

**IN THE SUPREME COURT OF
THE STATE OF CALIFORNIA**

CALIFORNIA REDEVELOPMENT ASSOCIATION, LEAGUE OF
CALIFORNIA CITIES, CITY OF UNION CITY, CITY OF SAN
JOSE, AND JOHN F. SHIREY,

Petitioners,

v.

ANA MATOSANTOS, in her official capacity as Director of
Finance, JOHN CHIANG in his official capacity as the
Controller of the State of California, PATRICK O' CONNELL,
in his official capacity as the Auditor-Controller of the
County of Alameda and as a representative of the Class of
County Auditor-Controllers,

Respondents,

SUPREME COURT
FILED

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**BRIEF OF AMICUS CURIAE
COUNTY OF RIVERSIDE
IN SUPPORT OF PETITIONERS**

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TABLE OF CONTENTS

	<u>Page</u>
TABLE OF CONTENTS	i-ii
TABLE OF AUTHORITIES	iii
APPLICATION AND STATEMENT OF INTEREST OF AMICUS CURIAE	1
Application	1
Issues Presented.....	1
Statement of Interest.....	1
AMICUS CURIAE BRIEF IN SUPPORT OF PETITIONERS CALIFORNIA REDEVELOPMENT ASSOCIATION, CALIFORNIA LEAGUE OF CITITES, CITY OF SAN JOSE, CITY OF UNION CITY, AND JOHN SHIREY ("PETITIONERS")	4
I. INTRODUCTION AND BACKGROUND.....	4
A. The Redevelopment Agency for the County of Riverside has Provided Substantial Resources and Benefits to the County	7
B. The Elimination of Redevelopment Would Halt Many of the County's Affordable Housing Programs	10
C. The Elimination of Redevelopment Would End Riverside County Projects that Support Schools	16
D. The Elimination of Redevelopment Would Deepen the Effect of the Economic Downturn in Riverside County.....	19

TABLE OF CONTENTS
(continued)

	<u>Page</u>
II. SUMMARY OF LEGAL ARGUMENT	22
III. AB1X 27 IS NOT VOLUNTARY – IT ILLEGALLY REQUIRES REDEVELOPMENT AGENCIES TO MAKE PAYMENTS TO THE STATE IN ORDER TO REMAIN IN EXISTENCE.	23
IV. ABIX 26 IS UNCONSTITUTIONAL BECAUSE IT REDIRECTS TAX INCREMENT IN VIOLATION OF ARTICLE XIII, SECTION 25.5(A)(7).....	25
V. CONCLUSION	27
VI. CERTIFICATE OF WORD COUNT FOR BRIEF	28

TABLE OF AUTHORITIES

Page(s)

California Cases

Redevelopment Agency of the City and County of San Francisco v. Hayes, et al.,
(1954) 266 P.2d 105 25

Constitutional Provisions

CAL. CONST.

art. XIII, §24(b) 4
art. XIII, §25.5(a)(1) 4
art. XIII, §25.5(a)(3) 4
art. XIII, §25.5(a)(7) 4, 25
art. XIII B, §6(b)(3) 4
art. XVI, §16 4, 25, 26
art. XVI, §16(a) 26

California Statutes

California Rules of Court

Rule 8.520(f) 1

Health & Safety Code

Section 34161 26

Other Authorities

ABIX 26 1, 2, 4, 21, 22, 23, 25, 26, 27
ABIX 27 1, 2, 3, 4, 21, 22, 23, 27
Proposition 22 22, 23
The Rose Report 8
The Rose Report, Overview 8, 9

APPLICATION AND STATEMENT
OF INTEREST OF AMICUS CURIAE

(Cal. Rules of Court 8.520(f))

APPLICATION

The County of Riverside, California (“County”) applies for permission to file the attached Amicus Curiae Brief in support of Petitioners, California Redevelopment Association, California League of Cities, City of San Jose, City of Union City, and John Shirey (“Petitioners”).

ISSUES PRESENTED

The issues presented are whether AB1X 26 and 27 which eliminate redevelopment agencies and provide an opt-in provision to the *Alternative Redevelopment Program* upon payment of a specified amount of funds to the State, as well as certain local districts, violates provisions of the California Constitution.

STATEMENT OF INTEREST

The County of Riverside, California is a political subdivision of the State of California located in inland Southern California. With a population of approximately 2.2 million residents and a total land area of 7,207 square miles, it is the fourth largest county in California. The County Redevelopment Agency for the County of Riverside (“Agency”) was

established in 1985. The agency has five (5) Project Areas located primarily in unincorporated areas of the County.

This case is particularly important to the County of Riverside and a significant number of its citizens who rely on affordable housing programs, public facilities, and other projects made possible through the use of redevelopment funds in their community. The County is particularly concerned about arguments by the State and the County of Santa Clara that AB1X 26 can be upheld even if AB1X 27 is declared invalid. The County supports the arguments of petitioners that both AB1X 26 and 27 must be declared invalid.

Finally, the loss of redevelopment funds would be extremely detrimental to the County of Riverside. The loss of redevelopment funds would harm the County in the following ways:

1. The County would have to stop development of ongoing affordable housing projects;
2. It would halt planned construction of infrastructure, parks, libraries, and other public facilities resulting in not only in the loss of facilities, but the loss of jobs associated with the construction of those facilities, as well as other jobs that come with these projects;
3. It would leave the County without the necessary tools to fight the blighting conditions resulting from the foreclosure crisis; and

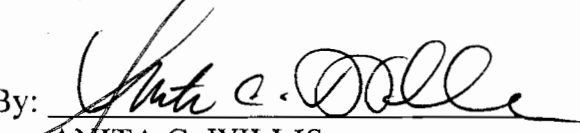
4. It would halt the limited economic activity in the region thereby making a faltering economy even worse.

Thus, the County has opted into AB1X 27 because of the importance of continuing redevelopment. Thus, the County has a meaningful and direct interest in the issues presented.

Respectfully submitted,

PAMELA J. WALLS
County Counsel

Dated: 9-29-11

By: 
ANITA C. WILLIS
Deputy County Counsel
Attorneys for Amicus Curiae,
COUNTY OF RIVERSIDE

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AMICUS CURIAE BRIEF IN SUPPORT OF PETITIONERS
CALIFORNIA REDEVELOPMENT ASSOCIATION, CALIFORNIA
LEAGUE OF CITIES, CITY OF SAN JOSE, CITY OF UNION CITY
AND JOHN SHIREY (“PETITIONERS”)

The County of Riverside joins in and supports the arguments made by the Petitioners in their opening brief and reply brief. In particular, the County of Riverside agrees that:

1. ABX1 26 and 27 violate Article XIII, Section 25.5(a)(7) and Article XVI, Section 16 of the California Constitution; and
2. AB1X 27 also violates Article XIII Sections 24(b), 25.5(a)(1), and 25.5(a)(3) and Article XIII B, Section 6(b)(3).

The County further agrees and asserts that AB1X 26 and 27 are interdependent statutes and therefore must be construed as a whole consistent with the expressed intent of the legislature when the bills were adopted.

I.

INTRODUCTION AND BACKGROUND

Libraries, childcare facilities, community centers, fire stations, Sheriff Stations, affordable housing, parks and infrastructure improvements, are just some of the examples of how redevelopment has benefitted the County of Riverside through its redevelopment agency. During the recent “Great Recession,” the County of Riverside has suffered

more than any other region in California. But for the economic activity generated by the Agency, the residents of this County could have suffered even greater economic harm. Through its varied programs, the Redevelopment Agency for the County of Riverside has not only been the primary engine for economic development, but it has been steadfast in its effort to provide unique economic opportunities and services to its citizens, as will be discussed herein.

The County of Riverside, formed in May of 1893, and located in the southeastern area of California, extends from as far west as the Orange County border to the border with Arizona along the Colorado River (also known as the Inland Empire). The County is rich in the diversity of its people, as well as in its physical and natural characteristics. The County also boasts a rich cultural history and tradition as home to early settlers of many ethnicities, including various Native American groups such as the Morongo and Pechanga Bands of Mission Indians.

The County of Riverside has suffered disproportionately during the recession and current economic downturn, as is reflected in its primary business sectors, manufacturing, agriculture, tourism and service. The County unemployment rate continues to hover around 15%, the second highest in the country, and property values have tumbled to levels not seen since the 1990s. Consequently, County of Riverside revenues have decreased in proportion to its loss in property values, just as other

communities have experienced revenue reduction. Moreover, the County struggles with these issues as it seeks to continue to provide the same level of services expected by its residents, with less resources. Thus the County, like other local entities, is faced with making difficult choices as it considers the distribution of its resources and the needs of its constituents and employees.

Nevertheless, the County of Riverside does not share the State's view of redevelopment as "the fox raiding the hen house." Redevelopment is *not* the cause of the economic woes that face local public entities and redevelopment is *not* the reason for the budget deficits faced by the State. Nor is the elimination of redevelopment the panacea for schools or the answer to the State's budget deficits. Schools will not benefit from the elimination of redevelopment. The Governor's 2011/12 budget, which seeks \$1.7 billion from redevelopment agencies, does not include new money for schools; it merely replaces the general fund allocation. It is a shell game, smoke and mirrors. The State must make the tough decisions that come with reduced resources, just as counties and other local public entities have had to come to grips with, and look internally at the operations and find the waste, make the tough cuts, and not take the "easy" way out.

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A. **The Redevelopment Agency for the County of Riverside has Provided Substantial Resources and Benefits to the County.**

Notwithstanding all of the arguments of the State and others to the contrary, redevelopment has served a great need in Riverside County. The Agency was established to achieve the following goals:

1. Alleviate conditions of blight in identified communities throughout the County;
2. Address the growing needs and services to residents within established redevelopment project areas; and
3. Ensure the growth of the County's economic base through the provision of new public improvements, commercial and industrial developments, and affordable housing.

Riverside County has adopted five redevelopment project areas which encompass approximately 82,334 acres. Agency activities include the production and management of affordable housing programs, economic development including, but not limited to, business incentive programs, planning and development of capital improvement projects, real property disposition and development of public facilities such as libraries, schools, public safety facilities, and façade improvements. Agency programs eliminate blight, and in the process, stimulate the local economy.

More importantly, redevelopment activities have put people to work during a period when both private and public sector resources are simply

not available in the same manner as in the past. Redevelopment is the primary economic engine for this region. In the County of Riverside, the economic benefit of redevelopment has been realized in increased jobs (particularly in the construction industry), sales taxes and more.

The Redevelopment Agency recently commissioned a report on the economic effects of its programs from the Rose Institute of State and Local Government at Claremont McKenna College (the "*Rose Institute Report*"). The report was completed in April 2011.¹

The *Rose Institute Report* results established that: (1) over the past five years redevelopment spending has generated \$664 to \$678 million in economic activity (value of purchased goods and services) in Riverside County for six fiscal years ending 2011 (including the current year forecast). This figure not only includes \$378 million in direct spending done by the Agency, but also the additional economic activity due to multiplier effects; (2) resulted in earnings of about \$172 million by County residents during the same six years, including both direct payroll on projects funded by the Agency and multiplier effects; and (3) generated between 3,357 and 4,156 jobs in the County; generated approximately \$2.3 million in business taxes, \$7.6 million in California personal income tax, and about \$5.8 million in sales tax in the County. Spending on low-

¹ Note that although the report refers to the Riverside Economic Development Agency, the project data was based on redevelopment projects. The report is available at www.saveredevlopment.org.

moderate income housing generated an output value of \$97.3 million, income of about \$24.7 million, and 598 jobs during the period from 2000 to early 2011. This spending assisted a total of 3,093 households with construction, rehabilitation and home ownership assistance. (See *Rose Institute Report, Overview p. 1-3*).

Additional results show that the benefits of the Agency spending extend beyond Riverside County to other areas of California. In particular, using the multiplier for the entire state of California based on Agency spending yields total economic activity of approximately \$892 million, or roughly \$214 to \$229 million greater for Riverside County alone, suggesting an external benefit to other areas of the state. Similarly, the overall job creation for California is approximately 6,914, suggesting up to 3,600 jobs created elsewhere in the state due to Redevelopment Agency for the County of Riverside projects. (See *Rose Institute Report, Overview, Id at 3*).

Also, over the past five years, the Agency has funded a total of 146 projects. Of that amount, 26 are public facilities (such as libraries) and parks, and 28 are related to roads, trails and sewers. Many of the remaining projects are for similar purposes such as public safety offices, public area restoration and beautification, and related infrastructure improvements. Going back further, over the past fifteen years, the Agency has financed 9 fire stations and 5 Sheriff's stations. Other projects include 17 libraries,

community centers, parks, stadiums, swimming pools and other facilities for the direct benefit of schools. (See *Declaration of Robert Field* attached hereto as Exhibit “1.”)

Representative projects in the County of Riverside include the recently completed Aquatics Center and Water Park (the Cove) which is jointly used by Patriot High School; Big League Dreams Sports Park (Perris Valley); Mecca Boys & Girls Club; Mecca Community Center; Thermal Library and Community Center; Marion V. Ashley Community Center; Louis Robidoux Library, the Mecca Library/Substation project, and the Cabazon Civic Center Project.

B. The Elimination of Redevelopment Would Halt Many of the County’s Affordable Housing Programs.

The elimination of redevelopment agencies will have a drastic and detrimental effect to efforts by counties and cities to eliminate blight, enhance economic development activity, reduce unemployment and provide affordable housing in Riverside County and the cities within it.

The Agency has accomplished the following:

- Completed 10,516 affordable housing units to date and an additional 2,528 units are under development;²

² 3,917 units completed using Agency funds; 1,911 in development using Agency funds.

- Created over 8,700 jobs (annual average fiscal years 07/08-09/09);
- Constructed more than 625 projects to date that have helped eliminate blight and create safe and livable communities;
- An additional 37 projects under development with an investment of \$234 Million;
- Provided approximately \$198 million to benefit schools, libraries, and parks to date; and
- Partnered with over 215 private companies and does business with at least 84 construction trade unions.

Riverside County has excelled in the development of affordable housing as indicated above. Nevertheless, there remains a great and pressing need for affordable housing assistance in the County. Some of the Agency's completed projects include Murrieta Infill Housing Project, Murrieta, consisting of 4 single family dwellings; Habitat for Humanity 37th Street, Rubidoux consisting of 3 single family homes; Mission Village Senior Apartments, Glen Avon, a 102-unit affordable senior apartment complex; Orange Blossom Lane, Valle Vista, a 41- unit rental project; and Paseo de los Heroes Mobile Home Park II, Mecca, a 52-space mobile home rental park.

However, without redevelopment funding, the Agency's affordable housing programs such as new housing construction, infill housing projects,

acquisition, rehabilitation, relocation and resale for affordable housing, mobile home park improvements and acquisitions, mobile home park tenant assistance, senior repair, and first time home ownership will end.

Riverside County has been hit hard by the recent foreclosure crisis. The Agency, leveraging funding from the federal government, has initiated programs to address this issue by allowing these foreclosed homes to be purchased by eligible first-time homebuyers and low-moderate income households. Under this program, foreclosed homes are purchased, rehabilitated, and re-sold to eligible homebuyers. This program provides affordable housing to eligible persons and families, while also eliminating the blighting conditions caused by vacant and/or boarded up foreclosed homes. The Agency also provides home ownership classes and down payment assistance to eligible homebuyers. If redevelopment is eliminated, much of this activity must cease for lack of funding.

Moreover, as a consequence to the proposed elimination of redevelopment, projects which are in various stages of development, e.g., property acquisition, design, financing, entitlements, etc., will be unable to move ahead to completion. As previously stated, the Agency has several such projects in the pipeline which include the following:

1. Legacy Apartments, Thousand Palms

In June 2010, the Redevelopment Agency approved funding assistance for \$8,800,000 to acquire and develop a portion of a site for a

gated 81-unit affordable, multi-family community, including an additional on-site manager's unit in the unincorporated community of Thousand Palms. All of the proposed units will be reserved for low-income families with affordable rents for a period of at least 55 years; fifteen of those units will be reserved for special needs individuals. The estimated total development cost for the project is \$25,168,039. Funding will include a \$2,534,954 conventional loan from Farmers & Merchant Bank; a \$1,500,000 loan under the Mental Health Services Act (allocated from the \$8,800,000); a deferred developer fee of \$126,722; and Riverside County Transportation Uniform Mitigation Fee waiver of \$101,516. The balance of \$13,604,847 will come from the tax credit equity financing. The project received entitlements in June 2010 and received its tax credit allocation in October 2010. The project is currently in the entitlement process.

2. Operation Safe House

The Agency owns an approximately .41 acre parcel located in the community of Thousand Palms in the unincorporated area of Riverside County and within the Desert Communities Redevelopment Project Area. The Agency entered into a Disposition and Development Agreement (DDA) by and between the Agency and Operation Safe House, Inc., a California nonprofit public benefit corporation that serves youth in crisis. The project will include the purchase of the Site by the Developer from the

Agency and the development of 16 affordable rental housing units that will include one (1) manager's unit.

The project is an expansion to the existing Operation Safe House of the Desert facility located in the community of Thousand Palms, which the Developer currently owns and operates. The Project will provide living quarters and the existing campus facility will be utilized to provide the educational and life skill services, training, drug abuse prevention counseling, individual and group counseling and job seeking assistance to the residents of the Project.

The total project budget is \$4,464,224. The sources of funds utilized will be a loan from Department of Housing & Community Development Emergency Housing & Assistance Program Capital Development (EHAP CD) for \$1,000,000, a loan from HUD Homeless Continuum of Care funds for \$365,000, a loan from the Agency for \$1,100,000, a loan from the Federal Home Loan Bank Affordable Housing Program for \$640,000, and a loan from Department of Housing & Community Development Multifamily Housing Program-Supportive Housing for \$1,359,224. The project is currently in the entitlement process.

3. Desert Meadows (formerly Date Palm Mobile Home Park),

Indio

The Agency purchased the Date Palm Mobile Home Park which is located outside the city limits of Indio in the unincorporated area of the

County for the purpose of carrying out its obligation to help eliminate blight and providing safe and decent affordable housing to its residents. The mobile home park was purchased in August 2007 for \$1,900,000. The Agency has relocated the residents that were living in the park and demolished all structures on the site. The Agency provided \$997,400 for expenses related to entitlements for a new 80-unit affordable housing complex with numerous amenities along with an additional loan in the amount of \$7,900,000 to fill a financing gap related to construction. The estimated total budget for the project is \$22,000,000. The project has been entitled. Construction of the project is anticipated to begin in early 2012.

4. Highgrove Family Apartments

The Agency acquired a 7.43-acre vacant property located in the unincorporated community of Highgrove within the I-215 Corridor Redevelopment Project Area. The Agency purchased the property in an effort to provide much needed affordable housing to the community of Highgrove and outlying areas. The Agency intends to subdivide the property into two (2) separate lots, a 5.91 acre lot for affordable housing and a 1.93 acre lot for a future library. The Agency entered into an Exclusive Negotiation Agreement with a developer to subdivide and entitle the property. The project is currently in the entitlement process.

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C. The Elimination of Redevelopment Would End Riverside County Projects that Support Schools.

The Redevelopment Agency for the County of Riverside has been a partner with schools by providing facilities to enhance the educational experience for the children of Riverside County. The following is a sampling of some of the recent projects that have been completed, or are in the development and planning stages;

1. Jurupa Valley Aquatic Center (JVPA)

Project Cost: \$ 23,120,717

Location: Camino Real and Mission Blvd.

The Agency constructed a recreational aquatic facility on nine acres that consists of a 25 by 35 yard competition pool, lazy flow river, wave rider, children's water playground area, four water slides with a recreational pool, as well as an 11,000 square foot administrative/operations building. Patriot High School uses this facility via a joint use agreement with the Agency. Also within the premises, the facility has grass areas for seating, stadium seating, concession stand and multiple picnic areas with permanent shade structures. This project is complete.

2. Rubidoux Child Development Center (JVPA)

Estimated Start Date: February 2011

Estimated Completion Date: December 2011 (Construction)

Estimated Project Cost: \$ 5,000,000

Location: Riverview, just south of Mission Boulevard

The Agency, in cooperation with the Family Services Association, developed a plan to design and construct a new daycare center in the community of Rubidoux. The Rubidoux Child Development Center consists of the development of a 12,000 square foot facility. The project will include classrooms to care for approximately 200 children, ranging from three months to 12 years of age. Additionally, the project will provide before and after school programs for children ages five through twelve years old, with an emphasis on structured learning and socialization.

3. Louis Robidoux Library (JVPA)

Estimated Project Cost: \$14,500,000

Location: S/W corner of Mission Boulevard and Riverview Drive

The Agency, in cooperation with the County's Department of Library Services, developed a plan to design and construct a new library in the community of Rubidoux. The plan included the acquisition of nine parcels totaling approximately six acres, relocation of residential tenants/owners and businesses located on the parcels, environmental review, geotechnical surveys, and preparation of plans and specifications for a 39,334 square foot library and administrative center. The project is complete.

4. Highgrove Library (Interstate 215 Corridor)

Estimated Project Cost: \$ 5,000,000

Location: Center Street and Michigan Ave.

The Agency purchased land to build an approximately 7,000 square foot library to serve the residents of Highgrove. The library has two study rooms, a multipurpose room and areas for children and teen spaces. The project design has been built to obtain a minimum Leadership in Energy and Environmental Design (LEED) certification. This project is complete.

5. Mead Valley Library (Interstate 215 Corridor)

Start Date: August 2011

Estimated Completion Date: August 2012

Estimated Project Cost: \$ 9,000,000

Location: Clark St. & Oakwood St.

The library will be developed on a 3.24-acre property at the northeast corner of Clark Street and Oakwood Street in the unincorporated community of Mead Valley. The proposed project involves the design and construction of a state-of-the-art full service library. The facility will consist of a 17,500 square foot library and a 5,000 square foot attached community room. The full scope of construction will include a parking lot, landscaping, lighting, community garden, courtyard, walking path, bus stop and associated off-site infrastructure improvements.

Additional projects include the Jurupa Valley High School Stadium, Public improvements at Cabazon Elementary School, Heritage High School Stadium and Scoreboard project, and the Art Samson Community Library (adjacent to Thousand Palms Community Center and elementary school). The County of Riverside has demonstrated its commitment to children, schools and education through its partnerships and projects. The elimination of redevelopment would seriously harm this effort.

D. The Elimination of Redevelopment Would Deepen the Effect of the Economic Downturn in Riverside County.

As previously stated, Riverside County is the hardest hit county in the State of California with the highest unemployment rate and the largest percentage of decline in property values. Unfortunately, the economy shows no sign of recovery in the near future. The elimination of redevelopment as a tool for economic recovery will tie the hands of the County as it searches for ways to assist its constituency in creating business and employment opportunities while providing safe and sanitary affordable housing. Economic development projects which are either in process or on the drawing boards will not proceed because all necessary components, entitlements and/or agreements have not been finalized, despite the countless number of hours of work spent planning, negotiating, analyzing, and designing these projects in order to move forward and create enhanced business and job opportunities.

Moreover, the Agency has acquired the land, initiated entitlements, issued Requests for Proposals ("RFP"), and negotiated agreements for projects which may end up as blighted properties without the follow through to bring these projects to fruition. Two such projects are:

1. Mission Plaza Shopping Center

The construction of the Mission Plaza Improvement Project is located in the Jurupa Valley Project Area (JVPA) within the newly incorporated city of Jurupa Valley. This project is the redevelopment of a blighted and deteriorated shopping center. Older, dilapidated buildings would be demolished and replaced with new structures and facilities. A long term ground lease has already been entered into for a grocery market. An RFP has been circulated and responses received for the development and operation of the center. In addition to the commercial component, a multi-family housing component is also planned. Properties have been acquired, and relocation, as necessary, has been initiated. The anticipated cost of this project is \$10,000,000. The anticipated completion date is late 2012.

2. Trumble Road Project

In conjunction with the development of a Big League Dreams Park in Perris Valley, the Agency released an RFP for the development of a 5.28 acre parcel on the corner of Highway 74 and Trumble Road, in Romoland. The Agency has been in negotiations with the selected developer for

development of the parcel with a hotel, restaurants, office space and other services which serve the community, as well as people visiting events at the Big League Sports Park.

These projects are just a sampling of the redevelopment activity that will not be able to move ahead to completion if redevelopment in California is eliminated.

In summary, redevelopment helps communities and families. It is not some boondoggle that shifts money away from other local entities such as school districts. Redevelopment dollars leverage and enhance the provision of services in the community by providing the infrastructure that supports and provides facilities for community services to the poor, infirmed, and to children and seniors. Redevelopment supports schools, not only with pass through and Educational Revenue Augmentation Fund (ERAF) payments, but through projects, *i.e.*, building facilities that enhance and support school functions. Redevelopment leverages local dollars to continue to provide these important services for the community in which they reside. When redevelopment agencies work directly with the local communities in which they reside, as in Riverside County (and anecdotal evidence supports the conclusion that this is true of the majority of redevelopment agencies), it is a win – win in all respects.

Understanding that vital alliance and the important role of redevelopment in the community, the County of Riverside, notwithstanding

its opposition to the enactment of AB1X 26 and 27, adopted an ordinance opting in to the Alternative Redevelopment Program, (as did many local agencies), because redevelopment helps local communities and the continuance of redevelopment is vital to the County of Riverside. The County of Riverside supports redevelopment and joins in the arguments of Petitioners herein.

II.

SUMMARY OF LEGAL ARGUMENT

The County of Riverside agrees with and joins in the arguments set forth by Petitioners in their opening and reply briefs. AB1X 26 and 27 were enacted to achieve an unconstitutional result using unconstitutional means. The enactment of these companion bills was in direct response to the people's enactment of an initiative measure known as Proposition 22 in November 2010 "to conclusively and completely prohibit state politicians in Sacramento from seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with" revenue dedicated to local government. This initiative came after years of the state legislature acting to divert funds from local government to balance its budget at the expense of local government. AB1X 26 and 27 effectively require redevelopment agencies to pay \$1.7 billion the first year and \$400 million per year thereafter to schools, transit districts and fire districts. As discussed more fully in Petitioners' briefs, the action of the legislature in 1)

seeking to eliminate redevelopment agencies, and 2) to require the payment of redevelopment tax increment as a prerequisite for continued existence is in violation of the California Constitution.

III.

AB1X 27 IS NOT VOLUNTARY – IT ILLEGALLY REQUIRES REDEVELOPMENT AGENCIES TO MAKE PAYMENTS TO THE STATE IN ORDER TO REMAIN IN EXISTENCE

The provisions of AB1X 27, *the Voluntary Redevelopment Program*, extracts payments from existing redevelopment agencies to continue to operate under the same basis and laws that they have previously operated on. The only difference is that agencies must pay a ransom to the State to continue to exist as redevelopment agencies. AB1X 26 and 27 did not create new legislation with respect to how redevelopment agencies operated. AB1X 26 and 27 did not reform redevelopment. It was simply a means to an end, e.g., a legislative scheme to get around the limitations of Proposition 22 to secure \$1.7 billion in tax increment from the redevelopment agencies.

As previously stated herein, the Redevelopment Agency for the County of Riverside has been very successful in providing affordable housing, economic development and other services which provide a great benefit to the County of Riverside. Jurisdictions with redevelopment agencies are left with an ominous choice....your money or your life. Thus,

the County, faced with the loss of this powerful housing and economic development tool, chose life; it adopted an ordinance, pursuant to AB1X 27 to opt in to the *Alternative Redevelopment Program*. This is by no means a “voluntary payment.” The price tag for this opt-in for FY 2011/12 is \$31,498.284 and \$8,400,000 for FY 2012/13. (See *Declaration of Robert Field*).

Necessarily, as the County does not have sufficient funds available to make the ransom payment, the payment, if required to be made, will be from Agency tax increment, and more specifically, from the 20% set-aside for low income housing. Other Agency tax increment funds are, for the most part, already obligated to debt service, pass through obligations and/or projects. However, the consequence associated with making the payment is the delay of many affordable housing programs, and perhaps the cancellation of others. Over time, the Agency’s ability to move forward with other projects will also be affected, resulting in a downsizing of Agency programs. There is a trickle down affect associated with the delay or cancellation in terms of construction and engineering jobs and the other economic benefits which are associated with projects such as these. (See *Declaration of Robert Field*) Agencies that would choose to opt-in to the voluntary program do so under duress and coercion. That is not a choice. It is a requirement.

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IV.

AB1X 26 IS UNCONSTITUTIONAL BECAUSE
IT REDIRECTS TAX INCREMENT IN VIOLATION
OF ARTICLE XIII, SECTION 25.5(A)(7)

AB1X 26 impermissibly terminates redevelopment agencies as a means of extracting “voluntary” compliance with the payment scheme set forth in the legislature. It is noteworthy that redevelopment is not ended. Redevelopment project areas continue to exist. That is because there was never an intent to end redevelopment. The legislative intent was to obtain \$1.7 billion from redevelopment agencies. That amount includes \$31,498,284 from the County of Riverside. As Petitioners have artfully pointed out, AB1X 26 was the club to coerce the payment by the redevelopment agencies. The County joins in those arguments by Petitioners.

Article XVI, Section 16 was added to the California Constitution in 1952 (formerly Article XIII, Section 19) by adoption by the people. In part it provides: “All of the provisions of the Community Redevelopment law, as amended in 1951, which relate to the use or pledge of taxes or portions thereof as herein provided, or which, if effective, would carry out the provisions of this section or any part thereof, are hereby approved, legalized, ratified and validated and made fully and completely effective and operative upon the effective date of this amendment.” *Redevelopment*

Agency of the City and County of San Francisco v. Hayes, et al (1954) 266 P.2d 105, 125. The Court of Appeal in that matter also quoted the bill analysis which stated, “In addition, the measure would validate all provisions of the Community Redevelopment Law consistent with the foregoing relating to use or pledge of taxes.” *Id.*

In accordance with Article XVI, Section 16, tax increment continues to be allocated to Agency redevelopment project areas. Such increment shall be allocated during the existence of the project areas. (*Article XVI, §16(a)*). To the extent that ABX1 26 restricts and re-directs tax increment “for the benefit of the State, any agency of the State...” it violates Article XIII, Section 25.5(a)(7) of the California Constitution.

AB1X 26 restricts redevelopment agencies use of tax increment funds, it provides that “no agency shall incur new or expand existing monetary or legal obligations except as provided in this part.” CA Health and Safety Code (“HSC”) section 34161. It restricts and limits nearly *all* transactions that a redevelopment agency may enter into in carrying out its redevelopment objectives. (HSC §§ 34161 et seq.)

The implementation of the restrictions and limitations of AB1X 26 has brought millions of dollars in projects in Riverside County to a screeching halt and has created an administrative and legal nightmare as the Agency must review each project and transaction to determine: Is this an enforceable obligation? Can we move forward on this commitment?

Developers want to know if their projects will go through. Which obligations are enforceable.....and which are not? Can we transfer the newly constructed library to the County for inclusion in the Count Library system? There are so many questions, and with them come increased legal costs to redevelopment agencies necessitated by this ongoing uncertainty as the Agency seeks to comply with this draconian restriction. The restrictions and limitations are illegal and are harming redevelopment agencies and the communities that they serve.

V.

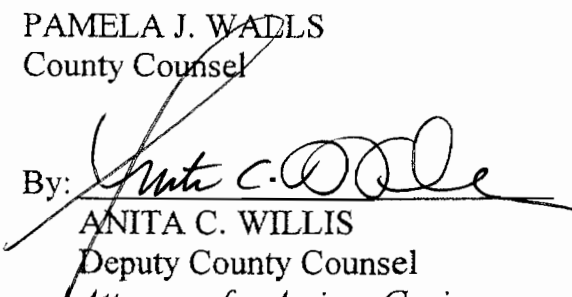
CONCLUSION

For the reasons stated above, and also for the reasons stated in the Petitioners' opening and reply brief on the merits, this court should grant the Petition for Writ of Mandate ordering Respondents to refrain from enforcing ABIX 26 and 27.

Respectfully submitted,

PAMELA J. WADLS
County Counsel

Dated: 9-29-11

By: 
ANITA C. WILLIS
Deputy County Counsel
Attorneys for Amicus Curiae,
COUNTY OF RIVERSIDE

CERTIFICATE OF WORD COUNT FOR BRIEF

By my signature below, I certify that this brief consists of 5,471 words, including footnotes, as counted by the computer program used to prepare this brief.

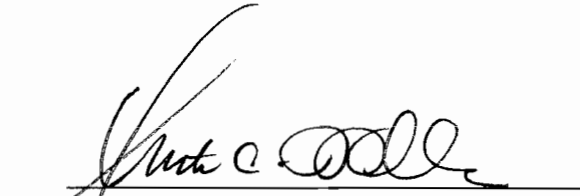

ANITA C. WILLIS

Exhibit “1”

**IN THE SUPREME COURT OF
THE STATE OF CALIFORNIA**

CALIFORNIA REDEVELOPMENT ASSOCIATION, LEAGUE OF
CALIFORNIA CITIES, CITY OF UNION CITY, CITY OF SAN
JOSE, AND JOHN F. SHIREY,

Petitioners,

v.

ANA MATOSANTOS, in her official capacity as Director of
Finance, JOHN CHIANG in his official capacity as the
Controller of the State of California, PATRICK O' CONNELL,
in his official capacity as the Auditor-Controller of the
County of Alameda and as a representative of the class of
county auditor-controllers,

Respondents,

**DECLARATION OF ROBERT FIELD
IN SUPPORT OF BRIEF OF AMICUS CURIAE
COUNTY OF RIVERSIDE
IN SUPPORT OF PETITIONERS**

PAMELA J. WALLS, County Counsel
(CA State Bar No. 123446)
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Attorneys for Defendant
COUNTY OF RIVERSIDE

I, Robert Field, hereby declare as follows:

1. I am the Executive Director of the Redevelopment Agency for the County of Riverside (the "Agency"). I have held this position since March 2009. By virtue of my position and experience in the County of Riverside, I have personal knowledge of the facts set forth below. If called to testify to these facts, I could and would do so competently.
2. The elimination of redevelopment agencies will have a drastic and detrimental effect on counties and cities efforts to eliminate blight, enhance economic development activity, reduce unemployment, and provide affordable housing opportunity in Riverside County and the cities within it. The Agency has accomplished the following:
 - Completed 10,516 affordable housing units to date, with an additional 2,528 units under development;¹
 - Created over 8,700 jobs per year(annual average fiscal years 07/08-08/09);
 - Constructed more than 635 projects to date that have helped eliminate blight and create safe and livable communities;
 - An additional 37 projects are under development with an investment of \$234 Million;
 - Provided approximately \$198 Million to benefit schools, libraries and parks to date; and
 - Partnered with over 215 private companies and does business with at least 84 trade unions.

¹ 3,917 units completed using Agency funds; 1,911 in development using Agency funds.

3. The Agency's redevelopment efforts are primarily focused in five redevelopment project areas located in the unincorporated areas of the County. Redevelopment has been critical to the revitalization of poor unincorporated communities such as Mecca which is located in the eastern portion of the county, and home to many migrant farm workers. In Mecca, the Agency has built affordable housing, a new library and sheriff substation, a fire station, a community center, and a Boys and Girls Club, as well as infrastructure and road improvements.
4. Earlier this year, the Agency commissioned a report from the Rose Institute of Local and State Government at Claremont McKenna College (the *Rose Institute Report*) to study the impacts of the Agency's projects on the Riverside economy. A true and correct copy of the overview is attached as Exhibit A to the Declaration. The Rose Institute Report noted that over the past five years, the Agency has funded approximately 146 projects including 17 libraries, 9 fire stations and 5 sheriff's stations. The Agency has constructed at least 16 projects which benefit schools, including the recently completed Jurupa Valley Aquatic Center and Water Park (the Cove). Patriot High School uses these aquatic facilities pursuant to a joint use agreement with the school district.
5. The construction activities of the Agency have been a source of jobs in an industry that has seen a significant downturn during the current recession. Redevelopment is one of the only games in town in terms of creating economic development opportunities.

6. The Agency and the County are closely linked, as the County Board of Supervisors also serves as the Agency Board of Directors. In addition, pursuant to a memorandum of understanding between the County and the Agency, the County provides the staffing for the Agency. The staff time is charged back to the Agency.
7. The County's estimated payment required by AB1X 27 is \$31,498,284 for FY 2011/12, and approximately \$8,400,000 for FY 2012/13. The County does not have the funds to make this payment. The payment would come from Agency funds, most likely 20% Set-Aside funds. Other Agency tax increment funds are, for the most part, already obligated to debt service, pass through obligations, and/or projects. However, the consequence associated with making the payment is the delay of many affordable housing projects, perhaps the cancellation of others. This payment, would be difficult for the Agency, and would delay planned affordable housing projects. Over time, the Agency's ability to move forward with other projects will also be affected, resulting in a downsizing of Agency programs. There is a trickle down affect associated with the delay or cancellation in terms of construction and engineering jobs and other economic benefits associated with projects such as these
8. The Agency is currently working on a variety of projects that would be canceled if redevelopment is eliminated. Still the completion of another class of projects, those in various stages of development, would be jeopardized with the elimination of redevelopment. AB1X 26 is unclear as to how ongoing projects would be managed to completion.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that if called to testify I could competently testify to the foregoing.

Executed this 29th day of September, 2011, at Riverside, California.

A handwritten signature in black ink, appearing to read "R. Field", is written above a horizontal line.

ROBERT FIELD

EXHIBIT A

**The Economic Impact of
Riverside County
Economic Development Agency
Spending on the Local Economy**

April 2011



**ROSE INSTITUTE
OF STATE AND LOCAL GOVERNMENT**

CLAREMONT MCKENNA COLLEGE

1. Overview

This study provides estimates of the impact of projects undertaken by the Riverside County Economic Development Agency (RCEDA) on the local economy. We use data on recent and ongoing RCEDA projects in conjunction with economic multipliers estimated by the Bureau of Economic Analysis (a department of the United States Department of Commerce) to project impacts on the value of output and jobs in Riverside County. These estimates additionally provide the basis for estimates of tax revenues indirectly generated by these projects. The impacts are provided overall and broken down by geographical areas, industry classifications, and legislative districts.

RCEDA projects generally are enhancements to infrastructure. Over the past five years, RCEDA has funded a total of 146 projects. Of these, based on current project descriptions at least 26 are public facilities (such as libraries) and parks, and 28 are related to roads, trails and sewers. Many of the remaining projects are for similar types of public works, schools, and facilities related to public services such as public safety offices, public area restoration and beautification, and similar. Going farther back, over the past 15 years, RCEDA has financed nine fire stations and five sheriff's stations. Total spending for fiscal years 2005-2006 to 2009-2010 was about \$256.6 million, with an additional \$121.9 million forecast for fiscal year 2010-2011 ending in June 2011.

As these projects generally are primarily related to construction, employing local labor and other local services (architectural/engineering/design, licensing, pre-construction local improvements such as sewer) we estimate economic impacts mainly by using local spending multipliers based on construction costs. The multipliers supplied to us by the Bureau of Economic Analysis (BEA) are well suited to estimation of the local effects we seek, and are specific to Riverside County (for the primary set of estimates) and to California (for additional analysis). Though we do not have precise information on the breakdown of costs apart from construction, we use rough estimates of other types of costs (primarily architecture and engineering costs) for sensitivity analysis. We also review the literature and conclude that the BEA multipliers are well within the normal range established in the economics literature on such multipliers.

Anecdotal evidence provides support for the use of multipliers in assessing the local impacts of RCEDA spending on projects. We note that the documentation provided by the BEA specifically includes an example of the impacts of construction on the local economy. In addition, sample projects provide some insight into how RCEDA spending translates into local jobs, business income, and individual earnings. The specific examples include:

1) Mira Loma Industrial Center - The Mira Loma area in northwestern Riverside County at the confluence of the Interstate 15 and State Highway 60 is almost entirely within the Jurupa Valley Project Area. The RDA has invested millions of dollars in street and flood control improvements that has facilitated millions of square feet of commercial and industrial development. Additionally, early in the development of the Center, funds were provided to numerous businesses to offset permit and development costs. To date, there are approximately 10,060 jobs in the area.

2) Wildrose Business Park - The Park is located in the Temescal Canyon area, which is located south of Corona. The RDA contributed funds for street improvements that helped facilitate the development of the Park. It consists of office, commercial, and industrial uses. To date, there are approximately 1,500 jobs in the business park.

3) University Research Park/Hunter Park Industrial Area - In the late 90s, the Highgrove sub-area was overlaid onto several hundred acres of industrial land in the Hunter Park area within the city of Riverside. It is a unique partnership between the City and County that was originated in order to facilitate the acquisition and development of land for the 56-acre University Research Park (URP). The URP was designed for high-tech businesses to locate there and provides amenities such as redundant fiber capacity and view lots. Additionally, the development of an incubator facility is imminent that will allow access to wet lab space for entrepreneurs. The Park itself has approximately 200 to 300 jobs while the larger industrial area should have close to 3,000 jobs.

In brief, the results show that: (1) over the past five years RCEDA spending has generated approximately \$663 to \$678 million in economic activity (value of purchased goods and services) in Riverside County for the six fiscal years ending in 2011 (including the current year forecast). This figure includes the \$378 million in direct spending done by the RCEDA, but also the additional economic activity due to multiplier effects. For example, demand for construction stimulates demand for inputs to the construction process, and payments to construction workers creates demand for products consumed by the construction workers; (2) the RCEDA spending resulted in earnings of about \$172 million by residents of Riverside County during the same six fiscal years, including both direct payroll on projects funded by RCEDA and multiplier effects; (3) over the same six fiscal years, RCEDA spending generated between 3,357 and 4,156 jobs in Riverside County; (4) over the six years, RCEDA spending generated approximately \$2.3 million in California business taxes, \$7.6 million in California personal income tax, and about \$5.8 million in sales tax in Riverside County. Finally, (5) spending on low- to moderate-income housing generated output value of approximately \$97.3 million, income of about \$24.7 million,

and 598 jobs during the period from 2000 to early 2011. This spending assisted a total of 3,093 households with construction, rehabilitation, and homeownership assistance. The main results are briefly summarized here, based on our more conservative estimates:

<u>Type of Spending</u>	<u>Output (millions)</u>	<u>Earnings (millions)</u>	<u>Employment</u>	<u>Households</u>
Project Spending, 2005-2011	\$663	\$172	3,357	
Housing Spending, 2000-2011	\$97	\$25	598	3,093

Additional results show that the beneficial effects of RCEDA spending extend beyond Riverside County to other areas of California. In particular, using the multiplier for the entire state of California based on the RCEDA spending yields total economic activity of approximately \$892 million, or roughly \$214 to \$229 million greater for Riverside County alone, suggesting an external benefit to other areas of the state. Similarly, overall job creation for California is approximately 6,914, suggesting up to 3,600 jobs are created elsewhere in the state due to RCEDA projects.

The remainder of this report is organized as follows: Section 2 discusses data and methods used in this analysis, Section 3 reviews related economics literature dealing with multiplier effects, Section 4 summarizes the results, and Section 5 concludes the study.

SUPREME COURT, STATE OF CALIFORNIA
PROOF OF SERVICE BY MAIL

California Redevelopment Association, at al. v. Matosantos, et al.

Case No. S194861

I, Pamela Perry, say:

I am now and at all times herein mentioned have been over the age of eighteen years, employed in Riverside County, California, and not a party to the within action or cause; that my business address is 3960 Orange Street, Suite 500, Riverside, California 92501-3659. I am readily familiar with the County's business practice for collection and processing of correspondence for mailing with the United States Postal Service. I served a copy of the **DECLARATION OF ROBERT FIELD IN SUPPORT OF BRIEF OF AMICUS CURIAE COUNTY OF RIVERSIDE IN SUPPORT OF PETITIONERS**

by facsimile and by placing said copy in an envelope addressed to:

Steven L. Mayer
Emily H. Wood
Howard, Rice, Nemerovski, Canady, Falk & Rabin
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Vinod K. Sharma, Auditor-Controller, County of Santa Clara

which envelope was then sealed, with postage fully prepaid thereon, on September 29, 2011, and placed for collection and mailing at my place of business following ordinary business practices. Said correspondence will be deposited with the United States Postal Service at San Jose, California on the above-referenced date in the ordinary course of business; there is delivery service by United States mail at the place so addressed.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on September 29, 2011 at Riverside, California.


Pamela C. Perry

SUPREME COURT, STATE OF CALIFORNIA

PROOF OF SERVICE BY MAIL

California Redevelopment Association, at al. v. Matosantos, et al.

Case No. S194861

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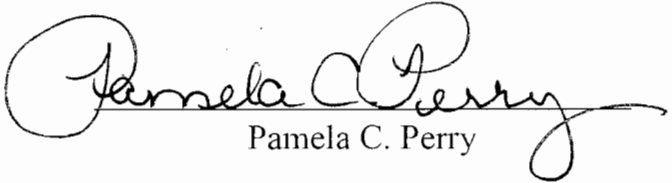
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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on September 29, 2011 at Riverside, California.


Pamela C. Perry

