staff recommends that the Redevelopment Agency adopt the proposed Enforceable Obligation Payment schedule (Attachment A), which will set forth the debt obligations of the Agency, in order to ensure that, whatever happens with the pending legislation and lawsuit, the Agency will be afforded the tax increment funding to meet those obligations. The schedule will be posted on the City's website and submitted to all required county and state agencies. The letter of submittal will include language protesting the requirement and reserving the Agency's rights both prior to the legislation and the outcome of any pending lawsuits that would either change or negate these requirements.

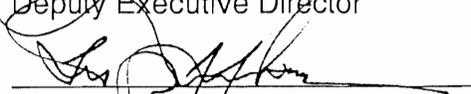
Respectfully submitted,

Jeffery W. Gibson  
Deputy Executive Director

By   
\_\_\_\_\_  
Gregg D. Lodan, AICP  
Planning Manager

CONCUR:

  
\_\_\_\_\_  
Jeffery W. Gibson  
Deputy Executive Director

  
\_\_\_\_\_  
LeRoy J. Jackson  
Executive Director

Attachment: A) Enforceable Obligation Payment schedule

Name of Redevelopment Agency: Redevelopment Agency of the City of Torrance  
Project Area(s): All (Skypark, Industrial, Downtown)

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation As of June 30, 2010	Total Paid During 2010-11 Fiscal Year (unaudited)	Total Due During 2011-12 Fiscal Year	Payments by month					Total	
						Aug**	Sept	Oct	Nov	Dec		
1) 2001 Tax Allocation Refunding Bonds (Skypark)	Bank of New York	Bonds issued to fund non-housing project	\$ 860,360.00	\$ 352,144.00	\$ 352,144.00	\$ 176,072.00					\$ 176,072.00	\$ 352,144.00
2) Advance from Low-Mod Housing Fund (Skypark)	City of Torrance RDA	City Low Mod Housing fund	\$ 1,633,409.00	\$ 325,981.80								\$ -
3) Property Tax Admin Cost FY 10-11 (Skypark)	Skypark Redevelopment	admin	\$ 10,240.00	\$ 11,949.76	\$ 12,189.00	\$ 12,189.00						\$ 12,189.00
4) 20% Low-Mod Housing set-aside FY 10-11 (Skypark)	City of Torrance RDA		\$ 134,381.00	\$ 123,907.00	\$ 134,178.00	\$ 134,178.00						\$ 134,178.00
5) SERAF FY10-11 (Skypark)	State of CA	downtown revitalization, relocation costs	\$ 436,758.00	\$ 436,758.00								\$ -
6) City Advances 1990-1993 (Downtown)	City of Torrance		\$ 2,050,313.00									\$ -
7) Advance from County 1992-2010 (Downtown)	County of Los Angeles	downtown rehabilitation	\$ 18,674,905.00									\$ -
8) City Advance 1997-1998 (Downtown)	City of Torrance		\$ 455,000.00									\$ -
9) Bond Series A (Downtown)	Bank of New York		\$ 10,828,389.00	\$ 579,222.00	\$ 577,932.00	\$ 577,932.00					\$ 577,932.00	\$ 577,932.00
10) County Admin Fee FY10-11 (Downtown)	County of Los Angeles	admin	\$ 28,600.00	\$ 28,600.00	\$ 30,300.00	\$ 30,300.00						\$ 30,300.00
11) Bond Admin Fee FY10-11 (Downtown)	Bank of New York	admin	\$ 2,000.00	\$ 2,000.00	\$ 1,796.70	\$ 1,796.70						\$ 1,796.70
12) County Pass Thru (Downtown)	County of Los Angeles		\$ 1,123,101.00									\$ -
13) 20% Low-Mod Set-Aside (Downtown)	City of Torrance		\$ 393,812.00	\$ 358,445.00	\$ 342,289.00	\$ 342,289.00						\$ 342,289.00
14) City Advance 1982 (Industrial)	City of Torrance	Non-housing improvements	\$ 54,230.00									\$ -
15) City Advance 1985 (Industrial)	City of Torrance		\$ 47,040.041.00									\$ -
16) City Advance 1986 (Industrial)	City of Torrance		\$ 3,885,000.00									\$ -
17) City Advance 1987 (Industrial)	City of Torrance		\$ 3,207,341.00									\$ -
18) City Advance 1988 (Industrial)	City of Torrance		\$ 296,230.00									\$ -
19) City Advance 1990 (Industrial)	City of Torrance		\$ 245,372.00									\$ -
20) City Advance 1997 (Industrial)	City of Torrance		\$ 1,694,040.00									\$ -
21) City Advance 1988 (Industrial)	City of Torrance		\$ 63,253.00									\$ -
22) City Advance 1988 (Industrial)	City of Torrance		\$ 149,865.00									\$ -
23) Notes Payable, Developer (Industrial)	Honda	for dev. of north american headquarters	\$ 1,726,609.00									\$ -
24) City Advance 1998 (Industrial)	City of Torrance	Non-housing improvements	\$ 1,515,459.00									\$ -
25) City Advance 1999 (Industrial)	City of Torrance		\$ 111,893.00									\$ -
26) Industrial Series B&C Bond (Industrial)	Bank of New York		\$ 38,440,644.00	\$ 2,391,381.00	\$ 2,772,620.00	\$ 923,810.00					\$ 1,848,810.00	\$ 2,772,620.00
27) City Advance 1999 (Industrial)	City of Torrance		\$ 619,431.00									\$ -
28) City Advance 1988 (Industrial)	City of Torrance		\$ 539,149.00									\$ -
29) Bond Admin Fee FY10-11 (Industrial)	Bank of New York	admin	\$ 7,671.00	\$ 4,766.50	\$ 5,000.00	\$ 5,000.00						\$ 5,000.00
30) County Pass Thru (Industrial)	County of Los Angeles		\$ 2,391,864.00									\$ -
31) Admin Fee SB2557/AB1924 (Industrial)	State of CA		\$ 97,329.00	\$ 121,203.22	\$ 123,300.00	\$ 123,300.00						\$ 123,300.00
32) 20% Low-Mod Set-Aside FY10-11 (Industrial)	City of Torrance		\$ 1,366,780.00	\$ 1,073,200.60	\$ 1,240,074.00	\$ 1,240,074.00						\$ 1,240,074.00
33) Salaries (Downtown)	City of Torrance	employee salaries & benefits	\$ 59,900.00	\$ 55,712.27	\$ 56,400.00	\$ 4,866.66						\$ 4,866.66
34) Housing Programs (Downtown Low-Mod)	City of Torrance	labor for Home Improvement Program (HIP)	\$ 247,550.00	\$ 181,390.84	\$ 214,250.00	\$ 214,250.00						\$ 214,250.00
35) Professional/Contract Services & Utilities (Downtown/ Low-Mod)	City of Torrance	Legal, tech services, housing & non housing projects	\$ 407,077.18	\$ 186,157.41	\$ 398,717.00	\$ 398,717.00						\$ 398,717.00
36) Materials Supplies, Maintenance (Downtown/ Low-Mod)	City of Torrance	rental subsidies, supplies, OPA charges, HIP	\$ 188,156.00	\$ 182,336.44	\$ 179,400.00	\$ 179,400.00						\$ 179,400.00
<b>Total Obligations</b>			\$ 140,606,132.18	\$ 6,418,155.84	\$ 6,442,589.70	\$ 3,786,242.36	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 4,866.66	\$ 2,205,799.66	\$ 5,040,149.00

\* 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.

Redevelopment Agency Meeting of  
August 23, 2011

**SUPPLEMENTAL MATERIAL #1  
TO AGENCY AGENDA ITEM 4A**

Honorable Mayor and Members  
of the Torrance Redevelopment Agency  
City Hall  
Torrance, California

Members of the Redevelopment Agency:

***SUBJECT: SUPPLEMENTAL MATERIAL #1 TO AGENCY AGENDA ITEM 4A***

Since the staff report for Item 4A was published, additional clarification has become available on the legal matters concerning ABX1-26, ABX1-27, and the Enforceable Obligations Payment Schedule (EOPS).

Although mandated by the State, payments for ABX1-27 are to be remitted to the County Auditor-Controller for the benefit of various local agencies, and not the State as mentioned in the item. In addition, Redevelopment agencies have until October 1, 2011 (not November 11<sup>th</sup>) to enact the compliance ordinance required by the "Voluntary" Alternative Redevelopment Program (VARP). Torrance has already adopted a compliance ordinance which allows the Agency to remain in existence for the duration of its Redevelopment Plan(s), provided that payments are remitted to the County Auditor-Controller on an annual basis. The first year's payment may be made from Housing Set-Aside funds, however, subsequent remittance payments may not be made from the Housing Set-Aside.

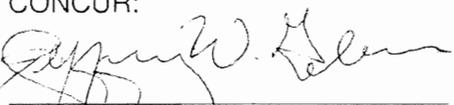
The purpose of the EOPS is to list any and all debts, contract agreements, or obligations that are necessary for the continued operation of the Agency. Although administrative costs may currently be a part of an agency's adopted budget, these costs do not necessarily classify as an "enforceable obligation" under ABX1-26, however, they must be listed if we wish them to be considered. The California Supreme Court has also provided further clarification stating that all agencies must adopt an EOPS, regardless of whether or not it intends to move forward with ABX1-27.

Staff continues to recommend that the Agency adopt the Enforceable Obligations Payment Schedule with the above information factored into consideration.

Respectfully submitted,

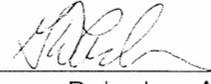
Jeffery W. Gibson  
Deputy Executive Director

CONCUR:

  
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Jeffery W. Gibson  
Deputy Executive Director

  
\_\_\_\_\_  
LeRoy J. Jackson  
Executive Director

By

  
\_\_\_\_\_  
Gregg D. Lodan, AICP  
Planning Manager