



Meeting Date: 05/05/09

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: Kymberly R. Horner *Kymberly Horner* Agenda Item No. F-2

Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other N/A

**DATE:** April 24, 2009

**TO:** Community Development Commission

**FROM:** Curtis P. Cannon, Community Development Director *Kymberly Horner (for)*  
Community Development Department

**SUBJECT:** Community Development Commission's Educational Revenue Augmentation Fund ("ERAF") Remittance for Fiscal Year ("FY") 2008-09

**RECOMMENDATION**

That the Community Development Commission ("CDC"):

1. Authorize and approve the Community Development Director to transfer funds in the amount of \$1,284,017.00, from the Historic Enhancement and Revitalization of Oxnard ("HERO"), Ormond Beach, and the Southwinds Project Areas to the Ventura County Auditor-Controller's Office for remittance into ERAF for FY 2008-09.
2. Approve a special budget appropriation in the amount of \$1,284,017.00 from the fund balance accounts of the HERO, Ormond Beach, Southwinds Project Areas for remittance into ERAF for FY 2008-09.

**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 ERAF for FY 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 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 guarantee of resolution by then. In the meantime, CDC staff is seeking approval for the funds to be appropriated from the fund balances of the HERO, Ormond Beach and Southwinds project areas and a check ready and payable to the County in the event CRA is unsuccessful with the lawsuit. A letter to the County Auditor-Controller will accompany the payment stating that the CDC reserves any rights to recover the funds after payment is issued to the County ERAF based on any order or judgment by the Superior Court favorable to California Redevelopment Agencies.

**FINANCIAL IMPACT**

The ERAF payment of \$1,284,017.00 is determined by the State's Department of Finance and is based on the amount of tax increment generated by the CDC in FY 2007-08. On February 10, 2009, the CDC approved the transfer of funds into ERAF. Staff is now requesting a special budget appropriation in the amount of \$1,284,017.00 to be appropriated from and to the following accounts. Approving this action will have no financial impact to the City's General Fund.

<b>Project Area</b>	<b>Appropriation From</b>	<b>Appropriation Amount</b>	<b>Appropriation To</b>
HERO	Fund Balance	(\$950,000.00)	405-8701-862-8487
Ormond Beach	Fund Balance	(\$250,000.00)	404-8501-862-8487
Southwinds	Fund Balance	(\$84,017.00)	403-8401-862-8487
<b>Total</b>		<b>(\$1,284,017.00)</b>	

Attachment #1 - Special Budget Appropriation

**CITY OF OXNARD**  
**REQUEST FOR SPECIAL BUDGET APPROPRIATION**

To the City Manager:

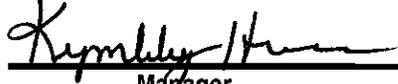
May 5, 2009

Request is hereby made for an appropriation of total . . . . .

\$ 1,284,017

Reason for appropriation: State Mandated Educational Revenue Augmentation Fund ("ERAF")

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
HERO 405	405-8701-862-8487 Fund Balance	950,000 (950,000)
Ormond Beach 404	404-8501-862-8487 Fund Balance	250,000 (250,000)
Southwinds 403	403-8401-862-8487 Fund Balance	84,017 (84,017)

  
 \_\_\_\_\_  
 Manager

DOES NOT REQUIRE CITY COUNCIL APPROVAL

CHIEF FINANCIAL OFFICER

  
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Disposition

Approved \_\_\_\_\_

Rejected \_\_\_\_\_

Transfer by Journal Voucher \_\_\_\_\_

\_\_\_\_\_  
 City Manager

ATTACHMENT #1