

**STAFF REPORT**  
**City of Lancaster**

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03/10/15
MVB

Date: March 10, 2015

To: Mayor Parris and Council Members

From: Barbara Boswell, Finance Director

**Subject: Opposition to Governor’s Budget Proposal Affecting Redevelopment Dissolution**

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**Recommendation:**

Take a position to oppose the Governor’s budget proposal affecting redevelopment dissolution and direct staff to draft a letter for the Mayor’s signature.

**Fiscal Impact:**

No fiscal impact by this action. However, should the budget proposal be approved as it is currently written, the Lancaster Successor Agency may lose funds it is currently entitled to.

**Background:**

The Governor’s budget proposal includes a Redevelopment Dissolution trailer bill that has the potential of having significant impacts on the Lancaster Successor Agency. These include:

- Overturns recent Court of Appeal decision upholding reentered agreements approved by Oversight Boards.
- Undoes incentives previously offered to successor agencies to make three required payments to become eligible for a DOF “finding of completion.”
- Retroactively undoes the effects of the February 13, 2015, ruling in *Glendale v. DOF* over the appropriate method of calculating interest rates on reinstated loans.
- Undercuts local agency ability to protect legal rights by revoking statutory authority to recover legal costs outside of existing administrative cost cap.
- Retroactively repeals authority for cities to make loans to successor agencies approved by oversight boards for “project-related expenses.” Imposes interest restrictions on other such loans and makes repayment subordinate to all other payments and only if funding available.

- Retroactively exempts all DOF actions from the Administrative Procedures Act.
- Retroactively prohibits previously authorized work associated with “winding down” the work of a former redevelopment agency.

If approved, the trailer bill can have a significant impact on the ability of Lancaster to be fully reimbursed for prior loans to the redevelopment agency, would limit our ability to seek remedy through the courts should a disagreement with the Department of Finance arise, and reverses prior rulings by the courts.

The League of California Cities has taken a position of oppose due to the many harmful impacts to cities and has provided a sample letter for cities to send voicing our opposition. Staff agrees with the position taken by the League and recommends the letter to be sent.

**Attachments:**

League of California Cities Key Issues with DOF RDA Dissolution Trailer Bill  
Sample Letter of Opposition