



Minutes

Lakewood City Council

Adjourned Regular Meeting held
January 24, 2012

MEETING WAS CALLED TO ORDER at 6:37 p.m. by Mayor Van Nostran in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

ROLL CALL: PRESENT: Mayor Larry Van Nostran
Vice Mayor Diane DuBois
Council Member Steve Croft
Council Member Todd Rogers
Council Member Jeff Wood

REDEVELOPMENT ISSUES

City Attorney Steve Skolnik provided an update to the City Council on how city attorneys around the State were working and conferring to sort out the aftermath of the California Supreme Court decision which upheld legislation to end redevelopment agencies effective February 1, 2012. He presented a brief history including the proposition passed by the voters to protect local agency funding sources and the two redevelopment bills passed as part of the State's budget process. He noted that there was still a redevelopment case pending that the City had joined into with the City of Cerritos and others, which would still be considered by the court. He characterized the case as a long-shot, but with enormous consequences if won. He reported that there were currently two pieces of legislation pending, one to extend the deadline for the end of redevelopment agencies into April, 2012, and one to preserve and funds and assets for affordable housing, neither with great odds of passing and being signed by the Governor.

He reviewed the related items on the regular agenda, noting that the City Council would have to act to become the successor agency, for non-housing purposes, to the Lakewood Redevelopment Agency. He stated that the housing assets were a completely separate category and the Council must elect to opt in. He stated that becoming the successor agency would give the City Council control over the assets, property and bonded indebtedness of the Redevelopment Agency, to ensure that obligations were met. He further stated that still in question was the \$9 million remaining in low/moderate housing funds, as well as property assets, and that if those funds were to remain available for use, the City Council should decide locally how those funds be spent and the properties developed, rather than allow them to default to some other regional agency. He also advised that the Redevelopment Agency owed the City a lot of money, in both principal and accrued interest, which would be legally wiped out, with the exception of start-up loans made within the first two years of the Agency's inception – amounted to about \$2 million. He noted that one of the proposed bills would alter the formula to 'two years from the adoption of a project area' which would be a significantly higher amount – about \$7 million. He stated that as the successor agency, the City would end up with a portion of tax increment funding necessary to pay back the Redevelopment Agency's debt, according to a schedule approved by an Oversight Board.

REDEVELOPMENT ISSUES - Continued

Responding to questions from Vice Mayor DuBois and Council Member Rogers, Administrative Services Director Diane Perkin stated that over time, the amount not recoverable by the City would total about \$30 million, \$16 million in principal.

City Manager Howard Chambers stated that due to a few well publicized abuses, many in Sacramento were oblivious or not interested in the fact that legitimate debt existed between cities and their redevelopment agencies.

Vice Mayor DuBois inquired if those assets just dropped off the City's books. Ms. Perkin confirmed that they would, but noted that although it would reduce the fund balance, it was not funding that had been counted on in order to support ongoing programs.

The City Manager stated that the hit to the City for the remainder of FY2011-12, was estimated in the range of \$200,000 to \$450,000.

Ms. Perkin responded to Council Member Rogers' question by stating that their estimate at this time, was \$2 million annually. The City Attorney advised that included the funding for low/moderate housing activities, and that if no funds were made available for housing activities, those activities could be cut.

The City Attorney also advised that the successor agency was entitled to an annual administrative budget of \$250,000, which could only be utilized for staff support.

The City Attorney advised Mayor Van Nostran that the City, as successor agency, would continue to receive property tax increment to pay for the bonded indebtedness of the Agency.

In response to a question from Vice Mayor DuBois regarding the Oversight Board, the City Attorney reviewed the proposed composition of the Board, which would include City appointees, as well as appointees from the school district, fire district, community college district, and the County Supervisor's office. He noted that the Board was slated to be in place by May 1.

In response to a question from Council Member Croft, the City Attorney stated the Oversight Board could well become a bureaucratic nightmare as there was no compensation for the members, no staff and no legal counsel.

HOUSING ELEMENT PROGRAM IMPLEMENTATION ORDINANCE

Community Development Director Sonia Southwell gave a brief presentation based on her memo in the agenda and stated that as part of the process for the State to approve the City's Housing Element of the General Plan, the State was requiring several changes to the City's development standards. She displayed slides showing the new regulations and what parts of the City would be affected. She noted that some of the new regulations, such as second units and guest houses, were already allowed in the City, pursuant to State law. The main purpose of the ordinance was to set into the Lakewood Municipal Code, specific development standards and appropriate zones for uses.

City Council Minutes

January 24, 2012

Page 3

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor Van Nostran adjourned the meeting at 7:28 p.m.

Respectfully submitted,

Denise R. Hayward, CMC

City Clerk