

City of Seal Beach



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December 19, 2012

Roy B. Baker III
Foreman
700 Civic Center Drive West
Santa Ana, CA 92701

SUBJECT: The Dissolution of Redevelopment: Where Have We Been? What lies Ahead? – Response to Findings and Recommendations

Dear Mr. Baker:

Please find enclosed the information the Grand Jury is seeking regarding the findings and recommendations report, **“The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?”**

The City has made every effort to address the questions posed, please let us know if you have any questions.

Sincerely,

Jill R. Ingram
City Manager

cc: Quinn Barrow, Seal Beach City Attorney

Response to Findings (based on matrix)

F1. As of the date of dissolution of redevelopment (February 1, 2012), all city operated redevelopment agencies, except Mission Viejo and Seal Beach, were exceeding the administrative costs limit of 5% of the tax increment distributed related to the ROPS as authorized by ABX1 26.

Response: We agree with your assessment. The City was not exceeding the administrative costs limit of 5% of the tax increment distributed related to the ROPS as authorized by ABX1 26.

F2. Of the agencies surveyed, only Costa Mesa and Santa Ana reported having a citizen involvement committee along the line of a Project Area Committee as authorized by Section 33385 of the Health and Safety Code.

Response: The only redevelopment project in the City that would have had citizen involvement was a project called the Riverfront Project which has since been completed. There are no other redevelopment projects that are ongoing.

F3. Historically, external oversight over redevelopment has been missing or ineffective in monitoring redevelopment agency compliance and performance. The newly formed oversight boards offer a potential to improve on that record by providing critical evaluation of existing projects and management of the successor agency debt.

Response: We agree that the newly formed oversight boards will offer a potential to improve compliance and performance of existing projects and management of the successor agency debt. The City is currently in compliance and the City's oversight committee which consists of members of staff, two council members, and school districts meets once a month. These meetings are open to the public and public discourse is encouraged.

Response to Recommendations (based on matrix)

R1. All successor agencies should review administrative costs to ensure compliance with the limit of five percent of the tax-increment or less as required by ABX1 26 and develop a plan to reduce those costs to three percent of the tax increment received or less in 2012-2013. If these percentages fall below \$250,000, the agencies are allowed to claim the higher amount.

Response: The City is currently in compliance with the limit of five percent of the tax increment as required by ABX1 26 and is currently discussing plans to reduce those costs to three percent of the tax increment by reducing such items as legal costs.

R2. Successor agencies and oversight boards should critically review the Recognized Obligations Payment Schedule with a view toward limiting the range of projects and obligations thereby retiring the enforceable obligation debt as quickly as possible.

Response: The agency and oversight board reviews the enforceable obligation and we are working towards retiring the debt as quickly as possible.

R4. Successor agencies and oversight boards should critically review the Recognized Obligations Payment Schedule (ROPS) to evaluate the need for debt owed to the city.

Response: The successor agency did not incur any debt except tax allocation bond a & b dating back to 1986. Also, the Department of Finance recently denied an appeal for payment of \$1,200,000 for acquisition of a sewer easement. The City will incur the debt.

R5. Successor agencies and oversight boards should critically review the Recognized Obligations Payment Schedule (ROPS) to evaluate the need for incentive payments to commercial entities.

Response: The agency and board has not provided incentive payments to commercial entities.