

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

957



FROM: Economic Development Agency

SUBMITTAL DATE:
February 10, 2010

SUBJECT: Funding of Supplemental Educational Augmentation Funds to the State of California

RECOMMENDED MOTION: That the Board of Supervisors approve the funding of the Supplemental Educational Augmentation Funds (SERAF) to the State of California through the Redevelopment Agency for the County of Riverside Tax Increment funds.

BACKGROUND: Chapter 21, Statutes of 2009, requires redevelopment agencies to shift \$1.7 billion in property tax revenues during 2009/10 fiscal year via the Supplemental Educational Revenue Augmentation Funds (SERAF) that the Chapter created in each county. The County of Riverside's Redevelopment Agency share is \$27,793,518 for FY 2009/10. This amount must be allocated to the county Auditor-Controller for deposit into the SERAF on or before May 10, 2010. By March 1, 2010 the legislative body is required to report to the Auditor-Controller how the redevelopment agency intends to fund its SERAF obligation. The funding for Riverside County's share will come from tax increment funds.
(Continued)

Departmental Concurrence

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 27,793,518	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$	Budget Adjustment:	No
	Annual Net County Cost:	\$	For Fiscal Year:	09/10

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: YES

SOURCE OF FUNDS: Redevelopment Agency Tax Increment	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY Jennifer L. Sargent

County Executive Office Signature

- Dept't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy Policy

Prev. Agn. Ref.: **District:** All **Agenda Number:**

3.25

BACKGROUND: (Continued)

As of this writing, a lawsuit that has been filed by the California Redevelopment Association on behalf of all redevelopment agencies throughout the state on October 20, 2009 is progressing through the courts. The lawsuit challenges the legality of the transfer of funds to the SERAF because it is inconsistent with various state and federal constitutional provisions and is therefore unlawful and unenforceable. On February 23, attorneys are required to submit additional information to the courts regarding the legality of this allocation, and all parties have until March 2 to respond to the other sides' briefs. After that date, the judge is expected to take the case under submission and will have 90 days to rule. Thus, it is likely that there will be no judgment until after the May 10 SERAF payment deadline.

A companion item is submitted on today's agenda through the Redevelopment Agency, in which the payment will be designated and approval to sign a letter acknowledging the source of funds will be attached. The letter will be submitted to the Auditor-Controller as required by law.

Failure to make the SERAF payment will result in a "death penalty" for the Redevelopment Agency, in which it will not be allowed to adopt a new redevelopment plan, amend an existing plan to add territory, issue bonds, further encumber funds or expend any monies derived from any source except to pay pre-existing indebtedness.