



Santa Clara County Office of Education

Charles Weis, Ph.D.
County Superintendent of Schools

Informational Bulletin

For Santa Clara County Districts

District Business & Advisory Services

Nimrat Johal: Director- DBAS: 408-453-6599

Cathy McKim, Manager-DBAS: 408-453-6588

Bulletin: 12-035

Date: August 26, 2011

To: District Chief Business Officers
District Fiscal Directors

From: Cathy McKim

Re: RDA Bills (ABX1 26 and ABX1 27)

The purpose of this bulletin is to provide school districts with an update on Assembly Bill X1 26 "(Blumenfield) Community redevelopment" and Assembly Bill X1 27 "(Blumenfield) Voluntary Alternative Redevelopment Program" budget trailer bills (collective, the "RDA Bills"), that were enacted and significantly affect redevelopment agencies (RDAs.)

- The first bill, ABX1 26 eliminates RDAs and replaces these agencies with successor agencies responsible for winding down their operations and paying off all debts (e.g. Bonds, RDA Pass Thru, etc.) of RDAs.
- The second bill, ABX1 27 allows RDAs to avoid elimination if the host cities and/or counties make voluntary payments to fund schools and certain special districts.

Subsequent to the passing of these bills, a petition for writ of the mandate was filed before the California Supreme Court by the California Redevelopment Association, the League of California Cities, City of San Jose and others. As a result, the court issued a stay over most of the provisions in ABX1 26 except those prohibiting RDAs from incurring new debt and obligations or transferring assets.

The 2 bills are severable, which means that if the Court invalidates ABX1 27 but upholds ABX1 26, then all RDAs will cease to exist and local jurisdictions will not have the option of making voluntary payments to retain RDAs.

Over \$5 billion in state property tax revenue is diverted to RDAs each year. Of the \$5 billion, we estimate that approximately \$127 million is derived from the "RDA Tax Incremental Loss" of the Santa Clara County School Districts alone. The Supreme Court will be hearing this case sometime in November 2011, and it is important for school districts voice their opinion on these RDA bills. One of the ways this can be done is by filing an amicus brief.

County Board of Education: Leon F. Beauchman, Michael Chang, Joseph Di Salvo, Julia Hover-Smoot, Grace H. Mah, Craig Mann, Anna Song
1290 Ridder Park Drive. San Jose, CA 95131-2304 (408) 453-6500 www.sccoe.org

A Champion for Children, Schools and Community

The deadline to file an amicus brief with Court is September 30th, 2011; however counsel will need at least 2 weeks to prepare any briefs. James R. Williams, Deputy County Counsel, who is currently working on the completion of this brief, will be meeting with Santa Clara Unified on the September 23, 2011. Please feel free to contact him to learn more about what your school district can do to show support of these RDA bills. Mr. Williams can be contacted at 408-299-6936 or james.williams@cco.sccgov.org.

Unfortunately, this process has just began. At this time we are unable to estimate the impact of these bills on districts' cash flow. As more information becomes available we will share it with you.

Please feel free to contact us if you have any additional questions.