

# Agenda Report

September 12, 2011

**TO:** Pasadena Community Development Commission

**FROM:** Michael J. Beck, Chief Executive Officer

**SUBJECT: PASADENA COMMUNITY DEVELOPMENT COMMISSION (PCDC)  
ENFORCEABLE OBLIGATION PAYMENT SCHEDULE**

## **RECOMMENDATION:**

It is recommended, that the PCDC take the following actions:

1. Adopt a Resolution approving the Enforceable Obligations Payment Schedule (EOPS) as required under Sections 34167 and 34169 of the Health and Safety Code;
2. Authorize the Chief Executive Officer to make such payments on behalf of the PCDC utilizing available PCDC revenues, including, but not limited to, newly received tax increment proceeds.

## **BACKGROUND:**

On August 8, 2011, the City Council took actions to ensure the continued existence of the PCDC. Specifically, Council held first reading of an "Opt-In" ordinance to participate in the Voluntary Alternative Redevelopment Program permitted under Assembly Bill 27 (AB 27) at an estimated cost of \$6.6 million for FY 2012 and \$1.5 million for FY 2013. On August 11, 2011, PCDC appealed the "Opt-In" amounts to the State Department of Finance.

On August 11, 2011, the California Supreme Court issued a stay (Stay) in the litigation action, California Redevelopment Association v. Matosantos (S194861), which challenges the constitutionality of AB 26 and AB 27. The effect of the Stay is to preserve the status quo by authorizing Redevelopment Agencies (RDAs) to perform under "existing obligations" as defined by the statute while preventing RDAs from undertaking new debt or making new commitments, among other things, pending the Supreme Court's decision on the merits of petitioners' claims that AB 26 and AB 27 violate the State Constitution and Proposition 22. In an attempt to clarify ambiguous language, the Court modified the Stay on August 17.

The August 17 modifications revived portions of the previously stayed statutory scheme that require actions be taken by RDAs, cities and the state during the period before January 15, 2012, by which time the Court intends to have rendered its decision. These actions include the adoption of an EOPS under AB 26 and the determination of the remittance payment amount required by RDAs opting in to the Voluntary Alternative Redevelopment Program under AB 27.

Our attorneys have advised that the PCDC should adopt a resolution approving the EOPS subject to full reservation of rights under the stay, to preserve all rights to make payments and perform enforceable obligations associated with PCDC's projects until the Supreme Court makes further modifications to the stay or makes its final determination in the underlying litigation action.

Staff has prepared the EOPS to set forth all of the Agency's obligations determined to be enforceable obligations under Section 34167(d). Staff recommends that PCDC adopt the attached Resolution and the accompanying EOPS to provide PCDC additional protection in performing its enforceable obligations, including enforcing existing covenants and making payments thereunder.

The total amount of debt due this fiscal year by project area is shown on the following table:

Orange Grove	\$797,388
Downtown	\$28,757,184
Fair Oaks (Combined)	\$2,668,709
Villa Parke	\$2,888,661
Old Pasadena	\$9,268,129
Lake Washington	\$1,428,223
Lincoln Avenue	\$671,097

**COUNCIL POLICY CONSIDERATION:**

The actions proposed by way of this report are intended to further safeguard the City/PCDC's ability to utilize tax increment financing for economic development purposes, regardless of the outcome of litigation surrounding AB 26 and AB 27. As such this action is consistent with the City Council Strategic Plan Goal to Maintain Fiscal Responsibility and Stability.

**ENVIRONMENTAL ANALYSIS:**

Under the CEQA Guidelines Article 5 (Section 15061 (b) (3) describes the "general rule." The general rule states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. In this case, adopting an EOPS does not have the potential of impacting the environment.

**FISCAL IMPACT:**

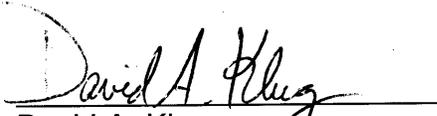
There is no fiscal impact as a result of this action and will not have any indirect or support cost requirements. The anticipated impact to other operational programs or capital projects as a result of this action will be none.

Respectfully submitted,



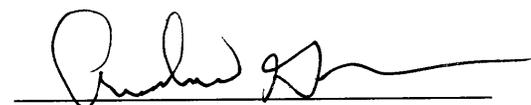
MICHAEL J. BECK  
Chief Executive Officer

Prepared by:



David A. Klug  
Redevelopment Manager

Concurred by:



Andrew Green  
Commission Treasurer

Approved by:



STEVE MERMELL  
Assistant City Manager

Attachments:

Attachment A – Enforceable Obligation Payment Schedule

Name of Redevelopment Agency:  
Project Area(s)

Pasadena Community Development Commission  
Orange Grove

## ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total	
					Aug**	Sept	Oct	Nov	Dec		
1) AB 1735 1987-1988	City General Fund	AB 1735 1987-1988	79,626.00	0.00							
2) Admin Fee - County of LA SB 2557	County General Fund	County Admin Charge per SB 2557	135,000.00	8,000.00						8,000.00	\$ 8,000.00
3) Housing Set-Aside	Housing Fund	Housing Fund Expenditures	2,700,000.00	161,000.00			16,100.00			32,200.00	\$ 48,300.00
4) Admin Costs	City General Fund	Agency Staff and Services	425,216.00	53,597.00	4,000.00		4,000.00			4,000.00	\$ 20,000.00
5) Advance - City COP - 1996	City General Fund	Promissory Note January 18, 2011	323,026.00	40,378.00							\$ -
6) Tax Allocation Refunding Bond 2000	Bond Holders	Tax Allocation Refunding Bonds	900,209.00	300,471.00							\$ -
7) Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	938,000.00	29,000.00							\$ -
8) Prior Year Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	18,617.00	18,617.00							\$ -
9) AB 1X 27 State Prnt	City General Fund	Voluntary Opt-in Payment	850,702.00	186,325.00							\$ -
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Totals - This Page			\$ 6,370,396.00	\$ 797,388.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 23,000.00	\$ 50,000.00	\$ 85,000.00
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Totals - Other Obligations			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 6,370,396.00	\$ 797,388.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00	\$ 23,000.00	\$ 50,000.00	\$ 85,000.00

Name of Redevelopment Agency: Pasadena Community Development Commission  
 Project Area(s): Downtown Project Area

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) Reimbursement Agreement	City General Fund	SB 481 Fire and Police POBs	81,300,000.00	19,800,000.00						\$ -
2) City Contract # 10683	City General Fund	Promissory Note 3/18/80	2,704,000.00	270,400.00						\$ -
3) Reimbursement Agreement	City General Fund	Promissory Note 4/1986	435,166.00	43,517.00						\$ -
4) AB 1735 1987-1989	City General Fund	AB 1735 1987-1989	1,557,769.00	0.00						\$ -
5) Housing Set Aside	Housing Fund	Housing Fund Expenditures	2,400,000.00	800,000.00			80,000.00			\$ 240,000.00
6) Admin Fee/County of LA SB 2557	County General Fund	County Admin Charge per SB 2557	3,113,444.00	241,326.00						\$ 241,326.00
7) Admin Due City of Pasadena	City General Fund	Promissory Note (1996 COP Advance)	5,478,598.00	1,328,515.00	111,000.00	111,000.00	111,000.00			\$ 555,000.00
8) Advance - City (COP 96)	City General Fund	Agency Staff and Services	421,695.00	49,968.00						\$ -
9) Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	27,460,803.32	1,581,363.00						\$ -
10) AB 1X 27 State Pmt	City General Fund	Voluntary Opt-In Payment	16,752,332.00	4,844,097.00						\$ -
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Name of Redevelopment Agency: Pasadena Community Development Commission  
 Project Area(s): Fair Oaks (Original)

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) Advance from City - 1981	City General Fund	Promissory Note Resc. No. 4223-3 10/27/1981	2,107,935.00	105,396.76						\$ -
2) AB 1735 1987-1988	City General Fund	AB 1735 1987-1988	4,962.00	0.00						\$ -
3) Housing Set Aside	Housing Trust Fund	Housing Fund Expenditures	0.00	84,987.00			8,436.70			\$ 16,873.40
4) County of LA Admin Fee SB 2557	County General Fund	County Admin Charge per 2557	0.00	4,218.00						\$ 4,218.00
5) Admin due City	City General Fund	Agency Staffing Costs paid from Fair Oaks Annex	0.00	0.00						\$ -
6) Tax Allocation, Series 2006	Bond Holders	Tax Allocation Bonds	2,514,595.00	227,920.00						\$ -
7) Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	1,656,591.00	0.00						\$ -
8) Prior Year Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	0.00	0.00						\$ -
9) AB 1X 27 State Pmt	City General Fund	Voluntary Opt-in Payment	1,744,308.00	97,436.00						\$ -
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Name of Redevelopment Agency:  
Project Area(s)

Pasadena Community Development Commission  
Villa Parke

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) Reimbursement Agreement	City General Fund	Reimbursement Agreement No. 13777 4/06/1989	29,638,009.00	1,481,900.00						\$ -
2) Admi Fee Count of LA SB 2559	County General Fund	County Admin Charge per SB 2557	436,004.00	16,490.00						\$ -
3) Housing Set Aside	Housing Fund Expenditures	Housing Fund Expenditures	8,720,081.00	329,799.00			32,979.90			\$ 98,939.70
4) Administrative Cost due City	City General Fund	Agency Staffing Costs	785,906.00	113,893.00	9,000.00	9,000.00	9,000.00			\$ 45,000.00
5) Advance - City COP 96	City General Fund	Promissory Note (1996 COP Advance)	323,026.00	40,378.00						\$ -
6) Tax Allocation Refund Bond 2000	Bond Holders	Tax Allocation Bonds 2000	58,200.00	161,000.00						\$ -
7) Tax Allocation Refund Bond 2006	Bond Holders	Tax Allocation Bonds 2006	305,290.00	102,330.00						\$ -
8) Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	7,729,191.00	151,155.00						\$ -
9) Prior Year Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	112,373.00	110,831.00						\$ -
10) AB 1X 27 State Pmt	City General Fund	Voluntary Opt-In Payment	1,800,964.00	380,885.00						\$ -
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Name of Redevelopment Agency: Pasadena Community Development Commission  
 Project Area(s): Lake Washington

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

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month					Total
					Aug**	Sept	Oct	Nov	Dec	
1) Advance from City 1987	City General Fund	Promissory Note Resolution #5789 6/8/1987	274,985.00	13,750.00						\$ -
2) City of Pasadena, 1984	City General Fund	Cooperation Agmt #1162 B/2883 and Contract Amendment #12554	21,315,822.00	1,065,791.00						\$ -
3) Admin Fee County of LA SB 2557	County General Fund	County Admin Charges per SB 2557	369,997.00	4,227.00						\$ -
4) Housing Set Aside	Housing Fund	Housing Fund Expenditures	7,386,648.00	84,532.00			8,453.20			\$ 25,359.60
5) Admin due City	City General Fund	Agency Staffing Costs	625,308.00	26,798.00	2,000.00	2,000.00	2,000.00			\$ 10,000.00
6) Advance - City COP 96	City General Fund	Promissory Note 1996 COP Advance	114,772.00	22,964.00						\$ -
7) Tax Allocation Series 2006	Bond Holders	Tax Allocation Bonds 2006	648,442.50	93,465.00						\$ -
8) Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	4,021,608.00	13,972.00						\$ -
9) Prior Year Statutory Pass-Throughs	Taxing Agencies	Per HSC 33607.7	5,108.00	5,108.00						\$ -
10) AB 1X 27 State Pmt	City General Fund	Voluntary Opt-in Payment	869,606.00	97,626.00						\$ -
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RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE PASADENA COMMUNITY DEVELOPMENT COMMISSION  
ADOPTING AN ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT  
TO HEALTH AND SAFETY CODE SECTION 34169**

**WHEREAS**, the Pasadena Community Development Commission (“Commission”) is a redevelopment agency formed, existing and exercising its powers pursuant to California Community Redevelopment Law, Health and Safety Code Section 33000 *et seq.* (“CRL”);

**WHEREAS**, pursuant to subdivision (g) of Section 34169(g) of the CRL (enacted pursuant to Assembly Bill x1 26), the Commission is required to adopt an Enforceable Obligation Payment Schedule that lists all of the obligations that are “enforceable obligations” within the meaning of subdivision (d) of Section 34167 of the CRL and which includes the following information about each such obligation:

- (A) The project name associated with the obligation.
- (B) The payee.
- (C) A short description of the nature of the work, product, service, facility, or other thing of value for which payment is to be made.
- (D) The amount of payments obligated to be made, by month, through December 2011;

**WHEREAS**, an Enforceable Obligation Payment Schedule (“Schedule”), a copy of which is attached, has been presented to the Commission, the Commission is familiar with the contents thereof, and the Executive Director has recommended approval of said Schedule subject to the contingencies and reservation of rights set forth in this Resolution;

**WHEREAS**, the Commission understands and believes that an action challenging the constitutionality of Assembly Bill x1 26 and Assembly Bill x1 27 has been filed on behalf of cities, counties and redevelopment agencies;

**WHEREAS**, the Commission reserves the right to challenge the legality of Assembly Bill x1 26 and Assembly Bill x1 27;

**WHEREAS**, the Commission reserves the right to amend the Schedule;

**WHEREAS**, in adopting the Schedule, the Commission does not intend to waive, nor shall the Commission be deemed to have waived any rights the Commission or its successor may have pursuant to or in connection with any obligation listed on such Schedule, including without limitation, the right to modify, amend, terminate or challenge any obligation listed on such Schedule;

**NOW, THEREFORE, BE IT RESOLVED BY THE PASADENA COMMUNITY DEVELOPMENT COMMISSION** that it hereby:

1. Finds that the Recitals set forth above are true and correct, and are incorporated herein by reference.
2. Adopts the Enforceable Obligation Payment Schedule attached hereto, subject to all reservations of rights and contingencies set forth above.
3. Authorizes the Commission's Executive Director or designee to take all actions necessary to implement this Resolution, including without limitation, the posting of this Resolution and the Enforceable Obligation Payment Schedule on the City of Pasadena's website, and the provision of notice of adoption of this Resolution and such Schedule to the County Auditor-Controller, the State Controller and the State Department of Finance.
4. Declares that if any provision, sentence, clause, section or part of this Resolution is found to be unconstitutional, illegal or invalid, such finding shall affect only such provision, sentence, clause, section or part, and shall not affect or impair any of the remaining parts.

ADOPTED by the Pasadena Community Development Commission at a meeting

held on the \_\_\_ day of \_\_\_\_\_, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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MARK JOMSKY  
Secretary

APPROVED AS TO FORM:



Brad L. Fuller  
Assistant General Counsel