

**AGENDA**

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**

**1010 10TH STREET, BASEMENT LEVEL, MODESTO**

**OCTOBER 2, 2001**

**9:25 A.M.**

**I. CALL TO ORDER**

**II. CONSENT CALENDAR (Those items marked with an \*)**

**III. APPROVAL OF MINUTES**

\*A. June 12, 2001.

**IV. CORRESPONDENCE**

A. None.

**V. PUBLIC HEARINGS**

A. None.

**VI. AGENDA ITEMS**

\*A. Receive the Statement of Indebtedness filed for 2001-2002 Tax Year.

B. Authorize \$13,000 Loan to Grayson Community Services District to Prepare Spill Prevention Response Plan and Facilities Improvements Finance Plan.

C. Information Items Only

1. Bond Sale proceeds for Salida Storm Drainage Project
2. Salida Town and Country Faire
3. Glencoe Foods, Inc. Bankruptcy
4. Fall, 2001 Housing Roundtable
5. Letters to Legislators

**VII. PUBLIC FORUM**

**VIII. ADJOURNMENT**

**MINUTES**

**STANISLAUS COUNTY REDEVELOPMENT AGENCY**

**JUNE 12, 2001**

The Stanislaus County Redevelopment Agency met in the Joint Chambers at 10th Street Place, Basement Level, Modesto, California.

**I. CALL TO ORDER**

The meeting was called to order at 9:52 a.m.

Members present: Pat Paul, Tom Mayfield, Paul Caruso, Nick Blom ,  
Ray Simon

Members absent: None

Staff present: Ron Freitas, Executive Director  
Jim Duval, Senior Planner

**II. CONSENT CALENDAR (\*)**

A. Upon motion by Agency members Blom/Mayfield, the Agency unanimously approved the Consent Calendar.

**III. CORRESPONDENCE**

A. None.

**IV. PUBLIC HEARINGS**

A. None.

**V. AGENDA ITEMS**

A. Upon motion by Simon/Blom, the Agency unanimously authorized the borrowing of funds in anticipation of the receipt of loan funds and the issuance and sale of 2001 Loan Anticipation Notes both in the amount of \$4.525 million.

**VI. PUBLIC FORUM**

A. No person spoke.

**VII. ADJOURNMENT**

The meeting adjourned at 10:55 a.m.



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Ron E. Freitas  
Executive Director

SITTING AS THE REDEVELOPMENT AGENCY

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency

BOARD AGENDA # \*VI-A

Urgent \_\_\_\_\_ Routine X

AGENDA DATE: October 2, 2001

CEO Concurs with Recommendation YES \_\_\_\_\_ NO \_\_\_\_\_  
(Information Attached)

4/5 Vote Required YES \_\_\_\_\_ NO X

**SUBJECT:**

RECEIPT OF STATEMENT OF INDEBTEDNESS

**STAFF RECOMMENDATION:**

RECEIVE STATEMENT OF INDEBTEDNESS.

**FISCAL IMPACT:**

The agency will receive the full calculated amount of property tax increment. The estimated amount for Fiscal Year 2001/2002 is \$1,500,000.

**BOARD ACTION AS FOLLOWS:**

~~No. 2001-773~~

On motion of Supervisor Blom, Seconded by Supervisor Caruso  
and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

MOTION:

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Christine Ferraro  
Deputy

File No.

**SUBJECT:** RECEIPT OF STATEMENT OF INDEBTEDNESS  
**PAGE 2**

**DISCUSSION:** A redevelopment agency must file a Statement of Indebtedness with the County Auditor-Controller to be eligible to receive property tax increment. The amount of indebtedness must be equal to or larger than the maximum property tax increment available to receive its full share. The Stanislaus County Redevelopment Agency has total outstanding debt of \$3,687,111.33. This exceeds the estimated amount of property tax increment (\$1,500,000) available during Fiscal Year 2001/02. A copy of the Statement of Indebtedness is attached.

**POLICY**  
**ISSUES:** Staff of the Agency files a Statement of Indebtedness with the County Auditor-Controller annually.

**STAFFING**  
**IMPACT:** No additional staff is necessary to accomplish this task.

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED**  
**FILED FOR THE 2001 - 2002 TAX YEAR**

Cover Page

Name of Redevelopment Agency Stanislaus County  
 Name of Project Area Project No. 1

Balances Carried Forward From:	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
<b>Fiscal Period - Totals</b> (From Form A, Page 1 Totals)	(1)	3,687,111.33	1,475,839.65
(Optional) <b>Post Fiscal Period - Totals</b> (From Form B, Page 1 Totals)	(2)		
<b>Grand Totals</b>	(3)	3,687,111.33	1,475,839.65
<b>Available Revenues</b> From Calculation of Available Revenues, Line 7	(4)	1,446,910.43	
<b>Net Requirement</b>	(5)	2,240,200.90	

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the Agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer: Pursuant to Section 33675(b) of the Health and Safety Code, I hereby certify that the above is a true and accurate Statement of Indebtedness for the above named agency.	<u>Marianne Rucker, Staff Services Coordinator</u>	
	Name	Title
	<i>Marianne Rucker</i>	08/09/01
	Signature	Date

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS**  
**FILED FOR THE 2001 - 2002 TAX YEAR**

Form A  
Page 1 of 1

Name of Redevelopment Agency STANISLAUS COUNTY  
 Name of Project Area PROJECT NO. 1

For Indebtedness Entered into as of June 30, 2001.

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Stanislaus County Gen'l Fund	2/00	400,000.00	Open	Varies	25,264.98	0	0
(B) Industrial Fire District	6/92	442,092.20	15 Yrs	Incl.		292,092.20	25,000.00
(C) Bret Harte Sewer	10/95	2,636,549.00	20 Yrs	3.1	947,795.00	2,123,332.79	179,153.31
(D) Stanislaus County Gen'l Fund	3/01	400,000.00	Open	Varies	7,659.86 To Date	407,659.86	407,659.86
(E) Property Acquisition	7/99	338,423.00	3 Yrs	6.0	41,389.19	126,604.23	126,604.23
(F) Low-Mod Housing Set Aside	as of 6/20	Based upon out- standing debt	Until Paid	None	N/A	737,422.25	737,422.25
(G)							
(H)							
(I)							
(J)							
Sub Total, This Page						3,687,111.33	1,475,839.65
Totals Forward From All Other Pages							
<b>Totals, Fiscal Year Indebtedness</b>						<b>3,687,111.33</b>	<b>1,475,839.65</b>

**Purpose of Indebtedness:**

- (A) Agency Administration
- (B) Alleviate fiscal impact to fire district
- (C) Public infrastructure improvement
- (D) Agency Administration
- (E) Storm drainage infrastructure project

- (F) Low-Mod Housing Set Aside
- (G) \_\_\_\_\_
- (H) \_\_\_\_\_
- (I) \_\_\_\_\_
- (J) \_\_\_\_\_

**RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS**

Name of Agency

STANISLAUS COUNTY REDEVELOPMENT

Name of Project Area

PROJECT NO. 1

Tax Year 2001-2002

Reconciliation Dates From July 1, 2000 To June 30, 2001

F	E	D	C	B	A	Debt Identification:		Outstanding Debt	Adjustments		Amounts Paid Against Indebtedness, from:	Remaining Balance (A+B-C-D-E)	
						Brief	Description		Increases (Attach Explanation)	Decreases (Attach Explanation)			Tax Increment
SOI, page and line:		Prior Yr	Current Yr	Pg 1	Pg 1	400,000.00	25,264.98	acrued Interest		425,264.98		0	
Line D	Pg 1	Line A	Line B	Pg 1	Pg 1	317,092.20	25,000.00			179,153.31		2,123,332.69	
Line C	Pg 1	Line C	Line B	Pg 1	Pg 1	2,233,255.00	69,231.00	acrued Interest		179,153.31		2,123,332.69	
Pg NEW	Pg 1	Line D	Line A	Pg 1	Pg 1	400,000.00	7,659.86	acrued Interest		0		407,659.86	
Line E	Pg 1	Line E	Line F	Pg 1	Pg 1	253,208.46				126,604.23		126,604.23	
Pg	Pg 1	Line F	Line F	Pg 1	Pg 1	1,154,320.57				416,898.32		737,422.25	
Line	Pg	Line F	Line F	Pg 1	Pg 1					1,172,920.84		3,687,111.23	
Line	Pg	Line	Line	Pg	Pg					1,172,920.84		3,687,111.23	
TOTAL - THIS PAGE												3,687,111.23	
TOTALS FORWARD													
GRAND TOTALS												3,687,111.23	

**NOTE:**

This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI Form A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to this fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

## CALCULATION OF AVAILABLE REVENUES

AGENCY NAME STANISLAUS COUNTY REDEVELOPMENT

PROJECT AREA PROJECT NO. 1

TAX YEAR 2000-2001

RECONCILIATION DATES: JULY 1, 2000 TO JUNE 30, 2001

Beginning Balance, Available Revenues (See Instructions)	1. <u>834,505.00</u>
Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	2. <u>1,667,593.27</u>
All other Available Revenues Received (See Instructions)	3. <u>86,810.00</u>
Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	4. <u>30,923.00</u>
Sum of Lines 1 through 4	5. <u>2,619,831.27</u>
Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	6. <u>1,172,920.84</u>
Available Revenues, End of Year (5 - 6)	7. <u>1,446,910.43</u>

**FORWARD THIS AMOUNT TO STATEMENT OF  
INDEBTEDNESS, COVER PAGE, LINE 4**

### NOTES

**Tax Increment Revenues:**

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax Increment Revenue set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefor omitted from Available Revenues at year end.

**Item 4. above:**

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition Development Agreement (DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other" column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues."



SITTING AS THE REDEVELOPMENT AGENCY

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency

BOARD AGENDA # VI-B

Urgent  Routine

AGENDA DATE: October 2, 2001

CEO Concurs with Recommendation YES  NO   
(Information Attached)

4/5 Vote Required YES  NO

**SUBJECT:**

AUTHORIZATION TO LOAN GRAYSON COMMUNITY SERVICES DISTRICT \$13,000 TO PREPARE SPILL PREVENTION AND RESPONSE AND FACILITIES IMPROVEMENTS FINANCE PLANS

**STAFF RECOMMENDATION:**

1. AUTHORIZE THE LOAN OF \$13,000 TO GRAYSON COMMUNITY SERVICES DISTRICT TO PREPARE SPILL PREVENTION AND RESPONSE AND FACILITIES IMPROVEMENTS FINANCE PLANS.
2. AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN INFRASTRUCTURE LOAN AGREEMENT.
3. AUTHORIZE THE AUDITOR-CONTROLLER TO ISSUE A WARRANT IN THE AMOUNT OF \$13,000 PAYABLE TO GRAYSON COMMUNITY SERVICES DISTRICT.

**FISCAL IMPACT:**

The authorization will commit \$13,000. This is a short-term, no interest loan that will be repaid by the District on or before March 31, 2002. A copy of the Loan Agreement is attached. There are funds available to satisfy this authorization.

**BOARD ACTION AS FOLLOWS:**

No. 2001-774

On motion of Supervisor Caruso, Seconded by Supervisor Simon

and approved by the following vote,

Ayes: Supervisors: Mayfield, Blom, Simon, Caruso, and Chair Paul

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

MOTION:

  
\_\_\_\_\_  
By: Deputy

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

**SUBJECT:** AUTHORIZATION TO LOAN GRAYSON COMMUNITY SERVICES DISTRICT \$13,000  
TO PREPARE SPILL PREVENTION AND RESPONSE AND FACILITIES  
IMPROVEMENTS FINANCE PLANS

PAGE 2

**DISCUSSION:** The Grayson Community Services District experienced a sewage spill at its sewer lift station. This event triggered the necessity to have the District prepare Spill Prevention and Response and Facilities Improvements Financing Plans. These Plans will set forth the means by which the Grayson Community Services District will finance a timely completion of the treatment plant and lift station improvements, as well as procedures to implement in case of future spills.

In the interim, the District has purchased a portable pump for the existing lift station and will construct berms on the percolation beds to ensure capture and retention of waste water.

The District is proposing new debt to facilitate the repayment of this loan, as well as funds to implement projects and activities identified in the Plans that add integrity to the waste sewage system.

**POLICY**

**ISSUES:** The Redevelopment Plan for Stanislaus County identifies the importance of infrastructure to communities. The activities proposed from this loan authorization will protect and enhance the health and safety of the Grayson Community as per the Board's goals of safe & healthy communities as well as continue cooperation between jurisdictions.

**STAFFING**

**IMPACT:** Present staff would implement this authorization.

EXHIBIT A

GRAYSON COMMUNITY SERVICES DISTRICT

SUMMARY OF PROJECT COMPONENTS  
AND  
COST ESTIMATE

Spill Prevention Response Plan and Facilities Improvements Finance Plan	\$ 13,000.00
Total	<u>\$ 13,000.00</u>

INFRASTRUCTURE LOAN AGREEMENT  
BETWEEN  
STANISLAUS COUNTY REDEVELOPMENT AGENCY  
AND  
GRAYSON COMMUNITY SERVICES DISTRICT

This Agreement is entered into between Stanislaus County Redevelopment Agency (Agency) and the Grayson Community Services District (District).

Whereas; the District desires to rehabilitate and improve the municipal sewer system which serves the residents and businesses of the Community of Grayson; and

Whereas: the California State Water Quality Board is requiring the District to prepare a Spill Prevention Response Plan and a Facilities Improvements Finance Plan (Plans); and

Whereas; the Agency desires to assist the District in the improvement of their sewer infrastructure to preserve and protect low to moderate income housing; and

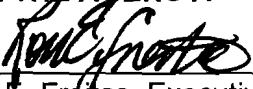
Whereas; this activity is an eligible activity as described in the Redevelopment Plan and considers it a priority project; and

Whereas; the District does not, at this time, have the funds to prepare or cause the preparation of the Plans: and

Whereas; the proposed project activities and respective estimates are attached as Exhibit A which is incorporated herein;

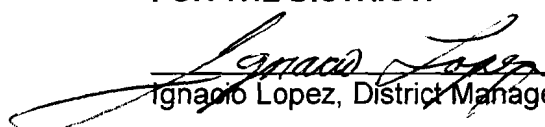
Therefore, be it resolved that the Agency will loan to the District those funds necessary to prepare or cause to prepare the Plans. The District shall submit to the Agency invoices requesting payment regarding work performed. The work performed must conform to the project component cost estimates set forth in Exhibit "A". The Agency's decision on whether or not the work performed is covered by the project component cost estimates shall be final. These requests for payment shall be signed by the District Manager certifying to the completion of work represented on the Request for Payment. The total of Agency participation shall not exceed \$13,000.00. The District shall repay these borrowed funds on or before March 31, 2002.

**FOR THE AGENCY:**

  
\_\_\_\_\_  
Ron E. Freitas, Executive Director

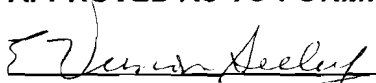
Date signed 10/14/01

**FOR THE DISTRICT:**

  
\_\_\_\_\_  
Ignacio Lopez, District Manager

Date signed 10-14-01

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
E. Vernon Seeley, Assistant Counsel

Date signed 8-16-01

EXHIBIT A

GRAYSON COMMUNITY SERVICES DISTRICT

SUMMARY OF PROJECT COMPONENTS  
AND  
COST ESTIMATE

Spill Prevention Response Plan and Facilities Improvements Finance Plan	\$ 13,000.00
Total	<u>\$ 13,000.00</u>

SITTING AS THE REDEVELOPMENT AGENCY

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
ACTION AGENDA SUMMARY

DEPT: Redevelopment Agency *AF*

BOARD AGENDA # VI-C

Urgent \_\_\_\_\_ Routine X

AGENDA DATE: October 2, 2001

CEO Concurs with Recommendation YES \_\_\_\_\_ NO \_\_\_\_\_  
(Information Attached)

4/5 Vote Required YES \_\_\_\_\_ NO X

**SUBJECT:**

ITEMS FOR INFORMATION ONLY - BOND SALE PROCEEDS, SALIDA TOWN AND COUNTRY FAIRE, GLENCOE FOODS, INC., FALL, 2001 HOUSING ROUNDTABLE AND LETTER TO LEGISLATORS

**STAFF RECOMMENDATION:**

THESE ARE INFORMATION ITEMS ONLY. NO ACTION IS NECESSARY.

**FISCAL IMPACT:**

None to Agency

**BOARD ACTION AS FOLLOWS:**

No. 2001-775

On motion of Supervisor \_\_\_\_\_, Seconded by Supervisor \_\_\_\_\_

and approved by the following vote,

Ayes: Supervisors: \_\_\_\_\_

Noes: Supervisors: \_\_\_\_\_

Excused or Absent: Supervisors: \_\_\_\_\_

Abstaining: Supervisor: \_\_\_\_\_

1) \_\_\_\_\_ Approved as recommended

2) \_\_\_\_\_ Denied

3) \_\_\_\_\_ Approved as amended

MOTION:

INFORMATION ITEM ONLY. NO ACTION TAKEN.

*Christine Ferraro*

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

By: Deputy

File No.

SUBJECT: ITEMS FOR INFORMATION ONLY - BOND SALE PROCEEDS, SALIDA TOWN AND COUNTRY FAIRE, GLENCOE FOODS, INC., FALL, 2001 HOUSING ROUNDTABLE AND LETTER TO LEGISLATORS

PAGE 2

**DISCUSSION:** 1. Bond Sale Proceeds

The \$4,525,000 bond sale to facilitate the construction of storm drainage infrastructure in the Salida Subarea has been completed. The funds are on deposit in an interest bearing account. The Project is on schedule with construction to commence in late winter, early Spring 2002.

2. Salida Town and Country Faire

On Saturday, August 18 the 2<sup>nd</sup> Annual Faire was held in Salida. The event attracted greater numbers of people as well as vendors over last year. This event promotes quality of life and economic development for the community of Salida.

3. Glencoe Foods, Inc.

Staff received notice in August that Glencoe Foods, Inc. has declared bankruptcy. In 1998 the Agency loaned the company \$200,000 to assist in the purchase of equipment for soup manufacturing. The company was current with their debt obligation to the Agency at the time of bankruptcy declaration. The balance owed to the Agency is \$148,590.54.

The Bankruptcy Court provided the Agency with the proper forms and directions to file for debt protection. A Proof of Claim and supporting documentation was sent to the court on September 7, 2001.

4. Fall, 2001 Housing Roundtable

Staff is co-planning the 2<sup>nd</sup> Annual conference relating to topics important to redevelopment. This year the City of Modesto is a partner in the sponsorship of the conference that will highlight housing.

It will be held on Thursday, November 8, 2001, and will cover population projections, traditional funding resources, project successes, and future methods to answer the growing housing need.

5. Letter to Legislators

There has been proposed legislation (SB975) that will require prevailing wage be paid on all projects that use multi-source funding. This agency has always recognized that public works projects are subject to Davis-Bacon wage rules. However, this bill includes housing projects. If passed, it may be that to achieve affordability, the agency must develop the housing project independently. The attached letters are in response to the proposed legislation, which is also attached.

**SUBJECT:** ITEMS FOR INFORMATION ONLY - BOND SALE PROCEEDS, SALIDA TOWN AND COUNTRY FAIRE, GLENCOE FOODS, INC., FALL, 2001 HOUSING ROUNDTABLE AND LETTER TO LEGISLATORS

PAGE 3

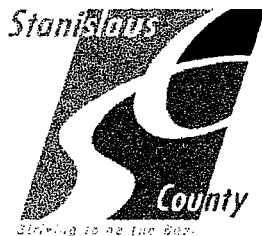
**POLICY  
ISSUES:**

The Redevelopment Plan for Stanislaus County identifies many different programs and projects to respond to the elimination of blight - the basic goal of redevelopment. The Agency encourages and supports this variety to successfully improve the quality of life of the residents in the Project Area.

**STAFFING  
IMPACT:**

None.





# Stanislaus County

## Redevelopment Agency

1010 10th Street, Suite 3400

Modesto, CA 95354

Tele: (209) 525-6330

Fax: (209) 525-5911

August 9, 2001

The Honorable Dick Monteith  
The State Senate  
State Capitol, Room 4090  
Sacramento, CA 95814

Dear Senator Monteith:

The Stanislaus County Redevelopment Agency is concerned that the proposed Senate Bill 975 will drastically impact the affordability of housing produced by redevelopment agencies. Land and infrastructure costs already push project affordability to the economic limit.

Stanislaus County is considering participating with ACLC Inc. of Stockton, California in the development of a 25-unit subdivision in Keyes, California. The estimated cost of infrastructure is a half million dollars. If this project becomes subject to prevailing wage, and it will due to the braiding of multiple funding sources, this estimate will rise to three quarters of a million dollars! Practically speaking, this additional \$250,000 will cause each unit to increase \$10,000.

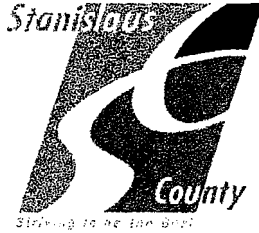
A market-rate unit would have difficulty with a \$10,000 increase in cost! Can you imagine what this will do to projects anticipated to be affordable? They either won't be, or the local jurisdiction will need to provide increased assistance to the lower income household. So, the burden becomes twofold for the local jurisdiction: increased costs on the front end of projects and subsequent additional assistance to the lower income household to achieve home ownership at the back end.

This increase at both ends of the housing project puts more pressure on all of the programs designed to facilitate home ownership for income-eligible households. The result will be that fewer households will be assisted. This, coupled with the population projections for the next decade, and we will see a further widening of the gap in the affordability of housing.

This agency is hopeful that SB 975 will be amended to eliminate the requirement that housing projects funded with a variety of sources will be subject to prevailing wage. If there is anything we can do as a local entity to amend this proposed legislation, please call or write.

Sincerely,

Ron E. Freitas  
Executive Director



# Stanislaus County

## Redevelopment Agency

1010 10th Street, Suite 3400

Modesto, CA 95354

Tele: (209) 525-6330

Fax: (209) 525-5911

August 9, 2001

The Honorable Dennis Cardoza  
The State Assembly  
State Capitol, Room 3160  
Sacramento, CA 94249-0001

Dear Assemblyman Cardoza:

The Stanislaus County Redevelopment Agency is concerned that the proposed Senate Bill 975 will drastically impact the affordability of housing produced by redevelopment agencies. Land and infrastructure costs already push project affordability to the economic limit.

Stanislaus County is considering participating with ACLC Inc. of Stockton, California in the development of a 25-unit subdivision in Keyes, California. The estimated cost of infrastructure is a half million dollars. If this project becomes subject to prevailing wage, and it will due to the braiding of multiple funding sources, this estimate will rise to three quarters of a million dollars! Practically speaking, this additional \$250,000 will cause each unit to increase \$10,000.

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This agency is hopeful that SB 975 will be amended to eliminate the requirement that housing projects funded with a variety of sources will be subject to prevailing wage. If there is anything we can do as a local entity to amend this proposed legislation, please call or write.

Sincerely,

Ron E. Freitas  
Executive Director

**Legislative Alert**  
**Immediate Action Needed**

August 3, 2001

LA 2001 - 12

**SB 975 (Alarcon) On Assembly Floor**  
**Amendments Under Consideration**

**Send letters of opposition and requests for amendment to your legislators prior to**  
**August 20<sup>th</sup>.**

**CALIFORNIA REDEVELOPMENT ASSOCIATION**

1400 K Street, Suite 204  
Sacramento, CA 95814-3916  
www.ca-redevelopment.org  
Phone: (916) 448-8760 Fax: (916) 448-9397

SB 975, a bill that imposes prevailing wage requirements upon nearly all redevelopment projects, is currently in the Assembly. Legislators return to Sacramento from summer recess August 20<sup>th</sup>. The intent of SB 975 is to apply the state's prevailing wage requirement to private commercial and many residential development construction projects assisted by redevelopment agencies. Unfortunately because of political commitments, it will be very difficult to derail this bill. Even obtaining modifications to exempt or lessen the impact of the measure upon affordable housing projects and small commercial loans or grants, such as façade improvement programs, has remained difficult.

As written, SB 975 attempts to codify and expand aggressively upon the recent Department of Relations (DIR) coverage determinations for the purpose of precluding a successful court challenge to the DIR. SB 975 also seeks to redefine "public works." Under current law a "public work" includes construction, alteration, demolition or repair work done under contract and paid for in whole or in part out of public funds. However, SB 975 provides that paid for "in whole or in part" out of public funds includes:

- The payment of money or the equivalent of money by a public agency directly to or on behalf of the public works contractor or developer;
- Performance of work in execution of the project;
- Transfer of an asset of value for less than fair market price;
- Payment or waiver of fees, costs, rents or other obligation that would normally be required in the execution of the contract.

As amended July 18, SB 975 proposes a partial exemption for affordable housing projects funded from a redevelopment agency's 20% low and moderate income housing fund when a project is assisted solely by a redevelopment agency or in partnership with private loans or grants. **This exclusion is wholly inadequate.**

**It is fair to say that under existing DIR opinions, most affordable housing projects would not now be required to pay prevailing wages. Under SB 975, prevailing wages would be required on the vast majority, perhaps 90%, of all affordable housing projects presently assisted by redevelopment agencies. This is due largely because on projects of any size, redevelopment housing fund monies are always combined with one or more other sources of public funds.**

If SB 975 is enacted redevelopment agencies will no longer be looked to as sources of "gap financing", in which four or five funding sources are secured and redevelopment bridges the remaining gap. It is logical to expect, if SB 975 is enacted in its current form, that redevelopment

agencies will withdraw from virtually all multi-source affordable housing projects allowing the affordable housing funds to accumulate over several years in order to finance individual housing projects by themselves or together with private funds if the cost of borrowing is low enough.

**This is incomprehensible: a CHFA permanent loan doesn't trigger prevailing wages. Redevelopment housing fund monies alone don't trigger prevailing wages. Combine them under SB 975 and they trigger prevailing wages.**

The following are examples of redevelopment agency assisted affordable housing projects that are not required to pay prevailing wages pursuant to DIR opinion letters but would be required to pay prevailing wages pursuant to SB 975:

1. Silverado Creek Apartments: Public Works Case No. 99-074 in which DIR opined on September 27, 2000, that prevailing wages did not apply to a ground lease between City Housing Authority and developer for \$1; construction loans from County and City Housing Authorities. "There is no evidence that the public funds expended in the real estate transaction [for the City Housing Authority to purchase the property] were used to pay for construction of the Project rent forbearance does not constitute payment of public funds for construction." *This structure is very common and used in many, many affordable housing projects throughout the State.*
2. An affordable housing project that is assisted by redevelopment agency Housing Fund (Section 33334.3) monies and Community Development Block Grant funds.
3. An affordable housing project that is assisted with Housing Fund monies and tax credits. *This also is a very common method of financing housing projects throughout the State.*
4. An affordable housing project that is assisted with Housing Fund monies and federal Section 8 rent subsidies.
5. An affordable housing project that is assisted with Housing Fund monies and the proceeds of bonds, when Housing Fund monies do not secure the bonds and the statute authorizing the bonds does not require prevailing wages.
6. An affordable housing project that is assisted with Housing Fund monies and general tax increment funds (i.e., 80% funds).
7. An affordable housing project that is assisted with certain CHFA loans and Housing Fund monies.
8. An affordable housing project that is assisted with Housing Fund monies and city funds, most commonly "housing trust" funds that are often the proceeds of a developer in lieu payments to cities.
9. Affordable housing projects that are not funded with Housing Fund monies and are funded by any of the sources described above (tax credits, Section 8, bond proceeds, general tax increment funds, certain CHFA loans, city housing trust funds).

In addition, it is not clear whether the July 18 amendments would exempt any of the following situations:

1. A redevelopment agency acquires land with Housing Fund monies and sells the land to a housing developer.
2. A redevelopment agency subsidizes rents with monies from the Housing Fund.
3. A redevelopment agency pays fees with monies from the Housing Fund.

While common sense and the intent of the proposed amendment leads to the conclusion that they should be exempted, the amendment clearly refers to "construction and rehabilitation" and the new language in Labor Code section 1720(b) clearly includes assistance that goes far beyond construction or rehabilitation, e.g., "rents".

SB 975 is on the Assembly floor. Once approved by the Assembly it goes to the Senate for concurrence of amendments and if voted out of the Senate to the Governor's desk. **We urge you to oppose SB 975. Letters, email and telephone calls should be made prior to the time when the Assembly reconvenes August 20.**

*Complete bill text and analysis and the address/telephone of your legislator are available through the member's only section of the CRANET at [www.ca-redevelopment.org/](http://www.ca-redevelopment.org/). If you do not yet have your password, contact Jeff Freitas at [jfreitas@ca-redevelopment.org](mailto:jfreitas@ca-redevelopment.org)*