

**COUNTY OF SACRAMENTO  
CALIFORNIA**

For the Agenda of:  
March 13, 2012

To: Board of Supervisors

From: Department of Community Planning and Development

Subject: Successor Agency Responsibilities and Board of Supervisors Appointments to Oversight Boards

Supervisorial  
District: All

Contact: Troy Givans, Interim Manager of Economic Development, 874-2413

**Overview**

On December 29, 2011, the California Supreme Court upheld AB 1X 26 which dissolved Redevelopment Agencies in California. As a result of the State's action, on January 24, 2012, the County Board of Supervisors took action to designate the County as the Successor Agency to the former County Redevelopment Areas (RDAs). As the Successor Agency the County has several responsibilities including appointing members to Oversight Boards for the wind down and close out functions of the former County RDA's and the RDA's of other jurisdictions within the County.

**Recommendation**

Approve the staff recommended appointments to the County RDA Oversight Board and to the Oversight Boards of the cities of Sacramento, Folsom, Galt, Citrus Heights, Isleton and Rancho Cordova.

**Measures/Evaluation**

The approval of these recommendations will allow the County to efficiently manage the wind down of functions and activities of the Redevelopment Agency as required by AB 1X 26.

**Fiscal Impact**

The initial Administrative Allowance is expected to be five percent of the net tax increment allocated to the Successor Agency, approximately \$460,000 for Fiscal Year 2011-12. In subsequent years the Administrative Allowance is capped at three percent of the net tax increment or an estimated \$260,000 for the County's Successor Agency. If the County cannot perform the required duties to wind down the functions and activities within the allotted allowances the County will have a long term fiscal impact without a currently-identified funding source.

## **BACKGROUND:**

Due to the California Supreme Court ruling of December 29, 2011, the County and other Redevelopment Agencies have been eliminated as of February 1, 2012. For the County there are three former project areas (McClellan/Mather, Florin and Auburn) and two former City/County Project Areas (Stockton/Franklin) that have been impacted. This report will provide recommendations on Oversight Board appointments for the County and other Successor Agencies for jurisdictions within the County.

The County as the Successor Agency to the Redevelopment Agency is responsible for the Administrative close-out functions of the former Redevelopment Agency, (see attached timeline of milestone dates Attachment A). In addition, the Successor Agency is responsible for the expeditious wind down of the outstanding obligations of the former redevelopment project areas. The County, acting as the Successor Agency, does not have the ability to enter into new contracts to provide financial assistance or start new redevelopment projects or programs.

## **DISCUSSION:**

AB 1X 26 requires that the Successor Agency establish an Oversight Board and submit the names of those individuals to the State Department of Finance (SDF) on or before May 1, 2012. In addition, the Board of Supervisors is required to appoint an individual to each jurisdiction within the County that has had a former Redevelopment Area (RDA) and now serves as a Successor Agency. The six cities within Sacramento County that had Redevelopment Areas named themselves as their respective RDA Successor Agency. The six cities are Citrus Heights, Folsom, Galt, Isleton, Rancho Cordova and Sacramento.

### **Oversight Board Composition and Recommendations:**

Counties must appoint members to oversight boards for each successor agency within the County. These oversight boards are composed of seven members, appointed as follows:

- One member appointed by the County Board of Supervisors
- One member appointed by the mayor for the city that formed the redevelopment agency
- One member appointed by the largest special district by property tax share with territory in the jurisdiction of the former redevelopment agency
- One member appointed by the County Superintendent of Education to represent schools
- One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county
- One member of the public appointed by the County Board of Supervisors
- One member representing the employees of the former redevelopment agency appointed by the mayor or Chair of the Board of Supervisors from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency.

Based on the aforementioned criteria the County Executive is recommending the following individuals for consideration by the Board of Supervisors for appointment to these respective Oversight Boards (an individual may serve on up to five oversight boards):

<b>Jurisdiction</b>	<b>Recommended Appointment</b>
<b>Sacramento County Oversight Board</b>	Troy Givans, Interim Manager of Economic Development
<b>City of Sacramento Oversight Board</b>	Troy Givans, Interim Manager of Economic Development
<b>City of Citrus Heights Oversight Board</b>	Chris Marx, County Debt Officer
<b>City of Folsom Oversight Board</b>	Chris Marx, County Debt Officer
<b>City of Galt Oversight Board</b>	Chris Marx, County Debt Officer
<b>City of Isleton Oversight Board</b>	Chris Marx, County Debt Officer
<b>City of Rancho Cordova Oversight Board</b>	Troy Givans, Interim Manager of Economic Development

As noted, the Board will also be responsible for appointing a public member to the Oversight Boards for Citrus Heights, Folsom, Galt, Isleton, Rancho Cordova and the City of Sacramento. The County will be soliciting parties interested in serving on the County and City oversight boards through the County website and other media. Staff will forward the individuals to the Board for consideration.

A majority of the total membership of the oversight board constitutes a quorum and the Oversight Board may begin meetings as soon as a quorum is appointed. By **May 1, 2012**, each successor agency's Oversight Board must report the name of its chairperson and other members to the SDOF.

**Oversight Board Responsibilities:**

Each Oversight Board will supervise the activities of the Successor Agency and have a fiduciary responsibility to the holders of enforceable obligations and the taxing entities that will benefit from the distribution of property tax and other revenues. Oversight Board actions may be reviewed by the SDOF. As such, all actions shall not take effect for three days, pending a request for review by the SDOF. If the SDOF requests a review, it has 10 days from the date of such request to approve the Oversight Board action or return it to the Oversight Board for reconsideration and approval.

Oversight Boards are tasked with approving successor agency actions, as follows:

- The establishment of new repayment terms for outstanding loans

- Refunding of outstanding bonds or other debt of the former redevelopment agency in order to provide for savings
- Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds
- Merging of project areas
- Continuing the acceptance of state/federal grants that require matching funds from the successor agency
- Agreements to retain properties or other assets by the city or county
- Establishment of the Recognized Obligation Payment Schedule
- A request by the successor agency to pledge property tax revenues

Oversight boards shall direct successor agency activities, as follows:

- Disposal of all assets and properties of the former redevelopment agency that were funded by tax increment revenues. This disposal shall be done expeditiously and in a manner aimed at maximizing value.
- Terminate existing agreements that do not qualify as enforceable obligations
- Transfer housing responsibilities and all rights, powers, duties, and obligations, along with funds on deposit in the Low and Moderate Income Housing Fund to the appropriate entity
- Terminate any agreements with other public entities within the county for debt service obligations of the public entity or construction or operation costs of the public entity if the board determines that early termination is in the best interests of the taxing entities.
- Determine whether existing agreements between the former redevelopment agency and private parties should be terminated or renegotiated to reduce liabilities and increase net revenue to the taxing entities, if found in the best interest of taxing entities.

The Oversight Board is staffed by the staff to the successor agency and costs associated with the oversight board's work are to be paid by the successor agency.

**FISCAL IMPACT:**

The initial Administrative Allowance is expected to be five percent of the net tax increment allocated to the Successor Agency, approximately \$460,000 for Fiscal Year 2011-12. In subsequent years the Administrative Allowance is capped at three percent of the net tax increment or an estimated \$260,000 for the County's Successor Agency. If the County cannot perform the required duties to wind down the functions and activities within the allotted allowances the County will have a long term fiscal impact without a currently-identified funding source.

Respectfully submitted,

APPROVED:

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NAVDEEP S. GILL,  
Assistant County Executive

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BRADLEY J. HUDSON,  
County Executive

Attachment:  
Attachment A – Timeline of Milestone Dates