



Staff Report

TO: Honorable Chairperson and Members of the Redevelopment Agency

FROM: Thomas M. Kanarr, Interim Finance Director; Stephen Harding, Interim Assistant City Manager; Brian S. Nakamura, Executive Director/City Manager

DATE: December 8, 2009

RE: Funding Source Payment to County Auditor Controller

RECOMMENDATION:

It is recommended that the agency authorize the Executive Director to inform the County Auditor Controller that the Hemet Redevelopment Agency's Supplemental Education Revenue Augmentation Fund (SERAF) payment of \$4,425,189 which, if required, will be paid from the agency's available reserves.

BACKGROUND:

As part of the State's Fiscal Year 2009-10 budge, AB26 4X shifts \$2.05 billion from redevelopment agencies to the State. The State's action is being challenged in court by the statewide CRA but until the matter is resolved, redevelopment agencies must comply with the law.

Part of the law requires notification by March 1, 2010 to the County Auditor as to how the agency intends to fund the SERAF payment. Fortunately, Hemet RDA has sufficient reserves to fund the SERAF payment.

FISCAL IMPACT:

If the CRA's lawsuit is delayed or unsuccessful, the Hemet RDA would be required to make the \$4.4 million SERAF payment to the County Auditor Controller on or before May 10, 2010. This would reduce the Hemet RDA's reserve to about \$6 million.

However, today's recommended action only defines the source of the SERAF payment, and has no direct fiscal impact.

Respectfully submitted,

Thomas M. Kanarr
Interim Finance Director

Stephen Harding
Interim Assist City Manager

Brian S. Nakamura
Exec Director/City Manager

Attachments



November 13, 2009

TO ALL COUNTY AUDITORS, REDEVELOPMENT AGENCIES, AND THEIR LEGISLATIVE BODIES:

Chapter 21, Statutes of 2009, requires redevelopment agencies to shift \$1.7 billion in property tax revenues to K-12 schools during the 2009-10 fiscal year via the Supplemental Educational Revenue Augmentation Funds (SERAF) that the Chapter created in each county. The Director of Finance is required to determine the amount each redevelopment agency shall transfer to the SERAF, and is further required to notify each redevelopment agency and legislative body of those amounts.

In accordance with the above requirements, the attached document provides the amount determined for your redevelopment agency.

Each redevelopment agency must allocate the specified amount to the county auditor-controller for deposit into the SERAF on or before May 10, 2010. By March 1, 2010 the legislative body shall either report to the county auditor-controller how the redevelopment agency intends to fund its SERAF obligation, or report that the legislative body intends to fund the SERAF obligation on behalf of the redevelopment agency pursuant to Section 33692 of the Health and Safety Code (HSC).

If a redevelopment agency determines that it will not be able to allocate to the SERAF the full amount required, it may enter into an agreement with its legislative body by February 15, 2010, for the legislative body to fund either the full SERAF obligation, or a portion thereof. Alternatively, pursuant to HSC Section 33690 (c), a redevelopment agency that makes a finding that insufficient monies are available to fund its SERAF obligation may borrow from monies contained in its Low and Moderate Income Housing Fund. Redevelopment agencies also may borrow from the amount otherwise required to be remitted in 2009-10 to its Low and Moderate Income Housing Fund. All borrowed funds must be fully repaid by June 30, 2015.

If you have any questions regarding this matter, please contact Chris Hill, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL C. GENEST

Director

By:

ANA MATOSANTOS
Chief Deputy Director

Attachment

RECEIVED
NOV 23 2009
FINANCE DEPT

2009-10 Redevelopment Agency SERAF Shift Health and Safety Code Section 33690					
Redevelopment Agency Name	2006-07 Tax Increment Net of Pass- Throughs	2006-07 Gross Tax Increment	850,000,000 on Net Tax Increment Based on Net Factor (0.2261168310)	850,000,000 on Net Tax Increment Based on Gross Factor (0.1793855082)	Total SERAF
Hemet Redevelopment Agency	8,517,004	13,932,849	1,925,838	2,499,351	4,425,189