


**STAFF REPORT**  
**Lancaster Redevelopment Agency**

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DATE: June 28, 2011

TO: Chairman Parris and Agency Directors

FROM: Mark V. Bozigian, Executive Director

SUBJECT: **Support California Redevelopment Association's Legal Battle to Protect Redevelopment**

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**Recommendation:**

Appropriate \$15,000 to pay a proportionate share of the California Redevelopment Association's attorney fees in the legal battle to save redevelopment and protect local redevelopment funds from being unconstitutionally seized by the State of California. Authorize staff to adjust this amount up to \$20,000 if needed.

**Fiscal Impact:**

Approximately \$15,000 - \$20,000, to be split equally between Economic Development and Housing and Neighborhood Revitalization.

**Summary:**

Throughout the State of California's fiscal year 2011-2012 budget debate, the elimination of redevelopment has been suggested time and again as a short-sighted method to help balance the budget for the immediate future. Such a decision would be a complete disservice to the taxpayers of California and of Lancaster, substantially diminishing local government's ability to engage in significant community improvement projects such as the newly revitalized Lancaster BLVD. In addition, such proposals violate the spirit of recently passed Proposition 22, which prevents the State from raiding the coffers of local government to balance its own budget.

The California Redevelopment Association and League of California Cities have assembled a legal team to immediately file a lawsuit should one of these many bills be passed. As such efforts to save redevelopment and protect local funds from such State raids would benefit the Lancaster Redevelopment Agency, it is appropriate for LRA to pay its proportionate share of the cost of these benefits.

**Background:**

The California State Legislature took action on June 15, 2011 to pass AB X1 26 and 27. These bills, which were negotiated behind closed doors and without input or support from the League of California Cities (League) or the California Redevelopment Association (CRA), would effectively eliminate redevelopment by dissolving all redevelopment agencies (ABX1 26) and exempting agencies that make specified annual payments from elimination (ABX1 27). According to CRA, agencies should anticipate that the first year's payment would be similar to the SERAF payment made on May 10, 2010 (in Lancaster's case, approximately \$17 million), and subsequent annual payments would be slightly greater than that made on May 10, 2011 (approximately \$3.5 million).

These substantial financial burdens are being placed on agencies in a time of financial difficulty which is unprecedented in the history of California redevelopment and in complete violation of the spirit of Proposition 22, which was passed by the voters in November 2010 to protect local funds from State raids such as this. While Governor Jerry Brown has vetoed the budget with these trailer bills attached, the elimination of redevelopment has been a recurring theme throughout this year's State budget discussions, and it is clear that the fight is far from over.

CRA and the League have assembled a legal team to prepare a lawsuit, which will be filed immediately should these or any similar bills to eliminate redevelopment be signed into law by the Governor. This lawsuit will include a request for a stay to prevent the laws from going into effect while the primary suit is decided.

Redevelopment has played an essential role in stimulating local economic growth, eliminating blight, and improving the Lancaster community throughout the history of the City. Projects funded or assisted by the Lancaster Redevelopment Agency (LRA) have included a hospital, several fire stations, the Lancaster Sheriff's Station, the Los Angeles County Library in downtown Lancaster, and the Lancaster Museum/Art Gallery. LRA has contributed over \$130 million in capital investment, along with an additional \$400 million in pass-through payments to other local agencies, consisting primarily of local school districts and Los Angeles County.

In addition, LRA has provided more than \$10 million in financial assistance to many local schools and at least five different school districts. These projects have included assisting Antelope Valley Community College, purchasing a school site for Eastside School District, and the creation of the Lancaster University Center, which serves as a satellite campus for several universities offering undergraduate and graduate programs to Antelope Valley residents.

LRA also plays a significant role in job creation. Through just three of its major projects – the Fox Field Industrial Corridor, the Lancaster Business Park and The BLVD Transformation Project – the Agency has assisted in the establishment of more than 150 businesses representing nearly 6,000 jobs, in addition to hundreds of millions of dollars in private investment. The BLVD Transformation Project alone has generated more than \$100 million in investment from the private sector. This figure excludes the indirect impact of the Agency's efforts on the community. In 2009 and 2010, LRA's national-award-winning Local Economic Stimulus Package generated an estimated \$123 million in economic impact on the Antelope Valley.

In short, redevelopment is an asset Lancaster simply cannot afford to lose. In the face of stagnant unemployment rates and lackluster job creation statistics, it is in the public's best interest to strengthen economic development efforts rather than obliterate them.

The legal team assembled by CRA and the League will work to prevent the State's efforts to dismantle redevelopment from becoming a reality. As these efforts will benefit redevelopment agencies throughout California, including LRA, it is appropriate for LRA to pay its proportionate share of the cost of these benefits.

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