



STANISLAUS COUNTY

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PRESS RELEASE

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State of California swipes \$13 million from Stanislaus County and local cities for “budget fix”

Payment will cripple local job creation and economic growth

Stanislaus County, CA – The Stanislaus County Redevelopment Agency today was forced to turn over \$2,818,246 to the Stanislaus County Auditor, a required payment resulting from the State’s decision to raid \$2.05 billion in local redevelopment funds as part of the 2009-10 State Budget. Instead of going to fund local job creation, economic growth and Community revitalization projects, this money will now be siphoned off to help pay the State’s obligations.

The payment was made in accordance with a ruling by Sacramento Superior Court Judge Lloyd Connelly last week which instructed local redevelopment agencies to abide by the provisions of ABX4-26 passed last year as part of the state budget. The bill allows the state to take \$2.05 billion in redevelopment funding to use for state obligations. The California Redevelopment Association (CRA) is appealing the Superior Court ruling to the Court of Appeal.

In Stanislaus County, the eleven Redevelopment Agencies (including Agencies in all of the Cities) will be forced to send over \$13 Million to the State today.

“Taking this funding will stall job creation and economic development efforts in Stanislaus County at the worst possible time,” said Jeff Grover, County Redevelopment Agency Chairman. “The money being turned over to fund State obligations was going to be used for local revitalization projects that would have improved our community, created jobs and stimulated our local economy.”

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Kirk Ford, the County Redevelopment Agency Executive Director believes the action will result a significant impact to the Agency's ability to provide projects over the next two years, including some related to Health and Safety. "We will need to modify, cancel and/or delay planned activities to some degree or another" said Ford. "We will be evaluating our Implementation Plan and making modifications as necessary."

"It's incredibly narrow-minded of Sacramento to reach into the pockets of local redevelopment agencies, one of the state's strongest job creating engines, at a time when job creation and economic development are desperately needed," continued Ford.

Among the specific Stanislaus County Redevelopment projects that will be harmed by this state raid include:

- The next Empire Storm Drainage phases
- Planning, engineering, design and construction of water/sewer/storm drain projects in the County Islands that are in the RDA area (including Parklawn, the Airport Neighborhood, and South Seventh Street)
- Community Clean-ups
- Infrastructure Reconstruction or Rehabilitation projects in the unincorporated communities of Denair, Grayson, Westley, Hickman, Crows Landing, Monterey Park Tract, Valley Home and Salida.
- Economic Development Assistance

California Redevelopment Association Executive Director John Shirey vowed to fight the Superior Court ruling: "We strongly disagree with Judge Connelly's ruling which effectively says the Legislature has unlimited discretion to redirect local redevelopment funds to any purpose it wishes. Under that logic any state program could be called redevelopment. The Legislature needs to deal with its budget problems by making hard decisions using its own limited resources -- not by taking away local government funds.

"Despite this ruling we continue to believe taking local redevelopment funds and using them to fund State obligations is unconstitutional. We have a strong case and feel confident the lower court ruling will be overturned by the Court of Appeal," said Shirey.

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