



Date: April 20, 2015
To: State Legislative Committee Members
From: Patrick H. West, City Manager *T.M.*
Subject: AB 204 (O'Donnell): Post-Redevelopment – Oversight Board Extension

Introduction

As a part of the 2015 State Legislative Session, the City of Long Beach is sponsoring AB 204. Authored by former Councilmember, and now Assemblymember Patrick O'Donnell, this bill applies specifically to oversight boards in the County of Los Angeles. For more information on AB 204, please see attached for the City's support letter, fact sheet, and bill text.

Background

As part of the 2011 State Budget Act, the Legislature approved the dissolution of the State's redevelopment agencies. After a period of litigation, redevelopment agencies were officially dissolved as of February 1, 2012. As a part of the dissolution process, Oversight Boards were established per ABX1-26 (2011) to oversee local financial transactions of Successor Agencies to former Redevelopment Agencies.

The Long Beach Oversight Board of the Successor Agency of the Redevelopment Agency of the City of Long Beach (Board) is important to the City because this Board is responsible for reviewing and approving the City's Successor Agency's Recognized Obligation Payment Schedule (ROPS) every six months before the Successor Agency submits the ROPS to the State Department of Finance (DOF) for approval. The DOF's approval of the ROPS is needed to enable Successor Agencies to meet existing enforceable obligations of the former Redevelopment Agencies.

Summary

Los Angeles County has the largest number of Oversight Boards in the State of California, and existing law requires that all individual Oversight Boards must be consolidated into a single County Oversight Board by July 1, 2016. Because there are 71 Oversight Boards in the County of Los Angeles, a large number of enforceable obligations remain.

Long Beach, the County of Los Angeles and a number of other cities are concerned that funneling the workload of 71 Successor Agencies into a single County Oversight Board will cause substantial gridlock in the redevelopment dissolution process. Supporters of AB 204 are also concerned that a single County Oversight Board will not have nearly the same level of institutional knowledge as an individual oversight board that has overseen the dissolution of its companion Successor Agency since the Redevelopment Dissolution Act was enacted. Institutional knowledge is key to ensuring that financial transactions and tax distribution occurs smoothly, and without delay.

AB 204 was introduced to give individual Oversight Boards and their companion Successor Agencies the ability to decide whether to continue their existing oversight past July 1, 2016, or transfer all fiduciary oversight responsibilities of the individual Oversight Board to a single County Oversight Board

Next Steps

AB 204 passed the Assembly Local Government Committee (8-0) on April 8, 2015. The bill is now in the Assembly Housing and Community Development Committee and will be heard on April 29. The City's Legislative Advocates, Michael J. Arnold and Associates will publicly testify in support of this bill, and assist Long Beach with advocating for its passage throughout the Legislative Session.

If you have questions or comments, please contact Diana Tang, Manager of Government Affairs at (562) 570-6506.

cc: Mayor and Members of the City Council
Charles Parkin, City Attorney
Laura Doud, City Auditor
Tom Modica, Assistant City Manager
Arturo Sanchez, Deputy City Manager
Mike Conway, Director of Economic and Property Development
Amy Bodek, Director of Development Services
Diana Tang, Manager of Government Affairs
Jyl Marden, Assistant to the City Manager
Mike Arnold and Associates



MAYOR ROBERT GARCIA
CITY OF LONG BEACH

February 12, 2015

The Honorable Patrick O'Donnell
California State Assembly
State Capitol, Room 3152
Sacramento, CA 95814

RE: Sponsorship and Support for AB 204 (O'Donnell) – Los Angeles County Oversight Board Extension

Dear Assemblymember O'Donnell:

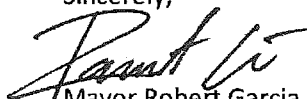
On behalf of the City of Long Beach, thank you for introducing AB 204 (O'Donnell). We are especially excited to have this be the first bill you introduced in the California State Legislature. During your tenure on the Long Beach City Council, we had the opportunity to work together through the difficult process of dissolving the Long Beach Redevelopment Agency. Thank you for your continued support for our City, and for understanding the need to extend Oversight Boards in the County of Los Angeles. We look forward to working with you on this bill so that cities can expeditiously wind-down former redevelopment activities and move forward with future economic development.

AB 204 is necessary, as existing law requires all 71 Oversight Boards in the County to dissolve and transfer all fiduciary oversight duties to a single County Oversight Board by July 1, 2016. Long Beach is concerned that funneling the workload of 71 Successor Agencies into a single County Oversight Board will cause substantial gridlock in the redevelopment dissolution process, and cause the dissolution of the former Long Beach Redevelopment Agency to slow down.

By extending the authority of individual Oversight Boards in the County, AB 204 allows the institutional knowledge that has been cultivated since the establishment of the Oversight Board to continue assisting Successor Agencies in the County through the dissolution process. This institutional knowledge is key to ensuring that financial transactions and tax distribution occurs smoothly, and without delay because of a lack of experience with the matter. AB 204 also shields the single County Oversight Board from having to immediately tackle workload that would have otherwise been spread across 71 Oversight Boards.

Given these reasons, the City of Long Beach is proud to sponsor and support AB 204. Thank you for introducing this legislation, and for your continued support for the City.

Sincerely,


Mayor Robert Garcia
City of Long Beach



AB 204 (O'DONNELL) OVERSIGHT BOARD EXTENSION

FACT SHEET ON THE PROPOSED LEGISLATION

April 2014

Introduction

Oversight Boards to individual Successor Agencies were established pursuant to the Redevelopment Dissolution Act. There are 71 Oversight Boards in the County of Los Angeles. Existing law prescribes that all 71 Oversight Boards will be consolidated into a single County Oversight Board by July 1, 2016.

AB 204 gives individual Oversight Boards and their companion Successor Agencies the ability to decide whether to continue their existing oversight past July 1, 2016, or transfer all fiduciary oversight responsibilities of the individual Oversight Board to a single County Oversight Board. The purpose of this legislation is to expeditiously wind-down former RDA activities.

Problem

Existing law requires that all individual Oversight Boards must be consolidated into a single County Oversight Board by July 1, 2016. Because a large number of enforceable obligations remain in Los Angeles County, **funneling the workload of 71 Successor Agencies into a single County Oversight Board will cause substantial gridlock in the redevelopment dissolution process.**

In addition, a single County Oversight Board will not have nearly the same level of institutional knowledge as an individual oversight board that has overseen the dissolution of its companion Successor Agency since the Redevelopment Dissolution Act was enacted. This institutional knowledge is key to ensuring that financial transactions and tax distribution occurs smoothly, and without delay because of a lack of experience with the matter.

Solution

AB 204 applies solely to Oversight Boards in the County of Los Angeles. This bill authorizes Oversight Boards to individual Successor Agencies in the County of Los Angeles to continue operating as they have, and as authorized by existing State law for as long as the Oversight Board and Successor Agency determines is necessary to expeditiously wind-down former redevelopment activities.

This bill also maintains existing State law, which requires a County Oversight Board to be established by July 1, 2016. AB 204 gives individual Oversight Boards and their companion Successor Agencies the ability to determine whether to continue the existing partnership, or transfer all fiduciary oversight responsibilities to a single County Oversight Board. The purpose of this legislation is to expeditiously wind-down former redevelopment activities.

Governor's Budget

The City of Long Beach believes this proposal is consistent with goals outlined in the Governor's Budget. The Governor's Budget summary notes an interest in maintaining the expeditious wind-down of former redevelopment activities while adding new incentives for substantial compliance with the law.

Current Redevelopment Dissolution Process

Oversight Boards were established by ABX1-26 (2011) to oversee the financial transactions of Successor Agencies to former Redevelopment Agencies. The Oversight Boards are responsible for ensuring that taxing entities benefit appropriately from the distribution of property tax and other revenues pursuant to the Redevelopment Dissolution Act. Oversight Boards also have fiduciary responsibilities to holders of

enforceable obligations. In Los Angeles County, there are a total of 71 Oversight Boards. Oversight Board authority is generally codified in Health and Safety Code Section 34179.

Statewide, Oversight Boards are responsible for reviewing and approving a Successor Agency's ROPS every six months before the Successor Agency can submit the ROPS to the State Department of Finance (DOF). The DOF's approval of the ROPS is needed to enable Successor Agencies to meet existing enforceable obligations of the former Redevelopment Agencies. In the process, individual Oversight Board members become knowledgeable about enforceable obligations that are unique to their Successor Agency.

Examples of enforceable obligations that still need to be met in Los Angeles County include:

- City of Long Beach – Expenditure of bond proceeds, development agreements for Current (aka Shoreline Gateway) which is a large mixed use development at the entrance into downtown Long Beach, the Los Angeles County – Long Beach Courthouse, housing project at Anaheim and Long Beach Boulevard; service agreements with Downtown Long Beach Associates and Bixby Knolls Improvement Area; and ongoing maintenance of properties being held until the Long-Range Property Management Plan is approved and implemented.

Oversight Boards are also responsible for overseeing the Successor Agency's financial statements and monetary transfers to the State, as the Successor Agency prepares to obtain a Finding of Completion from the DOF. A Finding of Completion from the DOF is required before a Successor Agency can begin the process of developing a Long Range Property Management Plan. While many Successor Agencies in Los Angeles County have received a Finding of Completion from the State Department of Finance (DOF), there remain a number of Successor Agencies that are still in the process of doing so.

Long Range Property Management Plans govern the final disposition of former Redevelopment Agency properties, and the DOF's approval of this Plan is required per State law before any activity can occur at a former Redevelopment property. However, prior to a Successor Agency's submittal of the Plan to the DOF, the Successor Agency must first obtain approval from their Oversight Board. The Oversight Board reviews the Plan and in the process becomes knowledgeable about former Redevelopment properties that the Successor Agency plans to retain for government use, future development, sale, or to fulfill existing enforceable obligations. In each instance, it is in the best interest of all taxing entities that developments and sales happen without delay as soon as the Successor Agency is prepared to engage in a transaction at the property. A single Oversight Board would be an impediment to the expeditious disposition of properties given the number of properties covered by a single Long Range Property Management Plan. For example, the City of Long Beach's Plan accounts for 259 parcels that are assembled into 71 sites.

As described above, Oversight Boards are responsible for reviewing and approving a number of detailed financial transactions that are specific to their individual Successor Agencies. Since Oversight Board members have cultivated valuable institutional knowledge over the past three years, it makes sense to extend their existence and authority for as long as is necessary to meet enforceable obligations in a timely manner.

Contact Information

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AMENDED IN ASSEMBLY APRIL 9, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 204

Introduced by Assembly Member O'Donnell

January 29, 2015

An act to amend Section 34179 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 204, as amended, O'Donnell. Redevelopment: County of Los Angeles.

Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law authorizes, in each county where more than one oversight board was created, only one oversight board to be appointed on and after July 1, 2016.

This bill would require an oversight board within the County of Los Angeles to continue to independently operate past the July 1, 2016, consolidation date, until its successor agency adopts a resolution dissolving the ~~board~~, *board and the board approves that resolution*, as provided.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Los Angeles.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. (a) The Legislature finds and declares that the
2 oversight boards to individual successor agencies were established
3 pursuant to the Redevelopment Agency Dissolution Act, which
4 prescribes that all oversight boards in the County of Los Angeles
5 will be consolidated into a single countywide oversight board by
6 July 1, 2016.

7 (b) The Legislature further finds that collapsing all functions
8 of the 71 oversight boards in the County of Los Angeles into a
9 single countywide oversight board would create administrative
10 gridlock and be a severe impediment to the expeditious disposition
11 of properties owned by former redevelopment agencies.

12 (c) In recognition of these findings and to ensure that the duties
13 of the 71 oversight boards and successor agencies in the County
14 of Los Angeles will be met in a timely manner, it is the intent of
15 the Legislature to continue all oversight boards in the County of
16 Los Angeles in existence until the respective successor agency
17 requests dissolution of its oversight board and transfer of fiduciary
18 duties to the countywide oversight board.

19 SEC. 2. Section 34179 of the Health and Safety Code is
20 amended to read:

21 34179. (a) Each successor agency shall have an oversight
22 board composed of seven members. The members shall elect one
23 of their members as the chairperson and shall report the name of
24 the chairperson and other members to the Department of Finance
25 on or before May 1, 2012. Members shall be selected as follows:

26 (1) One member appointed by the county board of supervisors.

27 (2) One member appointed by the mayor for the city that formed
28 the redevelopment agency.

29 (3) (A) One member appointed by the largest special district,
30 by property tax share, with territory in the territorial jurisdiction
31 of the former redevelopment agency, that is of the type of special
32 district that is eligible to receive property tax revenues pursuant
33 to Section 34188.

34 (B) On or after the effective date of this subparagraph, the
35 county auditor-controller may determine which is the largest special
36 district for purposes of this section.

37 (4) One member appointed by the county superintendent of
38 education to represent schools, if the superintendent is elected. If

1 the county superintendent of education is appointed, then the
2 appointment made pursuant to this paragraph shall be made by the
3 county board of education.

4 (5) One member appointed by the Chancellor of the California
5 Community Colleges to represent community college districts in
6 the county.

7 (6) One member of the public appointed by the county board
8 of supervisors.

9 (7) One member representing the employees of the former
10 redevelopment agency appointed by the mayor or chair of the
11 board of supervisors from the recognized employee organization
12 representing the largest number of former redevelopment agency
13 employees employed by the successor agency at that time. If city
14 or county employees performed administrative duties of the former
15 redevelopment agency, the appointment shall be made from the
16 recognized employee organization representing those employees.
17 If a recognized employee organization does not exist for either the
18 employees of the former redevelopment agency or the city or
19 county employees performing administrative duties of the former
20 redevelopment agency, the appointment shall be made from among
21 the employees of the successor agency. In voting to approve a
22 contract as an enforceable obligation, a member appointed pursuant
23 to this paragraph shall not be deemed to be interested in the contract
24 by virtue of being an employee of the successor agency or
25 community for purposes of Section 1090 of the Government Code.

26 (8) If the county or a joint powers agency formed the
27 redevelopment agency, the largest city by acreage in the territorial
28 jurisdiction of the former redevelopment agency may select one
29 member. If there are no cities with territory in a project area of the
30 redevelopment agency, the county superintendent of education
31 may appoint an additional member to represent the public.

32 (9) If there are no special districts of the type that are eligible
33 to receive property tax pursuant to Section 34188 within the
34 territorial jurisdiction of the former redevelopment agency, the
35 county may appoint one member to represent the public.

36 (10) If a redevelopment agency was formed by an entity that is
37 both a charter city and a county, the oversight board shall be
38 composed of seven members selected as follows: three members
39 appointed by the mayor of the city, if that appointment is subject
40 to confirmation by the county board of supervisors; one member

1 appointed by the largest special district, by property tax share, with
2 territory in the territorial jurisdiction of the former redevelopment
3 agency, that is the type of special district that is eligible to receive
4 property tax revenues pursuant to Section 34188; one member
5 appointed by the county superintendent of education to represent
6 schools; one member appointed by the Chancellor of the California
7 Community Colleges to represent community college districts;
8 and one member representing employees of the former
9 redevelopment agency appointed by the mayor of the city, if that
10 appointment is subject to confirmation by the county board of
11 supervisors, to represent the largest number of former
12 redevelopment agency employees employed by the successor
13 agency at that time.

14 (b) The Governor may appoint individuals to fill any oversight
15 board member position described in subdivision (a) that has not
16 been filled by May 15, 2012, or any member position that remains
17 vacant for more than 60 days.

18 (c) The oversight board may direct the staff of the successor
19 agency to perform work in furtherance of the oversight board's
20 duties and responsibilities under this part. The successor agency
21 shall pay for all of the costs of meetings of the oversight board
22 and may include those costs in its administrative budget. Oversight
23 board members shall serve without compensation or reimbursement
24 for expenses.

25 (d) Oversight board members are protected by the immunities
26 applicable to public entities and public employees governed by
27 Part 1 (commencing with Section 810) and Part 2 (commencing
28 with Section 814) of Division 3.6 of Title 1 of the Government
29 Code.

30 (e) A majority of the total membership of the oversight board
31 shall constitute a quorum for the transaction of business. A majority
32 vote of the total membership of the oversight board is required for
33 the oversight board to take action. The oversight board shall be
34 deemed to be a local entity for purposes of the Ralph M. Brown
35 Act, the California Public Records Act, and the Political Reform
36 Act of 1974. All actions taken by the oversight board shall be
37 adopted by resolution.

38 (f) All notices required by law for proposed oversight board
39 actions shall also be posted on the successor agency's Internet
40 Web site or the oversight board's Internet Web site.

1 (g) Each member of an oversight board shall serve at the
2 pleasure of the entity that appointed that member.

3 (h) The Department of Finance may review an oversight board
4 action taken pursuant to this part. Written notice and information
5 about all actions taken by an oversight board shall be provided to
6 the department by electronic means and in a manner of the
7 department's choosing. An action shall become effective five
8 business days after notice in the manner specified by the
9 department is provided unless the department requests a review.
10 Each oversight board shall designate an official to whom the
11 department may make those requests and who shall provide the
12 department with the telephone number and email contact
13 information for the purpose of communicating with the department
14 pursuant to this subdivision. Except as otherwise provided in this
15 part, if the department requests a review of a given oversight board
16 action, it shall have 40 days from the date of its request to approve
17 the oversight board action or return it to the oversight board for
18 reconsideration and the oversight board action shall not be effective
19 until approved by the department. If the department returns the
20 oversight board action to the oversight board for reconsideration,
21 the oversight board shall resubmit the modified action for
22 department approval and the modified oversight board action shall
23 not become effective until approved by the department. If the
24 department reviews a Recognized Obligation Payment Schedule,
25 the department may eliminate or modify any item on that schedule
26 prior to its approval. The county auditor-controller shall reflect
27 the actions of the department in determining the amount of property
28 tax revenues to allocate to the successor agency. The department
29 shall provide notice to the successor agency and the county
30 auditor-controller as to the reasons for its actions. To the extent
31 that an oversight board continues to dispute a determination with
32 the department, one or more future recognized obligation schedules
33 may reflect any resolution of that dispute. The department may
34 also agree to an amendment to a Recognized Obligation Payment
35 Schedule to reflect a resolution of a disputed item, however, this
36 shall not affect a past allocation of property tax or create a liability
37 for any affected taxing entity.

38 (i) Oversight boards shall have fiduciary responsibilities to
39 holders of enforceable obligations and the taxing entities that
40 benefit from distributions of property tax and other revenues

1 pursuant to Section 34188. Further, the provisions of Division 4
2 (commencing with Section 1000) of the Government Code shall
3 apply to oversight boards. Notwithstanding Section 1099 of the
4 Government Code, or any other law, any individual may
5 simultaneously be appointed to up to five oversight boards and
6 may hold an office in a city, county, city and county, special
7 district, school district, or community college district.

8 (j) Commencing on and after July 1, 2016, in each county where
9 more than one oversight board was created by operation of the act
10 adding this part, there shall be one oversight board appointed as
11 follows:

12 (1) One member may be appointed by the county board of
13 supervisors.

14 (2) One member may be appointed by the city selection
15 committee established pursuant to Section 50270 of the
16 Government Code. In a city and county, the mayor may appoint
17 one member.

18 (3) One member may be appointed by the independent special
19 district selection committee established pursuant to Section 56332
20 of the Government Code, for the types of special districts that are
21 eligible to receive property tax revenues pursuant to Section 34188.

22 (4) One member may be appointed by the county superintendent
23 of education to represent schools if the superintendent is elected.
24 If the county superintendent of education is appointed, then the
25 appointment made pursuant to this paragraph shall be made by the
26 county board of education.

27 (5) One member may be appointed by the Chancellor of the
28 California Community Colleges to represent community college
29 districts in the county.

30 (6) One member of the public may be appointed by the county
31 board of supervisors.

32 (7) One member may be appointed by the recognized employee
33 organization representing the largest number of successor agency
34 employees in the county.

35 (k) The Governor may appoint individuals to fill any oversight
36 board member position described in subdivision (j) that has not
37 been filled by July 15, 2016, or any member position that remains
38 vacant for more than 60 days.

39 (l) Commencing on and after July 1, 2016, in each county where
40 only one oversight board was created by operation of the act adding

1 this part, then there will be no change to the composition of that
2 oversight board as a result of the operation of subdivision (b).

3 (m) Any oversight board for a given successor agency shall
4 cease to exist when all of the indebtedness of the dissolved
5 redevelopment agency has been repaid or a successor agency has
6 dissolved the oversight board pursuant to subdivision (q).

7 (n) An oversight board may direct a successor agency to provide
8 legal or financial advice in addition to that provided by agency
9 staff.

10 (o) An oversight board is authorized to contract with the county
11 or other public or private agencies for administrative support.

12 (p) On matters within the purview of the oversight board,
13 decisions made by the oversight board supersede those made by
14 the successor agency or the staff of the successor agency.

15 (q) Notwithstanding subdivision (j), an oversight board within
16 the County of Los Angeles shall continue to independently operate
17 until its successor agency adopts a resolution dissolving its
18 oversight ~~board~~, *board and its oversight board approves that*
19 *resolution*, after which time the successor agency shall be overseen
20 by the oversight board established pursuant to subdivision (j).

21 SEC. 3. The Legislature finds and declares that a special law
22 is necessary and that a general law cannot be made applicable
23 within the meaning of Section 16 of Article IV of the California
24 Constitution because of the unique circumstances of the County
25 of Los Angeles.