

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** David C. Moe II, Redevelopment Manager *DCM*

**DATE:** June 24, 2011 (Council Meeting of 7/6/11)

**SUBJECT:** Consider California Redevelopment Association and League of California Cities' Request for Financial Support for Legal Services

**BACKGROUND & DISCUSSION**

On January 10, 2011, Governor Brown announced his desire to eliminate redevelopment agencies as part of a package of proposals to address a budget shortfall of \$25.4 billion in the FY 2011-12 California State Budget.

California Redevelopment Association ("CRA") and the League of California Cities ("LCC") have sent letters to every redevelopment agency executive director, requesting that their agency promptly send a check to help finance part of the cost of the litigation that is being planned against the state if the redevelopment proposal remains in the budget. Each agency's requested contribution was based on the pro rata share of total tax increment in 2008-09. The Redevelopment Agency of the City of Moorpark's ("Agency") requested contribution was \$400.00.

On March 16, 2011, the City and Agency joined the CRA and the LCC in their fight against the state on this matter by contributing the requested \$400.00 to help finance the lawsuit, if the abolishment of redevelopment agencies is included in the State FY 2011/12 Budget. The \$400.00 contribution was funded by the City.

The Senate and Assembly approved the latest budget proposal, SB 87, which counts on \$1.7 billion from redevelopment agencies under previously passed trailer bills, AB 1X 26 and 27. The two redevelopment trailer bills were sent to the Governor who has promised to sign them.

Assuming the Governor follows through on his promise to sign AB 1X 26 and AB 1X 27 (which may have already occurred) CRA and the LCC are prepared to take legal action to prevent the unconstitutional proposals from becoming law.

CRA and the LCC expect the legal battle with the State to be costly. On June 17, 2011, the City and Agency received a second request from CRA and the LCC for an additional

\$400.00 contribution to the Legal Defense Fund (Exhibit A). The second requested contribution is based on the same formula as the first request as mentioned above.

**FISCAL IMPACT**

Staff is recommending contributing the requested \$400.00 amount to the Legal Defense Fund and providing staff with an additional authorization of \$1,100.00 for a total authorized contribution of \$1,500.00. The amount can be funded from the existing budget appropriation for legal services. Staff will return to the City Council for consideration if CRA and the LCC request any additional amount exceeding \$1,500.00 in FY 2011/12.

**STAFF RECOMMENDATION**

Provide additional financial support in the not to exceed amount of \$1,500.00 in FY 2011/12 to the CRA and the LCC to assist with the lawsuit against the State of California to prevent the abolishment of redevelopment agencies.

Attachment – Exhibit A



1400 K Street, Suite 204, Sacramento, CA 95814, Phone (916) 448-8760 FAX (916) 448-8760

Friday, June 17, 2011

Mr. Steve Kueny  
City Manager/Executive Director  
**City of Moorpark**  
799 Moorpark Avenue  
Moorpark, CA 93021

Dear Steve:

With the passage of ABX1 26 and ABX1 27 by the Senate and Assembly on June 15th, the Legislature has expressed its intent to eliminate redevelopment agencies in California and to violate Proposition 22 by requiring agencies to give up substantial revenues to remain in existence. While we do not know if the Governor will sign these bills, CRA and the League of California Cities must prepare a legal challenge to overturn this legislation should it become law, including filing a request for a stay with the court in order to maintain the *status quo* while the matter is litigated to conclusion. We have been preparing for this contingency and have a legal team on board and ready to take action.

We expect this to be a costly legal battle with the State. In anticipation that pending legislation might prevent your agency from making any additional payments to our legal defense fund, we write today to ask you to make an additional payment to our legal defense fund NOW so that we will have sufficient funds on hand to pay for the costs of these legal actions. We greatly appreciate that your agency paid your assessment to the Legal Defense Fund invoiced in March, but we believe this second payment is needed to cover costs.

The amount of this second Legal Defense Fund assessment is based on the total amount of tax increment that your agency received in FY 2008-09. The fee for your agency is \$400.00 (See enclosed invoice.)

Thank you for your support. Please let us know if you have any questions.

Sincerely,

Handwritten signature of Christopher McKenzie in cursive.

Christopher McKenzie  
Executive Director  
League of CA Cities

Handwritten signature of John F. Shirey in cursive.

John F. Shirey  
Executive Director  
California Redevelopment Association