



California

CITY OF OCEANSIDE

COUNCIL AND CDC ADJOURNED MEETING

AUGUST 24, 2011

ADJOURNED MEETING 2:30 PM COUNCIL CHAMBERS

**Mayor
CDC Chair**
Jim Wood

**Deputy Mayor
CDC Vice Chair**
Esther Sanchez

**Councilmembers
CDC Commissioners**
Jack Feller
Jerome M. Kern
Gary Felien

**City Clerk
CDC Secretary**
Barbara Riegel Wayne

Treasurer
Gary Ernst

**City Manager
CDC Executive Director**
Peter Weiss

**City Attorney
CDC General Counsel**
John Mullen

The adjourned joint meeting of the Oceanside City Council and Community Development Commission (CDC) was called to order at 3:22 PM, Wednesday, August 24, 2011.

ROLL CALL

Present were Mayor Wood, Deputy Mayor Sanchez and Councilmembers Feller, Felien and Kern. Also present were City Manager Weiss, City Attorney Mullen and Assistant City Clerk Trobaugh.

DISCUSSION ITEM:

- 1. City Council/CDC: Adoption of a resolution of the Community Development Commission authorizing the submission of an Enforceable Obligations Payment Schedule as required by AB1X 26 to the State Department of Finance and the Auditor-Controller of San Diego County and approving the Payment Schedule; and authorize the Executive Director to file the Schedule with the appropriate agencies if there is no stay or injunction issued by the Supreme Court before the filing deadline**

KATHY BAKER, Redevelopment Manager, stated part of the State budget that was approved for 2011-2012 included 2 bills that affected the redevelopment agencies across California. One was Assembly Bill (AB) 26, which is being phrased as the dissolution bill: the dissolution of all of the redevelopment agencies. The second one is AB 27, which is what's being coined as the continuation bill. Both bills are under protest with the California Supreme Court. The California Redevelopment Association (CRA) and the League of California Cities brought a lawsuit against both of these bills, in particular AB 27. The reason was that the continuation bill was asking for what they are calling a voluntary payment in order for an agency to continue being a redevelopment agency.

On August 11th the Supreme Court issued a partial stay on the effectiveness of

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MEETING BY CITY COUNCIL**

both AB 26 and 27. Primarily it involves a portion of AB 27, but parts of AB 26 were still in effect. Because of that, 60 days beyond the date that the Governor signed the bill, we have to have our CDC approve and adopt a schedule of payments, which is attached to the staff report, so that we can continue to make payments as an agency starting September 1st. We would be able to continue to make bond debt payments but, for any and all other agreements the agency is currently involved in, we would not be able to make those payments beyond September 1st.

The action before Council is to approve and adopt the schedule that's attached to the staff report and authorize the Executive Director to file this payment schedule with the Department of Finance, the State Controller and the San Diego County Auditors. Staff recommends adoption of the resolution.

COUNCILMEMBER KERN commented that the State has come in and basically kidnapped redevelopment, and we have to pay a ransom to them in some way. Luckily the Supreme Court has issued a partial stay, and he asked the City Attorney what a partial stay is.

CITY ATTORNEY MULLEN responded most of AB 27 has been stayed. That's the bill that authorizes Council to adopt a continuation ordinance to continue your function as a redevelopment agency and implement the redevelopment plan. Most of that provision has been stayed. Portions of AB 26, which is the dissolution bill, have been stayed, but one of the important provisions is to do this Enforceable Obligation Payment Schedule and that has not been stayed. We are legally mandated to go forward with it. The 'ransom' payment is not a component of this statement. The statement in front of Council is a list of your mandatory bond payments, agreements, contracts and other expenses of the agency. None of those have been changed; those are your existing expenses.

COUNCILMEMBER KERN clarified that ongoing we're frozen in time. We can't incur any more debt, is that correct?

MS. BAKER responded that's correct.

COUNCILMEMBER KERN asked if we can pay for existing projects because last week there was some question about a change order coming through; could we actually pay for that change order?

CITY ATTORNEY MULLEN responded you can pay for everything that's listed in the Enforceable Obligation Payment Schedule; all of the contracts you have for existing projects are included within that. If there is a change order because of a cost overrun, we'd have to analyze that on a case-by-case basis, and that's how we've been handling that.

COUNCILMEMBER KERN asked when he thought the courts would have a final decision.

CITY ATTORNEY MULLEN responded that CRA has submitted another request for a modification of the stay to the Supreme Court to give us more clarification. Some agencies have already adopted their continuation ordinance. The question for the court, as to those agencies, is can they continue to operate despite the stay. That issue is pending, and we are actually bringing to Council on September 14th our continuation ordinance for introduction. We've looked at this several times against that stays that have been granted and we think we can adopt our ordinance so that we don't miss the deadline to do so. In the meantime, we're living with the stay, and we have to comply with it.

COUNCILMEMBER KERN moved to adopt **Resolution No. 11-R0614-3**, "...establishing an initial Enforceable Obligation Payment Schedule pursuant to Assembly

Bill Number 1X 26", to the State Department of Finance and the Auditor-Controller of San Diego County and approving the Payment Schedule; and authorize the Executive Director to file the Schedule with the appropriate agencies if there is no stay or injunction issued by the Supreme Court before the filing deadline].

MAYOR WOOD seconded the motion.

COUNCILMEMBER FELLER asked if our ability to accumulate debt expires in 2018.

MS. BAKER responded we can actually incur debt up to 2028.

COUNCILMEMBER FELLER was under the assumption that we would be starting to recede back into the General Fund \$3,000,000 a year in 2018.

CITY MANAGER WEISS responded you can issue new debt up until 2017, but those debt payments can continue until 2028, in the absence of what the State's doing. We are looking at restructuring that General Fund loan because with the 'ransom' payments there will not be any tax increment at that \$3,000,000 annual payment to allow for any other projects. We're looking at some options in regards to restructuring that loan.

MAYOR WOOD doesn't understand why under the stay they left out the little small sections that forced all of the cities to do this.

Motion was approved 5-0.

2. **Public Communication on City Council Matters (off-agenda items) – None**

ADJOURNMENT

MAYOR WOOD adjourned this adjourned meeting at 3:34 PM on Wednesday, August 24, 2011. [The next regularly scheduled meeting is Wednesday, August 31, 2011, at 2:00 PM].

ACCEPTED BY COUNCIL/CDC:

Barbara Riegel Wayne
City Clerk, City of Oceanside