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**Redevelopment  
Division**

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## Staff Report

ITEM NO. 10C

**To: Lemoore Redevelopment Agency Board**  
**From: Judy Holwell, Redevelopment Project Manager**  
**Date: June 29, 2011**  
**Subject: Redevelopment – Legal Defense Funds**

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**Discussion:**

The California Redevelopment Association (CRA) and the League of California Cities (League) submitted an invoice to all redevelopment agencies in California in March of this year, requesting a contribution to assist with the costs involved with challenging any new bill or law that threatens the existence of redevelopment agencies. The amount requested from the Lemoore Redevelopment Agency (Agency) was \$400. At that time, the Board chose not to pay the requested amount, primarily because there was no clear explanation of what the funds would be needed for and it was thought to be too soon to tell whether or not the funds were truly necessary.

On Wednesday, June 28<sup>th</sup>, Governor Brown signed into law AB 1X 26 and AB 1X 27, which virtually eliminates redevelopment agencies in California and requires agencies to give up a significant amount of their revenues if they choose to continue to exist as a redevelopment agency. For Lemoore, the 'contribution' is estimated at \$2,879,953 in Fiscal Year 2011-2012 and \$677,636 every year thereafter. The Governor's action is presumed to be a clear violation of Proposition 22, which passed by more than 61 percent last November to put an end to the State raids on redevelopment. CRA and the League of California Cities are preparing to take legal action to defend redevelopment agencies against this presumably unconstitutional and illegal action.

We recently received another request from the CRA and the League for the \$400 contribution to help pay for legal fees (letter and invoice attached). In light of the recent actions to eliminate redevelopment agencies, there is a greater need to secure adequate financial resources in order to take legal action when necessary. The contribution is based on the amount of tax increment we received in 2008-2009. CRA has set up a separate bank account for these funds and, if litigation is not needed, our contribution will be returned.

**Budget Impact:**

The impact to the Agency is \$400 to assist CRA with the cost of legal fees.

**Recommendation:**

That the Board approve a contribution in the amount of \$400 to the California Redevelopment Association Legal Defense Fund to defend redevelopment in California.