



# Monterey County Office of Education

*Leadership, Support, and Service to Prepare All Students for Success*

---

*Dr. Nancy Kotowski  
County Superintendent of Schools*


---

District Advisory and Financial Services  
Finance and Business Services

Bulletin No. 12-008

---

**TO:** Chief Business Officials, Business Managers

**FROM:**  Karen Deller, Director  
District Advisory and Financial Services

**DATE:** September 21, 2011

**RE:** RDA Bills (ABX1 26 and ABX1 27)

The purpose of this bulletin is to provide school districts with an update on Assembly Bill X1 26 "(Blumenfield) Community redevelopment" and Assembly Bill X1 27 "(Blumenfield) Voluntary Alternative Redevelopment Program" budget trailer bills (collective, the "RDA Bills"), that were enacted and significantly affect redevelopment agencies (RDAs).

- The first bill, ABX1 26 eliminates RDAs and replaces these agencies with successor agencies responsible for winding down their operations and paying off all debts (e.g. Bonds, RDA Pass Thru, etc.) of RDAs.
- The second bill, ABX1 27 allows RDAs to avoid elimination if the host cities and/or counties make voluntary payments to fund schools and certain special districts.

Subsequent to the passing of these bills, a petition for writ of the mandate was filed before the California Supreme Court by the California Redevelopment Association, the League of California Cities, City of San Jose and others. As a result, the court issued a stay over most of the provisions in ABX1 26 except those prohibiting RDAs from incurring new debt and obligations or transferring assets.

The 2 bills are severable, which means that if the Court invalidates ABX1 27 but upholds ABX1 26, then all RDAs will cease to exist and local jurisdictions will not have the option of making voluntary payments to retain RDAs. Over \$5 billion in state property tax revenue is diverted to RDAs each year. The Supreme Court will be hearing this case sometime in November 2011, and it is important for school districts voice their opinion on these RDA bills. One of the ways this can be done is by filing an amicus brief.

Unfortunately, this process has just begun. At this time we are unable to estimate the impact of these bills on districts' cash flow. As more information becomes available we will share it with you. Please feel free to contact us if you have any additional questions. I can be reached at 831-755-0376 or at [kdeller@monterey.k12.ca.us](mailto:kdeller@monterey.k12.ca.us).