

Redevelopment Funding and the Alameda Unified School District Frequently Asked Questions

1. Please explain the public schools/redevelopment funding relationship.

Public schools are funded by a State formula that establishes a per capita average daily attendance (ADA) rate for each school district. Schools receive the ADA rate multiplied by the number of students. This rate consists of a combination of local property taxes and State funding support. If the AUSD were to receive more property tax revenue from the local tax rate area than it currently receives because there was no Redevelopment Agency, then the State would reduce its support for AUSD proportionately, removing the local revenue forever from the local economy. **In this event, neither the School District nor the City nor the community at large would benefit from the dollars.**

2. Please provide information on the District Housing/Capital Fund funding from Redevelopment.

The State requires that 20% of all redevelopment funds received by a Redevelopment Agency be devoted to the production of affordable housing. Beginning in 1995, the balance (80%) of the revenues from the tax rate area was required to be shared with pass-through payments to other agencies. When pass throughs are received through these provisions, the State reduces its funding to AUSD proportionately. The net gain to AUSD is \$0.

In the Business and Waterfront Improvement Project Area (BWIP), the Community Improvement Commission (CIC, the City's Redevelopment Agency) has a separate pass-through or contribution agreement that predates 1995. In that agreement, of the 20% housing funds the Alameda CIC receives, AUSD negotiated a supplemental augmentation agreement with the CIC and receives 40% of all the housing fund dollars generated by the BWIP project area. These funds are sequestered by the CIC in a separate District Housing Fund account, and the status of those funds is publicly reported to the CIC. These funds must be spent on affordable housing projects.

The District also receives 4% of the non-housing tax increment from the BWIP area. These funds are deposited into the District Capital Account. The Capital Funds Account operates similarly. For both accounts, the funds rest with the CIC because the CIC is legally responsible for the appropriate and timely expenditure of those dollars. The CIC must also account for those funds in annual reports filed with the State. As this agreement predates 1995, AUSD funding from the State is not jeopardized. The State does not reduce its funding proportionately.

3. What are the current balances in the District Housing and Capital Funds?

The balance of the District Housing fund is \$2.9 million with the final installment for 2007-2008. The balance in the District Capital Fund is \$946,293. The attached chart is a summary of the payments made to AUSD in the District Housing and District Capital Outlay funds. Payments to the District Housing Fund began in FY 1992-93, the first year the CIC began collecting tax increment. The District Capital Outlay Fund began receiving payments in FY 1999-00. The agreement with the District deferred payments in this fund for the first seven fiscal years. The deferred amount earned 7% per annum for the deferral period; once repayment of the deferral began in FY 1999-00 (in ten equal installments), the interest on the unpaid balance was reduced to 5%.

4. **Where do AUSD Bond payments come from?**

The repayment of bonds issued through Measure C is generated from Fund 51, the Bond Interest and Redemption Fund. Fund 51 is maintained by the County, not the District. The principal and interest on the bonds is paid by the County treasurer from taxes levied for voter-approved debt service. The repayment of bonds is not supported by the General Fund.

5. **Has AUSD spent all \$63 million of the Measure C Bond?**

AUSD is in Phase 3 construction of the capital projects funded by Measure C. Phase 4 and 5 will be completed within the next 18 months or so.

6. **Can the Redevelopment Agency pay for operating expenses related to facilities for AUSD?**

The CIC 80% money cannot be used to pay for maintenance/overhead (cleaning crews, lights, utility bills).

7. **Can the Redevelopment Agency funds assist the School District with physical needs?**

The School District and the City of Alameda have been working collaboratively on a number of programs and projects. In the past few years, for example, the CIC paid \$2.7 M in exchange for fee title to Mastick Senior Center and as consideration for the impact of new residential construction to support new school construction. The housing developer paid in excess of \$4 million in additional construction. The District was able to use these funds to support Ruby Bridges School.

The CIC provided the School District with seven acres of land for Ruby Bridges School in lieu of the District's Public Benefit Conveyance request from the Navy. The CIC developed the 7-acre Ruby Bridges Park (\$2.9 M) via a joint use agreement to serve as the recreational/open space area for the school. Further, at the same time, Warmington Homes made \$4.6 million in Developer Fee payments to AUSD (\$4.85 psf of new construction) in support of new school construction.

8. **Can the AUSD Board request additional funding from the ARRA?**

The ARRA (Alameda Reuse and Redevelopment Authority) is a redevelopment entity established under federal, not state, redevelopment guidelines for the specific purpose of facilitating the reuse of closed military facilities. The ARRA is not the CIC (Community Improvement Commission). The ARRA derives its revenue from leases at Alameda Point, not property taxes. The ARRA is obligated under federal law to use those revenues to maintain and pay for the operations of facilities and utilities at Alameda Point. The CIC also has created a redevelopment project area at Alameda Point, APIP (Alameda Point Improvement Project). Because the land at Alameda Point is still owned by the federal government, it does not generate property taxes or increment to the CIC. The CIC and AUSD receive only minor dollars generated from possessory interest payments from this area.

9. **Can Redevelopment assist AUSD by providing money to its General Fund?**

Approximately 92% of AUSD's General Fund expenses are salaries and benefits, and under State law, the CIC cannot fund these expenses.

**Alameda Unified School District Housing and Capital Funds
(Business and Waterfront Improvement Tax Increment)**

Fiscal Year	8% District Housing Fund Transfer	District Housing Fund Interest Transfer	Capital Fund Transfer	Capital Fund Interest Transfer	Total Transfer for Fiscal Year
92-93	\$ 30,532.30	\$ -			\$ 30,532.30
93-94	\$ 39,244.42	\$ 2,924.60			\$ 42,169.02
94-95	\$ 32,339.00	\$ 4,372.75			\$ 36,711.75
95-96	\$ 33,889.00	\$ 5,539.25			\$ 39,428.25
96-97	\$ 33,851.00	\$ 10,103.78			\$ 43,954.78
97-98	\$ 47,305.00	\$ 11,185.68			\$ 58,490.68
98-99	\$ 81,550.91	\$ 11,433.63			\$ 92,984.54
99-00	\$ 128,312.94	\$ 13,804.98	\$ 65,440.43	\$ 5,422.02	\$ 212,980.37
00-01	\$ 142,811.00	\$ 29,025.28	\$ 71,239.63	\$ 4,819.57	\$ 247,895.48
01-02	\$ 183,389.02	\$ 21,565.69	\$ 87,474.46	\$ 4,217.13	\$ 296,646.30
02-03	\$ 205,782.88	\$ 17,457.82	\$ 96,428.00	\$ 3,614.68	\$ 323,283.38
03-04	\$ 244,370.40	\$ 14,938.29	\$ 111,863.41	\$ 3,012.23	\$ 374,184.33
04-05	\$ 267,147.00	\$ 27,923.89	\$ 120,974.25	\$ 2,409.79	\$ 418,454.93
05-06	\$ 362,358.69	\$ 10,665.20	\$ 159,059.73	\$ 1,807.34	\$ 533,890.96
06-07	\$ 447,687.89	\$ 98,938.69	\$ 193,190.40	\$ 1,204.89	\$ 741,021.87
Totals	Housing Fund:	\$ 2,560,450.98	Capital Fund:	\$ 932,177.96	\$ 3,492,628.94