Judy Holwell

From: Hilary Baird [hbaird@cacities.org]
Sent: Wednesday, January 12, 2011 4:29 PM
Subject: URGENT: Budget Call to Action: Requesting "Signatures" from ElectedOfficials
Importance: High
Attachments: SignOnLetterJan2011.pdf; JanBdgtTlkPts.pdf; JanuaryBudgPrsRlse.pdf

URGENT CALL TO ACTION

We are collecting signatures from elected officials for a letter to the Governor and Legislators to OPPOSE the proposal to eliminate redevelopment.

As you are now aware, Governor Brown has presented what is being called one of the toughest state budget proposals in history. Many people are amazed that the budget includes a proposal that violates the will of the voters who supported Prop 22 in last November's election. The constitutional amendment passed overwhelmingly with 61% of the vote. The ballot summary included this statement from then-Attorney General Jerry Brown, "Prohibits the state from borrowing or taking funds used for transportation, redevelopment or local government projects and services." Yet Governor Brown's proposal virtually eliminated redevelopment agencies which were constitutionally protected by Prop 22. The proposal also eliminates enterprise zones. Together, redevelopment and enterprise zones are the states biggest job creation tools!

The League is ready and willing to fight this proposal as city officials throughout the state have already reacted with outrage that the state is once again seeking to take funding from local governments. The proposal violates the will of California voters, is unconstitutional, and takes California in the wrong direction economically. I have attached talking points and a press release from the League on this issue to provide you with more information.

As a first step, we want to send a letter to the Governor and the Legislature on behalf of elected city officials throughout the state, expressing their opposition to this proposal. We would like every elected city official to agree to add their name to the letter as opposed to this proposal. If you are willing to add your name to the letter **(attached for your review)** please follow the steps below. At this time we are collecting signatures just from elected city officials but will probably be doing more outreach in the future.

To Add Your Name to the Letter Opposing Elimination of Redevelopment

1. **Review the attached document "SignOnLetterJan2011"**
2. **Email me hbaird@cacities.org to tell me we may use your name (please include your title and city)**
3. **Please share this email with all elected officials in your City!**
4. **Be ready for additional steps as we try to fight this proposal!**

Hilary Baird
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To restore and protect local control for cities through education and advocacy in order to enhance the quality of life for all Californians.

LEAGUE OF CALIFORNIA CITIES

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Honorable Jerry Brown
Governor, State of California
California State Senators
California State Assembly Members
State Capitol
Sacramento, CA 95814

January 12, 2011

Dear Governor Brown and California State Legislators:

RE: Eliminating redevelopment is wrong decision in this economy and fails to offer a real solution for the state budget

As elected city officials in the State of California, we fully understand that the State's massive budget deficit will require sacrifice by all Californians. We stand ready to work with the Administration and the Legislature to pass an honest budget that finally puts California on the road to fiscal health. However, it is important to ensure that no decisions are made in the frenzy of the upcoming budget deliberations that will make our financial problems worse.

Unfortunately, the Administration's proposal to abolish redevelopment represents more of the same State raids of local funds that voters have fought to prevent, and it will jeopardize the State's prospects for an economic recovery.

The Governor's proposal to eliminate redevelopment agencies is wrong because it:

- Will not provide expected budget relief to the State or local governments after bond and contractual obligations are repaid;
- Will destroy billions of dollars in local economic activity and hundreds of thousands of jobs;
- Will kill the State's only meaningful programs to provide affordable housing; and
- Will block our efforts in California to grow responsibly by focusing on urban and infill development.

The proposal will not provide budget savings to the State or local governments, and represents continued State raids of local funds the voters have acted to prevent.

Over the last 10 years, the State has adopted too many budgets based on proposals that are at best questionable and in some cases illegal. The proposal to eliminate redevelopment agencies is just another in a long string of proposals that will not deliver the real dollars needed to close the budget gap and put the State's fiscal house in order.

The measure is completely contrary to Proposition 22, which passed by 61 percent in November 2010, to protect local government revenues from grabs by the State. The provisions of Prop. 22 clearly prohibit the redevelopment proposal as it appears in the governor's budget.

Second, redevelopment agencies issue bonds to finance redevelopment activities, which must be repaid with interest. Redevelopment agencies currently hold more than $20 billion in bonded indebtedness. Under the federal and state constitutions, these contractual obligations must be met before revenues could be used under the Governor's proposal to benefit the state's budget deficit.

The bottom line is that this is not a "real" budget proposal. It is a proposal that will once again fall far short of expectations.

The proposal will kill jobs and economic expansion at the worst possible time.

Eliminating redevelopment will have a direct and lasting negative impact on the California economy and job creation.

- Redevelopment activities support an average of 304,000 full- and part-time private sector jobs in a typical year, including 170,600 construction jobs;
- Redevelopment contributes over $40 billion annually to California's economy in the generation of goods and services;
- Redevelopment construction activities generate $2 billion in state and local taxes in a typical year; and
- The success stories of redevelopment are all over California and available for all to see. The downtown areas of San Diego, Pasadena, Los Angeles and San Jose stand as outstanding examples of saving blighted neighborhoods and turning them into hubs of economic activity and job creation.

The proposal is bad for the environment, bad for our state.

Eliminating redevelopment will take away the primary tool local governments have to comply with the requirements of State law to plan for more compact urban development supported by improved public transportation opportunities. Redevelopment encourages infill development rather than Greenfield development and redevelopment agencies have the experience and tools needed to help implement AB 32 and SB 375.
Redevelopment is also the second largest funder of affordable homes after the federal government. More than 98,000 units of affordable housing have been constructed or rehabilitated through redevelopment since 1993.

As local officials, we stand ready to assist you in the passage of a responsible budget. However, this proposal runs completely contrary to the Governor and Legislature's stated goals of realigning state services to provide more responsibility and funding locally. We strongly urge you to reject this measure and refocus on proposals that offer real solutions to California's budget problems.

Sincerely,

LEAGUE OF CALIFORNIA CITIES

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January Budget Talking Points

- City officials encourage Gov. Brown to carefully consider the constitutional and economic implications of enacting the budget he proposed on Monday.

- City officials are outraged by the Governor's budget proposal to eliminate redevelopment agencies. The proposal violates the will of California voters, is unconstitutional, and takes California in the wrong direction economically.

- Californians have repeatedly voted to make sure that local funds remain local. In November the voters approved Proposition. 22, once again confirming they want those funds to pay for services and programs in their communities. *(61% of voters supported Prop. 22, a constitutional amendment that "Prohibits the state from borrowing or taking funds used for transportation, redevelopment or local government projects and services.")*

- Redevelopment and enterprise zones are the state's biggest job creation. They revitalize depressed areas, spur job growth and taxes, and promote the kind of infill development encouraged by recent state policies. *(Redevelopment is California's single biggest job creation program.)*

- Redevelopment and enterprise zones fundamentally boost the economy and benefit the hardest hit areas of our state.

- According to the California Redevelopment Association and the State Building and Construction Trades Council of California, AFL-CIO, if Gov. Brown's budget is adopted it will:
  - It will kill 300,000 jobs a year provided by redevelopment projects, most of them construction jobs;
  - It will encourage sprawl development and increase greenhouse gas emissions in the future and limit the construction of affordable housing; and
  - It will deprive the state and local agencies of $2 billion in new revenues from these projects.

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Jan. 11, 2011

Contact: Eva Spiegel, (916) 658-8228
Cell: (530) 400-9068

FOR IMMEDIATE RELEASE

City Officials Vow to Fight Governor's Plan to Eliminate Redevelopment and Take Local Funding

Proposed Budget Violates Recently-Approved Constitutional Amendment in Proposition 22

Yesterday, Gov. Jerry Brown delivered one of the toughest state budget proposals in history — one that contains many proposals worth serious consideration. Amazingly, however, it included a proposal that violates the will of the voters who supported Prop. 22 in the November election. The constitutional amendment passed overwhelmingly by 61 percent of the vote. Then-Attorney General Jerry Brown's ballot summary stated that Prop. 22: *"Prohibits the state from borrowing or taking funds used for transportation, redevelopment or local government projects and services."*

City officials reacted with outrage that the state is once again seeking to take funding from local governments.

Prop. 22 was designed to prevent "state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending or otherwise taking or interfering with tax revenues dedicated ..." to vital local programs and services.

The measure specifically prohibits the state from requiring a community redevelopment agency to remit property tax to or for the benefit of the state or any other jurisdiction *directly or indirectly.* Prop. 22 states clearly that it shall be liberally construed to effectuate its purpose of prohibiting the state from taking or borrowing these revenues. The proposal raises other constitutional issues as well.

The League requests this proposal be further vetted on constititutional grounds and encourages the Governor and legislators to reflect on what the voters have repeatedly communicated at the ballot box on the importance of protecting local government funding.

From a policy standpoint, such a radical proposal also makes no sense. While other states, and even the federal government, are working to stabilize and revitalize our economy, California — with an unemployment rate of more than 12 percent, a monstrous infrastructure deficit, and recently passed policies championing more infill development — is moving in the opposite direction.

Redevelopment, which has been around since the 1950s, is a tool for building things. It builds and improves communities, spurs job growth and taxes and is the most significant provider of infrastructure, urban development and affordable housing in the state. Enterprise zones are one of the few economic development tools that local agencies have to bring jobs to depressed areas.

The California Redevelopment Association and the State Building and Construction Trades Council of California, AFL-CIO have issued statements yesterday identifying redevelopment's contributions to the state, and the losses that will result should the Governor's proposed budget be adopted:

- More -

- It will kill 300,000 jobs a year provided by redevelopment projects, most of them construction jobs;
- It will encourage sprawl development and increase greenhouse gas emissions in the future and limit the construction of affordable housing; and
- It will deprive the state and local agencies of $2 billion in new revenues from these projects.

League President Jim Ridenour, mayor of Modesto, closed with these comments: "Last week the League's officers had the pleasure of meeting with Gov. Brown, and we pledged to work with him to help turn California around. We told him how cities have been making tough budget decisions and that we know the state has to do the same. His proposed budget is full of tough choices. We urge him to consider carefully the constitutional and policy flaws associated with attempting to get rid of local redevelopment and enterprise zones, and the jobs these programs create. It is clear that he listens closely to the voters and intends to carry out their will. While we oppose these proposals to take away critical local economic development tools, we look forward to working with him in the effort to improve our state."

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California Redevelopment Association

Redevelopment. Building Better Communities

FOR IMMEDIATE RELEASE **January 10, 2011**

CONTACT INFORMATION:
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GOVERNOR'S PROPOSAL ELIMINATING REDEVELOPMENT IS MORE BUDGET SMOKE AND MIRRORS THAT WILL BRING LITTLE FINANCIAL BENEFIT TO STATE BUT WILL CAUSE SIGNIFICANT HARM TO CALIFORNIA'S ECONOMY

SACRAMENTO, CA – Today, Governor Jerry Brown unveiled his proposal to address California's massive budget deficit by eliminating redevelopment agencies statewide. This proposal was announced just seconds after the Governor acknowledged that, "...redevelopment has done some important things."

According to California Redevelopment Association Executive Director, John Shirey, "This budget proposal to eliminate redevelopment is more budget smoke and mirrors that will bring little financial gain for the State, but will cause widespread and significant economic pain in communities throughout California. It is another gimmick that will likely result in extensive litigation."

Redevelopment is a vital local government tool in revitalizing blighted communities and bringing them back to economic vitality by creating jobs, funding affordable housing, building public infrastructure improvements, and creating commercial opportunities. Further, if redevelopment were eliminated, it will have a direct and lasting negative impact on the California economy.

The Governor's proposal presents a series of contradictions and inconsistencies. For example, the Governor made the following statement released this morning, "...We must now return California to fiscal responsibility and get our state on the road to economic recovery and job growth." However, his budget proposal contradicts this statement given the fact that redevelopment activities support over 304,000 full- and part-time private sector jobs on an annual basis.

"The State and local governments have very few tools to stimulate the economy, but redevelopment is the exception," continued Shirey. "Redevelopment is already a locally-governed service which generates hundreds of thousands of jobs and puts people to work at a time when unemployment is soaring over 12 percent. Redevelopment contributes tens of billions of dollars to our economy and is responsible for more than $2 billion in state and local taxes each year. It makes no sense to kill this economic engine."

"Bottom line, the budget proposal to eliminate redevelopment will hurt California and cripple the local economy in cities and counties statewide. It is not a solution and will not work to solve the State's budget problems," concluded Shirey.

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California Redevelopment Association

Redevelopment. Building Better Communities

FACTS ABOUT REDEVELOPMENT:

- **Redevelopment Supports Private Sector Jobs.** Redevelopment activities support 304,000 full- and part-time jobs in a typical year, including 170,600 construction jobs.
- **Redevelopment contributes over $40 billion annually to California's economy in the generation of goods and services.** Redevelopment agency activities increase the state's construction sector output by about $19 billion annually.
- **Tax Revenue Contributions.** Redevelopment construction activities generate more than $2 billion in state and local taxes in a typical year.
- **Redevelopment funds infrastructure and builds commercial, industrial and residential developments statewide.** In 2007-08, 398 active redevelopment agencies implemented economic development-related projects in 756 project areas in local jurisdictions. During that year, $8.28 billion were expended for project-related costs (paying bonds, building construction, property acquisition, and other activities).
- **Redevelopment is a Locally-Governed Program.** Redevelopment agencies are locally-based units of government and managed by elected officials and public agency staff in the city or county which they represent.
- **Infill-Centered Growth.** Communities use redevelopment for cleaning up brownfield sites, building infill projects, and spurring local job creation. Redevelopment encourages infill development rather than greenfield development. Redevelopment agencies have the experience and tools needed to help implement the regional Sustainable Communities Strategy plans required by AB 32/SB 375, and to alter the state's growth patterns.
- **Green and Sustainable Development.** Redevelopment agencies are actively pursuing green and sustainable building principles, including implementation of CALGREEN standards.
- **Catalyst for change.** Redevelopment investments provide the infrastructure improvements that leverage private investment and breathe new economic life into areas that would otherwise languish.
- **Redevelopment is the largest funder of affordable homes in California after the federal government.** Over 98,000 units of affordable housing have been constructed or rehabilitated since 1993. Twenty percent of property tax revenues generated from redevelopment activities must be spent for affordable housing.

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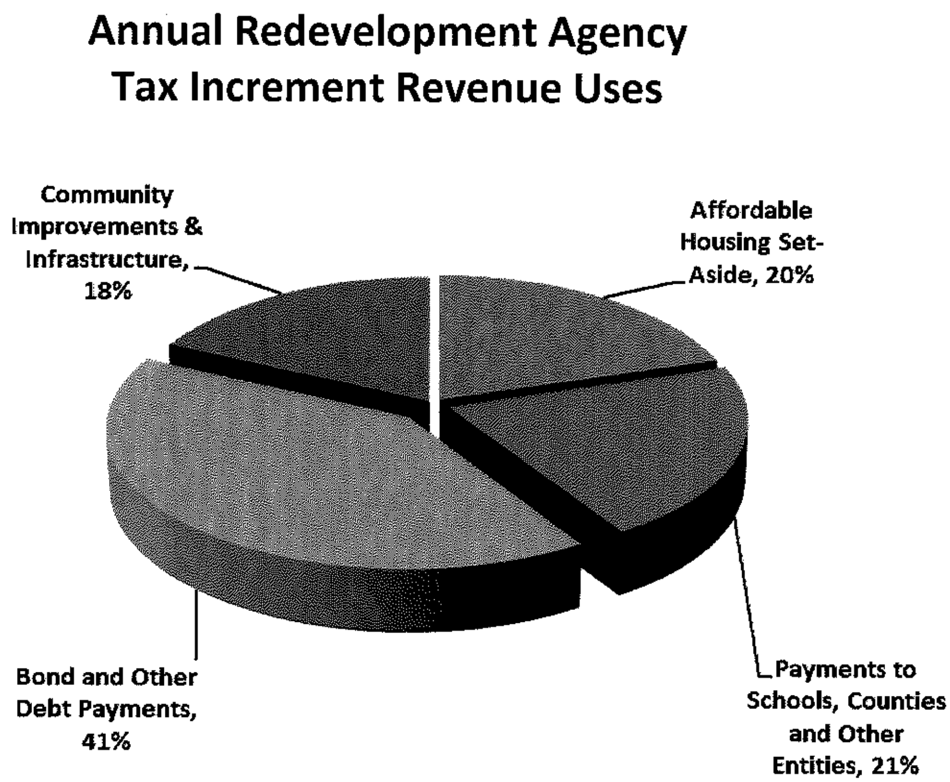
The below chart illustrates the usage of redevelopment agency tax increment revenues on an annual basis:



Source of Data: State Controller, Community Redevelopment Agencies Annual Report, 2007-08, State Total; Table 4; Figure 9; and Figure 16.

ABOUT THE CALIFORNIA REDEVELOPMENT ASSOCIATION:

The California Redevelopment Association (CRA) was established as a not-for-profit organization in 1979. CRA represents redevelopment agencies and allied firms throughout the state of California in responding to legislative proposals and administrative regulations, providing member services, conducting training and professional development events, and providing public information regarding redevelopment law and activities. CRA is comprised of over 350 redevelopment agencies. In addition, CRA's associate members include more than 300 private sector companies such as financial institutions, redevelopment consultants, developers, and law firms that are involved in the redevelopment process. For more information, visit www.calredevelop.org.

END

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Tax Relief and Local Government

The primary focus of state and local government is to provide basic services, such as public safety, education, a safety net of health care and human services, transportation, safe water and other public infrastructure. These services provide the foundation that enables private businesses and families to flourish.

State Support for Local Economic Development

For states, economic development activities have two primary motivations. One is to help provide the platform for sustained statewide economic growth. The second is to assist local communities, particularly those that may have been disadvantaged in some way, to overcome blight conditions and provide enhanced growth of business opportunities in designated areas. Both types of efforts can help provide private income as well as enhance tax collections under existing rates.

States are more constrained than nations in what they can do to stimulate economic development. California's Constitution forbids the state from adopting budgets that plan for deficits. Thus, the state cannot provide stimulus by borrowing as the federal government does. States must balance assistance to private business against all of the other priorities, including provision of basic services.

States can provide certain incentives to business activities that are intended to provide more statewide growth, either through direct expenditures (e.g. stem cell research) or through the structure of the tax system, (e.g. "tax expenditures" such as the research and development tax credit). Providing a differential in treatment for these types of activities may provide both public and private dividends in future years because these activities have more potential to provide rapid economic growth than other business investment.

At the local level, land use regulation is key to the long-term economic growth of communities. While the state sets a legal framework, local government entities are responsible for implementing it. California is a vast state with many variations in conditions. Inherently, some geographical areas have advantages for certain land uses that others do not, and existing land uses often will help make related uses successful.

Given the state's significant ongoing budget problem, it is necessary to examine state funding for all programs. The Budget proposes a different method for local government to engage in local economic development activities, eliminates state tax benefits for Enterprise Zones, and proposes major changes in the way local redevelopment is funded and operated. See the Revenue Estimates chapter for a more detailed discussion of the Budget's Enterprise Zone proposal.

Redevelopment

Proposition 13 reduced local property tax revenues by 57 percent. After the passage of Proposition 13, the state shifted costs to itself and later provided new revenues to local government to partially replace this revenue loss. About 37 percent of property tax revenues currently funds K-14 school obligations under Proposition 98, offsetting what would otherwise be state General Fund costs. The balance of property taxes are distributed as follows: cities receive 18 percent, counties almost 25 percent, special districts 8 percent, and redevelopment agencies 12 percent. The receipts of individual local entities may vary greatly from these statewide percentages depending on what their shares of property tax were when property tax was reallocated following the adoption of Proposition 13.

The expansion of redevelopment agencies has gradually shifted property tax away from schools, counties, special districts, and city general purposes. Redevelopment agencies receive most of the growth in property tax revenue from within their boundaries, including the growth that would otherwise be allocated to agencies providing services in the redevelopment area—such as schools—that do not have a role in creating or governing them. Some of the growth revenue is "passed through" to the jurisdictions that provide services through locally negotiated agreements and under state law in certain circumstances.

Redevelopment is designed to eliminate blight. The California Community Redevelopment Law (CRL), which was first enacted in 1945 and substantially expanded in 1951, allows cities and counties to establish redevelopment agencies (RDAs) to address blight. Originally, the main tool of redevelopment was the use of eminent domain to acquire private properties, demolish dilapidated and unusable structures, clean up the land, and consolidate small parcels and then make the larger property available for development. The CRL prescribes a complex process for RDA establishment consisting of findings of blight pursuant to statutory definitions, public notifications, and public hearings. RDAs are established by a vote of the governing body of the sponsor agency. These ordinances are potentially subject to referendum votes of sponsor agency voters but are not subject to any approval by governing bodies or voters of jurisdictions that share the same territory. RDAs have statutory limits on the number of years they can create debt and for the total lifetime of the project. Relieving blight is intended to be accomplished in a limited time. RDAs were not intended to become a permanent source of business subsidies.

In 1952, voters approved a constitutional amendment to allow tax increment to fund redevelopment projects and to be pledged for repayment of bonds. The ballot analysis and arguments implied that the expense of redevelopment would otherwise come from the general funds of the sponsor agency and that "this constitutional amendment makes it possible for the entire amount advanced out of public funds to be reimbursed out of taxes on the increased valuation of the property after improvement. In other words, the property will carry itself, and the expenses will be paid out over a term of years." This implied the tax increment was solely the amount of increase in value caused by the redevelopment of specific properties.

Over time, most of the increase in value of all of the properties in the redevelopment area has been generally the result of inflation in the economy and of property values. This increase in value is tax increment that goes to the redevelopment agency. There is no growth in assessed value for the county, school districts, community college districts, or special districts that also serve the redevelopment territory. Over the 40 or more years of life for a typical RDA, this shift of revenue can dwarf base property tax revenue.

In 1998, the Public Policy Institute of California (PPIC) published "Subsidizing Redevelopment in California", one of the few independent studies to examine the fiscal impact of redevelopment. The PPIC found that "...fewer than one-quarter of the (redevelopment) projects came close to being responsible for the property taxes they received. These projects were also the ones with the most vacant land."

Redevelopment agencies are supposed to help build affordable housing. RDAs are required to devote 20 percent of their income to building low-income housing. Many RDAs have large balances in their housing funds and have not developed housing. Despite efforts to provide for the expenditure of these funds for housing, large balances persist.

Most development in RDAs is shifted from elsewhere in the state. The private development that occurs in redevelopment project areas often would have occurred even if the RDAs were never established. There is little evidence that redevelopment projects attract business to the state. Studies indicate most of the business development is simply shifted from elsewhere in the state. While this may help relieve localized blight and equalize economic activity relative to nearby communities, there are better alternatives for local entities to fund these efforts without shifting resources from schools, counties, special districts, and core city services.

This revenue could be funding basic public safety services and augment school funding. Cities, counties, special districts, and K-14 schools are losing billions of dollars in property tax revenues each year to subsidize redevelopment. The Department of Finance estimates that under current law, RDAs will divert $5 billion in property tax revenue from other taxing agencies in 2011-12. Of this amount, $1.1 billion is passed through to the agencies providing services in the area. This reduces funding needed for law enforcement, fire protection, road maintenance, parks, libraries, and other local services. Furthermore, the state General Fund must backfill the property tax revenues diverted from K-14 schools, at a cost of approximately $1.8 billion dollars per year.

Economic growth is not likely to rescue basic local services. Law enforcement, fire protection, emergency response, and other services funded from local general revenues have been reduced substantially and face the potential of deeper reductions in the near future. While property tax revenues are expected to stabilize and stop declining by next year, sales tax revenues and property tax revenues will not recover to pre-recession levels for many years. Inflation is likely to be low for some time. However, cost pressures will remain. Economically driven growth in sales tax and property tax is unlikely to provide much real spending power improvement for local government in the foreseeable future.

The Budget proposes a new approach to fund economic development activities at the local level and phases out the current funding mechanism for redevelopment agencies. This proposal will return billions in property tax revenues to schools, cities, and counties. These funds will help sustain core functions including law enforcement, fire protection, and education. Below is a summary of the proposal:

- **Change redevelopment funding: Provide improved options to fund local economic development with voter approval.** The Budget proposes a new financing mechanism for economic development. Specifically, the Budget proposes that the Constitution be amended to provide for 55-percent voter approval for limited tax increases and bonding against local revenues for development projects such as are currently done by RDAs. Voters in each affected jurisdiction must approve use of their tax revenues for these purposes.
- **Shift existing redevelopment taxes to core local services.** The Budget prohibits existing agencies from creating new contracts or obligations effective upon enactment of urgency legislation. By July 1, existing agencies would be disestablished and successor local agencies would be required to use the property tax that RDAs would otherwise have received to retire RDA debts and contractual obligations in accordance with existing payment schedules. This is estimated to cost $2.2 billion in 2011-12. Finance estimates $3 billion will remain after these debt service and contractual payments. From this remaining amount, one-time payments estimated at $1.1 billion will be provided equal to the pass-through payments that otherwise would be received. Of the remaining $1.9 billion the Governor's Budget directs $1.7 billion on a one-time basis to offset state General Fund costs for Medi-Cal ($840 million) and trial courts ($860 million). The final $210 million will be distributed on a one-time basis to cities, counties, and special districts proportionate to their current share of the countywide property tax.
- **Provide revenues for core local services.** Beginning in 2012-13, the amounts remaining after payment of pre-existing RDA debts and contractual obligations will be distributed to cities, counties, non-enterprise special districts, and K-14 schools in amounts proportionate to their share of the base countywide property tax. The only exception is that roughly $50 million that would otherwise be distributed to enterprise special districts (mainly water and waste disposal districts) will instead be provided to counties. Enterprise special districts are mainly fee-supported.

In 2012-13, this is expected to result in an increase in annual local revenues (over the amounts they would have received in pass-throughs) of approximately $1.0 billion for schools, $290 million for counties, $490 million for cities, and $100 million for non-enterprise special districts. Funds received by K-14 schools would not count toward the Proposition 98 guarantee. These monies would augment existing funding, and could be used at the discretion of school and community college districts. The sums received by schools would be distributed to both school districts and community college districts throughout the county, primarily based on numbers of students.

- **Use housing balances for housing.** Amounts in the RDA's balances reserved for low-moderate income housing would be shifted to local housing authorities for low and moderate income housing.

- **Funding for core local services increases as debts are paid off.** After 2011-12, the money available after payment of RDA debt would be distributed to schools, counties, cities, and non-enterprise special districts for general uses. These distributions will generally reflect the distribution of property tax in each county under existing law. This will help counties to absorb costs and provide enhanced services associated with realigned programs, if they choose to use the money in that way. Successor entities would continue the process of retiring RDA debt, which is expected to take at least 20 years. As the RDA debt is retired, the monies formerly used for debt service payments will flow to local governments.

Tax Relief

The funding that the state expends for tax relief has been reduced significantly in the past several budgets. Funding for property tax relief loans and grants for seniors and persons with disabilities has been eliminated. The only remaining tax relief programs with funding in the 2010-11 Budget are the exemption from property tax for the first $7,000 value of principal residences, which is required by the California Constitution, and the Williamson Act property tax reduction for agriculture and open space.

Williamson Act Open Space Subventions

Under the Williamson Act, property owners enter into voluntary contractual agreements with counties to reserve their land for agricultural or open-space purposes, in exchange for which the county assesses their land at a lower value for property tax purposes.

Williamson Act contracts are generally for a 10-year period, although some can also be for 20 years. After the first year, the contracts annually renew for an additional year, unless notice of non-renewal is given by the county or by the property owner. If such notice is given, the assessed value of the property under a 10-year contract increases by specified percentages over a nine-year period. In the tenth year the land is again assessed at full value. The same principle applies to 20-year contracts.

Until 2009-10, the Budget Act annually appropriated approximately $35 million to partially offset the property tax revenues lost by local governments due to these lower assessments. Each participating county received a payment of $2 per acre of non-prime agricultural land, and $5 per acre of prime agricultural land.

Funding for these subvention payments was suspended in the 2009 Budget Act due to fiscal constraints. However, Chapter 722, Statutes of 2010 appropriated $10 million for an alternative form of Williamson Act subvention payments for 2010-11. The bill also made several technical changes to the Williamson Act.

- The Budget eliminates the current-year appropriation for Williamson Act subventions and does not provide ongoing state funding. The program will thus be a local program. Funding provided from the redevelopment agencies tax shift could help counties continue this program on their own.

LOCAL GOVERNMENT EXPENDITURES

State funding for local government and shared programs is mostly included in specific program budgets and is not described in this chapter. For example, state funding for locally delivered mental health programs, social services programs, and health programs is reflected in the budgets for the Departments of Mental Health, Social Services, Public Health, and Health Care Services.

LOCAL LAW ENFORCEMENT GRANTS

The General Government portion of the Budget proposes $420 million General Fund for various local law enforcement programs, which will be backfilled on a dollar-for-dollar basis with realignment funding. In addition to these funds, the Budget also provides $57 million General Fund for local grant programs administered through the California Emergency Management Agency and $29 million General Fund for local grant programs administered by the Department of Corrections and Rehabilitation. These funds also will be fully backfilled with realignment funding.

The $420 million in funding in the General Government portion of the Budget will be distributed as follows:

- $107 million for the Citizens' Option for Public Safety Program – These funds are distributed on a population basis to police and sheriffs' departments, with each department receiving a minimum $100,000 grant. Funds may be used for discretionary front-line law enforcement purposes such as peace officer salaries and equipment.
- $107 million for the Juvenile Justice Crime Prevention Act – These funds are distributed to counties on a population basis, and are used for countywide, multi-jurisdictional efforts to both prevent and address the causes of juvenile delinquency.
- $35 million for Jail Booking Fee Subventions – These funds are provided primarily to sheriffs' departments to offset the cost of booking city arrestees into county jails. This eliminates the need for sheriffs to charge police departments for this activity.
- $152 million to support juvenile probation efforts at the county level.
- $19 million for the Small/Rural Sheriffs Program – These funds are provided to 37 sheriffs' departments based on statutory formulas and may be used for discretionary purposes.

Judy Holwell

From: jbriltz@lemoore.com

Sent: Wednesday, January 12, 2011 6:51 PM

To: Judy Holwell

Subject: Fw: Briefing Memorandum, Distribution List, Schedule

Attachments: image002.gif; image001.png; Distro RDA TAB 2011_Lemoore.doc; 2011 Financing Schedule- rated bonds.doc; 2011 Financing Schedule- unrated bonds.doc

Sent from my Verizon Wireless BlackBerry

From: "Raette Frazeur" <raette@urbanfuturesinc.com>
Date: Wed, 12 Jan 2011 18:38:42 -0800
To: <jbriltz@lemoore.com>
Subject: Briefing Memorandum, Distribution List, Schedule

BRIEFING MEMORANDUM

To: Jeff Briltz, City Manager

From: Marshall Linn, CEO Urban Futures, Inc.

Governor Brown recently laid a "bomb shell" on all redevelopment agencies' throughout the State

He has proposed the following

1. The prohibition of creating new contracts or obligations effective upon enactment of urgency legislation (this most likely will happen in March to prepare for the June elections).
2. By July 1, existing agencies would be disestablished and local successor agencies would use the property tax that RDA's would have received to retire Agency debt. (We have no clue as to what a successor agency is going to look like….we do know that agencies will be able to keep the proceeds of their own bond issues to complete specific projects listed in their RDA plans.)
3. Any unencumbered tax increment will be lost "forever" if it is NOT encumbered.
4. Bond issues create an obligation that CANNOT be disturbed by the State.
5. No matter what happens, the only way for the city/agency to secure any future funding is to have either binding DDA's, OPA's or tax increment bonds.

This attack on redevelopment agencies is by far the most serious threat that has ever faced us. Agencies will need to adopt preventative measures as quickly as possible to protect whatever funds they have on hand or expect in the future.

We must act now.

I have enclosed a preliminary cash flow from Ralph Holmes plus a recommendation on who you may want to engage as your financing team as well as a issuance schedule.

Call me if you have any questions

Marshall Linn

MARSHALL F. LINN | CEO

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LEMOORE REDEVELOPMENT AGENCY
TAX ALLOCATION BONDS
ISSUE OF 2011

Distribution List 1/12/11

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TRUSTEE
T.B.D.

LEMOORE REDEVELOPMENT AGENCY

TAX ALLOCATION BONDS

Issue of 2011

Preliminary Schedule (as of 1/12/11)

Rated Bonds

City Council and Agency meets on the

1st & 3rd Tuesday of the month

January 2011

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February 2011

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March 2011

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

	Action	Party
Week of Jan. 31	First draft of Bond documents distributed First draft of the Fiscal Consultant Report distributed	BC, DC, FA
Week of Feb. 7	2nd drafts of bond documents and FCR distributed	FA, UW, BC
Feb. 9	Credit Rating Package sent to rating agency	FA, UW
Feb. 15	RDA approves bond documents	CDC, FA, BC
Feb. 21	Credit rating received	
Feb. 22	Preliminary Official Statement printed and mailed	UW, BC
Feb. 22	Pre-Pricing Call	UW, FA, RDA
Feb. 23	Bonds Priced Bond Purchase Agreement signed	UW, FA, RDA
March 2	Preclosing	All Parties
March 3	Bond Closing- Delivery of Funds	Trustee

BC = Bond Counsel

DC = Disclosure Counsel

FA = Financial Advisor

T = Trustee

UW = Underwriter

RDA = Redevelopment Agency

LEMOORE REDEVELOPMENT AGENCY
TAX ALLOCATION BONDS
Issue of 2011
Preliminary Schedule (as of 1/12/11)
Unrated Bonds

City Council and Agency meets on the
1st & 3rd Tuesday of the month

January 2011						
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
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March 2011						
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