

## **REPORT OF THE CHIEF LEGISLATIVE ANALYST**

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DATE: April 16, 2015

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *ST*  
Chief Legislative Analyst

Council File No:  
Assignment No: 15-03-0265

SUBJECT: Resolution (Buscaino - Parks) relative to support of AB 204 (O'Donnell) regarding redevelopment successor agency oversight board consolidation.

**CLA RECOMMENDATION:** Adopt Resolution (Buscaino - Parks) to include in the City's 2015-2016 State Legislative Program SUPPORT of AB 204 (O'Donnell) that would: 1) authorize Oversight Boards to individual Successor Agencies in the County of Los Angeles to continue operating as they have for as long as the Oversight Board and Successor Agency determine it necessary to expeditiously wind-down the former redevelopment activities, 2) maintain existing State law, which requires a County Oversight Board to be established by July 1, 2016, and 3) give 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-Oversight Board.

### **SUMMARY**

On March 27, 2015, Resolution (Buscaino – Parks) was introduced to support legislative or administrative action that would provide Oversight Boards to individual Successor Agencies in the County of Los Angeles the option of continuing to operate in their current state for as long as the Oversight Board and Successor Agency determine is necessary to expeditiously wind-down the affairs of the former redevelopment agency. Current redevelopment dissolution law requires that all Oversight Boards consolidate into a County Oversight Board beginning July 1, 2016. AB 204 (O'Donnell) applies solely to the 71 Oversight Boards in the County of Los Angeles.

The Resolution indicates that State Law requires that Oversight Boards, including those in the County of Los Angeles, consolidate into a County Oversight Board on July 1, 2016, regardless of the amount or complexity of projects and programs being conducted as part of the dissolution process. Funneling the work of 71 Oversight Boards and their individual Successor Agency in the County of Los Angeles will cause a substantial gridlock in the redevelopment dissolution process and lose the institutional knowledge developed by each individual Oversight Board. A single County Oversight Board will have the responsibility of administrating the work of all 71 Oversight Boards irrespective of where each individual Successor Agency lies in the dissolution process. The institutional knowledge developed by each individual Oversight Board since the onset of the dissolution process will not carry forward to the County Oversight Board and will add further complexity in administering the work of each individual Successor Agency.

The Resolution further states that the City of Los Angeles has recently entered into various long term contractual obligations with CRA/LA, A Designated Local Authority (CRA/LA) and Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles. These contractual obligations involve the disposition of real property and the expenditure of excess bond proceeds that are complex and time sensitive. CRA/LA's Oversight Board has been an integral part of reviewing and

approving the terms of those contractual obligations. Achieving the same comprehension level from a County Oversight Board will take a considerable amount of time.

In conclusion, the Resolution notes that the City would benefit from maintaining CRA/LA's Oversight Board's existing structure post July 1, 2016, by providing efficiency in administering complex and time sensitive transactions that are forthcoming from contractual obligations entered into by both parties. The Resolution, therefore, recommends that the City support the proposed legislation to extend current Oversight Board operations as well as provide the option to consolidate into the County Oversight Board.

BACKGROUND

ABX1-26, the Redevelopment Dissolution Act, established Oversight Boards to oversee the financial transactions of Successor Agencies to their former redevelopment agencies. The primary responsibility of Oversight Boards is to ensure that taxing entities benefit appropriately from the distribution of property tax and other revenues pursuant to the Redevelopment Dissolution Act. Another fiduciary responsibility of Oversight Boards is to the holders of enforceable obligations and ensuring those commitments are adhered to and closed out accordingly. Other key responsibilities of Oversight Boards include reviewing and approving a Successor Agency's Recognized Obligation Payment Schedule every six months before it is submitted to the State Department of Finance, overseeing the Successor Agency's financial statements and monetary transfers to the State, review and approval of the Long Range Property Management Plan which governs the final disposition of the former redevelopment agency's real property and interests, and other detailed financial transactions specific to their individual Successor Agency. Oversight Board authority is generally codified in Health and Safety Code Section 34176.

OTHER JURISDICTIONS

Approximately 11 cities within the County of Los Angeles are in support of AB 204 including Cerritos, Downey, Lakewood, Long Beach and Santa Monica.

The City of Los Angeles, although not the Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles, would benefit from AB 204. The City has entered into various long term and complex contractual obligations with its Successor Agency, CRA/LA, A Designated Local Authority. Maintaining the current Oversight Board would provide continuity and efficiency as City-CRA/LA transactions are brought forth for review and consideration.

PRIOR CITY ACTION

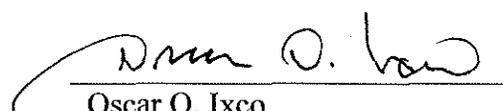
None.

DEPARTMENTS NOTIFIED

EWDD

BILL STATUS

AB 204 was introduced on January 29, 2015, amended with technical changes on April 9, 2015, referred to Housing and Community Development Committee on April 13, 2015, and a hearing date of April 29, 2015.

  
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Oscar O. Ixco  
Analyst

SMT:IS:JW

Attachment: 1. Resolution (Buscaino - Parks)

**RESOLUTION**

**RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS**

**WHEREAS**, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

**WHEREAS**, ABx1 26, the Redevelopment Dissolution Act, dissolved all redevelopment agencies in the State of California as of February 1, 2012, and transferred all assets and liabilities to Successor Agencies tasked to wind-down the activities of the former redevelopment agencies; and

**WHEREAS**, Oversight Boards were established to govern the activity of their companion Successor Agencies pursuant to the Redevelopment Dissolution Act; and

**WHEREAS**, in the County of Los Angeles there are 71 Oversight Boards and existing law prescribes that all 71 Oversight Boards will be consolidated into a single County Oversight Board by July 1, 2016; and

**WHEREAS**, funneling the workload of 71 Successor Agencies into a single County Oversight Board will cause substantial gridlock in the redevelopment dissolution process and allow for a loss in the institutional knowledge developed by each individual Oversight Board over its companion Successor Agency throughout the dissolution process; and

**WHEREAS**, the City of Los Angeles has entered into various long term contractual agreements with CRA/LA, A Designated Local Authority and Successor Agency to the former Community Redevelopment Agency to the City of Los Angeles, related to the disposal of real property assets and the expenditure of excess bond proceeds that will require the both parties to report to the Oversight Board the details of transactions throughout the term of those contractual obligations; and

**WHEREAS**, the City of Los Angeles would benefit from having the option of maintaining the existing structure of CRA/LA's Oversight Board to allow for efficiency in administering complex and time sensitive transactions that are forthcoming as a result of those existing contractual obligations;

**NOW, THEREFORE, BE IT RESOLVED**, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT for AB 204 (O'Donnell) that would: 1) authorize Oversight Boards to individual Successor Agencies in the County of Los Angeles to continue operating as they have for as long as the Oversight Board and Successor Agency determine it necessary to expeditiously wind-down the former redevelopment activities, 2) maintains existing State law, which requires a County Oversight Board to be established by July 1, 2016, and 3) 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.

PRESENTED BY:

  
JOE BUSCAINO

Councilmember, 15<sup>th</sup> District

MAR 27 2015

SECONDED BY:

