

REDEVELOPMENT UPDATE

David Walrath



RDA HISTORY

- ▶ Blossomed after Proposition 13
- ▶ Each agreement separately negotiated by schools
- ▶ Had to threaten litigation to get to the table to negotiate

1994

- ▶ Restructured with no more negotiation, but guaranteed formula for separate school facility and operational funds from the RDA
- ▶ Applied only to new or renewed RDAs
- ▶ Does not apply to base closure RDAs

2011 PROPOSALS

- ▶ Eliminate RDAs and create new rules – fund bond debt already issued – the remaining property tax divided among taxing agencies
- ▶ Keep the facility allocation but restructure the operational allocations
- ▶ Keep RDAs but restructure tax allocations among RDAs and taxing agencies (one had the elimination of the school facility allocation)

FINAL LEGISLATION

- ▶ Subject to future amendment
- ▶ Is being litigated

PROVISIONS

- ▶ Can survive if they pay a fee to the state
- ▶ \$400 million per year to taxing agencies including schools starting in 2012-13
- ▶ School dollars are discretionary
- ▶ School facility and operational RDA allocation formulas remain if the RDA remains

PROVISIONS

- ▶ Unclear what happens if RDA disappears. The facility funds should remain if they are tied to bond payments
- ▶ If no bond payments secured by facility allocations, then could disappear as restricted and become discretionary

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