

**STAFF REPORT**  
**Lancaster Redevelopment Agency**

RNB 1
08/23/2011
MVB

DATE: August 23, 2011

TO: Chairman Crist and Agency Directors

FROM: Mark V. Bozigian, Executive Director

SUBJECT: **Approval of Resolution Adopting the Agency's Enforceable Obligation Payment Schedule for the period through December 31, 2011 as required by State Assembly Bill ABX1 26**

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**Recommendation:**

Adopt **Resolution No. 16-11**, approving the Redevelopment Agency's Enforceable Obligation Schedule for the period through December 31, 2011 as required by State Assembly Bill ABX1 26.

**Fiscal Impact:**

Adoption of this resolution and Enforceable Obligation Schedule will allow the Agency to honor its obligations through December 31, 2011 as required by ABX1 26.

**Summary:**

At the August 8, 2011 meeting, the City Council adopted a resolution and introduced an ordinance declaring its intention to participate in the "voluntary" payment program in order to continue redevelopment projects and activities that are essential to the economic well-being of our community. The ordinance approving the payment is scheduled for second reading on this agenda, but is conditional on a favorable decision of the court. If both bills are upheld, the adoption of the ordinance will allow the redevelopment agency to continue to operate, rather than allowing it to be dissolved. It has been determined that the redevelopment agency plays a crucial role in stimulating local growth, attracting and retaining businesses, eliminating blight, restoring deteriorated structures, developing housing, improving infrastructure and public facilities, reducing crime and improving the community as a whole.

It is crucial to note that following the Council's action on August 8, the California Supreme Court announced on August 11 that it would hear the lawsuit filed by the California Redevelopment Association (CRA) and the League of California Cities (League) against ABX1 26 and ABX1 27, which eliminated redevelopment and instituted this "voluntary" payment program, respectively. The court also granted a partial stay on the implementation of the legislation. Should this lawsuit prove successful, the Council's action to remit payment to the State will be rendered unnecessary. However, it is recommended that the Agency complete this action while the suit is being heard to ensure that Lancaster may continue its redevelopment activities should the CRA/League lawsuit prove unsuccessful. The Agency's adoption of the

Enforceable Obligation Payment Schedule or approval of the Agreement to Transfer Tax Increment does not change the Agency's position that the bills violate the California Constitution, including Propositions 1A and 22.

AB X1 26 (i.e. the "Dissolution Bill") stipulates that Redevelopment Agencies must adopt an Enforceable Obligation Payment Schedule by August 28, 2011. The Enforceable Obligations are defined as bonds, loans, payments to the federal government or imposed by state law, judgments or settlements and contracts, including contracts necessary for the continued administration or operation of the agency that must be made through December 2011. The Enforceable Obligation Payment Schedule establishes the payments that will be honored by a successor agency if the redevelopment agency were to be dissolved on October 1, 2011. The Schedule can be amended at any time as necessary.

The Agency recognizes that the Enforceable Obligation Payment Schedule requirement will not apply to the Agency if the City enacts the ordinance to participate in the voluntary payment program. The Agency, however, will comply with the Constitution and laws of the State of California, in order to continue its ability to perform its functions by adopting the Enforceable Obligation Payment Schedule and amend it as necessary.

VL:tbe

**Attachments:**

Resolution No. 16-11

Enforceable Obligation Payment Schedule