

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

**Subject Item:**

**ADOPT RESOLUTION NO. 2010-34, 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. 2010-34, 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. 2010-34**

**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**, 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**, 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**, in connection with becoming a Member of VVEDA, Adelanto agreed that it would pay its proportionate share (i.e., one-fifth) of the VVEDA Start-Up Costs, with the understanding that such amounts, when paid by Adelanto, would then be allocated back to the Original Members on a pro rata basis; and

**WHEREAS**, the total amount of the original Members' Prior Contributions equaled \$5,548,431.50 (the "VVEDA Start-Up Costs") as shown on Exhibit "A" attached hereto and incorporated herein by this reference; and

**WHEREAS**, in order to meet its obligation to pay its fair share of the VVEDA Start-Up Costs, Adelanto agreed, pursuant to Section 34 of the JPA Agreement, to a formula whereby it would allocate an amount equal to twenty-five percent (25%) of its non-housing tax increment to fund its proportionate share of the VVEDA Start-Up Costs; 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 obligation to fund its pro rata share of the VVEDA Start-Up Costs under the formula 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 RESOLVED:**

**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 obligation to fund its pro rata share of the VVEDA Start-Up Costs pursuant to the formula set forth in Section 34 of the JPA Agreement and agrees that Adelanto's remaining obligation to complete its Prior Contribution 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 27 day of July 2010.

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MAYOR

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LA VONDA PEARSON  
TOWN CLERK

**EXHIBIT "A"**  
**Summary of Cash Contributions**

Amount reported by VVEDA member agencies

<u>Period</u>	<u>Apple Valley</u>	<u>Hesperia</u>	<u>Victorville</u>	<u>SB County</u>	<u>Total By Year</u>
Pre 9/11/89				39,903.00	\$39,903.00
09/11/89 - 6/30/90	0.00	50,000.00	50,000.00	6,212.25	\$106,212.25
FY ended 6/30/91	103,543.00	60,314.00	80,313.93	(29,864.48)	\$234,306.45
FY ended 6/30/92	134,695.00	122,224.00	107,824.00	563,005.26	\$927,848.26
FY ended 6/30/93	191,771.00	296,345.00	501,998.89	(42,603.34)	\$947,311.35
FY ended 6/30/94	362,964.00	239,979.00	239,978.00	217,055.41	\$1,059,986.41
FY ended 6/30/95	0.00	0.00	1,962,164.59 **	112,633.19	\$2,074,797.78
FY ended 6/30/96	0.00	0.00	158,088.00 *	0.00	\$158,088.00
<b>Total By Agency</b>	<b>\$792,973.00</b>	<b>\$788,862.00</b>	<b>\$3,100,445.21</b>	<b>\$866,151.26</b>	<b>\$5,548,431.50</b>

\* Litigation expenditures paid by Victorville.

\*\* This figure has been adjusted to remove SBCO. vs Adelanto ROA costs. The suit was subsidized by Victorville in the amount of \$1,174,000 of which \$971,405.41 was previously included in the \$3,091,836 total.