



**NOTICE AND CALL OF SPECIAL MEETING  
OF THE COVINA CITY COUNCIL/COVINA REDEVELOPMENT AGENCY/COVINA  
PUBLIC FINANCE AUTHORITY/COVINA HOUSING AUTHORITY**

TO THE MEMBERS OF THE COVINA CITY COUNCIL AND TO THE CITY CLERK:

NOTICE IS HEREBY GIVEN that a special meeting of the Covina City Council/Covina Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority is hereby called to be held on Wednesday, January 11, 2012 at 7:30 p.m. in the Council Chamber located inside City Hall, 125 East College Street, Covina, CA 91723-2199.

Said special meeting shall be for the purpose of conducting business in accordance with the attached Agenda. No other business will be discussed.

Dated: Tuesday, January 10, 2012

/s/John C. King, Mayor of the City of Covina, California

**AFFIDAVIT OF POSTING**

I, Catherine M. LaCroix, Deputy City Clerk, do hereby certify that the foregoing notice of special meeting was delivered via e-mail, faxed and/or hand delivered to each member of the Covina City Council; posted on the posting board at Covina City Hall as required by law; and faxed to the San Gabriel Valley Examiner and San Gabriel Valley Tribune; all on this 10th day of January 2012.

/s/Catherine M. LaCroix, Deputy City Clerk



City of Covina/Covina Redevelopment  
Agency/Covina Public Finance  
Authority/Covina Housing Authority

Mayor John C. King – Mayor Pro Tem Kevin Stapleton  
Council Members Walt Allen, III – Peggy Delach – Bob Low

SPECIAL MEETING AGENDA

125 E. College Street, Covina, California

Council Chambers of City Hall

**Wednesday, January 11, 2012**

7:30 p.m.

- As a courtesy to Council/Agency/Authority Members, staff and attendees, everyone is asked to silence all pagers, cellular telephones and any other communication devices.
- Any member of the public may address the City Council, Redevelopment Agency, Public Finance Authority and Housing Authority during both the public comment period and on any scheduled item on the agenda. Comments are limited to a maximum of five minutes per speaker unless, for good cause, the Mayor/Chairperson amends the time limit. Anyone wishing to speak is requested to submit a yellow Speaker Request Card to the City Clerk; cards are located near the agendas or at the City Clerk's desk.
- Please provide 10 copies of any information intended for use at the City Council/Covina Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority meeting to the City Clerk prior to the meeting.
- MEETING ASSISTANCE INFORMATION: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at (626) 384-5430. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.
- DOCUMENT AVAILABILITY: Any writings or documents provided to a majority of the Council/Agency/Authority regarding any item on this agenda will be made available for public inspection at the City Clerk counter at City Hall located at 125 E. College Street and the Reference Desk at the Covina Library located at 234 N. Second Avenue during normal business hours. In addition, such writings and documents are available in the City Clerk's Office and may be posted on the City's website at [www.covinaca.gov](http://www.covinaca.gov).
- If you challenge in court any discussion or action taken concerning an item on this Agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting.
- The Deputy City Clerk of the Covina City Council hereby declares that the agenda for the **January 11, 2012** Special City Council meeting was posted on **January 10, 2012** near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2(a) of the Government Code.

*January 11, 2012*

**SPECIAL CITY COUNCIL  
REDEVELOPMENT AGENCY/PUBLIC FINANCE  
AUTHORITY/HOUSING AUTHORITY  
JOINT MEETING—OPEN SESSION  
7:30 p.m.**

**CALL TO ORDER**

**ROLL CALL**

Council/Agency/Authority Members Allen, Delach, Low, Mayor Pro Tem/Vice Chairperson Stapleton and Mayor/Chairperson King

**PLEDGE OF ALLEGIANCE**

Led by Mayor Pro Tem Stapleton

**PUBLIC COMMENTS**

*To address the City Council/Redevelopment Agency/Public Finance Authority/Housing Authority please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk/Agency/Authority Secretary. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.*

**COUNCIL/AGENCY/AUTHORITY COMMENTS**

*Council/Agency/Authority Members wishing to make any announcements of public interest or to request that specific items be added to future City Council/Redevelopment Agency/Public Finance Authority/Housing Authority Agenda may do so at this time.*

**CITY MANAGER COMMENTS**

**NEW BUSINESS**

**NB 1.** City Council/Redevelopment Agency to consider adopting a Resolution of the City of Covina, electing to become the Successor Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code and Resolution of the Covina Redevelopment Agency, approving and adopting an amendment to the Enforceable Obligation Payment Schedule pursuant to Part 1.8 of Division 24 of the California Health and Safety Code.

Staff Recommendation

- a) City Council to adopt of **City Resolution No. 12-7041**, electing to become the Successor Agency of the Covina Redevelopment Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code; and
- b) Redevelopment Agency to adopt of **Agency Resolution No. 12-697**, approving and adopting an amendment to the Enforceable Obligation Payment Schedule pursuant to Part 1.8 of Division 24 of the California Health and Safety Code.

**NB 2.** City Council to waive further reading, read by title only, and introduce **Ordinance No. 12-2005**, to repeal Urgency Ordinance No. 11-1998, which was approved to comply with the Voluntary Alternative Redevelopment Program pursuant to AB 1X 27 in order to permit the continued existence and operation of the Redevelopment Agency of the City of Covina.

Staff Recommendation

a) City Council to waive further reading, read by title only, and introduce **Ordinance No. 12-2005**, repealing Urgency Ordinance No. 11-1998 determining that the City would comply with the Voluntary Alternative Redevelopment Program pursuant to AB 1X 27, in order to permit the continued existence and operation of the Redevelopment Agency of the City of Covina.

**NB 3.** City Council to consider adoption of **City Resolution No. 12-7042**, in support of Senate Bill No. 654 and Senate Bill 659 and similar legislation that protects local redevelopment funds.

Staff Recommendation

a) City Council to adopt **City Resolution No. 12-7042**, in support of SB 654 and SB 659, and similar legislation that protects local redevelopment funds.

**ADJOURNMENT**

The Covina City Council/Redevelopment Agency/Covina Public Finance Authority/Housing Authority will adjourn to the Special Joint Meeting with the Covina Planning Commission to be held on **Tuesday, January 17, 2012** at 6:00 p.m. for closed session and at 6:30 p.m. for open session in the Council Chamber of City Hall, 125 E. College Street, Covina, California 91723. The next Regular Meeting of the City Council/Redevelopment Agency/Covina Public Finance Authority/Covina Housing Authority will be held on **Tuesday, January 17, 2011** at 7:30 p.m. for open session in the Council Chamber of City Hall, 125 East College Street, Covina.

**CITY OF COVINA/  
COVINA REDEVELOPMENT AGENCY  
AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 11, 2012

**ITEM NO.:** NB 1

**STAFF SOURCE:** Robert Neuber, Deputy Executive Director of Redevelopment  
Elizabeth Hull, Agency Attorney

**ITEM TITLE:** Resolution of the City of Covina, California, electing to become the Successor Agency of the Covina Redevelopment Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code and Resolution of the Covina Redevelopment Agency approving and adopting an amendment to the Enforceable Obligation Payment Schedule pursuant to Part 1.8 of Division 24 of the California Health and Safety Code

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**STAFF RECOMMENDATION**

- a.) City Council consider adoption of **Resolution 12-7041** of the City of Covina, California, electing to become the Successor Agency of the Covina Redevelopment Agency pursuant to Part 1.85 of Division 24 of the California Health and Safety Code; and
- b.) Covina Redevelopment Agency consider adoption of **Resolution 12-697** of the Covina Redevelopment Agency approving and adopting an amendment to the Enforceable Obligation Payment Schedule pursuant to Part 1.8 of Division 24 of the California Health and Safety Code

**FISCAL IMPACT**

There is no fiscal impact of the City Resolution.

The fiscal impact of the Agency Resolution shall be the amount of Agency funds necessary for the enforceable obligations to be paid each month.

**BACKGROUND**

The Covina Redevelopment Agency ("Agency") was created by the City Council for the purposes of implementing redevelopment activities in the City of Covina ("City"). The City Council adopted the Redevelopment Plan for the Covina Redevelopment Project in accordance with the Community Redevelopment Law (Health and Safety Code § 33000 *et seq.*) ("CRL"). The Covina Redevelopment Project Areas were found to have a significant number of physical and economic blighting conditions that necessitated adoption of the Redevelopment Plan. The Redevelopment Plan authorizes the Agency to receive tax increment revenue to pay for programs and projects that address these conditions consistent with the CRL.

In January, 2011, the Governor announced his intent to eliminate redevelopment agencies as a way to help balance the State budget. The Legislature then enacted and the Governor signed Assembly Bill 1X 26 ("AB 1X 26") and Assembly Bill 1X 27 ("AB 1X 27"). These bills took effect on June 29, 2011.

AB 1X 26 immediately suspended all new redevelopment activities and incurrence of indebtedness, and dissolved redevelopment agencies effective October 1, 2011. AB 1X 27 allowed a community that had created a redevelopment agency to avoid dissolution by adopting an ordinance agreeing to make specified payments to reduce the State budget deficit.

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) (“Litigation”), 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. On August 11, 2011, and August 17, 2011, the Supreme Court stayed portions of AB 1X 26, and stayed AB 1X 27 in its entirety during the pendency of the matter.

On December 29, 2011, the Supreme Court issued its final decision in the 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.

DISCUSSION:

City Resolution of City Electing to Become Successor Agency

AB 1X 26 provides that the City will be “successor agency” to the Agency and responsible for the wind down of the Agency’s affairs. The activities of the City, as successor agency, will be overseen by an oversight board, comprised primarily of representatives of other affected taxing agencies, until such time as the debts of the Agency are paid off, all Agency assets liquidated and all property taxes are redirected to local taxing agencies.

AB 1X 26 designates the City as the successor agency unless the City elects not to serve as a successor agency. The election not to serve as the successor agency must be made by City Council resolution, and a copy of the resolution must be filed with the County Auditor-Controller by January 13, 2012 (within 15 days of the Supreme Court’s decision). Although the City may adopt a resolution electing to be the successor agency, the City will automatically become the successor agency by operation of law, unless the City affirmatively elects not to serve as the successor agency by City Council resolution.

If the City elects not to serve as the successor agency, another local agency (such as the County or School District) will have the ability to serve as the successor agency and control the wind down of the Agency’s affairs. The wind down process is likely to be time consuming and complex. There is risk that there will be disputes over the proper implementation of the wind down process. However, if the City chooses not to serve as the successor agency, it will have little or no control over the manner in which the existing obligations and agreements of the Agency are handled during the process.

The City should also be aware of certain potential risks involved in electing to be the successor agency, including not receiving reimbursement for administrative costs that exceed the City’s budget, not receiving reimbursement, if there are insufficient tax increment funds to cover higher priority costs, and defending lawsuits brought against the City, as successor agency, at its own cost. However, the City should also know that pursuant to AB 1X 26, each of these potential

risks are subject to the statutory limitation on successor agency liability to the amount of property tax received by the successor agency and the value of assets transferred to the successor agency.

#### Agency Resolution Amending Enforceable Obligation Payment Schedule

Health and Safety Code sections 34161 through 34169.5, enacted by AB 1X 26, preclude redevelopment agencies from incurring new indebtedness, transferring assets, acquiring real property, entering into new contracts or modifying existing contracts, or adopting or amending redevelopment plans. Section 34169 requires redevelopment agencies to adopt an enforceable obligation payment schedule ("EOPS") providing the amount of payments obligated to be made, by month, for each enforceable obligation, through December, 2011.

The EOPS is required to list all of the "enforceable obligations" of the Agency, including the following: bonds; loans legally required to be repaid pursuant to a payment schedule with mandatory repayment terms; payments required by the federal government, preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions that bind the agency; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency, including agreements to purchase or rent office space, equipment and supplies.

The Agency adopted the EOPS on August 25, 2011 by Resolution No. 11-687.

A successor document to the EOPS, the Recognized Obligation Payment Schedule ("ROPS"), was intended to set forth the enforceable obligations of the Agency and be operative on January 1, 2012, after the expiration of the EOPS under Health and Safety Code section 34177(l)(3). However, as a result of the Litigation, the Supreme Court extended the operative date of the ROPS to May 1, 2012. Health and Safety Code section 34177(a)(1), enacted by AB 1X 26, provides that until an ROPS becomes operative, only payments required pursuant to the EOPS shall be made, even after the redevelopment agency is dissolved. Therefore, the revised EOPS is effective from January 1, 2012 through April 30, 2012.

Health and Safety Code section 34177(a)(1) also provides that prior to February 1, 2012, the following enforceable obligations, set forth in Health and Safety Code section 34171(e)(2), shall be excluded from the EOPS and removed: (1) any written agreements between the City and the Agency entered into prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations; and (2) loan agreements entered into between the Agency and the City outside of two years of the date of creation of the Agency. Therefore, the revised EOPS includes debt or loan obligations, if any, to be paid by the Agency to the City, in the month of January, and not after.

The attached Agency Resolution provides a revised EOPS, setting forth the enforceable obligations and the amount of payments to be made for each of them, by month, from January, 2012 through April, 2012. This EOPS shall be operative even after the Agency is dissolved on February 1, 2012, and the City as successor agency to the Agency shall continue to make payments in accordance with the EOPS until the ROPS is operative on May 1, 2012.

Pursuant to Health and Safety Code section 34169, the revised EOPS shall be transmitted to the county auditor-controller, the Controller, and the Department of Finance, and shall be posted on the City's website.

**RELEVANCE TO THE STRATEGIC PLAN**

AB 1X 26, the companion bill upheld by the Supreme Court, acts to dissolve redevelopment agencies throughout the state and reallocates tax increment funds that were to be allocated to redevelopment agencies to local school districts and special districts in the former redevelopment agencies' project areas. This restriction in the use of local funds will have a detrimental effect on the City's ability to enhance its financial stability. Agency tax increment funds, used previously by the Agency to eliminate blight, improve access to and create affordable housing, and create jobs will no longer be available for such purposes.

**EXHIBITS**

1. **City Council Resolution No. 12-7041** regarding the City electing to become the successor agency to the Redevelopment Agency.
2. **Agency Resolution No. 12-697** regarding the extension of the EOPS for the time period from January, 2012 through April, 2012. (The updated EOPS is still being reviewed and will be made available to the City Council/Agency Board members and the Public at the meeting. The current EOPS is available for viewing on the City website at [http://www.covinaca.gov/images/webuser/EOP\\_82511.pdf](http://www.covinaca.gov/images/webuser/EOP_82511.pdf)).

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 12-7041**

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

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

**WHEREAS**, the Covina Redevelopment Agency (“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.

NOW, THEREFORE, the City Council of the City of Covina does resolve and order as follows:

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

**Section 2.** **CEQA Compliance.** The determination given in this Resolution does not commit the City to any action that may have a significant effect on the environment. As a result, such approvals do not constitute a project subject to the requirements of the California Environmental Quality Act. The City Council directs City staff to file a Notice of Exemption within five (5) days following adoption of this Resolution with the Clerk of the Board of Supervisors of the County of Los Angeles.

**Section 3.** **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 and determines that the City of Covina shall become the “successor agency” to the former Covina Redevelopment Agency. 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 4.** **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 Los Angeles 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 5.** **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 6.** **Certification.** The City Clerk shall certify to the adoption of this Resolution.

**Section 7.**     **Effective Date.** This Resolution shall become effective upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 11<sup>th</sup> day of January, 2012.

\_\_\_\_\_  
Mayor, City of Covina

ATTEST:

\_\_\_\_\_  
City Clerk, City of Covina

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, hereby CERTIFY that Resolution No. 12-7041 was adopted by the Covina City Council at a special meeting of the City Council held this 11th day of January, 2012, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Deputy City Clerk





### OTHER 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
					Jan	Feb	Mar	Apr	May	June	
1) Housing Set Aside Deferral 1995	Housing Fund	Repayment for housing fund	371,458.00	44,000.00	44,000.00						\$ 44,000.00
2) SERAF loan from Housing 2010	Housing Fund	Repayment for housing fund	2,540,091.00	0.00	372,000.00						\$ 372,000.00
3) SB211 Statutory Tax Sharing	various taxing entities	Payments per CRL 33607.5 & 7	17,625,182.00	372,000.00	372,000.00						\$ 744,000.00
4) Statutory Payments	Los Angeles County	Payments per CRL 33607.5 & 7	1,762,518.00	216,259.00	101,690.00						\$ 216,259.00
5) Statutory Payments	Los Angeles County	Payments per CRL 33676	7,722,549.00	665,000.00	13,946.00						\$ 665,000.00
6) Statutory Payments	Los Angeles County	Payments per CRL 33676	1,103,221.00	76,771.00	23,943.00						\$ 76,771.00
7) SB211 Statutory Tax Sharing	various taxing entities	Payments per CRL 33607.5 & 7	3,677,404.00	85,000.00	85,000.00						\$ 85,000.00
8) SERAF loan from Housing 2011	Housing Fund	Repayment for housing fund	522,454.00	0.00	1,000.00						\$ 1,000.00
9) Maintenance of Agency owned prop	Andy Gump/United Lending & various other	Maintain assets under AB1X 26	50,000.00	10,000.00	1,000.00						\$ 11,000.00
10) Rental Covenants	ULL/Covina Housing Authority/consultants	Monitor affordable housing compliance	70,320.00	70,320.00							\$ 70,320.00
11) For Sale Covenants	Covina Housing Authority/consultants	Monitor affordable housing compliance	2,520.00	2,520.00							\$ 2,520.00
12) Property Tax Administration	Los Angeles County	Property Tax Administration	2,380,000.00	139,042.15	387.00						\$ 139,042.15
13)											\$ -
14)											\$ -
15)											\$ -
16)											\$ -
17)											\$ -
18)											\$ -
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21)											\$ -
22)											\$ -
23)											\$ -
24)											\$ -
25)											\$ -
26)											\$ -
27)											\$ -
28)											\$ -
<b>Totals - Other Obligations</b>			<b>\$ 37,827,717.00</b>	<b>\$ 1,680,912.15</b>	<b>\$ 618,023.00</b>	<b>\$ 35,712.00</b>	<b>\$ 4,376.00</b>	<b>\$ 149,633.00</b>	<b>\$ 194,432.00</b>	<b>\$ 37,686.00</b>	<b>\$ 1,039,864.00</b>

**RESOLUTION NO. 12-697**

**A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY OF THE CITY OF COVINA APPROVING AND ADOPTING AN AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO AB 1X 26**

**WHEREAS**, pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*), the City Council of the City of Covina ("City") created the Covina Redevelopment Agency ("Agency"); and

**WHEREAS**, the Agency has been responsible for implementing the Redevelopment Plan for the Covina Redevelopment Project covering certain properties within the City ("Project Area"); 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) ("Litigation"), 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 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**, Health and Safety Code section 34169, enacted by AB 1X 26, requires redevelopment agencies to adopt, by August 27, 2011, an Enforceable Obligation Payment Schedule ("EOPS") setting forth the enforceable obligations of the Agency and the amounts of payments obligated to be made, by month, through December, 2011; and

**WHEREAS**, adoption of the EOPS would allow the Agency to make payments on debts and obligations listed on the EOPS for as long as the EOPS is operative; and

**WHEREAS**, the Agency adopted an EOPS by Resolution No. 687 on August 25, 2011; and

**WHEREAS**, Health and Safety Code section 34177(l)(3), enacted by AB 1X 26, provides that the successor agency to the Agency, after the Agency's dissolution, is to adopt a Recognized Obligation Payment Schedule ("ROPS") succeeding the EOPS prior to January 1, 2012; and

**WHEREAS**, the California Supreme Court, in the Litigation, extended the operative date of the ROPS to May 1, 2012; and

**WHEREAS**, Health and Safety Code section 34177(a)(1), enacted by AB 1X 26, requires that until an ROPS becomes operative, only payments required pursuant to an EOPS shall be made; and

**WHEREAS**, Health and Safety Code section 34177(a)(1) also provides that prior to February 1, 2012, the following enforceable obligations, set forth in Health and Safety Code section 34171(e)(2), shall be excluded from the EOPS and removed: (1) any written agreements between the City and the Agency entered into prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations; and (2) loan agreements entered into between the Agency and the City within two years of the date of creation of the Agency; and

**WHEREAS**, because the previously adopted EOPS is operative only through December 31, 2011, it must be revised to be operative from January 1, 2012 through April 30, 2012; and

**WHEREAS**, if the EOPS provides any debts or obligations be paid by the Agency to the City pursuant to Health and Safety Code section 34177(a)(1), it may only be included as an enforceable obligation through the month of January, 2011.

**NOW, THEREFORE**, the Covina Redevelopment Agency does resolve and order as follows:

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

Section 2. CEQA Compliance. The determination given in this Resolution does not commit the Agency to any action that may have a significant effect on the environment. As a result, such approvals do not constitute a project subject to the requirements of the California Environmental Quality Act. The Agency directs Agency staff to file a Notice of Exemption within five (5) days following adoption of this Resolution with the Clerk of the Board of Supervisors of the County of Los Angeles.

Section 3. Approval of EOPS. The Agency hereby approves and adopts the revised Enforceable Obligation Payment Schedule, in substantially the form attached hereto as Exhibit A, as required by Health and Safety Code Section 34169.

Section 4. Posting; Transmittal to Appropriate Agencies. The Executive Director is hereby authorized and directed to post a copy of the EOPS on the City's website. The Executive

Director is further authorized and directed to transmit, by mail or electronic means, to the Los Angeles County Auditor-Controller, the State Controller and the Department of Finance, notification providing the website location of the posted EOPS and other information as required by AB 1X 26.

Section 5. Effective Date. Pursuant to Health and Safety Code Section 34169(i), the Agency's action to adopt the EOPS as set forth herein shall not be effective for three (3) business days following adoption of this Resolution, pending a request for review of the EOPS by the Department of Finance.

**PASSED, APPROVED AND ADOPTED** this 11th day of January, 2012.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

\_\_\_\_\_  
Agency Counsel

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 12-697 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 11th day of January, 2012, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

EXHIBIT A

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

**CITY OF COVINA/  
COVINA REDEVELOPMENT AGENCY  
AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 11, 2012

**ITEM NO.:** NB 2

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director of Redevelopment *RU*  
Elizabeth Hull, Agency Attorney

**ITEM TITLE:** Waive further reading, read by title only, and introduce Ordinance No. 12-2005, to repeal Urgency Ordinance 11-1998 of the City Council of the City of Covina, California, which was approved to comply with the Voluntary Alternative Redevelopment Program pursuant to AB 1X 27 in order to permit the continued existence and operation of the Redevelopment Agency of the City of Covina.

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**STAFF RECOMMENDATION**

Waive further reading, read by title only, and introduce **Ordinance No. 12-2005** repealing Urgency Ordinance No. 11-1998 determining that the City would comply with the Voluntary Alternative Redevelopment Program pursuant to AB 1X 27, in order to permit the continued existence and operation of the Redevelopment Agency of the City of Covina.

**FISCAL IMPACT**

None.

**BACKGROUND**

As part of the 2011-12 State budget bill, the California Legislature enacted, and the Governor signed, companion bills Assembly Bill 1X 26 ("AB 1X 26") and Assembly Bill 1X 27 ("AB 1X 27"), requiring that each redevelopment agency be dissolved unless the community that created the redevelopment agency enacts an ordinance ("Continuation Ordinance") agreeing to participate in an Alternative Voluntary Redevelopment Program ("Alternative Redevelopment Program") committing the community to making certain "community remittance" payments.

On July 18, 2011, a Petition for Writ of Mandate was filed in the Supreme Court of the State of California (*California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861) ("Legal Action"), 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.

On July 19, 2011, the City Council approved Urgency Ordinance No. 11-1998, which was necessary at the time to allow the Redevelopment Agency of the City of Covina ("Agency") to continue in effect, in compliance with AB 1X 27. Under the Urgency Ordinance, the City agreed

to participate in the Alternate Redevelopment Program and pay the City's share of the community remittance payment in order to prevent the Agency from being dissolved.

On December 29, 2011, the California Supreme Court issued a final ruling in the Legal Action finding AB 1X 26 valid and AB 1X 27 invalid. As a result of AB 1X 27's invalidity, Urgency Ordinance No. 11-1998 is also invalid.

Staff recommends that the City Council conduct a first reading of Ordinance No. 12-2005, and ultimately adopt Ordinance No. 12-2005, in order to repeal Ordinance No. 11-1998 in its entirety because they are no longer valid.

The Ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") as is not a "project" and does not commit the City to any action that may have a significant effect on the environment. Instead, the ordinance entails the creation and continuation of a governmental funding mechanism for potential future projects and programs.

Second reading of the ordinance will be at the regular meeting of January 17, 2012.

**RELEVANCE TO THE STRATEGIC PLAN**

AB 1X 26, the companion bill upheld by the Supreme Court, acts to dissolve redevelopment agencies throughout the state and reallocates tax increment funds that were to be allocated to redevelopment agencies to local school districts and special districts in the former redevelopment agencies' project areas. This restriction in the use of local funds will have a detrimental effect on the City's ability to enhance its financial stability. Agency tax increment funds, used previously by the Agency to eliminate blight, improve access to and create affordable housing, and create jobs will no longer be available for such purposes.

**EXHIBITS**

A. Ordinance No. **12-2005**

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**ORDINANCE NO. 12-2005**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, REPEALING URGENCY ORDINANCE NO. 11-1998 DETERMINING THAT THE CITY WOULD COMPLY WITH THE ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM PURSUANT TO AB 1X 27 IN ORDER TO PERMIT THE CONTINUED EXISTENCE AND OPERATION OF THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA**

**WHEREAS**, pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*), the City Council of the City of Covina ("City") created the Covina Redevelopment Agency ("Agency"); and

**WHEREAS**, the Agency has been responsible for implementing the Redevelopment Plans for the Covina Revitalization Redevelopment Project Area No. One and Covina Revitalization Redevelopment Project Area No. Two, covering certain properties within the City ("Project Areas"); 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 the redevelopment agency enacts an ordinance ("Continuation Ordinance") agreeing to participate in an Alternative Voluntary Redevelopment Program ("Alternative Redevelopment Program") committing the community to making certain "community remittance" 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 July 19, 2011, by Urgency Ordinance No. 11-1998, the City, as the creator of the Agency, enacted the Continuation Ordinance committing the City to making community remittance payments in order to prevent the Agency from dissolving; 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, extending all statutory deadlines under AB 1X 26, and dissolving all redevelopment agencies throughout the State of California, effective February 1, 2012; and

**WHEREAS**, because AB 1X 27 is invalid, any Continuation Ordinance enacted pursuant to AB 1X 27 is also invalid; and

WHEREAS, the City desires to repeal the adoption of Urgency Ordinance No. 11-1998 because it is no longer valid.

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

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

**Section 2. CEQA Compliance.** The action taken in this Ordinance does not commit the City to any action that may have a significant effect on the environment. As a result, such approval does not constitute a project pursuant to Title 14, California Code of Regulations, Chapter 3, California Environmental Quality Act, Article 20, Section 15378 (Project), and is exempt.

**Section 3. Urgency Ordinance No. 11-1998 Repealed.** The City Council hereby repeals Urgency Ordinance No. 11-1998 in its entirety as it is no longer valid.

**Section 4. Implementation.** The City Council hereby authorizes and directs the City Manager to take any action and execute any documents necessary to implement this Ordinance.

**Section 5. 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 6. 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 Covina, 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 section 36933.

**Section 7. Effective Date.** This Ordinance shall become effective thirty (30) days from its adoption.

**PASSED, APPROVED AND ADOPTED** this 17th day of January, 2012.

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John C. King, Mayor

ATTEST:

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

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

CERTIFICATION

I, Catherine LaCroix, Deputy City Clerk of the City of Covina, do hereby certify that the foregoing Ordinance was introduced at a special meeting of the City Council of the City of Covina, duly held the 11th day of January, 2012, and thereafter at a regular meeting held on the 17th day of January 2012, it was duly passed and adopted by the following vote of the Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine LaCroix  
Deputy City Clerk

**CITY OF COVINA/  
COVINA REDEVELOPMENT AGENCY  
AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 11, 2012

**ITEM NO.:** NB 3

**STAFF SOURCE:** Robert Neiuber, Deputy Executive Director of Redevelopment/  
Director of Community Development *fn*  
Elizabeth Hull, Agency Attorney

**ITEM TITLE:** Motion of support for SB 654 and SB 659, and similar legislation that protects local redevelopment funds.

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**STAFF RECOMMENDATION**

Adopt City **Resolution No. 12-7042** in support of Senate Bill No. 654 and Senate Bill 659, and similar legislation that protects local redevelopment funds.

**FISCAL IMPACT**

None.

**BACKGROUND**

Existing law suspends various activities of redevelopment agencies and prohibits the agencies from incurring indebtedness for a specified period. Existing law also dissolves redevelopment agencies and community development agencies, as of February 1, 2012, and designates successor agencies, as defined. The abrupt end to redevelopment agencies, without giving a period of adjustment and planning can result in hasty decisions which may engender lawsuits. To provide more time for reasonable action, Senators Padilla and Hernandez are sponsoring SB 659.

SB 659 extends the Feb. 1 deadline for agency elimination to April 15, 2012. The time extension will allow an interim period for a careful and thorough shut-down, as well as time for legislators to explore other options to address state and local goals for job creation, infrastructure development, affordable housing, infill and transit oriented development in support of State sustainability goals, brownfield remediation, blight removal, military base reuse, and many of the purposes of redevelopment agencies.

To provide funding for the continued monitoring of affordable housing, Senator Steinberg has introduced a Senate Bill, SB 654, which

1. Revises the definition of the term "enforceable obligation" to include as enforceable obligations, loan agreements entered into between the redevelopment agency and the creating agency, within two years of the date of the creation of a project area if the loan is specific to

that project area, and any obligations related to the late payment of 2009-10 SERAF payments.

2. Modifies provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies, allowing that any amounts on deposit in the Low and Moderate Income Housing Fund of the Redevelopment Agency be transferred to the entity which will have the responsibility for performing housing functions previously performed by the redevelopment agency.

In addition to support for SB 654 and SB 659, Council is providing direction to the City Manager to support other types of legislation that protect local funds and allow the Agency to continue with a program that addresses:

### **Future Projects Removing Blight**

In Covina, the two closed car dealerships at the corner of San Bernardino Road and Citrus Avenue are at a point where they are able to move forward with projects. Without Redevelopment to assist with transit-oriented, sustainable projects, it is unlikely that the private sector will come forward to fund such projects.

The project at 147-151 E. College Street has been stalled since the passage of AB 1X 26 and 27. This is a vacant building which is in escrow. The property was sold at market value to a local, proven restaurateur, who will be investing many private sector dollars in building out the restaurant and adding housing on the second floor. As the Agency has been in limbo, the buyer has chosen to wait until Agency matters are resolved before proceeding. Meantime, another building sits empty, when it could be productive and help in creating jobs.

### **McGill Transitional House**

The City's Transitional House for homeless women with children is operated under a federal Supportive Housing Program (SHP) grant from LAHSA, which requires matching funds. The Agency has provided the necessary funds. After June 30, 2012, this will not be possible if the Agency is disbanded. The house will have to close and the families that are living there rent-free while re-establishing themselves will have to find alternate housing or go back to the streets.

### **Covenanted Affordable Housing**

Agency staff monitors affordable housing for compliance, both rental and ownership. With no staff to monitor compliance, it will be very easy for residents to rent out their homes at market rate and to benefit unjustly from actions taken by the State.

### **Future Affordable Housing**

Without Redevelopment Agencies to enforce the inclusionary provisions which exist in the law, new housing in Project Areas will be built without the affordable housing required. Young

families in the early years of entering the workforce will lack the benefit of the availability of affordable housing.

**Job Creation**

Continued job creation brought about by redevelopment projects will cease. An example of a recent job creation project in Covina is the Heritage Plaza project, which provided employment to many skilled tradesmen at this time when construction jobs are few.

**Employee layoffs.**

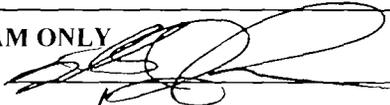
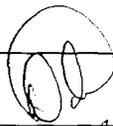
While AB 1X 26 allows for the transfer of Redevelopment Agency employees to the successor agency, it does not provide sufficient funds for the administration of the dissolution of the Agency and the payment of employee salaries. In addition, City employees who provide services to the Agency and who are paid through Agency funds will be laid off due to lack of funds. As most cities will be in this position of continuing services and programs to the City, there will be a severe lack of open jobs in the employment market. The employees will add to the unemployment rolls, and will draw down on state unemployment funds.

**RELEVANCE TO THE STRATEGIC PLAN**

This constriction in the use of local funds will have a detrimental effect on the community's ability to enhance the financial stability of the City. Agency funds used previously to eliminate blight, improve access to and create affordable housing, and create jobs will be lost to the community.

**EXHIBITS**

A. Resolution No. **12-7042**

<b>REVIEW TEAM ONLY</b>	
City Attorney: 	Finance Director: 
City Manager: 	Other: _____

**RESOLUTION NO. 12-7042**

**A RESOLUTION OF THE CITY OF COVINA IN SUPPORT OF SENATE  
BILLS 654 AND 659 AND SIMILAR LEGISLATION THAT PROTECTS  
LOCAL REDEVELOPMENT FUNDS**

**WHEREAS**, pursuant to the Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq.*), the City Council of the City of Covina ("City") created the Covina Redevelopment Agency ("Agency"); and

**WHEREAS**, the Covina Redevelopment Agency ("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) ("Litigation"), 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 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**, Health and Safety Code authorizes the City to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund; and

**WHEREAS**, the current law does not allow time for an orderly and thorough dissolution of redevelopment agencies, and does not allow funding for the continued requirements of affordable housing; and

**WHEREAS**, legislation including Senate Bill 654 as well as Senate Bill 659, is being considered to extend the date for the dissolution of the agency, as well as modifying provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies, as well as other modifications.

**NOW, THEREFORE**, the City Council of the City of Covina does resolve and order as follows:

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

Section 2. CEQA Compliance. The determination given in this Resolution does not commit the City to any action that may have a significant effect on the environment. As a result, such approvals do not constitute a project subject to the requirements of the California Environmental Quality Act, and is exempt from CEQA compliance.

Section 3. Support of Legislation. The City hereby approves and supports Senate Bills 654 and 659 and similar legislation that protects local funds and allows the City to continue with a program that addresses blight, affordable housing, and job creation.

Section 4. Posting; Transmittal to Appropriate Agencies. The City Manager is hereby authorized and directed to transmit, by mail or electronic means, to the appropriate agencies and authorities, the support noted herein.

**PASSED, APPROVED AND ADOPTED** this 11th day of January, 2012.

\_\_\_\_\_  
John C. King, Mayor

ATTEST:

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

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Deputy City Clerk of the City of Covina, hereby CERTIFY that the above referenced resolution was adopted by the Covina City Council at a special meeting of the City Council held this 11th day of January, 2012, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Deputy City Clerk  
Secretary of the Covina Redevelopment Agency