

**STAFF REPORT****CITY OF OCEANSIDE**

DATE: December 6, 2006

TO: Honorable Mayor and City Councilmembers
Chairman and Members of the Community Development Commission

FROM: Economic Development and Redevelopment Department

SUBJECT: **INTRODUCTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE EXTENDING THE TIME LIMIT FOR THE EFFECTIVENESS OF THE OCEANSIDE DOWNTOWN REDEVELOPMENT PLAN AND THE TIME LIMIT TO PAY INDEBTEDNESS AND RECEIVE PROPERTY TAXES PURSUANT TO HEALTH AND SAFETY CODE SECTION 33670 UNDER THE OCEANSIDE DOWNTOWN REDEVELOPMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 33333.6(e)(2)(C)**

SYNOPSIS

Staff recommends that the City Council introduce an ordinance to extend the ability of the Redevelopment Agency to receive property tax increment and incur debt for one year due to payments made to the State Educational Revenue Augmentation Fund (" ERAF"), for FY 2003/04.

BACKGROUND

For three Fiscal Years, (2003/04, 2004/05, and 2005/06), the State of California did not have enough general fund revenues to pay the entire amount needed to operate schools and community colleges throughout the state. The Legislature required cities and redevelopment agencies to pay the amount of the shortage into the ERAF. The Legislature then enacted laws allowing redevelopment agencies to extend the effectiveness of their redevelopment plans and the deadline to receive property tax increment and pay on indebtedness for each fiscal year in which a payment was made pursuant to Health and Safety Code Sections 33333.6 (e)(2)(C) and (e)(2)(D). The Oceanside Redevelopment Agency paid a total of over \$1.26 million to ERAF over those three years.

The law allowing the ERAF extension for FY 2003/04 is AB1045, which is different from AB1096, the law governing FY 2004/05 and 2005/06, and each has different noticing requirements. An extension of two years for the payments made in 2004/05 and 2005/06 will be brought to the City Council in January 2007, to allow for the thirty-day noticing period. The attached ordinance for 2003/04 ERAF extends the ability of the Agency to receive tax increment and incur debt for an additional year.

The history of the Redevelopment Agency is that on November 19, 1975, the Oceanside City Council established the Redevelopment Plan for the Downtown Redevelopment Project by adopting Ordinance 75-35. On July 14, 1982, the City Council approved Ordinance 82-32, the first amendment to the Redevelopment Plan, updating the redevelopment area map.

On December 17, 1986, the City Council adopted the second amendment to the Redevelopment Plan with Ordinance 86-48, which imposed various limitations for the Redevelopment Project Area pursuant to new requirements of Health and Safety Code Section 33333.4. This new legislation limited the amount of property tax increment dollars that could be received, limited the time to incur debt to November 19, 2010, and established an end of date of November 19, 2015, to receive property tax increment and pay on indebtedness. Additionally, the use of eminent domain was limited to a 12-year term.

On April 20, 1994, the City Council adopted the third amendment to the Redevelopment Plan with Ordinance 094-08, pursuant to the requirements of another new law, Assembly Bill 1290 outlined in Health and Safety Code Section 33333.6. The Ordinance established a new end date of January 1, 2004, for the Agency to establish loans, advances or other indebtedness to be repaid with tax increment revenue.

The City Council adopted Ordinance 98-32 on April 15, 1998, which extended the Agency's power of eminent domain 12 years, until November 19, 2015. The fourth amendment to the Redevelopment Plan was adopted on June 16, 1999, with Ordinance 99-012, pursuant to the requirements of a new law, Assembly Bill 1342. Ordinance 99-012 extended the effectiveness of the Redevelopment Plan to November 19, 2015, and the time to collect property tax increment and pay on indebtedness to November 19, 2025.

The State of California was in financial trouble during Fiscal Years 2003/04, 2004/05, and 2005/06, causing the Legislature to reduce the amount of general fund money available to assist schools and community colleges. For this reason, the Legislature decided that cities and redevelopment agencies would make payments to the State to assist with the programs and operations of schools and colleges. This shift in revenue is known as Educational Revenue Augmentation Fund or ERAF.

The Oceanside Redevelopment Agency was required to contribute more than \$1.26 million to the ERAF for three fiscal years (2003/04, 2004/05, and 2005/06). The Legislature then enacted Health and Safety Code Section 33333.6 (e)(2)(C) and (e)(2)(D), which allowed an Agency that had paid ERAF to extend the effectiveness of the Redevelopment Plan and the deadline to receive property tax increment revenues and to pay on indebtedness for each Fiscal Year in which a payment was made.

The extension process for 2003/04 requires only the adoption of the attached ordinance, which would make the Redevelopment Plan effective until November 19, 2016, and would allow the Agency to pay on indebtedness and receive property tax increment revenues until November 19, 2026.

The extension process for FY 2004/05 and 2005/06 requires a notification to all the taxing authorities thirty days before the public hearing and certain findings of fact. That part of the process will be completed in January 2007.

ANALYSIS

The Redevelopment Agency was required to pay \$254,416 in FY 03/04, \$488,768 in FY 04/05, and \$520,774 in FY 05/06. The opportunity to extend the effectiveness of the

Redevelopment Plan and extend the time to receive property tax increment revenues and pay debt will allow the Agency to receive additional funds to complete the goals and objectives of the Oceanside Redevelopment Plan.

COMMISSION OR COMMITTEE REPORTS

The Redevelopment Advisory Committee will review this report at the December 11, 2006 meeting. Their recommendations will be forwarded to the Community Development Commission in writing.

FISCAL IMPACT

The Agency will be able to receive property tax increment and pay debt for one more year giving the Agency additional time to accomplish the goals and objectives of the redevelopment plan.

CITY ATTORNEY'S ANALYSIS

The attached Ordinance was reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council introduce an ordinance to extend the ability of the Redevelopment Agency to receive property tax increment and incur debt for one year due to payments made to the State Educational Revenue Augmentation Fund (" ERAF"), for FY 2003/04.

PREPARED BY:

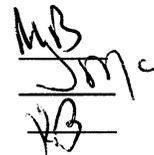

Tracey Bohlen
Development Project Coordinator

SUBMITTED BY:


Barry E. Martin
Interim Executive Director

REVIEWED BY:

Mike Blessing, Deputy City Manager
Jane McVey, Economic Development and Redevelopment Director
Kathy Baker, Redevelopment Manager



EXHIBITS / ATTACHMENTS

1. An Ordinance of the City Council of the City of Oceanside extending the time limit for the effectiveness of the Oceanside Downtown Redevelopment Plan and the time limit to pay indebtedness and receive property taxes pursuant to Health and Safety Code Section 33670 under the Oceanside Downtown Redevelopment Plan pursuant to Health and Safety Code Section 33333.6(e)(2)(c)

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ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE EXTENDING THE TIME LIMIT FOR THE EFFECTIVENESS OF THE OCEANSIDE DOWNTOWN REDEVELOPMENT PLAN AND THE TIME LIMIT TO PAY INDEBTEDNESS AND RECEIVE PROPERTY TAXES PURSUANT TO HEALTH AND SAFETY CODE SECTION 33670 UNDER THE OCEANSIDE DOWNTOWN REDEVELOPMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 33333.6(e)(2)(C)

WHEREAS, the Community Development Commission of the City of Oceanside (“Agency”) is a redevelopment agency established and acting pursuant to the California Community Redevelopment Law (California Health & Safety Code Sections 33000, *et seq.*) (“CRL”); and

WHEREAS, pursuant to City Council of the City of Oceanside Ordinance No. 75-35, adopted on November 19, 1975, the City Council of the City of Oceanside adopted the Oceanside Downtown Redevelopment Plan (“Redevelopment Plan”); and

WHEREAS, the Redevelopment Plan has been amended by the City Council of the City of Oceanside through the following ordinances: (1) Ordinance No. 82-32, adopted on July 14, 1982; (2) Ordinance No. 86-48, adopted on December 17, 1986; (3) Ordinance No. 94-08, adopted on April 20, 1994; (4) Ordinance No. 98-32, adopted on November 11, 1998; (5) Ordinance No. 99-12, adopted on June 16, 1999; and (6) Ordinance No. _____, adopted on December 13, 2006; and

WHEREAS, City Council of the City of Oceanside Ordinance No. 99-12 established both a time limit on the effectiveness of the Redevelopment Plan of November 19, 2015 and a time limit for the Agency to pay indebtedness and receive tax increment revenues pursuant to CRL Section 33670 under the Redevelopment Plan of November 19, 2025 ; and

WHEREAS, pursuant to CRL Section 33333.6(e)(2)(C), the Redevelopment Plan may be amended by ordinance, without compliance with any other CRL requirements for amendment of a redevelopment plan, to extend both the time limit on the effectiveness of the Redevelopment Plan and the time limit for the Agency to pay indebtedness and receive tax increment revenues

1 pursuant to CRL Section 33670 under the Redevelopment Plan by one (1) year, as a result of the
2 payment required of and made by the Agency to the County of San Diego Educational Revenue
3 Augmentation Fund (“ERAF”) in fiscal year 2003/2004, pursuant to CRL Section 33681.9; and

4 WHEREAS, the Agency was required to make and made an ERAF payment for fiscal
5 year 2003/2004, pursuant to CRL Section 33681.9; and

6 WHEREAS, City staff has determined that the enactment of this Ordinance is exempt
7 from the California Environmental Quality Act (Public Resources Code section 21000 et seq.)
8 (“CEQA”), pursuant to Title 14 California Code of Regulations Section 15061(b)(3), because
9 there is no possibility that enactment of this Ordinance may have a significant effect on the
10 environment, and pursuant to Title 14 California Code of Regulations Section 15378(b)(4),
11 because this Ordinance creates a government funding mechanism that does not involve any
12 commitment to any specific project that may result in a potentially significant physical impact on
13 the environment.

14 NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OCEANSIDE DOES
15 ORDAIN, AS FOLLOWS:

16 **SECTION 1. Amendments to Redevelopment Plan.** In accordance with CRL Section
17 33333.6(e)(2)(C), the following limitations for the Redevelopment Plan are established, subject to
18 all other provisions of this Ordinance:

19 A. Except to the extent that a longer period of time may be allowed pursuant to the
20 provisions of the CRL, as it may be amended from time to time, and notwithstanding any
21 provision of the Redevelopment Plan, the Redevelopment Plan shall be effective until November
22 19, 2016.

23 B. Except to the extent that a longer period of time may be allowed pursuant to the
24 provisions of the CRL, as it may be amended from time to time, the Agency shall not pay
25 indebtedness or receive tax increment revenues, pursuant to CRL Section 33670, after November 19,
26 2026.

27 **SECTION 2. Confirmation of Redevelopment Plan.** The Redevelopment Plan, as
28 amended by this Ordinance, shall be and remain in full force and effect.

1 **SECTION 3. Authorization for Further Acts.** The City Council authorizes and directs
2 the City Manager to undertake such actions and execute such documents as may be reasonably
3 necessary or convenient to carry out and administer the actions authorized by this Ordinance.

4 **SECTION 4. Severability.** If any provision of this Ordinance as applied to any person
5 or to any circumstance is adjudged by a court of competent jurisdiction to be void or
6 unenforceable for any reason, this fact shall in no way affect (to the maximum extent permissible
7 by law) any other provision of this Ordinance, the application of any such provision regarding
8 another person or under circumstances different from those adjudicated by the court, or the
9 validity or enforceability of this Ordinance as a whole.

10 **SECTION 5. Repeal of Conflicting Laws.** The parts of other ordinances of the City of
11 Oceanside that are in conflict with the provisions of this Ordinance are hereby repealed.

12 **SECTION 6. Publication.** The City Council authorizes and directs the City Clerk to
13 publish this Ordinance in the manner and time required by law.

14 **SECTION 7. CEQA Notice of Exemption.** The City Council authorizes and directs the
15 City Clerk to file a Notice of Exemption, pursuant to Title 14 California Code of Regulations
16 Section 15062, with the Clerk of the Board of Supervisors of the County of San Diego or other
17 appropriate official designated by the County of San Diego for such filing, regarding the adoption
18 of this Ordinance, within five (5) calendar days following the date of adoption of this Ordinance.

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STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO)ss.
CITY OF OCEANSIDE)

I, Barbara Reigel Wayne, City Clerk of the City of Oceanside California, **DO HEREBY CERTIFY** that Ordinance No.____, having been regularly introduced at the meeting of _____, 2006 was again introduced, the reading in full thereof unanimously waived, and duly passed and adopted at a regular meeting of the City Council held on _____, 2006 and said Ordinance was passed and adopted by the following stated vote, to wit:

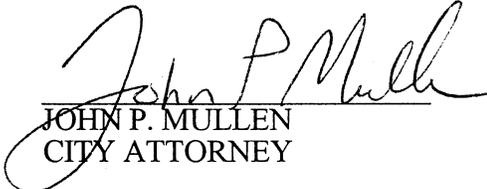
AYES:
NOES:

And was thereafter on said day signed and approved by the Mayor of said City.

ATTEST:

APPROVED AS TO FORM:

BARBARA REIGEL WAYNE
CITY CLERK



JOHN P. MULLEN
CITY ATTORNEY