



Reliance on redevelopment may harm Grand Terrace

Ryan Hagen, Staff Writer

Posted: 02/26/2011 03:54:51 PM PST

GRAND TERRACE - As cities statewide argue that eliminating redevelopment agencies would jeopardize vital infrastructure and job creation, officials here worry it could claim another victim: the city itself.

Grand Terrace might have to disincorporate within a year if it loses its Redevelopment Agency, fears Mayor Walt Stanckiewicz.

"If our RDA goes away, there's a strong possibility that our city as we know it will go away," he said. "That's one of the options. You're looking at us cutting back to providing just the services that we are required by law to provide as a municipality or a chartered city."

That's because, for decades, administrators engineered the city's day-to-day operations to qualify for redevelopment funds, which were more plentiful than ordinary tax revenues.

"This city has always relied heavily on the RDA for operation purposes, and I think that going forward that's something that has to be a priority is weaning off of that," said City Manager Betsy

Adams.

While Adams backs away from talk of disincorporation, saying her staff is preparing contingency budgets that would allow the city to eke by, the city may not have much time.

By Adams' estimate, Grand Terrace - which already runs at a slight deficit - would lose a net \$900,000 it had counted on as "operating expenses" for Fiscal Year 2011-2012 if Gov. Jerry Brown proposal to abolish redevelopment agencies goes through.

More than half of that money

goes toward personnel, with 13 of the city's 20 full-time employees - plus City Attorney John Harper - receiving 25 percent to 50 percent of their pay from redevelopment funds, based on the portion of their job the city logs as redevelopment-related.

Cutting compensation by half might lead many to leave their jobs, Adams said, even if the work load also dropped.

But if expenses aren't cut, the loss of \$900,000 would eat up 20 percent of the General Fund reserve each year.

Even critics of redevelopment agencies acknowledge that Brown's proposal could devastate Grand Terrace.

"Unless they find some other way of coping, it doesn't look good," said Karen Renfro, who

Advertisement



SAVE up to **64%**
Plus, get
3 FREE Gifts



Special Code: 45069ZWN

To Order: www.OmahaSteaks.com/print71 or call 1-877-605-0496

Print Powered By  FormatDynamics™



heads Riverside Grassroots Redevelopment Abolitionists and closely studies Grand Terrace. "I think Grand Terrace is like an addict that woke up in the gutter one day and discovered they don't want to be down here anymore and don't have any means of support."

She said she sympathizes with residents but that money shouldn't be taken from county schools - one of the main places taxes are diverted from to fund redevelopment - because Grand Terrace residents formed a city without the tax base to support one.

"That's not what redevelopment is for," Renfro said. "Redevelopment is for - and this is absurd, too - stimulating the local economy."

City leaders partly agree.

Since taking the city's reins in December 2009, Adams said, she's had two priorities: minimizing dependence on its Redevelopment Agency, which was already set to expire in 2024, and paying back \$4.6 million in redevelopment loans that officials say her predecessor used to balance the General Fund.

The city has reduced that debt to about \$3.5 million, mainly by re-classifying old projects, but Stanckiewicz - whose 2010 election campaign included frequent criticism of what he called redevelopment abuse - said the city can't simultaneously re-pay it and lose its Redevelopment Agency.

"We are by no means to be considered a poster

child for why redevelopment should continue because of what has gone on in the past," Stanckiewicz said. "But we are saying we have discovered it, we are in the process of fixing it, and we can't fix it if everything goes away instantly. It needs to go away in an intelligent manner that allows us to survive."

The entire city - which boasts the county's second-highest median income - is classified as blighted, allowing the City Council to collect and spend redevelopment funds citywide.

But residents' income doesn't automatically translate into city revenue, and so Stanckiewicz said it took redevelopment money to build the city's successful projects - from a child-care center that now earns the city a profit to parks and senior housing.

And he said it will take redevelopment funds to dig the city out now.

"We're going to keep everything clean and upright, but we need some time to get sustainability," he said.

Advertisement



Send flowers for any occasion
Bouquets \$19.99
 from \$19.99^{+s/h}
 ProFlowers
 Order ONLY at
 proflowers.com/happy
 or call 1-877-888-0688

Print Powered By  FormatDynamics™