

**JOINT CITY COUNCIL/CRA
SPECIAL MEETING MINUTES**

January 21, 2011

Mayor Vierra called the Joint City Council and Ceres Redevelopment Agency Special Meeting to Order at 4:00 p.m. with the following in attendance:

ROLL CALL Council/Board Members Durossette, Lane, Ochoa, Mayor Vierra

CITIZEN COMMUNICATIONS – None.

1. Overview of current Redevelopment Agency projects, consideration and approval of additional Redevelopment Agency projects, commitment of funds for said projects, and adoption of all resolutions necessary for Agency approval and implementation.

Mike Lyons, City Attorney, presented the staff report to Council. Mr. Lyons stated that the Governor has proposed a budget for FY 2011/12 which, among other matters, will abolish local redevelopment agencies upon its adoption in July 2011. As proposed upon the adoption of the budget redevelopment agencies will not be allowed to conduct further business. The assets of the agencies will be redistributed by the state except those necessary to pay bond indebtedness and existing contractual obligations of the agencies.

In addition there are rumors and threats that the legislature may be asked to pass emergency legislation to immediately prohibit redevelopment agencies from taking further action that increases their debt for additional projects.

Many California cities with redevelopment agencies have elected to take measures designed to protect to the maximum extent possible the assets of their redevelopment agencies by contractually committing its agency to the financing of approved and contemplated redevelopment projects. The Mayor has advised City Staff that he wishes to have the City Council and the Agency consider the taking of such action to provide some possible protection of Agency assets in the event of adverse legislative action.

City Staff has prepared an action plan for consideration by the Council and the Agency Board. From what City staff can determine at this time the action plan is one that is being used by a number of California cities.

The Action Plan consists of the adoption and execution of a Public Improvements Grant and Cooperation Agreement for the Ceres Redevelopment Project Area. The Agreement would be between the City and its Redevelopment Agency. The Agreement would identify certain public improvement projects which will be financed with Redevelopment Agency tax increment funding. The Agreement provides that the Agency agrees to make a grant to the City of the funds necessary to complete the projects. The grant funds include existing Agency tax increment funds, except Low and Moderate Housing Funds, and also include future tax increment funds.

After the execution of the Agreement, the Agency immediately transfers the balance of tax increment funds to the City and transfers the future tax increment funds to the City within 10 days of their receipt. The City invests the funds and uses them as needed to finance the projects.

The projects are taken from that portion of the City’s current adopted Capital Improvement Program (CIP) which identifies Ceres Redevelopment Agency Capital Projects. This list is being used rather than the Redevelopment Agency’s Five Year Implementation Plan because the CIP identifies specific projects and includes an estimate of costs for each project. The Redevelopment Agency’s Five Year Implementation Plan identifies certain specific projects which are to be funded by bond proceeds but does not identify an estimated cost for the projects. Bond proceeds will be unaffected by the budget proposal. It is agency tax increment funds that are in jeopardy if the budget proposal is passed. Staff has therefore elected to use the CRA projects listed in the Capital Improvement Program.

The projects are as follows:

PROJECT NAME	COST
Advanced Traffic Management System Update	\$36,000
Business Marketing and Recruitment Package	\$75,000
Commercial Rehab Program	\$440,000
Entryway Treatments and Signage	\$600,000
General Plan Update and EIR	\$250,000
GIS System	\$67,000
Park Master Plan	\$125,000
Percolation Pond #3 Expansion	\$258,750
Public Safety Building – Covered Parking	\$62,500
River Bluff Park Reservoir	\$1,900,000
Road and Alley Improvements	\$633,000
Sewer Rehab and Replacement	\$250,000
Sidewalk Repair Program	\$65,000
Smyrna Community Park - Restroom	\$375,000
Strawberry Park Improvements	\$42,000
Wheelchair Ramps	\$50,000
WWTP Building Expansion (Design)	\$70,000
TOTAL	\$5,299,250.00

The action is necessary to protect Redevelopment Agency funds, and it is believed that the contractual agreement obligating the funds to specific projects will insulate them from acquisition by the State should redevelopment agencies be abolished as proposed by the Governor’s budget. There is of course, no guarantee that the proposed action will be sufficient to protect the Agency funds. Third party contracts which actually implement a project or portions thereof would be the most desirable form of contractual commitments, but the City does not have any proposed projects that are that far along. In short, this is the best we can do at this time. The most significant defense to the Governor’s proposal to abolish redevelopment agencies are the provisions of Props 22 and 12A, and constitutional challenges.

Council concurred with staff’s report and agreed that we needed to take whatever steps necessary to protect the Redevelopment Agency funds from a possible State take away. While other projects may present themselves in the future, these projects are already defined with an estimated cost associated with

each project that was approved by Council. Should priorities shift and Council decide to add or delete items from this list in the future, the agreement may need to be amended.

Mayor Vierra requested that an on-going line item be included with each meeting agenda to discuss any projects or other funding issues Council would like staff to further investigate as they relate to the possible use of redevelopment funds.

MOTION: Approve City Council **Resolution No. 2011-05** Approving the Execution of a Public Improvement Grant and Cooperation Agreement with the Ceres Redevelopment Agency for Certain Improvements As described in the Agency's Five Year Implementation Plan and the City's Current Capital Improvement Program Using Existing Agency Funds and Future Tax Increment Funds and Making Certain Findings Related Thereto

MOVED: It was Moved by Lane/Seconded by Ochoa

VOTE: Motion Passed Unanimously (4/0)

MOTION: Approve Redevelopment Agency **Resolution No. CRA2011-01** Approving the Execution of a Public Improvement Grant and Cooperation Agreement with the City of Ceres for Certain Improvements as Described in the Agency's Five-Year Implementation Plan and the City's Current Capital Improvement Program Using Existing Agency Funds and Future Tax Increment Funds and Making Certain Findings Related Thereto

MOVED: It was Moved by Lane/Seconded by Durossette

VOTE: Motion Passed Unanimously (4/0)

4:37 p. m There being no further business, Mayor Vierra adjourned the Special Joint Meeting of the City Council/Redevelopment Agency.

Chris Vierra, Mayor

Cindy Heidorn, CMC, City Clerk,