

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager

BY: Jessica Szczepan, Administrative Specialist 

DATE: June 11, 2008 (Meeting of 6/18/08)

SUBJECT: Consider Ordinance to Modify Terms and Restrictions Related to Financing and Implementation of the Moorpark Redevelopment Project

BACKGROUND & DISCUSSION

The City Council adopted Ordinance No. 110 on July 5, 1989, approving the Redevelopment Plan for the Moorpark Redevelopment Project ("Project").

The Redevelopment Project currently has a time limit to incur indebtedness of July 5, 2009. After July 5, 2009, the Redevelopment Agency will no longer be able to issue bonds or establish new loans with the City of Moorpark. Without sufficient debt, the Agency will no longer be able to collect tax increment generated from the Project Area and the tax increment will be distributed back to the affected taxing entities, such as the County of Ventura, Ventura County Community College District, and Moorpark Unified School District. Without additional tax increment the Agency will not be able to complete all goals and objectives of the Redevelopment Plan.

In 2001, the California legislature adopted SB 211 which amended Section 33333.6(e)(2) of the Health and Safety Code and allowed redevelopment agencies to eliminate the time limit to incur new debt. With the elimination of the time limit to incur indebtedness, the Agency will be able to issue new bonds and establish loans, allowing the Agency to continue to collect its full tax increment revenues. Over the next 22 years the Agency would receive an estimated \$123,000,000.00, after pass-thru payments. (Assumes 3% growth in Agency revenue per year.) There is a minimal fiscal impact associated with eliminating the time limit to incur indebtedness, which is discussed in more detail below.

In 2003, as part of the State Budget approval, the legislature adopted SB 1045 which required an Educational Revenue Augmentation Fund ("ERAF") contribution by all redevelopment agencies for fiscal year 2003-04. To offset the loss of this revenue, SB 1045 allows the City to extend the effective date of the Redevelopment Plan and the last date to receive tax increment by one year.

The attached Ordinance implements these provisions. The City Attorney has reviewed the attached ordinance and has confirmed that it may be adopted without complying with any other procedures applicable to the amendment of a redevelopment plan.

FISCAL IMPACT

As a condition to eliminating the time limit to incur indebtedness, SB 211 requires the Agency to make statutory pass-through payments to taxing entities with which the Agency does not currently have a pass-through agreement. The amount is based on a percentage of any increases in assessed value which occur after the tax year in which the original final date to incur indebtedness would have occurred.

Calleguas Municipal Water District (CMWD) does not currently have a pass-through agreement with the Agency. As such, adoption of the SB 211 Ordinance will trigger statutory pass-through payments with CMWD. The Adjusted Base year for these payments will be the 2009/10 fiscal year. Starting in 2010/11, CMWD will receive pass-through payments calculated as follows: 20% of 0.941% of tax increment generated over the base year 2009/10. The following example shows how the payment is calculated the first year:

09/10 Adjusted Base Year Value:	\$971,966,130
10/11 Property Tax Payments:	\$1,001,125,114 (assuming assessed valuation growth at 3%)
Gross Tax Increment:	\$291,590 (deduct adj. base year from 10/11 payments X 1%)
0.941% of Gross Tax Increment	\$2,743
20% of 0.9% of Gross Tax Increment	\$549 (AB 1290 Statutory pass-through rate)

This amounts to a total estimated pass-through payment to CMWD of \$505,586 for the remainder of the plan. (See Attachment No. 2)

Eliminating the time limit to incur indebtedness would help the Agency to secure future tax increment and could result in millions of dollars in additional bonding capacity to the Agency. In light of this fact, staff feels that payment of the pass-through to CMWD would have a minimal impact on the Agency's ability to accomplish the goals of its Implementation Plan.

STAFF RECOMMENDATION

Introduce Ordinance No. _____ for first reading, waive full reading, and schedule second reading and adoption for July 2, 2008.

Attachment No. 1 – Ordinance No. _____
Attachment No. 2 – Projected New Pass-Through Payments

ATTACHMENT 1

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE REDEVELOPMENT PLAN FOR THE MOORPARK REDEVELOPMENT PROJECT AREA EXTENDING THE TIME LIMIT OF THE EFFECTIVENESS OF THE PLAN AND PAYMENT OF INDEBTEDNESS AND RECEIPT OF PROPERTY TAXES BY ONE YEAR AND ELIMINATING THE TIME LIMIT ON THE ESTABLISHMENT OF LOANS, ADVANCES AND INDEBTEDNESS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33333.6.

WHEREAS, the Redevelopment Agency of the City of Moorpark, California (the "Agency"), has been designated as the official redevelopment agency in the City of Moorpark to carry out the functions and requirements of the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) and to implement the Redevelopment Plan; and

WHEREAS, the Agency is engaged in activities necessary and appropriate to carry out the Redevelopment Plan ("Plan") for the Moorpark Redevelopment Project Area ("Project Area"). The Plan area was adopted by the Agency's legislative body, the City Council of the City of Moorpark. The Plan was adopted by Ordinance No. 110 on July 5, 1989; and

WHEREAS, the plan was amended by Ordinance No. 111 on July 5, 1989 ("Amendment No. 1") and Ordinance No. 202 on December 14, 1994 ("Amendment No. 2" (collectively, the "Amended Plan"); and

WHEREAS, the Amended Plan has a time limit of July 5, 2009, within which the Agency may incur debt in conjunction with implementation thereof in conformity with the California Community Redevelopment Law (CCRL; California Health and Safety Code Section 33000, et seq.); and

WHEREAS, pursuant to section 33333.6 of the Health and Safety Code, a time limit on the effectiveness of the Redevelopment Plan and a time limit on the period for payment of indebtedness and receipt of property taxes under the Redevelopment Plan have been established; and

WHEREAS, the provisions of the Redevelopment Plan are currently effective until July 5, 2029 and no loan, advance or indebtedness to be repaid by tax revenues shall be incurred by the Agency after July 5, 2009; and

WHEREAS, Section 33681.9 of the Health and Safety Code was added by Senate Bill 1045 ("SB 1045") which took effect on September 1, 2003, which requires the Agency during the 2003-04 fiscal year to make a payment for deposit in Ventura County's Educational Revenue Augmentation Fund ("ERAF"); and

WHEREAS, on March 17, 2004 the Agency paid \$135,608 into Ventura County's Educational Revenue Augmentation Fund (ERAF) during the 2003-04 fiscal year; and

WHEREAS, by and through Senate Bill 211, Section 33333.6 of the Health and Safety code was amended to provide that after January 1, 2002, a legislative body may amend a pre-1994 redevelopment plan to eliminate the time limit to incur indebtedness and to further provide that such ordinance may be adopted without compliance with CCRL Section 33354.6 Article 12 of the CCRL, or any other provision of the CCRL pertaining to amendments of redevelopment plans, except that the redevelopment agency must make the payments to affected taxing entities required by CCRL Section 33607.7 from the date each constituent plan reaches the previously existing deadline(s) to incur debt; and

WHEREAS, by and through Senate Bill 1045, Section 33333.6 of the Health and Safety Code was amended to provide that as to redevelopment plans originally adopted before January 1, 1994, and when such redevelopment agency is required to make payment to the ERAF in fiscal year 2003-2004 pursuant to Section 33681.9 of the Health and Safety Code the City Council as the legislative body of the Agency may amend the Redevelopment Plan to extend by one year the time limit on the effectiveness of the Redevelopment Plan and eliminate the time limit to repay indebtedness and receipt of property taxes under the Redevelopment Plan; and

WHEREAS, Section 33333.6 further provides that such ordinance may be adopted without compliance with the normal procedures for redevelopment plan amendments; and

WHEREAS, the City Council desires to adopt this ordinance to amend and eliminate certain time limitations of the Redevelopment Plan, as more particularly set forth below, in accordance with Section 33333.6, as amended by SB 1045 and SB 211 ; and

WHEREAS, The enactment of this Ordinance is exempt from the California Environmental Quality Act (Public Resources Code Section 21000 et seq.)("CEQA") pursuant to CEQA Guidelines Section 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The current time limit on the effectiveness of the Redevelopment Plan, is hereby extended by one year, to July 4, 2030. The Moorpark Redevelopment Agency is hereby authorized to act with respect to the Redevelopment Plan at any time during which the Redevelopment Plan is effective.

SECTION 2. The current time limit on paying indebtedness or receiving property taxes pursuant to the Redevelopment Plan and Health and Safety Code Section 33670 is hereby extended for one year to July 4, 2040. The Moorpark Redevelopment Agency is hereby authorized to act with respect to the Redevelopment Plan at any time during which the Redevelopment Plan is effective.

SECTION 3. The time limit on the establishment of loans, advances and indebtedness set forth in the Amended Plan and the implementation thereof, is hereby eliminated; and the Agency is hereby authorized to establish loans, advances and indebtedness with respect to the Amended Plan in accordance with all remaining provisions of the Amended Plan, at any time during which the Amended Plan is effective.

SECTION 4. Except with respect to the amendments set forth herein, the Amended Plan, is and shall remain unchanged and in full force and effect in accordance with its terms.

SECTION 5. The City Clerk is hereby directed to file a Notice of Exemption with the County Clerk of the County of Ventura pursuant to CEQA Guidelines Section 15094.

SECTION 6. If any section, subsection, sentence, clause, phrase, part or portion of this Ordinance is for any reason held to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, part or portion thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses, phrases, parts or portions be declared invalid or unconstitutional.

SECTION 7. This Ordinance shall become effective thirty (30) days after its passage and adoption.

SECTION 8. The City Clerk shall certify to the passage and adoption of this ordinance; shall enter the same in the book of original ordinances of said City; shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council at which the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published once in the Moorpark Star a newspaper of general circulation, as defined in Section 6008 of the Government Code, for the City of Moorpark, and which is hereby designated for that purpose.

Ordinance No. _____

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PASSED AND ADOPTED this _____ day of _____ 2008

Patrick Hunter, Mayor

ATTEST:

Deborah S. Traffenstedt, City Clerk

ATTACHMENT 2

SB 211 AFFECTED TAXING ENTITIES PASS THROUGH PROJECTIONS

	FY		PROJECTED NEW PASS THROUGH PAYMENT CWMD
Adj. Base	09-10	Base Year	
1	10-11	\$	548
2	11-12		1,113
3	12-13		1,695
4	13-14		2,295
5	14-15		2,912
6	15-16		3,548
7	16-17		4,203
8	17-18		4,877
9	18-19		5,572
10	19-20		6,288
11	20-21		7,644
12	21-22		9,041
13	22-23		10,480
14	23-24		11,962
15	24-25		13,488
16	25-26		15,061
17	26-27		16,680
18	27-28		18,348
19	28-29		20,066
20	29-30		21,836
21	30-31		23,659
22	31-32		25,536
23	32-33		27,470
24	33-34		29,462
25	34-35		31,513
26	35-36		33,626
27	36-37		35,803
28	37-38		38,044
29	38-39		40,353
30	38-39		42,732
First 20 years Total: \$			177,658
Total \$			505,856