

Schlenk, Sarah

From: Niccolo De Luca [ndeluca@townsendpa.com]
Sent: Friday, June 22, 2012 3:23 PM
To: Everhart, Maisha; Leon, Ray T.; Quan, Jean; Reid, Larry; Santana, Deanna; Campbell-Washington, Anne; Orogas, Alexandra; Blackwell, Fred; Johnson, Scott; Hunter, Gregory; Landreth, Sabrina; Schlenk, Sarah; amiller@oaklandnet.com
Subject: RDA trailer bill outline
Importance: High
Attachments: RDA trailer outline.pdf
Team Oakland,

TPA was able to secure the attached one pager which is the outline of the major provisions of the RDA trailer bill.

I have been told, that while not included on the attached document, that the trailer bill will contain a form of alternative dispute resolution so that appeals are not conducted by the Department of Finance.

At this point it is unclear how much wiggle room there is on the RDA trailer bill, but it is anticipated that the trailer bill will be considered by both Houses on Tuesday afternoon.

We will continue to keep you updated as new information becomes available.

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RDA Trailer Bill Outline

June 21, 2012

The Senate and Assembly staffs have been meeting with the Department of Finance to negotiate significant changes to the trailer bill language proposed in the May Revision. The revised TBL will provide significant benefits to successor agencies that voluntarily comply with the provisions of AB 26X which require the dissolution of the former redevelopment agency assets and the distribution of former tax increment revenues through the property tax system.

RDA Loan Repayment. Cities and counties will be eligible to have their RDA loans repaid, beginning in 2013-14. The loans amount to a significant obligation statewide, probably in the range of \$2-3 billion. A similar provision is included in Speaker Perez's AB 1585.

Real Property Assets. The real and personal property of the former RDAs, but not the cash assets, would be placed in local trusts and returned to the successor agencies. The value of the real property assets is unknown, but probably in the range of \$2- \$5 billion statewide. A similar provision is included in pro Tem Steinberg's SB 1151.

Bond Proceeds. Cities and counties would be allowed to keep and spend the proceeds of bonds issued prior to January 1, 2011 that were "stranded" by the RDA dissolution legislation. This will make about \$1 billion in bond proceeds available to communities throughout the state. A similar provision was included in Senator Dutton's SB 986.

Housing. The TBL makes significant new resources available for low and moderate income housing by defining "housing assets" to be transferred to the housing successor agency to include all low and moderate income properties acquired with any source of funds, and their associated lease and rental revenues. Additionally, the bill requires RDA loan repayments to cities and counties to first be directed to the retirement any outstanding balances owed on loans from the Low and Mod funds, and establishes a 20% set aside on the RDA loan repayments going forward.

Tax Offset Authority. The TBL authorizes the Department of Finance and county auditor-controllers to offset sales and use tax and property tax revenues to successor agencies if they fail to comply with the asset dissolution and property tax distribution requirements imposed by AB 26X. The exercise of the clawback of offset authority of the state is subject to judicial review, and parties with standing, the cities or successor agencies, may sue to enforce their rights, including the right to seek a TRO to enjoin the action prior to resolution by the court.

No "Netting" of Redevelopment Pass-Throughs. The TBL makes no change to current law with respect to the "netting" of pass-through agreements between the former RDAs and local agencies. Thus, the DOF interpretation of this law will remain operative, and the state will not be able to score an additional \$250 million property tax distribution to the schools.

Schlenk, Sarah

From: Niccolo De Luca [ndeluca@townsendpa.com]
Sent: Wednesday, June 27, 2012 2:47 PM
To: Everhart, Maisha; Leon, Ray T.; Quan, Jean; Reid, Larry; Santana, Deanna; Landreth, Sabrina; Campbell-Washington, Anne; Schlenk, Sarah; Hunter, Gregory; Blackwell, Fred; Orologas, Alexandra; Johnson, Scott; Rossi, Daniel; amiller@oaklandnet.com
Subject: RE: Budget Update - June 27th

Team Oakland,

The RDA Trailer Bill was voted on and passed through both houses. Its now on its way to the Governor for signature. Clearly there will be more to report out, work on, and planning for next steps when it comes to RDA related work...

ND

-----Original Message-----

From: Niccolo De Luca
Sent: Wednesday, June 27, 2012 12:22 PM
To: 'Everhart, Maisha'; Leon, Ray T.; Jean Quan; 'Reid, Larry'; (DJSantana@oaklandnet.com); Landreth, Sabrina; 'Campbell-Washington, Anne'; 'Schlenk, Sarah'; Hunter, Gregory; Blackwell, Fred; 'Orologas, Alexandra'; Johnson, Scott; Daniel Rossi (DRossi@oaklandcityattorney.org); amiller@oaklandnet.com
Subject: Budget Update - June 27th

The Senate Budget committee has approved AB 1484, in it's current form, on a 9-6 vote. The Republicans and Sen Lowenthal voted no...Wright was not present for the vote, but he opposes the measure.

This bill is on its way to both houses for a full vote, which will be happening soon.

-----Original Message-----

From: Niccolo De Luca
Sent: Tuesday, June 26, 2012 9:20 PM
To: 'Everhart, Maisha'; Leon, Ray T.; Jean Quan; 'Reid, Larry'; (DJSantana@oaklandnet.com); Landreth, Sabrina; 'Campbell-Washington, Anne'; 'Schlenk, Sarah'; Hunter, Gregory; Blackwell, Fred; 'Orologas, Alexandra'; Johnson, Scott; Daniel Rossi (DRossi@oaklandcityattorney.org); amiller@oaklandnet.com
Subject: Final Budget Update - June 26th

Team Oakland,

Here is the end of the day recap.

This evening the Senate Budget committee met in order to consider several budget trailer bills, including the trailer bill related to redevelopment, AB 1484.

The discussion of AB 1484 lasted well over an hour, as there was significant discussion from committee members, the Department of Finance, the Legislative Analyst, and affected entities. As the committee went on, several themes emerged:

- * Nearly everyone (Senators and interested parties alike) commented on how the bill signified a large change in the way that RDA dissolution is carried out and that there is concern that the bill is still being analyzed in order to determine all of its impacts.
- * There was concern expressed that the bill provided too much authority to the Department of Finance in the dissolution process.
- * There was concern about the offset provisions and the potential impact that could have on the general fund budgets of cities.
- * There was concern by school officials that AB 1484 shortened the time for which they could collect pass through payments.
- * There was concern that the timing put forth in the trailer bill would make it nearly impossible for local governments to properly plan for the payments that would be required.

During the hearing, the Department of Finance provided the thinking behind many of the provisions of the bill and tried to answer as many questions as they could. They attempted to address the concerns over the offset provisions (DOF believes that it is legal and that it is needed to ensure that successor agencies don't try to game the state); concerns over the notifications, ROPS submittal timings and potential fines (allows more time for DOF to process ROPS, meet and confer if necessary, and work with agencies on any issues of disagreement; the fines are optional and will be used at the discretion of DOF); and the financial mechanics of why the State is assuming the revenues included in the budget (confusion over distribution timing with county controllers led to significantly less revenue in 2011-12, which should be realized in 2012-13).

In addition to DOF, a number of Senators posed questions and raised concerns, including:

- * Senator Lowenthal inquired as to the timing of the notification and property tax distribution dates, indicating that entities would not have time to prepare. The Senator also expressed concerns that AB 1484 was overly draconian with its penalties and provisions with respect to successor agencies and oversight boards; he was concerned that this bill would further deteriorate the relationship between the State and local governments.

- * Senator Wright indicated that he disagreed with the elimination of RDA and that he feels this bill is also bad policy.

- * Senator Wolk had several technical questions including provisions in the bill regarding the Polanco Act and the thought process regarding the fine provisions. The Senator also inquired as to whether local agencies were consulted in the drafting of the language, to which DOF responded, not directly.

- * Senator Liu raised concerns over the early elimination of pass through payments for school districts.

- * Senator Emmerson raised concerns over there not being enough time to adequately study the bill. He indicated that the Republicans have significant issues with AB 1484 and do not intend to support the measure.

- * Senator DeSaulnier raised significant concerns about the amount of power that is given to DOF in AB 1484. The Senator thinks that the current bill will increase tensions between state and local governments and that time should be taken so that a better solution can be crafted that works for everyone.

After the discussion of the measure by the committee and public comment (a dozen representatives of cities, school districts, and counties all spoke on various items discussed above), the committee opted not to take a motion or action on AB 1484. Instead the committee moved on to other items on their agenda and then came back for further RDA discussion at the end of the hearing.

After a two hour break, the Senate committee returned and Senator LaMalfa made a motion that AB 1484 be rejected as part of the budget package. That motion was defeated on a 5-10 partyline vote. After that vote, Senator Leno indicated that the Pro Tem is working with the Administration and that AB 1484 would not be taken up for a motion and would not yet be moved to the Senate Floor, as it is still "a work in progress."

At this point it is unclear if AB 1484 will be taken up by the Legislature tomorrow, and if so, whether the bill will be amended prior to being taken up for a vote.

As always, we will continue to keep you updated as the budget trailer bills move to the Floor for consideration by the Legislature. In the meantime, if you have any questions, please let us know.

-----Original Message-----

From: Niccolo De Luca

Sent: Tuesday, June 26, 2012 7:27 PM

To: 'Everhart, Maisha'; Leon, Ray T.; Jean Quan; 'Reid, Larry';

(DJSantana@oaklandnet.com); Landreth, Sabrina; 'Campbell-Washington, Anne'; 'Schlenk, Sarah'; Hunter, Gregory; Blackwell, Fred; 'Orologas, Alexandra'; Johnson, Scott; Daniel Rossi (DRossi@oaklandcityattorney.org); amiller@oaklandnet.com

Subject: Budget Update - June 26th

7:25 pm Senate Budget Committee Update

The budget committee just spent over an hour debating the Redevelopment trailer bill and

it is clear that, as of this hour, the redevelopment bill is stalled in Committee.

Senator Leno has postponed taking a motion on the bill and they are trying to figure out how to proceed. The Committee is now moving on to the health package. If the redevelopment bill stalls that would create a hole of approximately \$2 billion in the state budget. Obviously the process is unfolding in an extremely unpredictable way. One theme is emerging from Senators of both parties: we need more time.

More to come...

-----Original Message-----

From: Niccolo De Luca

Sent: Tuesday, June 26, 2012 8:49 AM

To: 'Everhart, Maisha'; Leon, Ray T.; Jean Quan; 'Reid, Larry'; (DJSantana@oaklandnet.com); Landreth, Sabrina; 'Campbell-Washington, Anne'; 'Schlenk, Sarah'; Hunter, Gregory; Blackwell, Fred; 'Orologas, Alexandra'; Johnson, Scott; Daniel Rossi (DRossi@oaklandcityattorney.org); amiller@oaklandnet.com
Subject: RE: Budget Update - June 25th Recap

Here is the final version for the RDA Trailer bill which we are reading through now

-----Original Message-----

From: Niccolo De Luca

Sent: Monday, June 25, 2012 11:02 PM

To: Everhart, Maisha; Leon, Ray T.; Jean Quan; Reid, Larry; (DJSantana@oaklandnet.com); Landreth, Sabrina; Campbell-Washington, Anne; Schlenk, Sarah; Hunter, Gregory; Blackwell, Fred; Orologas, Alexandra; Johnson, Scott; Daniel Rossi (DRossi@oaklandcityattorney.org); amiller@oaklandnet.com
Subject: Budget Update - June 25th Recap

Team Oakland,

Here is your end of the day, well actually night, budget update. I have attached 3 documents to this email.

Today, the Legislature released the language for 12 of the remaining 21 trailer bills. The Legislature has scheduled Floor Session for Wednesday morning at 9:00 a.m. to consider the remaining bills.

In addition, attached is a draft of AB 1484, the RDA trailer bill (which is very long and we are reading right now). Your feedback on some of these provisions would be welcomed.

The Senate Budget Committee met late this afternoon and took action on some of the budget deal points, including changes to CalWORKs and Healthy Families. Other actions included increasing the amount of the mortgage settlement that is being used for General Fund relief and postponing significant action on capital funding for high-speed rail until next week. An additional item contained in the trailer bills would change the order of measures on a ballot, effectively putting the Governor's tax initiative at the top of the ballot, likely increasing its chances of passage.

The Governor has until the end of the day on Wednesday to either sign or veto the main budget bill which has been on his desk since June 15.

We've attached the agenda for today's hearing, as well as committee analyses for the trailer bills released today, ranging in topics from education finance to public safety.

The RDA trailer bill will be discussed tomorrow in the Senate Budget Committee.

~~More updates to come, I wanted to send this to you as soon as possible.~~

Niccolo De Luca

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