

AMENDED IN SENATE MARCH 28, 2012

SENATE BILL

No. 1439

Introduced by Senator Huff
(Coauthor: Assembly Member Portantino)

February 24, 2012

An act to ~~add Part 1.95 (commencing with Section 34198) to Division 24 amend Section 34177~~ of the Health and Safety Code, relating to redevelopment, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1439, as amended, Huff. Redevelopment: ~~City of Monrovia. successor agencies.~~

Existing law suspends various activities of redevelopment agencies and prohibits the agencies from incurring indebtedness for a specified period. Existing law ~~also dissolves dissolved~~ redevelopment agencies and community development agencies, ~~as of October 1, 2011, and designates on February 1, 2012, and provides for the designation of~~ successor agencies, as defined. *Existing law requires that successor entities perform certain duties, including, among others, to continue to oversee development of properties until the contracted work has been completed or the contractual obligation of the former redevelopment agency can be transferred to other parties.*

~~This bill would exempt the Monrovia Redevelopment Agency from the suspension and dissolution provisions and authorize the agency to continue to exist and carry out redevelopment activities. These provisions would become operative only if a specified provision of law is operative. The bill would make specified findings and declarations~~

that the special legislation contained in the act is necessarily applicable only to the City of Monrovia.

This bill would additionally require a successor agency to continue to oversee the development and construction of any regional transportation project of the former redevelopment agency.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) ~~The creation of regional transportation and jobs for the San~~
4 ~~Gabriel Valley is of monumental importance to the San Gabriel~~
5 ~~Valley and Los Angeles County. within the state is of monumental~~
6 ~~importance to the state’s transportation needs.~~

7 (b) ~~The Metro Gold Line Foothill Extension Construction~~
8 ~~Authority is charged with extending a regional transit system~~
9 ~~eastward from Pasadena to the Ontario Airport. The state is charged~~
10 ~~with the creation of public transportation systems necessary to~~
11 ~~alleviate ongoing and compounding traffic congestion and to~~
12 ~~become more environmentally friendly.~~

13 (c) ~~The extension of the Metro Gold Line light rail from~~
14 ~~Pasadena to Azusa is Phase 2A, and Phase 2B will extend the~~
15 ~~Metro Gold Line from Azusa to the Ontario Airport.~~

16 (d) ~~The extension of the Metro Gold Line Phase 2A is projected~~
17 ~~to generate 7,000 jobs and \$1 billion of economic output during~~
18 ~~construction.~~

19 (e) ~~The City of Monrovia and its redevelopment agency have~~
20 ~~negotiated terms for the sale of its property to the Metro Gold Line~~
21 ~~Foothill Extension Construction Authority for the construction of~~
22 ~~a maintenance and operations facility, which is required for the~~
23 ~~eastward expansion of the Metro Gold Line Phase 2A.~~

24 (f) ~~Without a maintenance and operations facility, the Metro~~
25 ~~Gold Line Foothill Extension Construction Authority will not~~
26 ~~receive the necessary funding from the Metropolitan Transportation~~
27 ~~Authority (MTA) to complete the 11.5 mile light rail extension~~
28 ~~project.~~

1 ~~(g) Without construction of Phase 2A, from Pasadena to Azusa,~~
2 ~~it would subsequently hinder the progress of Phase 2B from Azusa~~
3 ~~to the Ontario Airport.~~

4 *(c) The creation of public transportation systems throughout*
5 *the state will create a tremendous amount of construction activity*
6 *resulting in thousands of jobs and billions of dollars in economic*
7 *stimulus.*

8 *(d) Many successor agencies have negotiated terms for the sale*
9 *and development of property necessary to facilitate regional*
10 *transportation projects.*

11 *SEC. 2. Section 34177 of the Health and Safety Code is*
12 *amended to read:*

13 34177. Successor agencies are required to do all of the
14 following:

15 (a) Continue to make payments due for enforceable obligations.

16 (1) On and after February 1, 2012, and until a Recognized
17 Obligation Payment Schedule becomes operative, only payments
18 required pursuant to an enforceable obligations payment schedule
19 shall be made. The initial enforceable obligation payment schedule
20 shall be the last schedule adopted by the redevelopment agency
21 under Section 34169. However, payments associated with
22 obligations excluded from the definition of enforceable obligations
23 by paragraph (2) of subdivision (e) of Section 34171 shall be
24 excluded from the enforceable obligations payment schedule and
25 be removed from the last schedule adopted by the redevelopment
26 agency under Section 34169 prior to the successor agency adopting
27 it as its enforceable obligations payment schedule pursuant to this
28 subdivision. The enforceable obligation payment schedule may
29 be amended by the successor agency at any public meeting and
30 shall be subject to the approval of the oversight board as soon as
31 the board has sufficient members to form a quorum.

32 (2) The Department of Finance and the Controller shall each
33 have the authority to require any documents associated with the
34 enforceable obligations to be provided to them in a manner of their
35 choosing. Any taxing entity, the department, and the Controller
36 shall each have standing to file a judicial action to prevent a
37 violation under this part and to obtain injunctive or other
38 appropriate relief.

39 (3) Commencing on May 1, 2012, only those payments listed
40 in the Recognized Obligation Payment Schedule may be made by

1 the successor agency from the funds specified in the Recognized
2 Obligation Payment Schedule. In addition, commencing May 1,
3 2012, the Recognized Obligation Payment Schedule shall supersede
4 the Statement of Indebtedness, which shall no longer be prepared
5 nor have any effect under the Community Redevelopment Law.

6 (4) Nothing in the act adding this part is to be construed as
7 preventing a successor agency, with the prior approval of the
8 oversight board, as described in Section 34179, from making
9 payments for enforceable obligations from sources other than those
10 listed in the Recognized Obligation Payment Schedule.

11 (5) From February 1, 2012, to July 1, 2012, a successor agency
12 shall have no authority and is hereby prohibited from accelerating
13 payment or making any lump-sum payments that are intended to
14 prepay loans unless such accelerated repayments were required
15 prior to the effective date of this part.

16 (b) Maintain reserves in the amount required by indentures,
17 trust indentures, or similar documents governing the issuance of
18 outstanding redevelopment agency bonds.

19 (c) Perform obligations required pursuant to any enforceable
20 obligation.

21 (d) Remit unencumbered balances of redevelopment agency
22 funds to the county auditor-controller for distribution to the taxing
23 entities, including, but not limited to, the unencumbered balance
24 of the Low and Moderate Income Housing Fund of a former
25 redevelopment agency. In making the distribution, the county
26 auditor-controller shall utilize the same methodology for allocation
27 and distribution of property tax revenues provided in Section
28 34188.

29 (e) Dispose of assets and properties of the former redevelopment
30 agency as directed by the oversight board; provided, however, that
31 the oversight board may instead direct the successor agency to
32 transfer ownership of certain assets pursuant to subdivision (a) of
33 Section 34181. The disposal is to be done expeditiously and in a
34 manner aimed at maximizing value. Proceeds from asset sales and
35 related funds that are no longer needed for approved development
36 projects or to otherwise wind down the affairs of the agency, each
37 as determined by the oversight board, shall be transferred to the
38 county auditor-controller for distribution as property tax proceeds
39 under Section 34188.

- 1 (f) Enforce all former redevelopment agency rights for the
2 benefit of the taxing entities, including, but not limited to,
3 continuing to collect loans, rents, and other revenues that were due
4 to the redevelopment agency.
- 5 (g) Effectuate transfer of housing functions and assets to the
6 appropriate entity designated pursuant to Section 34176.
- 7 (h) Expeditiously wind down the affairs of the redevelopment
8 agency pursuant to the provisions of this part and in accordance
9 with the direction of the oversight board.
- 10 (i) Continue to oversee development of properties until the
11 contracted work has been completed or the contractual obligations
12 of the former redevelopment agency can be transferred to other
13 parties. Bond proceeds shall be used for the purposes for which
14 bonds were sold unless the purposes can no longer be achieved,
15 in which case, the proceeds may be used to defease the bonds.
- 16 (j) Prepare a proposed administrative budget and submit it to
17 the oversight board for its approval. The proposed administrative
18 budget shall include all of the following:
- 19 (1) Estimated amounts for successor agency administrative costs
20 for the upcoming six-month fiscal period.
- 21 (2) Proposed sources of payment for the costs identified in
22 paragraph (1).
- 23 (3) Proposals for arrangements for administrative and operations
24 services provided by a city, county, city and county, or other entity.
- 25 (k) Provide administrative cost estimates, from its approved
26 administrative budget that are to be paid from property tax revenues
27 deposited in the Redevelopment Property Tax Trust Fund, to the
28 county auditor-controller for each six-month fiscal period.
- 29 (l) (1) Before each six-month fiscal period, prepare a
30 Recognized Obligation Payment Schedule in accordance with the
31 requirements of this paragraph. For each recognized obligation,
32 the Recognized Obligation Payment Schedule shall identify one
33 or more of the following sources of payment:
- 34 (A) Low and Moderate Income Housing Fund.
35 (B) Bond proceeds.
36 (C) Reserve balances.
37 (D) Administrative cost allowance.
38 (E) The Redevelopment Property Tax Trust Fund, but only to
39 the extent no other funding source is available or when payment

1 from property tax revenues is required by an enforceable obligation
2 or by the provisions of this part.

3 (F) Other revenue sources, including rents, concessions, asset
4 sale proceeds, interest earnings, and any other revenues derived
5 from the former redevelopment agency, as approved by the
6 oversight board in accordance with this part.

7 (2) A Recognized Obligation Payment Schedule shall not be
8 deemed valid unless all of the following conditions have been met:

9 (A) A draft Recognized Obligation Payment Schedule is
10 prepared by the successor agency for the enforceable obligations
11 of the former redevelopment agency by March 1, 2012. From
12 October 1, 2011, to July 1, 2012, the initial draft of that schedule
13 shall project the dates and amounts of scheduled payments for
14 each enforceable obligation for the remainder of the time period
15 during which the redevelopment agency would have been
16 authorized to obligate property tax increment had such a
17 redevelopment agency not been dissolved, and shall be reviewed
18 and certified, as to its accuracy, by an external auditor designated
19 pursuant to Section 34182.

20 (B) The certified Recognized Obligation Payment Schedule is
21 submitted to and duly approved by the oversight board.

22 (C) A copy of the approved Recognized Obligation Payment
23 Schedule is submitted to the county auditor-controller and both
24 the Controller's office and the Department of Finance and be posted
25 on the successor agency's Internet Web site.

26 (3) The Recognized Obligation Payment Schedule shall be
27 forward looking to the next six months. The first Recognized
28 Obligation Payment Schedule shall be submitted to the Controller's
29 office and the Department of Finance by April 15, 2012, for the
30 period of January 1, 2012, to June 30, 2012, inclusive. Former
31 redevelopment agency enforceable obligation payments due, and
32 reasonable or necessary administrative costs due or incurred, prior
33 to January 1, 2012, shall be made from property tax revenues
34 received in the spring of 2011 property tax distribution, and from
35 other revenues and balances transferred to the successor agency.

36 (m) *Continue to oversee the development and construction of*
37 *any regional transportation project of the former redevelopment*
38 *agency.*

39 *SEC. 3. This act is an urgency statute necessary for the*
40 *immediate preservation of the public peace, health, or safety within*

1 *the meaning of Article IV of the Constitution and shall go into*
2 *immediate effect. The facts constituting the necessity are:*

3 *In order to ensure the fiscal integrity of the state, to protect the*
4 *health and safety of successor agencies, and to complete regional*
5 *transportation projects and improve public infrastructure in*
6 *California, it is necessary for this act to take effect immediately.*

7 SEC. 2. ~~Part 1.95 (commencing with Section 34198) is added~~
8 ~~to Division 24 of the Health and Safety Code, to read:~~

9

10 ~~PART 1.95. CITY OF MONROVIA REGIONAL~~
11 ~~TRANSPORTATION PROGRAM~~

12

13 ~~CHAPTER 1. APPLICATION OF THIS PART~~

14

15 ~~34198. Notwithstanding any other law, the Monrovia~~
16 ~~Redevelopment Agency shall be exempt from Part 1.8~~
17 ~~(commencing with Section 34161), Part 1.85 (commencing with~~
18 ~~Section 34170), and any other conflicting law.~~

19 ~~34198.1. This part shall become operative only if Part 1.8~~
20 ~~(commencing with Section 34161), Part 1.85 (commencing with~~
21 ~~Section 34170), or any substantially similar legislative enactments~~
22 ~~are operative.~~

23

24 ~~CHAPTER 2. CONTINUED EXISTENCE OF THE MONROVIA~~
25 ~~REDEVELOPMENT AGENCY~~

26

27 ~~34198.2. Because of the unique transportation obligations of~~
28 ~~the Monrovia Redevelopment Agency, notwithstanding Part 1.8~~
29 ~~(commencing with Section 34161), Part 1.85 (commencing with~~
30 ~~Section 34170), or any other law, the Monrovia Redevelopment~~
31 ~~Agency may continue to exist and carry out the provisions of the~~
32 ~~Community Redevelopment Law (Part 1 (commencing with~~
33 ~~Section 33000)).~~

34 SEC. 3. ~~The Legislature finds and declares that due to unique~~
35 ~~circumstances regarding regional transportation projects in the~~
36 ~~City of Monrovia, a general statute cannot be made applicable~~
37 ~~within the meaning of Section 16 of Article IV of the California~~
38 ~~Constitution. Therefore, the special legislation contained in~~
39 ~~Sections 1 and 2 of this act is necessarily applicable only to the~~
40 ~~City of Monrovia.~~

1 ~~SEC. 4. This act is an urgency statute necessary for the~~
2 ~~immediate preservation of the public peace, health, or safety within~~
3 ~~the meaning of Article IV of the Constitution and shall go into~~
4 ~~immediate effect. The facts constituting the necessity are:~~

5 ~~In order to ensure the fiscal integrity of the state, to protect the~~
6 ~~health and safety of the community in the City of Monrovia, and~~
7 ~~to complete a regional transportation project and improve public~~
8 ~~infrastructure in Los Angeles County, it is necessary for this act~~
9 ~~to take effect immediately.~~