



County of Orange

California

August 21, 2012

Honorable Thomas J. Borris
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: The Dissolution of Redevelopment: Where Have We Been?
What Lies Ahead?

Dear Judge Borris:

Per your request, and in accordance with Penal Code 933, please find the County of Orange status update to the subject report as approved by the Board of Supervisors. The respondent is the County of Orange Board of Supervisors. If you have any questions, please contact Michelle Zink at (714) 834-7487 in the County Executive Office who will assist you or direct you to the appropriate individual.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Franz", with the initials "for R. F." written below it.

Robert J. Franz
Acting County Executive Officer

Enclosure

cc: 2012-13 Orange County Grand Jury

County Executive Office
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Third Floor
Santa Ana, California
92701-4062

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ORANGE COUNTY BOARD OF SUPERVISORS

MINUTE ORDER

August 21, 2012

Submitting Agency/Department: County Executive Office

Approve proposed response to FY 2011-12 Grand Jury Report "The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?" - All Districts

The following is action taken by the Board of Supervisors:

APPROVED AS RECOMMENDED OTHER

Unanimous (1) NGUYEN: Y (2) MOORLACH: Y (3) CAMPBELL: Y (4) NELSON: Y (5) BATES: Y
Vote Key: Y=Yes; N=No; A=Abstain; X=Excused; B.O.=Board Order

Documents accompanying this matter:

- Resolution(s)
- Ordinances(s)
- Contract(s)

Item No. 40

Special Notes:

Copies sent to:

CEO/Budget
Superior Court
Grand Jury

8/24/12



I certify that the foregoing is a true and correct copy of the Minute Order adopted by the Board of Supervisors, Orange County, State of California.
Susan Novak, Clerk of the Board

By: *[Signature]*
Deputy



AGENDA STAFF REPORT

Agenda Item

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ASR Control 12-000941

MEETING DATE: 08/21/12
LEGAL ENTITY TAKING ACTION: Board of Supervisors
BOARD OF SUPERVISORS DISTRICT(S): All Districts
SUBMITTING AGENCY/DEPARTMENT: County Executive Office (Approved)
DEPARTMENT CONTACT PERSON(S): Michelle Zink (714) 834-7487
 Margaret Cady (714) 834-3646

SUBJECT: The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?

CEO CONCUR
Concur

COUNTY COUNSEL REVIEW
N/A

CLERK OF THE BOARD
Discussion
3 Votes Board Majority

Budgeted: N/A

Current Year Cost: N/A

Annual Cost: N/A

Staffing Impact: No

of Positions:

Sole Source: N/A

Current Fiscal Year Revenue: N/A

Funding Source: N/A

Prior Board Action: N/A

RECOMMENDED ACTION(S):

1. Approve proposed response to FY 2011-12 Grand Jury Report entitled "The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?".
2. Direct the Clerk of the Board to forward this ASR with exhibits to the Presiding Judge of the Superior Court and the FY 2012-13 Orange County Grand Jury no later than September 20, 2012, 2012.

SUMMARY:

Approve proposed response to the FY 2011-12 Grand Jury Report entitled "The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?".

BACKGROUND INFORMATION:

In June 2012 the Grand Jury released a report titled "The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?". This report directed Findings and Recommendations to the County of Orange. Enclosed as Exhibit 2 is the response to these Findings and Recommendations.

FINANCIAL IMPACT:

N/A

STAFFING IMPACT:

N/A

EXHIBIT(S):

1. Grand Jury Report
2. Response to Grand Jury Report
3. Transmittal Letter

2011-2012 Grand Jury Report
The Dissolution of Redevelopment: Where Have We Been? What Lies Ahead?
County Executive Officer
Responses to Findings and Recommendations

Responses to Findings F.5 and F.6

- F.5** The Orange County Board of Supervisors has an expanded role in the management of the transition of redevelopment. They have a responsibility to make appointments to all oversight boards in the County. Ultimately, in 2016, there will be a single oversight board over all successor agencies in the County. The Board is also responsible to approve and oversee the external audit contracts to be managed by the Auditor-Controller.

Response: Agrees with finding.

The Orange County Board of Supervisors has a significant role in the dissolution of Redevelopment. By law, the Board serves as the governing body of the Successor Agency to the former Orange County Development Agency. The Board also has authority to appoint specific members to the other 24 former Redevelopment agencies in Orange County, both as the County Board of Supervisors and the governing body of County-affiliated special districts. In 2016, the multiple oversight boards will be reconfigured into a single body, again with the Board of Supervisors having appointment authority for specific members. The Board of Supervisors also has responsibility for the Housing Successor Agency as the governing body of the Orange County Housing Authority. Finally, the Board of Supervisors has responsibility for approval of the respective external audit contracts managed by the Auditor-Controller as mandated in AB 1x26.

- F.6** It is highly likely that new legislation will pass expanding the scope of the low to moderate income housing programs and ultimately a replacement program for redevelopment itself. Local governments should take a proactive approach in planning and shaping its return.

Response: Disagrees partially with the finding.

While there are at least four pieces of legislation related to Redevelopment that have been introduced in the Legislature since the Supreme Court decision on AB 1x26 in December (AB 1585, SB 986, SB 654, and AB 1484), there is no language proposing a replacement program for Redevelopment itself. It should be noted that all four pieces of legislation specifically address perceived necessary clean-up to AB 1x26 and Housing related issues. Of the four, only AB 1484 was passed by the Legislature and signed by the Governor in to law. As has been the case to this point, there has been no known organized effort or willingness on the part of the Legislature or Governor to address the concept of a replacement program for Redevelopment. Consequently, any efforts by local government are not likely to be productive.

Responses to Recommendation R.3 and R.5

- R.3** The Orange County Board of Supervisors should appoint a committee to study possible replacement programs for redevelopment and use legislative influence to help shape the next generation of redevelopment in the likely event such a program is passed by the Legislature. (See F6)

Response: *The recommendation will not be implemented because it is not warranted or is not reasonable.*

As noted in the response to Finding 6, there has been no known organized effort or willingness on the part of the Legislature or Governor to address the concept of a replacement program for Redevelopment. Consequently, any efforts by the Board of Supervisors or other local government entities toward this end are not likely to be productive at this time. Should the situation change and a draft proposal surface in the Legislature, County staff will evaluate the proposal and potential impacts at that time and present the analysis to the Board of Supervisors for consideration.

- R.5** Successor agencies and oversight boards should critically review the Recognized Obligations Payment Schedule (ROPS) to evaluate the need for incentive payments to commercial entities. (See F9)

Response: *The recommendation has been implemented.*

The Oversight Board to the Successor Agency to the former Orange County Development Agency has been diligent in performing their duties as set forth in AB 1x26. The Oversight Board critically reviewed the ROPS and the supporting documentation provided by the Successor Agency over the course of seven meetings held from March through early May of 2012. During their deliberations, two enforceable obligations presented by the Successor Agency were eliminated from the ROPS and the total obligations for another two were significantly reduced. In total, Outstanding Debt Obligations on the ROPS were reduced by over \$262 million from a base of \$680 million, representing a reduction of over 38%. It should be noted that the former Orange County Development Agency did not engage in the practice of negotiating incentive payments with commercial entities. Additionally, based upon Department of Finance responses to other unrelated Oversight Board actions, it is unclear whether the Department of Finance would recognize Oversight Board authority to approve incentive payments.