

**Jay Thompson**

**From:** Jay Thompson  
**Sent:** Thursday, June 25, 2009 11:54 AM  
**To:** Jay Thompson  
**Subject:** FW: Executive Director's Legislative Update - June 18, 2009

**From:** California Redevelopment Association [mailto:jfreitas@calredevelop.org]  
**Sent:** Friday, June 19, 2009 1:00 PM  
**To:** Tom Wilson  
**Subject:** Executive Director's Legislative Update - June 18, 2009

## California Redevelopment Association Executive Director's Legislative Update

**June 18, 2009**

### **Floor Vote Next Week on Three-Year, \$1.05 Billion Redevelopment Take**

Both the Assembly and the Senate are expected to vote next week on a package of budget bills to close the State's estimated \$24 billion deficit projected for next year, including a trailer bill to take \$1.05 billion from redevelopment agencies. **Local officials should ask Assembly Members and Senators to oppose the redevelopment take because it is unconstitutional.**

Click here ([Assembly - Senate](#)) letters of opposition sent to all members by CRA and the League of California Cities. [Click here](#) for a sample resolution that can be adopted by your legislative body.

As you know, the Budget Conference Committee approved inclusion of language in a budget trailer bill to take \$350 million in redevelopment funds as ERAF shifts for each of three years-the current fiscal year plus fiscal years 2009-10 and 2010-11. The total take from redevelopment agencies would be \$1.05 billion!

As this Alert is being written, there is still no bill language to review, no bill number, and no author. For the time-being, agencies should assume amounts to be taken in each of the three years are nearly the same as the amount to be taken in this year's ERAF shift that was overturned by the court.

### **What CRA Members Can Do**

**State legislators need to hear from local government officials and**

**redevelopment allies and coalition members.** Your conversations and letters should cover these basic points:

1. Tell them that a redevelopment take is unconstitutional.
2. Explain how a take will affect your agency's ability to meet debt service and contractual obligations.
3. Show them specific examples of projects that would be stopped or delayed by the proposed annual takes.
4. Provide them with numbers on how this take would be a job killer and stall economic recovery in their district.

### **A Redevelopment Take Is Unconstitutional.**

The CRA legal team believes that any proposal by the State to take redevelopment funds for non-redevelopment purposes violates the State Constitution. The Legislature continues to take questionable legal advice from the same staff who recommended the last ERAF take, which was found to be unconstitutional. The State Budget should not be balanced with "gimmicks."

More information on the lawsuit and the unconstitutionality of the redevelopment take is available on CRA's website and in previous Legislative Updates, [www.calredevelop.org](http://www.calredevelop.org). This week CRA's Board of Directors authorized filing a lawsuit if the State enacts this latest, or similar, proposal.

### **A Take Makes Meeting Existing Debt Service & Other Obligations Impossible**

CRA needs **specific examples of debt service and other obligations that would be impossible to meet if the State takes \$1.05 billion in redevelopment funds.** Send these examples ASAP to CRA as well as share them with your legislators.

### **Copy the Big Five**

Send copies of your correspondence to legislators to Governor Arnold Schwarzenegger, Senate President Pro Tem Darrell Steinberg, Assembly Speaker Karen Bass, Senate Minority Leader Dennis Hollingsworth, and Assembly Minority Leader Sam Blakeslee.

For contact information for your state legislators, go to [www.legislature.ca.gov](http://www.legislature.ca.gov). Also, [www.saveyourcity.net](http://www.saveyourcity.net) has a variety of materials on all the proposed local government takes such as the gas tax proposal.

Thank you to those who have already sent us copies of letters to legislators. Please send us your examples and let us know if you have questions - contact John Shirey or Lillian Henegar at (916) 448-8760, [jshirey@calredevelop.org](mailto:jshirey@calredevelop.org) or [lhenegar@calredevelop.org](mailto:lhenegar@calredevelop.org).

### **Desist Efforts to Make Special Deals - It's Not Helpful**

We continue to hear about a few local agencies lobbying for special allowances in

exchange for giving up funds. These efforts should be stopped. The reason is simple: any take of redevelopment funds by the State for non-redevelopment purposes violates the California Constitution and is directly counter to the primary argument in CRA's successful lawsuit against the State.

CRA has won a significant victory in *CRA v. Genest* which helps to solidify constitutional protection for tax increment. Without that protection, it is obvious that the Governor and the Legislature will view redevelopment as a ready source of funds to solve state budget problems year after year. It is essential that agencies work to protect that constitutional principle.

## Upcoming Events [\(Click here for more info\)](#)

### Redevelopment Institute

July 13-17, San Ramon **(Discount Rate Extended to July 10)**

Redevelopment Accounting 101

June 24, Modesto

August 26, Garden Grove

Financial Reporting Workshop

June 25, Modesto

August 27, Garden Grove

Legal Issues Symposium

August 5-6, Sacramento

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CITY COUNCIL RESOLUTION NO. \_\_\_\_\_

COMMUNITY REDEVELOPMENT AGENCY RESOLUTION NO. \_\_\_\_\_

A JOINT RESOLUTION OF THE CITY COUNCIL AND COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS, CALIFORNIA, AUTHORIZING THE CITY ATTORNEY/AGENCY GENERAL COUNSEL TO COOPERATE WITH THE CALIFORNIA REDEVELOPMENT ASSOCIATION, OTHER CITIES AND COUNTIES IN LITIGATION CHALLENGING THE CONSTITUTIONALITY OF ANY SEIZURE BY STATE GOVERNMENT OF REDEVELOPMENT FUNDS

WHEREAS, since the early 1990s the state government has seized \$1.04 billion of redevelopment tax increment statewide, and the Governor and Legislature are now considering seizing \$350 million each year for three years, beginning in fiscal year 2008-09; and

WHEREAS, on April 30, 2009, in the case of *CRA v. Genest*, the Sacramento Superior Court found similar efforts by the State to seize redevelopment tax increment for the state general fund to be in direct violation of Article XVI, Section 16 of the State Constitution, added by the voters in 1952 as Proposition 18, which requires that tax increment be used exclusively for the benefit of redevelopment project areas.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS hereby direct the City Attorney/Agency General Counsel to take all necessary steps to cooperate with the California Redevelopment Association, other cities, counties and redevelopment agencies in supporting litigation against the state of California if the Legislature enacts and the Governor signs into law legislation that unconstitutionally diverts redevelopment tax increment; and

RESOLVED FURTHER, that the city manager/agency executive director or clerk shall send this resolution with an accompanying letter from the mayor/agency chair to the Governor and each of the City's state legislators, informing them in the clearest of terms of the City's adamant resolve to oppose any effort to frustrate the will of the electorate as expressed in Article XVI, section 16 of the California Constitution concerning the proper use and allocation of redevelopment tax increment; and

RESOLVED FURTHER, that a copy of this Resolution shall be sent by the city manager/agency executive director or clerk to the California Redevelopment Association, the local chamber of commerce, and other community groups whose members are affected by this proposal to divert redevelopment funds from vital local projects.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

ATTEST:

\_\_\_\_\_  
David H. Ready  
City Manager/Executive Director

\_\_\_\_\_  
James Thompson  
City Clerk/Assistant Secretary

CERTIFICATION

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss.  
CITY OF PALM SPRINGS )

I, JAMES THOMPSON, City Clerk/Assistant Secretary of the City of Palm Springs/Community Redevelopment Agency, hereby certify that Resolution No. \_\_\_\_\_/\_\_\_\_ is a full, true and correct copy, and was duly adopted at an adjourned regular meeting of the City Council/Community Redevelopment Agency of the City of Palm Springs on \_\_\_\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
James Thompson  
City Clerk/Assistant Secretary  
City of Palm Springs, California