

Agenda Report

April 8, 2013

TO: Honorable Mayor and City Council

THROUGH: Legislative Committee (March 27, 2013)

FROM: City Manager's Office Economic Development Division

SUBJECT: UPDATE ON POST REDEVELOPMENT-ECONOMIC DEVELOPMENT LEGISLATION

RECOMMENDATION:

It is recommended that the City Council:

1. Support the following bills:
 - AB 564 (Mullin)
 - SB 33 (Wolk)
 - AB 294 (Holden)
 - AB 690 (Campos)
 - AB 243 (Dickinson) and;
2. Authorize the Mayor, or his designee, to transmit letters of support to the appropriate authorities.

BACKGROUND/SUMMARY:

Since the elimination of redevelopment in February 2012, a number of bills have been introduced in the state legislature intended to clarify/modify the regulations governing redevelopment successor agencies and create some form of economic development tool.

While the legislative intent seems to be one that is attempting to give cities back some form of redevelopment authority, none of the bills go so far as restoring redevelopment to what it had been before dissolution. Moreover, it is highly likely that these bills, as written today, will be amended in the coming weeks of the legislative session. The following is a summary of legislation of interest to the City of Pasadena.

AB 564 (Mullin) Community Redevelopment: Successor Agencies.

This piece of legislation is intended to modify regulations governing redevelopment successor agencies. The existing statute provides, after approval by the oversight

board, that the repayment of city-agency loans and the expenditure of unspent bond proceeds become “enforceable obligations.” Yet, the statute is silent on the role of the Department of Finance (DOF). This is an issue that should be clarified. Since all actions of oversight boards can be reviewed and rejected by DOF every six months as part of the Recognized Obligations Payment Schedule (ROPS) process, there is no confidence that a community can rely on accessing these benefits without future disruption or reversal.

Staff Recommendation: Support.

League of California Cities Recommendation: Support

SB 1 (Steinberg) Sustainable Communities Investment Authority. This measure allows local governments to form a Sustainable Communities Investment Authority according to the Community Redevelopment Law. Senate Bill 1 deems:

- An Authority to be an “agency,” as defined in the Community Re-development Law.
- Specifies that an Authority has all of the rights, responsibilities, and obligations of a redevelopment agency.
- States that the terms “Sustainable Communities Investment Area” and “Sustainable Communities Investment Plan,” as used in the bill, are equivalent to a redevelopment project area and a redevelopment plan.
- Requires an Authority to comply with most provisions of the Community Redevelopment Law, excluding specified statutes authorizing pass-through payments to local taxing entities.
- Exempts an Authority from specified statutes that suspend redevelopment agencies’ activities, prohibit redevelopment agencies’ issuance of debt, and govern redevelopment agencies’ dissolution.
- This measure authorizes tax increment and former redevelopment authority to be used in areas adjacent to commuter rail and high volume transit corridors. Prohibits a school district’s property tax increment revenues from being pledged or allocated to an Authority.

Last year the League of California Cities had various technical and implementation concerns with the drafting of SB 1 and is working on a proposed set of amendments which would address these concerns.

Recommendation: Watch.

League of California Cities Recommendation: Continue to Watch.

SB 33 (Wolk) Infrastructure Financing Districts: Voter Approval: Repeal. Existing law authorizes a legislative body to create an infrastructure financing district, adopt an infrastructure financing plan, and issue bonds, for which only the district is liable, to finance specified public facilities, upon voter approval. Existing law authorizes an infrastructure financing district to fund infrastructure projects through tax increment financing, pursuant to the infrastructure financing plan and agreement of affected taxing entities. This bill would revise the provisions governing infrastructure financing districts. The bill would eliminate the requirement of voter approval for creation of the district and for bond issuance, and would authorize the legislative body to create the district subject

to specified procedures. The bill would instead authorize a newly created public financing authority, consisting of 5 members, 3 of whom are members of the city council or board of supervisors that established the district, and 2 of whom are members of the public, to adopt the infrastructure financing plan, subject to approval by the legislative body, and issue bonds by majority vote of the authority by resolution. The bill would authorize a public financing authority to enter into joint powers agreements with affected taxing entities but not including any county office of education, school district, or community college district. The bill would authorize a district to finance specified actions and projects, and prohibit the district from providing financial assistance to a vehicle dealer or big box retailer, as defined. The bill would create a public accountability committee, as specified, to review the actions of the public financing authority

Recommendation: Support

League of California Cities Recommendation: Support

AB 294 (Holden) Infrastructure Financing Districts: Use of Incremental Property Tax Revenue.

This bill would authorize the California Infrastructure and Economic Development Bank to augment local investments in infrastructure by approving the use of the Educational Revenue Augmentation Fund (ERAF) share of property tax for specific Infrastructure Financing Districts to fund the following types of projects:

(b) The district shall finance only public capital facilities of communitywide significance, which provide significant benefits to an area larger than the area of the district, including, but not limited to, all of the following:

(1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.

(2) Sewage treatment and water reclamation plants and interceptor pipes.

(3) Facilities for the collection and treatment of water for urban uses.

(4) Flood control levees and dams, retention basins, and drainage channels.

(5) Child care facilities.

(6) Libraries.

(7) Parks, recreational facilities, and open space.

(8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles. Maintains 2/3 voter approval.

Recommendation: Support.

League of California Cities Recommendation: Watch

AB 690 (Campos) Jobs and Infrastructure Financing Districts: Voter Approval.

With 55 percent voter approval, this bill would provide for the creation of jobs and infrastructure financing districts (JIDs) in areas of high unemployment. JIDs would be a legally constituted governmental entity established for the sole purpose of financing public facilities such as:

(1) Highways, interchanges, ramps and bridges, arterial streets, parking facilities, and transit facilities.

(2) Sewage treatment and water reclamation plants and interceptor pipes.

(3) Facilities for the collection and treatment of water for urban uses.

- (4) Flood control levees and dams, retention basins, and drainage channels.
- (5) Child care facilities.
- (6) Libraries.
- (7) Parks, recreational facilities, and open space.
- (8) Facilities for the transfer and disposal of solid waste, including transfer stations and vehicles. It would authorize a public financing authority to enter into a joint powers agreement with the affected taxing entities but not including any county office of education, school district, or community college district. The bill requires creation of 10 prevailing wage jobs for every \$1 million invested.

Recommendation: Support.

League of California Cities Recommendation: Support

AB 243 (Dickinson) Local Government: Infrastructure and Revitalization

Financing Districts. This bill would remove the current requirement that a two-thirds voter approval to create or initiate debt for an infrastructure financing district and reduce the requirement from 2/3 voter approval to 55 percent. The district shall finance only facilities or projects of communitywide significance similar to AB 690, but includes an expanded list of the types of projects such as the following:

- Brownfields restoration and other environmental mitigation.
- Purchase of land and property for development purposes and related site improvements.
- Acquisition, construction, or repair of housing for rental or purchase, including multipurpose facilities.
- Acquisition, construction, or repair of commercial or industrial structures for private use.
- The repayment of the transfer of funds to a military base reuse authority pursuant to Section 67851.

Recommendation: Support.

League of California Cities Recommendation: Watch

FISCAL IMPACT:

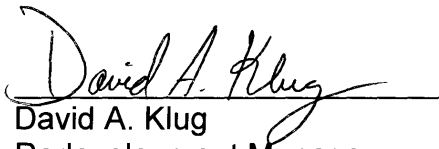
There is no direct fiscal impact as a result of this report. The ultimate fiscal impact will be a function of which, if any, legislation is ultimately adopted.

Respectfully submitted,



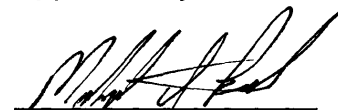
STEVE MERMELL
Assistant City Manager

Prepared by:



David A. Klug
Redevelopment Manager

Approved by:



MICHAEL J. BECK
City Manager