



PRESS RELEASE

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EL MONTE FORCED TO PAY MORE THAN \$2 MILLION TO SUPPORT STATE BUDGET SHORTFALL

El Monte, Calif. – This week, the City of El Monte’s Community Redevelopment Agency was forced to turn over \$2,049,630 to the Los Angeles County Supplemental Educational Revenue Augmentation Fund (“SERAF”), 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 and local economic development projects, this money will now be siphoned off to help pay the State’s obligations.

The payment was made in accordance with a ruling last week by Sacramento Superior Court Judge Lloyd Connelly, 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 \$1.7 billion in redevelopment funding to use for State obligations in the current budget year, and another \$350 million in Fiscal Year 2010-2011. The California Redevelopment Association (CRA) is appealing the Superior Court ruling to the Court of Appeal.

“Taking this large share of our local tax increment monies, which is generated by our City taking the initiative to stimulate our local economy, will stall economic development and job creation efforts in El Monte at the worst possible time,” said El Monte Mayor André Quintero. “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.”

Some of the projects identified by El Monte City Manager René Bobadilla that will be impacted or delayed by the immediate loss of over two million dollars include:

- Street, sidewalk, and landscape improvement projects in the downtown area.
- Transportation projects designed to increase mobility for local residents, including buses, inter-city rail and possibly high-speed transportation.
- The Santa Fe Trail Plaza project on the north side of Valley Boulevard which will bring in a big box retailer that will create jobs and sales tax revenue.

- Affordable housing projects at several locations that will alleviate unmet demand.
- Commercial incentives to attract tenants, and jobs, to fill a number of vacant locations on Valley Boulevard.

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. We have a strong case and feel confident the lower court ruling will be overturned by the Court of Appeal.”

The California Redevelopment Association represents the redevelopment agencies of over 350 cities and counties in California.

The League of California Cities has also expressed its strong reaction to Judge Connelly’s decision. League Executive Director Chris McKenzie characterized the State takeaway as an “elaborate shell game with public funds” and “destroys local efforts to create jobs and stimulate California’s weakened economy.”

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The City of El Monte, located in Southern California, is committed to improving the quality of life for its citizens and strives to provide its community personalized service, uncompromising commitment, and individualized accountability. For information on the City of El Monte, please call 626-580-2001 or visit www.ci.el-monte.ca.us/.