SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-F**

FROM: Steve Mack, General Manager

Meeting Date : August 4, 2011

SUBJECT: RUSSIAN RIVER REDEVELOPMENT OVERSIGHT COMMITTEE FUNDING UPDATE

RECOMMENDED ACTION: Receive a report on Russian River Redevelopment Oversight Committee and Sonoma County Community Redevelopment Agency Funding.

FISCAL IMPACT: none.

DISCUSSION:

Recent actions by the California State Legislature has made the futures of Redevelopment programs statewide uncertain. At the last Russian River Redevelopment Oversight Committee (RRROC) meeting on July 21, Sonoma County Community Redevelopment Agency (RDA) staff gave a summary of their understanding of what's happening and what may happen with redevelopment in Sonoma County.

The State Legislature recently passed two bills affecting redevelopment – the first one abolished the redevelopment program statewide and the second allows redevelopment to stay in business provided certain funding amounts are made available to the State. With respect to Sonoma County Redevelopment, including all three Redevelopment areas, the funding requirements are approximately $3.1 million for this fiscal year and $710,000 for each following year. The former amount is approximately the amount of money RDA has on hand. I believe I recall that the latter amount is approximately ¼-1/3 of the annual tax increment available to RDA. If the funding requirements are met, RDA can continue; if not, it will be dissolved.

This legislation is being challenged in court by a number of entities. It seems very unfair and contrary to prior propositions passed in statewide votes, but the likelihood of successful legal challenge is unknown, of course.

RDA staff will recommend to the Sonoma County Board of Supervisors to approve an ordinance to comply with the State funding requirements so that RDA can continue. The introduction of the ordinance is scheduled for the August 9, 2011 Board of Supervisors meeting and adoption could occur at the August 16 meeting.

With respect to RRROC funding support for the District's CIP in 2012 and 2013, that funding support is not in jeopardy – existing RDA contracts will be honored regardless of what happens with the RDA future.