

**TOWN OF
APPLE VALLEY, CALIFORNIA
AGENDA MATTER**

Subject Item:

ADOPT RESOLUTION NO. 2010-04, APPROVING A DEFERMENT BY THE CITY OF ADELANTO OF PRIOR CONTRIBUTION AMOUNTS OTHERWISE DUE AND PAYABLE TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY.

SUMMARY STATEMENT

The Victor Valley Economic Development Authority (“VVEDA”) was formed in 1991 as a joint powers authority comprised of the County of San Bernardino, the City of Victorville, the City of Hesperia and the Town of Apple Valley. The purpose of VVEDA was to pursue economic development and redevelopment of the former George Air Force Base, now known as the Southern California Logistics Airport. In accordance therewith and pursuant to California Redevelopment Law (Health & Safety Code Section 33492.40), VVEDA set about the task of adopting a redevelopment plan which incorporated Southern California Logistics Airport and significant portions of territory within the jurisdictions of the Member Entities (the “Victor Valley Redevelopment Plan”).

The initial activities of VVEDA, including administration and the adoption of the Redevelopment Plan, were funded through equal contributions by each of the Member Entities. A mechanism was included within the Joint Powers Agreement which provided that the funding contributions of each of the Member Entities would be repaid over time from tax increment revenues attributable to each Member’s portion of the redevelopment Project Area.

In the year 2000, Adelanto decided it would be beneficial to joint VVEDA and have portions of its territory included within the VVEDA Redevelopment Project Area. The existing VVEDA Members agreed to Adelanto’s inclusion, with the provision that Adelanto would contribute to the original administration and start-up costs of VVEDA. A specific formula for Adelanto’s contribution to the original start-up costs was set up in the Joint Powers Agreement whereby Adelanto agreed that 25% of the tax increment revenues attributable to Adelanto’s portion of the VVEDA Project Area would be allocated specifically to reimburse the start-up / administrative costs of VVEDA. (continued)

Recommended Action:

That the Town Council adopt Resolution No. 2010-04, approving a deferment by the City of Adelanto of prior contribution amounts otherwise due and payable to the Victor Valley Economic Authority.

Proposed by: Mayor Allan, VVEDA Representative **Item Number** _____

T. M. Approval: _____ **Budgeted Item** Yes No N/A

To date, because of economic conditions and the current recession, Adelanto has had difficulty generating sufficient tax increment revenues within its portion of the Project Area to engage in any meaningful redevelopment activities and as such, Adelanto has requested that the VVEDA Members consent to a deferment of its obligation to commit 25% of its tax increment to fund the prior administrative and start-up costs of VVEDA. Adelanto is not looking to forgive its obligation, but instead merely to defer such obligation for a period of ten (10) years with the understanding that the VVEDA Member Entities would review such deferment after a five year period in order to determine whether it was viable. It is hoped that such deferment would enable Adelanto to engage in some meaningful redevelopment activities which then in turn would lead to the generation of tax increment revenue and thereby enhance Adelanto's repayment ability.

RESOLUTION NO. 2010-04

RESOLUTION OF THE TOWN OF APPLE VALLEY TOWN COUNCIL APPROVING THE DEFERMENT BY THE CITY OF ADELANTO OF PRIOR CONTRIBUTION AMOUNTS OTHERWISE DUE AND PAYABLE TO THE VICTOR VALLEY ECONOMIC DEVELOPMENT AUTHORITY

WHEREAS, the Town of Apple Valley, California (the "Town") is a body politic duly organized and existing under the laws and Constitution of the State of California; and

WHEREAS, the Victor Valley Economic Development Authority ("VVEDA") is a joint powers authority which was formed and operates pursuant to a certain Fourth Amended Joint Exercise of Powers Agreement dated as of June 21, 2000 (the "JPA Agreement"); and

WHEREAS, VVEDA was created in part for the purposes of causing the redevelopment of former George Air Force Base and certain areas in proximity thereto in accordance with the provisions of Health and Safety Code Section 33492.40; and

WHEREAS, the Redevelopment Plan for the Victor Valley Redevelopment Project (the "Redevelopment Plan") was duly approved and adopted by VVEDA; and

WHEREAS, the Town is one of the original Member Entities of VVEDA and previously participated in VVEDA's adoption of the Redevelopment Plan; and

WHEREAS, the City of Adelanto ("Adelanto") joined VVEDA in 2000 and as such it did not incur costs associated with the establishment of VVEDA or the adoption of the original Redevelopment Plan; and

WHEREAS, pursuant to the terms of the JPA Agreement, the Member Entities had previously agreed to contribute an amount of tax increment otherwise attributable to their portion of the Redevelopment Project Area subject to the Redevelopment Plan to fund the start-up and administration costs of VVEDA and the costs of causing the adoption of the Redevelopment Plan; and

WHEREAS, pursuant to Section 34 of the JPA Agreement, Adelanto agreed that it would contribute to the original start-up and Redevelopment Plan adoption costs of VVEDA since it was benefitting from the prior efforts of the original VVEDA Members and therefore Adelanto agreed to allocate an amount equal to twenty-five percent (25%) of its non-housing tax increment to fund its Prior Contribution obligation as such term is defined in the JPA Agreement; and

WHEREAS, because of economic conditions beyond the control of Adelanto, Adelanto has requested that the VVEDA Members consent to a deferment of

Adelanto's twenty-five percent (25%) Prior Contribution obligation as set forth in Section 34 of the JPA Agreement, for a period not to exceed ten (10) years, with the understanding that such deferment and the impacts of such deferment will be reviewed by the VVEDA Commission within five (5) years of the date hereof; and

WHEREAS, the Town Council at this time deems it desirable to approve the terms of Adelanto's Prior Contribution Deferment as more fully described in this Resolution.

NOW, THEREFORE, BE IT RESOLVES:

Section 1. RECITALS

The foregoing Recitals are true and correct, and are incorporated herein by this reference.

Section 2. PRIOR CONTRIBUTION DEFERMENT

The Town of Apple Valley hereby acknowledges Adelanto's Prior Contribution obligation under Section 34 of the JPA Agreement and agrees that such obligation shall be deferred for a period of ten (10) years from the date hereof; provided, however, that such obligation shall be reviewed by the VVEDA Commission after the expiration of five (5) years of the date hereof in order to review the economic impacts thereof and the viability of continuing such deferment.

Section 3. EFFECTIVE DATE

This Resolution shall take effect immediately upon adoption by the Town Council.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Town of Apple Valley, California, this 26 day of January 2010.

MAYOR

LA VONDA PEARSON
TOWN CLERK