



Meeting Date: 02/10/09

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s) _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s) _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Kymerly R. Horner *K.H.* Agenda Item No. I-2  
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other N/A

**DATE:** February 4, 2009

**TO:** Community Development Commission

**FROM:** Curtis P. Cannon, Community Development Director *[Signature]*  
Community Development Department

**SUBJECT:** Notification to the Ventura County Auditor-Controller's Office Regarding Educational Revenue Augmentation Fund Payment

**RECOMMENDATION**

That the Community Development Commission ("CDC") authorize the Community Development Director to notify the Ventura County Auditor-Controller's Office of the sources of revenue from which the CDC will pay the State mandated Education Revenue Augmentation Fund ("ERAF").

**BACKGROUND**

In September 2008, the California Legislature passed AB 1389 as urgency legislation. In addition to detailed reporting requirements for redevelopment agencies and community development commissions (collectively, "agencies"), AB 1389 also imposed a shift of \$350 million from agencies to the County Educational Revenue Augmentation Fund ("ERAF") for fiscal year 2008-09. This shift will have the effect of relieving the State's obligation to maintain minimum funding levels for schools under Proposition 98. In accordance with AB 1389, the percentage of gross tax increment to be paid by each agency is determined by the California Director of Finance based upon a pro rata share of the amount of tax increment collected by each agency. The Director of Finance has determined that the amount owed by the City of Oxnard Community Development Commission ("CDC") is \$1,284,017.00 ("ERAF Payment"). AB 1389 requires the CDC to (i) remit the ERAF payment to the county auditor for deposit in the County ERAF prior to May 10, 2009 and (ii) provide a report to the county auditor by March 1, 2009 that states how the CDC intends to fund the ERAF payment.

On December 4, 2008, the California Redevelopment Association ("CRA") and the City of Moreno Valley's Redevelopment Agency filed a lawsuit in Sacramento Superior Court seeking to block the sections of AB 1389 that authorize the transfer of the \$350 million in redevelopment funds to the county ERAF. The lawsuit seeks both to invalidate sections of AB 1389 and prohibit the State from forcing county auditors to divert redevelopment funds to the ERAF. In short, the lawsuit contends that the State's "takes" of redevelopment funds to balance the State budget violate Article XVI, Section 16 of the Constitution. The CRA has stated its intent to seek resolution before May 10, but there is no

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guarantee of resolution by then. In the meantime, the CRA has recommended that agencies not make any ERAF payments before May 10 and include language regarding the lawsuit in the March 1 report to the county auditor. The CRA intends to provide this language before March 1.

## **FINANCIAL IMPACT**

The State Department of Finance has determined that the CDC must remit an ERAF payment in the amount of \$1,284,017.00 to the county auditor for deposit in the County ERAF prior to May 10, 2009. Payment to ERAF will come from the CDC's redevelopment project areas and will not have an impact on the City's general fund. If CRA is unsuccessful in seeking a resolution with the State on behalf of redevelopment agencies, staff will then return to the CDC at a later time requesting a special budget appropriation for payment to ERAF.

KH

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