

**REDEVELOPMENT AGENCY
APPLE VALLEY, CALIFORNIA**

AGENDA MATTER

Subject Item:

REQUEST FROM THE CALIFORNIA REDEVELOPMENT ASSOCIATION (CRA) FOR PAYMENT OF A SPECIAL FEE IN THE AMOUNT OF \$335 TO OFFSET THE COSTS ASSOCIATED WITH ITS PURSUIT OF A LAWSUIT CHALLENGING THE FY 09-10 SERAF PAYMENT

SUMMARY STATEMENT

The California Redevelopment Association (CRA) is in the process of filing a lawsuit challenging the constitutional validity of the FY 09-10 Supplemental Education Revenue Funds (SERAF). CRA may also seek an injunction to bar the state from collecting such payments. For the Town, the SERAF payment due is approximately \$2,197,281 over the next two years.

The CRA and the Madera and Moreno Valley redevelopment agencies were successful in a lawsuit against the state to prevent the unconstitutional taking of \$350 million in redevelopment funds in the last budget. Consequently, redevelopment agencies, including ours, did not have to make the ERAF payments that were due last May. More than 325 of CRA's agency members paid their share of the \$700,000 in legal expenses incurred by the CRA to prevail in that first lawsuit. The CRA has retained the same legal team that was successful in the first lawsuit.

Attached is a letter and an invoice from the CRA requesting the Town pay a special fee it is posing on its members to help offset the costs associated with the lawsuit. The fee is based upon annual tax increment. As such, the Town's portion of the fee amounts to \$335. If the Council agrees to such payment, it will need to approve an additional appropriation. Any action is at the discretion of the board.

Recommended Action:

That the Redevelopment Board of Directors approve the California Redevelopment Agency request for financial assistance in the amount of \$335 to offset the anticipated legal fees.

Proposed by: Assistant Town Manager – Econ. & Comm. Dev. Item Number _____

T. M. Approval: _____ Budgeted Item Yes No N/A

California Redevelopment Association

Redevelopment. Building Better Communities

September 28, 2009

10-05-09 P05:12 IN

Mr. Kenneth Henderson
Executive Director
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307-3061

Dear Mr. Kenneth Henderson:

Once again, CRA is preparing to wage a battle to prevent the State of California from raiding redevelopment funds to balance the State budget, this time for \$2.05 billion!

As you know, we won the court case brought by CRA and the Madera and Moreno Valley redevelopment agencies against the State to prevent the unconstitutional taking of \$350 million in redevelopment funds in the last budget. Consequently, redevelopment agencies, including yours, did not have to make the ERAF payments that were due on May 10 this year. Over 325 of CRA's agency members paid their share of the more than \$700,000 CRA incurred in legal expenses to prevail in that first lawsuit.


We have retained the same legal team that was successful in our first lawsuit to protect your interests in the second lawsuit, which will be filed in the next few weeks. After several years of successful efforts to defeat or pass ballot initiatives and protect redevelopment funds from unconstitutional takings, CRA is not in a position to absorb the cost of another lawsuit. We need your help. At their September 10 meeting, the CRA Board of Directors voted to ask our agency members for the legal defense funds needed for this effort. These funds will also be used to increase communication with the press and our members about the lawsuit and to keep the press informed about the repercussions the State's action will have on redevelopment.

Enclosed is the invoice for your agency for this special fee. The amount is based on the total amount of tax increment you receive annually.

The CRA Board members continue to be committed to this fight, and they are counting on participation by all agency members to defray the costs. We know that you face severe budgetary constraints and we are doing all we can to protect your redevelopment funds now and into the future. We need your support in order to continue our efforts.

If you have questions, call me at (916) 448-8760. Thank you for your continuing support of CRA!

Sincerely,


John F. Shirey
Executive Director



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California Redevelopment Association
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 Sacramento, CA 95814
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 www.calredevelop.org

INVOICE

Date	Account #
10/01/2009	2678

Mr. Kenneth Henderson
 Executive Director
 Town of Apple Valley
 14955 Dale Evans Parkway
 Apple Valley, CA 92307-3061

Date	Reference	Description	Amount
1-Oct-09	24853	Fee for Legal Defense Fund	\$335.00
Total Due:			\$335.00

Payment Method:

Visa MC AMEX Check enclosed payable to CRA

Card Number: _____ CSC# _____

Name on _____ Exp. Date: _____

Signature: _____