



**MINUTES OF A REGULAR MEETING  
SIGNAL HILL CITY COUNCIL**  
January 17, 2012

A Regular Meeting of the Signal Hill City Council was held in the Council Chamber of City Hall on January 17, 2012.

**CALL TO ORDER – 7:00 p.m.**

**ROLL CALL**

PRESENT:     MAYOR FORESTER  
                  VICE MAYOR HANSEN  
                  COUNCIL MEMBER NOLL  
                  COUNCIL MEMBER WILSON  
                  COUNCIL MEMBER WARD

ABSENT:     NONE

**PLEDGE OF ALLEGIANCE**

Mayor Forester led the audience in the Pledge of Allegiance.

**PUBLIC BUSINESS FROM THE FLOOR ON ITEMS NOT LISTED ON THIS AGENDA**

Carol Churchill, Signal Hill resident addressed Council regarding the record retention policy and employee time records.

Derrick Alatorre, a representative from the Air Quality Management District addressed Council regarding the AB 2766 report due in February and encouraged stakeholders to participate in the inventory of emissions, done every five years.

**PRESENTATION(S)**

- a. Mayor Forester presented the 4<sup>th</sup> Quarter Sustainability Award to Sustainable Now Technologies, represented by Eric Wooler-Grimm, Tim Bentley, and Nathan Morrison, for cutting edge research and development of clean-burning algae bio-fuel technology.
- b. Mayor Forester and Chief Langston presented a proclamation to Dan Ellis, on behalf of Sultans Car Club in recognition of their contributions to the Signal Hill Police Department.

## ORDINANCE(S)

- a. Ordinance Amending Signal Hill Municipal Code to Purchase Precinct Ballots for General Municipal Elections at 50 Percent of Voter Registration

City Clerk presented the staff report.

Maria Harris, Signal Hill resident asked the City Clerk about running out of ballots and the City Clerk explained the alternatives to Ms. Harris.

City Council discussed the Ordinance.

It was moved by COUNCIL MEMBER NOLL and seconded by VICE MAYOR HANSEN to waive further reading and introduce Ordinance No. 2012-01-1442 amending Chapter 1.14 of the Signal Hill Municipal Code, entitled Municipal Elections, to permit the purchase of precinct of ballots for General Municipal Elections at fifty percent of voter registration.

City Attorney read the title of Ordinance No. 2012-01-1442:

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, AMENDING CHAPTER 1.14 OF THE SIGNAL HILL MUNICIPAL CODE, ENTITLED MUNICIPAL ELECTIONS, TO PERMIT THE PURCHASE OF PRECINCT BALLOTS FOR GENERAL MUNICIPAL ELECTIONS AT FIFTY PERCENT OF VOTER REGISTRATION

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

## CITY MANAGER REPORTS

CHAIR FORESTER RECONVENED THE HOUSING AUTHORITY

CHAIR NOLL RECONVENED THE REDEVELOPMENT AGENCY

- a. Resolution Electing Signal Hill Housing Authority to Retain the Housing Assets

City Manager/Executive Director presented the staff report.

City Attorney/Agency Counsel announced modifications to the resolutions.

Mayor Forester thanked the Signal Hill Police Officers Association for their letter to Senator Lowenthal and Council Member Noll thanked the City Manager for the time and work putting the staff reports together.

Council Member Wilson asked about the Recognized Obligation Payment Schedule. City Manager and Finance Director explained said schedule.

Council Member Noll left Council Chamber at 7:40 p.m. and returned at 7:41 p.m.

Carol Churchill, Signal Hill resident read a letter to Council on behalf of Signal Hill Community First (attached).

Maria Harris, Signal Hill resident read a letter to Council on behalf of Signal Hill Community First (attached).

Bob Mendoza, Signal Hill resident read a statement to Council (attached).

Nancy Sciortino, Signal Hill resident asked Council about a plan if the enforceable liabilities are not approved by the State.

Richard Harris, Signal Hill resident read a statement regarding the Redevelopment Agencies.

City Treasurer commented on the issues of redevelopment agencies, the State of California and the City Council.

City Manager clarified a point in Mr. Mendoza's statement regarding in-car cameras.

City Attorney commented on some of the statements made earlier by several residents and explained the loss of the Redevelopment Agency and the importance of the Oversight Committee and offered clarification on several matters. City Manager added to the City Attorney's comments that AB1X 26 doesn't include a wind down schedule.

City Council commented on the elimination of redevelopment agencies, creating a successor agency, and statements made earlier by residents.

It was moved by COUNCIL MEMBER WARD and seconded by VICE MAYOR HANSEN to formally acknowledge the City Council of the City of Signal Hill as the Successor Agency under AB1X 26.

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

ABSTAIN:      NONE

It was moved by COUNCIL MEMBER WARD and seconded by VICE MAYOR HANSEN to waive further reading and adopt Resolution No. 2012-01-5929 determining that the City of Signal Hill elects to, and shall retain the housing assets and functions of the dissolved Signal Hill Redevelopment Agency pursuant to California Health and Safety Code Section 34176 and hereby transfer such housing functions and assets to the Signal Hill Housing Authority.

City Attorney read the title of Resolution No. 2012-01-5929:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, DETERMINING THAT THE CITY OF SIGNAL HILL ELECTS TO, AND SHALL RETAIN THE HOUSING ASSETS AND FUNCTIONS OF THE DISSOLVED SIGNAL HILL REDEVELOPMENT AGENCY PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE § 34176 AND HEREBY TRANSFER SUCH HOUSING FUNCTIONS AND ASSETS TO THE SIGNAL HILL HOUSING AUTHORITY

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

ABSTAIN:      NONE

It was moved by MEMBER NOLL and seconded by MEMBER WARD to waive further reading and adopt Resolution No. 2012-01-14 accepting from the City the retained housing assets and functions of the dissolved Signal Hill Redevelopment Agency.

Authority Counsel read the title of Resolution No. 2012-01-14:

A RESOLUTION OF THE SIGNAL HILL HOUSING AUTHORITY OF THE CITY OF SIGNAL HILL, CALIFORNIA, ACCEPTING FROM THE CITY THE RETAINED HOUSING ASSETS AND FUNCTIONS OF THE DISSOLVED SIGNAL HILL REDEVELOPMENT AGENCY

The following vote resulted:

AYES: CHAIR FORESTER  
VICE CHAIR HANSEN  
MEMBER NOLL  
MEMBER WARD  
MEMBER WILSON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

CHAIR FORESTER RECESSED THE HOUSING AUTHORITY.

It was moved by MEMBER HANSEN and seconded by MEMBER WILSON to waive further reading and adopt Resolution No. 2012-01-469 amending and updating its Enforceable Obligation Payment Schedule (EOPS) and adopting a Preliminary Draft Recognized Obligation Payment Schedule (PDROPS) pursuant to Health and Safety Code Section 34176 and transmitting the draft PDROPS to the Successor Agency.

Agency Counsel read the title of Resolution No. 2012-01-469:

A RESOLUTION OF THE SIGNAL HILL REDEVELOPMENT AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA AMENDING AND UPDATING ITS ENFORCEABLE OBLIGATION PAYMENT SCHEDULE (EOPS) AND ADOPTING A PRELIMINARY DRAFT RECOGNIZED OBLIGATION PAYMENT SCHEDULE (PDROPS) PURSUANT TO HEALTH AND SAFETY CODE § 34176 AND TRANSMITTING THE DRAFT PDROPS TO THE SUCCESSOR AGENCY

The following vote resulted:

AYES: CHAIR NOLL  
VICE CHAIR WARD  
MEMBER FORESTER  
MEMBER HANSEN  
MEMBER WILSON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

CHAIR NOLL RECESSED THE REDEVELOPMENT AGENCY

b. Resolution Approving a Memorandum of Understanding with the Signal Hill Employees' Association

City Manager introduced the Deputy City Manager who presented the staff report.

City Council thanked the Deputy City Manager, Assistant to the City Manager, Personnel, and the Signal Hill Employees' Association for negotiating a successor Memorandum of Understanding.

It was moved by COUNCIL MEMBER WARD and seconded by COUNCIL MEMBER NOLL to waive further reading and adopt Resolution No. 2012-01-5930 amending Resolution No. 2009-01-5737 approving a Memorandum of Understanding pursuant to the California Meyers-Milius-Brown Act by and between the City of Signal Hill and the Signal Hill Employees' Association, and Resolution No. 2012-01-5931 amending Resolution No. 2010-04-5811 specifying the City's contribution towards the required normal member contribution for the 2%@55 and the 2%@60 retirement formulas provided by the California Public Employees' Retirement System.

City Attorney read the title of Resolution No. 2012-01-5930:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, AMENDING RESOLUTION NO. 2009-01-5737, APPROVING A MEMORANDUM OF UNDERSTANDING PURSUANT TO THE CALIFORNIA MEYERS-MILIUS-BROWN ACT BY AND BETWEEN THE CITY OF SIGNAL HILL AND THE SIGNAL HILL EMPLOYEES' ASSOCIATION

City Attorney read the title of Resolution No. 2012-01-5931:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA AMENDING RESOLUTION NO. 2010-04-5811 SPECIFYING THE CITY'S CONTRIBUTION TOWARDS THE REQUIRED NORMAL MEMBER CONTRIBUTION FOR THE 2% @ 55 AND THE 2% @ 60 RETIREMENT FORMULAS PROVIDED BY THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

ABSTAIN:      NONE

### CONSENT CALENDAR

- a. Adoption of a Resolution Specifying the City's Contribution to the 3%@50 and the 3%@55 Retirement Formulas Through the California Public Employees' Retirement System

Summary: The City Council will consider a resolution establishing the various contribution rates for management and non-management public safety employees to help fund their 3%@50 or 3%@55 California Public Employees' Retirement System (CalPERS) retirement formula.

Recommendation: Waive further reading and Resolution No. 2012-01-5932 amending Resolution No. 2011-09-5910, specifying the City's contribution towards the required normal member contribution for the 3% @ 50 and the 3% @ 55 retirement formulas provided by the California Public Employees' Retirement System.

- a. Schedule of Investments

Summary: The Schedule of Investments is a listing of all surplus funds invested for both the City and the Redevelopment Agency as of the date shown on the report.

Recommendation: Receive and file.

b. Warrant Register Dated January 17, 2012

Summary: The Warrant Register is a listing of all general checks issued since the prior warrant register and warrants to be released upon City Council approval.

Recommendation: Authorize payment of Warrant Register dated January 17, 2012.

c. Minutes of the Following Meeting(s)

Regular Meeting of the City Council, January 3, 2012.

Recommendation: Approve.

It was moved by MEMBER WILSON and seconded by VICE MAYOR HANSEN to approve the Consent Calendar.

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

ABSTAIN:      NONE

### **COUNCIL AGENDA--NEW BUSINESS**

Council Member Ward announced Signal Hill Historical Society Casino Night on Saturday, February 18<sup>th</sup> from 6:30 p.m. – 10:30 p.m. at the Signal Hill Community Center. Please call (562) 544-6003 for additional information.

Council Member Wilson announced his participation in the Martin Luther King parade on Saturday, January 14<sup>th</sup> and thanked Dee Andrews and staff for a great event. Council Member Wilson thanked Mercedes Salinas, Signal Hill Police Volunteer for driving and Hooman Nissan for the use of the automobile for the event.

Vice Mayor Hansen thanked the staff at Prisk Elementary School for doing such a great job with limited resources.

Mayor Forester announced he participated in the Martin Luther King parade and thanked the city of Long Beach for the event.

## ADJOURNMENT

It was moved by VICE MAYOR HANSEN and seconded by COUNCIL MEMBER WARD to adjourn tonight's meeting to the next regular meeting to be held on Tuesday, February 7, 2011 at 7:00 p.m. in the Council Chamber of City Hall, 2175 Cherry Avenue, Signal Hill, CA 90755.

The following vote resulted:

AYES:      MAYOR FORESTER  
                 VICE MAYOR HANSEN  
                 COUNCIL MEMBER NOLL  
                 COUNCIL MEMBER WARD  
                 COUNCIL MEMBER WILSON

NOES:      NONE

ABSENT:      NONE

ABSTAIN:      NONE

MAYOR FORESTER adjourned the meeting at 9:15 p.m.

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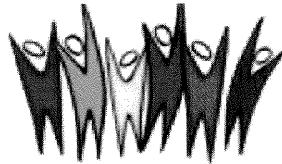
Larry Forester  
Mayor

Attest:

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Kathleen L. Pacheco  
City Clerk

## SIGNAL HILL COMMUNITY FIRST



Working Together to Put the Interests of the Community First

January 17, 2012

Signal Hill City Council  
2100 Cherry Avenue  
Signal Hill, CA 90755

### **Regarding Assumption of Redevelopment Functions by the City of Signal Hill**

Members of the City Council and Residents of Signal Hill

**The issue to be decided is whether the City of Signal Hill should assume redevelopment functions light of the legislative declaration that all redevelopment agencies are to be eliminated?**

**Signal Hill Community First** strongly recommends the City decline to become the Successor Agency to the RDA for the following reasons:

- \* The 30% decline in sales tax revenues since 2008, and the City's deficit spending in the general fund of at least \$1 Million last year and \$3 Million the year before.
- \* The net deficit of the Redevelopment Agency in the amount of \$60,700,000 and the liability of the City to pay for costs in excess of those allowed under law to wind down the RDA; and
- \* The liabilities arising from audits by the County and State.

Staff is recommending the City assume responsibility for winding down the Redevelopment Agency. **The staff report leaves out several significant facts that are important to the residents as they speak to the potential for new taxes and fees.**

**First:** the Oversight Board will be controlled by the counties and school which will be more than reluctant to allow excessive expenditures by the Successor Agency. The City will only have one voice on the Oversight Board, and will be sitting across the table negotiating, probably for the first time, at arm's lengths, to shift funds away from the County and State to the City. The City's negotiation position is weak.

The City will be trying to get the Oversight Board to approve its Schedule of Obligations. This Schedule contains large "obligations" apparently created in anticipation of the dissolution of the Redevelopment Agency that will be questioned not only by the Oversight Board, but by Signal Hill Community First, the County and State oversight agencies.

**Second:** The Successor Agency will not get tax increment. **The tax increment funds required to pay Redevelopment Agency debt and other obligations will be placed in a trust fund managed by the Oversight Board**, not the Successor Agency, and the rest will be distributed to taxing agencies as regular property tax.

**Third.** The Oversight Board, not the Successor Agency, is charged with disposing of Redevelopment Agency assets. So the Successor Agency may suggest liquidation options, but it is the Oversight Board controlled by the Counties and Schools that will have to approve those proposals. As it stands now, the Obligation Schedule attempts to secure funding that supposes a seven-year winding-down process, which seeks to maintain staffing costs and overhead expenses formerly payable by the Redevelopment Agency. Common sense dictates that the Schools and County are not going to look favorably toward allowing Signal Hill to maintain its staff and expenses in a delayed process of winding down.

**Fourth.** The State Controller and the Department of Finance oversee the Oversight Board, and the Obligation Repayment Schedule has to be approved **not only** by the Oversight Board but also the Department of Finance and State Controller. This means a lot of people will be questioning the amounts and necessity of the Obligations allegedly due. In addition, these expenditures are subject to audit and repayment.

**Fifth:** The Successor Agency has obligations to perform and is only given limited administration fees to accomplish those goals.

The law requires the Successor Agency to, among other things, dispose of assets and properties of the former Redevelopment Agency as directed by the Oversight Board, and to **EXPEDITIOUSLY WIND DOWN** the affairs of the Redevelopment Agency.

The law further provides that if the bond purpose cannot be achieved, then proceeds are to be used to pay off the bonds. **There is nothing in the law that allows the Successor Agency to enter into new contracts to construct new projects.**

The Successor Agency is required to prepare a budget and cost estimates every six months and obtain the approval of the Oversight Board for the expenditures.

**The law states that the sole purpose of the Successor Agency is to wind up the operation of the Redevelopment Agency.**

In addition to the legal restrictions on what can be done and what must be accomplished, the public should know that the City staff has prepared an Obligation Schedule with questionable entries, including \$3.5 Million in future staffing salaries and more than \$800,000 for future legal fees.

In addition the Obligation Schedule demonstrates that the Staff contemplates winding down the Redevelopment Agency over a 6-7 year period of time, not expeditiously, as required by law.

The public should know that in addition to the future staff salaries and overhead expenses and legal fees, the **Obligation Schedule** includes other questionable entries, such as:

1. **A CarMax** deposit and acquisition costs of \$6 Million plus more than \$600,000 in clean up and acquisition fees where CarMax has indicated their intent not to proceed with the project.
2. **Library bonding costs** - A \$7.5 Million bond to construct a new Library, notwithstanding the fact that the City consultant estimated operating costs for the facility to be \$500,000 a year, and approximately 50% of the proposed space is for non-library purposes, such as a balcony where weddings can be held.
3. **Low and Moderate Income Housing Projects** obligation of \$8.2 Million, notwithstanding the fact that the staff report indicates that no projects are contemplated.
4. **Financial Assistance to Delius Restaurant** of \$200,000 from redevelopment funds which can easily be shown to be a "gift of public funds" in violation of state law.

5. **A loan from City to Redevelopment Agency at 10%**  
interest rate loan which exceeds market rate interest rates, shifting state funds to the City's general funds to allow the City to cover the excess expenditures over its income. The Governor has declared that such loans are void and violate law, and the staff has recognized that it will have to reimburse the Redevelopment Agency for the excessive expenditures.

The public should be told that the City's audited financial reports demonstrate that the City is in no financial position to take on the added costs attributable to the winding down of the RDA.

The audited financial report for the period ending June 30, 2010 shows general property tax revenues of only \$1,016,712, notwithstanding all the new residential development.

The same audited financial report shows that the Redevelopment Agency had General Governmental Expenses more than \$7.3 Million and Community Development expenses more than \$4 Million.

These two facts demonstrate that the property tax revenues of \$1 Million are insufficient to cover the costs associated with maintaining RDA functions as a Successor Agency. That means either the City has to lay off Redevelopment Agency staff and cut salaries of existing employees substantially, or it will have to generate new revenue sources from fees and taxes or cuts in service.

The Law dissolving the Redevelopment Agency states that the "administrative cost allowance" allocable to the Successor Agency is no more than 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year and no more than 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Schedule.

Where general property tax revenues remain at their current level of approximately \$1 Million a year, then 5% would provide only \$50,000 in allowable administrative costs. In addition, the 3% limitation on predicted property taxes on the Obligation Schedule constitute only \$411,000, for a total of approximately \$500,000, far less than the existing Redevelopment Agency staffing and overhead expenses.

The only logical conclusion is that by becoming the Successor Agency, the City is taking on massive obligations that are not provided for by the allowable administrative costs, and are not covered by the Cities

current revenues. The City is thus naively relying on a bloated Obligation Schedule to convince the Oversight Board that additional funds should be transferred to the City.

If the City becomes the Successor Agency and takes on redevelopment obligations, it is shifting that financial burden to the residents of this community to fund those costs with cuts in service or new fees and taxes.

This City Council recently encouraged residents to pass a Utility User Tax, and saw it handily defeated.

The fact that the staff lists an obligation on a schedule does not mean the Oversight Board will transfer funds to the City to pay those Obligations, especially if those obligations and transfers of Agency Assets to the City were transactions made in anticipation of the loss of Redevelopment Agency income and not as a result of an actual contractual obligation. The City should recognize that as the Successor Agency, it does not have the final word on what are Recognized Obligations and what funds the City will receive.

Signal Hill Community First can make a strong argument that the Recognized Obligations list is bloated with excess obligations that were structured preemptively of the dissolution of the Redevelopment Agency, and are not legitimate debts. The public should realize that there is a high probability that the Oversight Board, the State Controller, the County Auditor and the State Finance Department will likewise question these bloated Obligations and the projected delays in winding down the Redevelopment Agency.

According to the legislation, if an audit by the County or State finds the Successor Agency has overstated its Obligation Schedule, the City will be required to pay back excess payments.

The current audited financial statement of the Redevelopment Agency shows that on March 4, 2011, the Agency gave away over \$11 Million of land and improvements held for resale to the City. This transfer is questionable for one reason alone, that the members of the Redevelopment Agency and City Council are identical.

Now that members of the Redevelopment Agency have given away sales tax revenues and spent the property tax increment for developer subsidies that failed to produce revenue, as well as resulted in overbuilding of residential property that saturates the market and further reduces the value of existing units, resulting in more declines in general property tax revenues to the City, the City Council, who made these decisions, is confronted with the reality of having to IMMEDIATELY cut

Redevelopment Agency staff and roll back salaries of existing City employees who receive substantial portions of their salaries from the now defunct Redevelopment Agency. The City Council should stop passing the blame off to the State and the "Great Depression". It is time the City Council step up and accept responsibility for their poor long-term planning.

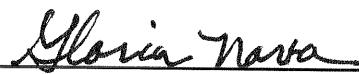
Choosing to become the Successor Agency will subject the wind down process to review by the Oversight Board, the State Controller and State Finance Department, and County Auditor. Residents will be watching closely and communicating their concerns to those agencies to assure the Successor Agency does not provide misleading information or impose new costs or cut services to residents because the City Council is unwilling to make the financial cuts dictated.

Other cities have recognized the potential liability involved in winding down their redevelopment agency. SIGNAL HILL COMMUNITY FIRST takes the position that the City Council should seriously consider declining to serve as Successor Agency and act to protect the interests of the residents of the community.

Respectfully submitted



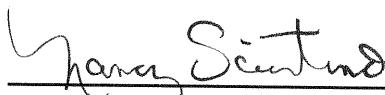
Carol Churchill, attorney and former Signal Hill Mayor



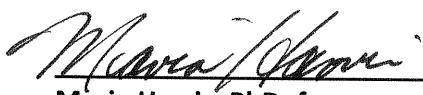
Gloria Nava, former administrative secretary, and long-term resident



Louis Dare, former Mayor and small business owners, and long-term resident



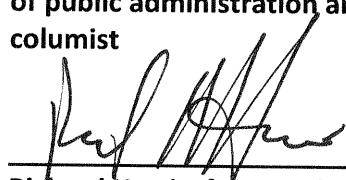
Nancy Sciotino, account manager and Central Committee member



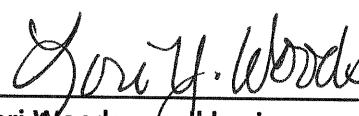
Maria Harris, PhD, former professor of public administration and newspaper columnist



Matt Simmons, current local business owner and former Council candidate



Richard Harris, former Planning Commission chair and county budget director



Lori Woods, small business owner and mother of four



Bob Mendoza, current small business owner and former Council candidate

# Signal Hill Community First

*Working to Put the Interests of the Community First*

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January 17, 2012

Signal Hill City Council  
City of Signal Hill  
Signal Hill, CA 90755

Honorable Council Members:

The Feb. 1, 2012 dissolution of the Signal Hill Community Redevelopment Agency (CRA) presents a very serious challenge to the City and the community it serves. City decisions made now have immediate and future fiscal impacts that reduce the City's ability to sustain the quality and effectiveness of current public services.

A June 2010 audit of City and CRA finances show revenues were less than expenses resulting in deficits for both entities. The City's current budget also projects a deficit. In spite of the more positive changes in the local economy, the rate of revenue growth is not sufficient to support the addition of greater liabilities.

Without reservation, Community First strongly encourages the City Council and City Manager to protect the City from reductions in the quality and effectiveness of current public services; and, from the necessity to adopt new fees and taxes. We also strongly urge the City Council to seriously consider declining becoming the successor agency responsible for the disposition of redevelopment assets and liabilities.

Tonight, there is before you the decision to review and approve a list (Recognized Enforceable Obligation Payment Schedule) of the CRA's debts that the City claims are legal obligations as defined by the State's dissolution legislation, AB 1X 26. If any item listed on this schedule fails to be approved by county and state-level authorities, the City will be required to accept the liability, including reimbursements to the state.

In addition, the legislative intent of AB1X 26 is to preserve CRA assets for future property tax distributions to schools, cities, counties and special districts. It is important to have a list of enforceable obligations that is prepared with this intent in mind.

Every dollar spent on any suspect Enforceable Obligation puts the City at great financial risk. On this list are several suspect items. Among them are:

1) A \$10 million loan agreement (\$10 million at 10% until 2027) the City has with the CRA. To date, approximately \$2.2 million has been paid to the City. There is a \$750,000 payment to the general fund for this fiscal year. This loan is vulnerable to claims that it violates established law.

It is a loan made between two agencies that are governed by the same officials. It is not an agreement made at arms length and has resulted in the imposition of an above market interest rate of 10%.

2) The 2011 Tax Allocation Parity Bond that was issued in March 2011 to construct the proposed new library. The project is vulnerable to claims that it violates established law. AB1X 26 requires that all enforceable obligations be reported according to the stipulations of that legislation and other governing law and public policy.

The library site is not in the redevelopment project area, the site is not blighted land or adjacent to blight, and, claims that benefits will flow to the redevelopment area because the project removes blight are suspect. In addition, no contract for construction has been approved, leaving whole almost the entire bond proceed sum. AB1X 26 allows the use of bond proceeds to pay bondholders if the purpose is no longer achievable.

3) The Cooperative Agreements between the City and redevelopment agency for staff salaries and benefits. Funding sources for these obligations are identified as the AB1X 26 administrative allowance for the successor agency and the redevelopment Low and Moderate Affordable Housing fund. But, the housing funds are not available to pay for these obligations once the redevelopment agency is dissolved. To state that such funds are available is unwarranted.

There is state legislation offered to remedy the lack of housing funds and other ideas. But, there is no agreement in the Legislature on this or other suggestions. The Governor remains adamant that redevelopment agencies be dissolved. He remains adamant that education is a funding priority.

4) The costs to support the activities of the Successor Agency are suspect. These items are related to the cost to wind-down redevelopment obligations. The Enforceable Obligations list includes projections of these liabilities for several years into the future in spite of the mandate to expeditiously divest the assets and liabilities of the former redevelopment agency.

For the current fiscal year, these costs reach \$3.5 million. Among these items are costs for services and activities such as land appraisals, legal services, marketing program, stipend for meeting reimbursements and others. There could be a cost savings to the city of \$3.5 million if it declines to become the Successor Agency and would eliminate escalating fiscal pressures on the City's general fund.

The way the Council and City Manager deal with this issue will determine if the community will continue to enjoy the current quality and effectiveness of our public services. Issues like these are complicated. But, with a clear priority to protect the City and the community, these issues become easier to manage.

For this reason, Community First asks the Council and City Manager to establish a strong policy to protect the City from accepting any liabilities resulting from the redevelopment agency dissolution. We also ask you to adopt a strong policy to reject establishing new fees and taxes as revenue sources in order to accept dissolution liabilities now or in the near future.

We also strongly urge the Council to seriously consider declining becoming the successor agency.

Sincerely,

Signal Hill Community First Guidance Committee

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Carol Churchill, attorney and former Signal Hill Mayor

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Gloria Nava, former administrative secretary, and long-term resident

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Louis Dare, former Mayor and small business owners, and long-term resident

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Nancy Sciortino, account manager and Central Committee member

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Maria Harris, PhD, former professor of public administration and newspaper columnist

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Matt Simmons, current local business owner and former Council candidate

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Richard Harris, former Planning Commission chair and county budget director

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Lori Woods, small business owner and mother of four

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Bob Mendoza, current small business owner and former Council candidate

Mayor, members of the city council

As a member of Signal Hill Community First, my concern is that to compensate for the loss of the RDA, the community will see:

New Taxes

New Fees

Loss of public works

and a decrease in public safety.

On Dec. 16<sup>th</sup> Signal Hill Community First met with the city manager and staff regarding the library. As a member of the meeting I was told that the library had a \$ 1.7 million reserve fund.

However, when our police department requested the City Council for funds to update a broken “in car computer system” the budget request was denied.

Then the old system broke down, the city had to back track and give the police the funds from the “emergency reserve funds”.

The audited financial report for the city shows that the city is operating at a \$ 1 million deficit this year, and a \$ 3

million deficit last year. In other words, expenses exceed revenues by those amounts.

**I would like to know why the police department request for equipment was turned down when the city is holding over \$7.1 million that could be used for public safety**

Mr. Mayor, Members of the city council, there are many examples in the news of city, county and school library hours are being reduced and some libraries are closing completely.

### **Example (Chicago)**

**It is the position of Signal Hill Community First that the council should take no action that will result in new taxes, fees, a reduction in public works or police services as a result of the loss of revenue from the RDA and the city taking over that function**

*Bob Mendez  
1-17-12*