



County of Santa Cruz

0157

BOARD OF SUPERVISORS

701 OCEAN STREET, SUITE 500, SANTA CRUZ, CA 95060-4069

(831) 454-2200 FAX: (831) 454-3262 TDD: (831) 454-2123

JANET K. BEAUTZ
FIRST DISTRICT

ELLEN PIRIE
SECOND DISTRICT

MARDI WORMHOUDT
THIRD DISTRICT

TONY CAMPOS
FOURTH DISTRICT

JEFF ALMQUIST
FIFTH DISTRICT

AGENDA: 8/27/02

August 19, 2002

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

RE: **SAN** LORENZO VALLEY REDEVELOPMENT PROJECT AREA

Dear Members of the Board:

As Board members are aware, the Redevelopment Agency, along with my office, has been in the process of analyzing the viability of a Redevelopment Project in the San Lorenzo Valley. Several weeks ago, the Board was presented with the initial feasibility study which showed that the tests for both economic and physical blight necessary for the formation of the project area could be met under current redevelopment law. The next step in the analysis has been to look closely at both the potential revenue which could be generated within the proposed project area as well as the methodology and available funding for the property tax pass through for Special Districts within the proposed project area.

At the beginning of the study of the San Lorenzo Valley Redevelopment Project Area, I made clear to both the community at large and to the Fire Districts within the proposed project area that I could not support the project unless an appropriate mechanism could be found which would ensure that these Districts would continue to receive funds from some source which together with their statutory "pass through" would equal what they would have received in property tax allocations in the absence of a redevelopment project.

As a consequence, we have been working for some months in consultation with the Fire District Boards and Fire Chiefs in the Valley to construct an agreement that would provide funds to the Fire Districts over time, on an annual basis, to make up the

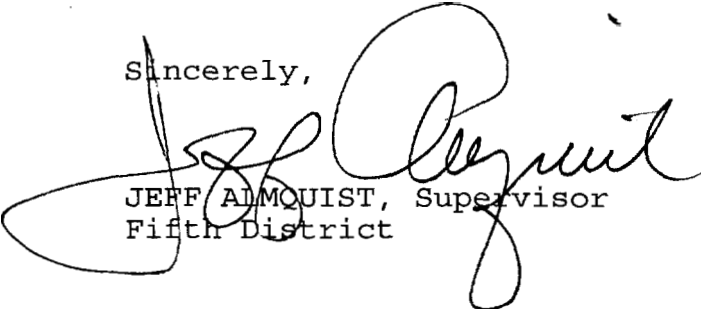
BOARD OF SUPERVISORS
August 19, 2002
Page 2

property tax revenue they would lose were a redevelopment project created. Initially, we looked at using the County's own "pass through" funds as a means of funding such an agreement.

After careful analysis of the numbers based on a conservative estimate of the future assessed valuation growth, it appears the County's General Fund "pass through" for the proposed project area would be inadequate to match the **lost** revenue. Attached is a chart showing these calculations prepared by the Redevelopment Agency. While the difference is small in the initial years of the proposal, as it is projected over the life of the project, the difference becomes quite significant. This obligated us to examine other potential sources, all of which would still require resort to the General Fund. In doing this, we have received legal advice that it may not be feasible for a current Board of Supervisors to irrevocably commit such funding sources in future periods. This would create the prospect of leaving the Fire Districts in jeopardy despite any present intent that they be made whole over the entire life of the project area.

Having made a commitment to our volunteer departments that I would only support a redevelopment project if it could be done without financial risk to them, I would therefore recommend that the Board of Supervisors direct the Santa Cruz County Redevelopment Agency to cease all work on the proposed San Lorenzo Valley Redevelopment Project Area, and take the necessary steps to return all remaining appropriated funds from the study to the General Fund.

Sincerely,



JEFF ALMQUIST, Supervisor
Fifth District

JA:lg
Attachment

cc: Boulder Creek Fire District
Felton Fire District
Ben Lomond Fire District
Tom Burns, Redevelopment Agency Administrator
Susan Mauriello, County Administrative Officer
Pat Busch, County Administrative Office
Speaker Pro Tem Fred Keeley

1597D5

**Comparison of Annual Potential Tax Increment to SLV RDA
to Potential Impact to County General Fund (including Fire District Backfill)**

Year	Net Tax Increment	Net Annual Loss to County GF (> Passthru)	Gen Fund Pass Thru	Backfill to Fire Dists.	Potential Total County GF Impact	Co GF Cost as % of Tax Incr. (w/ fire backfill)
1	\$105,000	\$28,035	\$7,009	\$10,175	\$38,210	36.39%
2	\$213,938	\$57,121	\$14,280	\$20,731	\$77,853	36.39%
3	\$326,960	\$87,298	\$21,825	\$31,684	\$118,982	36.39%
4	\$444,221	\$118,607	\$29,652	\$43,047	\$161,654	36.39%
5	\$565,879	\$151,090	\$37,772	\$54,836	\$205,925	36.39%
10	\$1,157,278	\$332,715	\$83,179	\$114,909	\$447,624	38.68%
15	\$1,803,278	\$551,046	\$137,762	\$177,509	\$728,555	40.40%
20	\$2,579,833	\$813,502	\$203,376	\$252,760	\$1,066,262	41.33%
25	\$3,513,331	\$1,129,001	\$282,250	\$343,219	\$1,472,220	41.90%
30	\$4,551,526	\$1,508,262	\$377,065	\$443,823	\$1,952,085	42.89%
35	\$5,661,417	\$1,964,171	\$491,043	\$601,731	\$2,565,902	45.32%
40	\$6,995,618	\$2,512,219	\$628,055	\$741,196	\$3,253,415	46.51%

Assumptions:

Base AV for Project Area begins at **\$350M**

Annual AV growth of **3.75%**

Backfill to fire districts net of statutory pass-throughs

Annual loss to general fund net of county **20%** pass through



Citizens Against ReDevelopment

of the San Lorenzo Valley PO Box 1008 Ben Lomond California 95005

August 20, 2002

Santa Cruz County Board of Supervisors
701 Ocean Street
Santa Cruz, CA 95060

Hon. Supervisors;

Citizens Against ReDevelopment of the San Lorenzo Valley (CARD) support the decision by 5th District Supervisor Jeff Almquist to terminate further efforts to form a redevelopment district in the San Lorenzo Valley. This decision was announced publicly Supervisor Almquist and submitted to you by his letter of August 19, 2002.

In Supervisor Almquist's letter, he says "...the initial feasibility study (which) showed that the tests for both economic and physical blight necessary for the formation of the project area could be met under current redevelopment law." CARD does not support this statement and repeats as before, that blight in the San Lorenzo Valley is not supported in law or in fact. However, Supervisor Almquist also says at the end of his letter, "I (would therefore) recommend that the Board of Supervisors direct the Santa Cruz County Redevelopment Agency to cease all work on the proposed San Lorenzo Valley Redevelopment Project Area..." CARD joins Mr. Almquist in supporting the immediate cessation of any further study or expenditure of funds on the proposed San Lorenzo Valley Redevelopment Project Area.

There are many worthy projects and programs in the Valley that deserve to come to fruition. To quote the Community Infrastructure Funding Advisory Committee from June 1995, "Redevelopment was inappropriate for the San Lorenzo Valley..." and furthermore, "...financing mechanisms to implement [infrastructure] projects must be well understood and supported by a vote of the affected community of tax and or fee payers." We believed this in 1995 and we continue to believe this today. If redevelopment ever again comes up as a possible funding mechanism for projects in the San Lorenzo Valley, CARD will be there, arguing for a vote of the people and presenting the case against redevelopment.

Thank you.

Barry Weiss
Chair
Citizens Against ReDevelopment (CARD)

30