This is the weekly report for the week ending July 24\textsuperscript{th}, 2009.

1. **Meeting Notes**

   The next City Council meeting is scheduled for Tuesday, July 28\textsuperscript{th}, beginning with a Closed Session at 5:00 PM, in advance of the regular City Council meeting. Please note that this is the final City Council meeting before the August hiatus.

2. **State Budget – So Bad That Some Recent Developments Can Even Sound Like Good News**

   The good news is that the State of California has a new budget. It includes devastating losses of local revenues to finance the state’s expenses, but it is less harmful than when the voting began 24 hours ago.

   In its early morning session, the California State Senate revised the legislation that provided for the unconstitutional seizure of local gas tax funds, changing it into a loan to the state general fund, which is allowed under the constitution. The California State Assembly, however, killed the gas tax loan legislation and removed this threat to public safety posed by the legislation. As you know, local gas tax funds are an important funding source for Richmond’s pavement management programs.

   The two main state budget provisions impacting the City of Richmond are as follows:

   **Redevelopment Raids**

   A total of $1.7 billion is proposed to be taken from redevelopment agencies through a seizure of $1.350 billion in FY 2009-10, and then an additional $350 million in FY 2010-11. This proposal attempts to use the same mechanism that was rejected by Sacramento Superior Court, when the Court held that a proposed take of $350 million from redevelopment agencies for FY 2008-09 was unconstitutional.

   The Legislature has added new language in an effort to work around the court decision, but redevelopment attorneys believe this effort remains unconstitutional. The redevelopment agency can use any available funds to make the payment to the state. For FY 2009-10, the redevelopment agency may "suspend" all or part of the required allocation to its low and moderate income housing fund in order to make the payment. The Housing Fund must be repaid by June 30, 2015. If the redevelopment agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25 percent for as long as the project area continues to receive tax increment.

   For the Richmond Redevelopment Agency, the FY 2009-10 impact of the state budget is a devastating loss of nearly $6.3 million.
Property Tax Borrowing

Under the budget agreement; the state will borrow approximately $1.9 billion in property taxes from local governments, approximately 8 percent of the property taxes received per local agency. Proposition 1A’s provisions require that a loan of local property taxes be repaid within three years with interest.

For the City of Richmond, the property tax loan to the state will be approximately $3 million.

3. **Point Potrero Lease Revenue Bonds, Series 2009A & 2009B**

On Wednesday, July 22\textsuperscript{nd}, the Point Potrero Lease Revenue Bonds, Series 2009A and B were sold. The proceeds of the bonds will be used to finance $38 million in improvements needed for the Honda Port of Entry project, as well as a debt service reserve fund, and capitalized interest during the construction period.

Once it becomes operational, the new facility will bring in a guaranteed minimum of $85 million in new revenues over the term of the agreement with Auto Warehousing Company and Honda, and will generate in excess of 200 new jobs as well as an equal number of construction jobs. The on-site jobs will emphasize local employment through Richmond’s Employment and Training Department.

4. **Healthy Richmond Project Moving Forward**

As you will recall, The California Endowment is funding the Healthy Richmond project as part of its 10-year “Building Healthy Communities Initiative.” Richmond is one of only 14 sites across the State of California that was selected for this significant foundation investment. Following the successful preparation of a planning proposal several months ago, a Steering Committee for the Healthy Richmond project has now been formed, and I will be a member of that Committee. I will keep you informed as this project moves forward.

5. **Civic Center Refinancing**

In May 2007, the City issued its JPFA Lease Revenue Bonds (Refunding and Civic Center) Series 2007, with a par amount of $101 million. As a result of bond insurer downgrades, and uncertainty in the capital market, these variable rate bonds experienced unacceptably high interest rates in the latter part of FY 2007-08, and were converted to a fixed rate term bond in May 2008, paying 5.52%. Since this term is due to expire in November, the bond financing team has started the process of reviewing possible new structures. Currently, the most viable structure is fixed rate bonds, with a basis swap to offset the current fixed payer swap.

We will keep you informed as this important refinancing moves forward.
6. **Recreation Highlights**

- **Cal-State Games:** The Recreation Department sponsored *Team Richmond* returned Sunday, July 19th from the US Olympic sponsored Olympic style California State Games held in San Diego. *Team Richmond* performed as follows:
  
  - Track & Field – Won 25 medals with gold in several relay events and the 1500 meter long distance event.
  - 13 and under soccer – Gold Medal; team was awarded the California State Championship Banner.
  - 9 and under soccer – Gold Medal; team was awarded the California State Championship Banner.
  - 15 and under girls basketball – Silver Medal; team fought hard but lost to Los Angeles in the Championship Game.
  - 14 and under boys basketball – Team ended with 2 wins and 1 loss, but did not advance to the semi-finals due to the 1 loss.

  The soccer teams and one of the gold medal runners qualified to participate in the National Championships in Colorado Springs, Colorado.

- **Annual Picnic:** The Recreation Department, in support of West County HEAL Collaborative, participated in the 16th Annual Iron Triangle Picnic held on Saturday, July 18th. The Recreation Department provided recreational activities, games and face-painting. Approximately 600 community members enjoyed the festivities held in the newly refurbished Nevin Park.

7. **Public Works Highlights**

Public Works completed the resurfacing of the Civic Center Plaza parking lot across from the Main Library this week. Next week, Public Works will resurface the City of Richmond’s Employment and Development parking lot on 25th Street and complete the parking lot delineation at the Civic Center Plaza parking lot across from the Main Library.