



Meeting Date: 02/23/10

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-6
 Reviewed By: City Manager *JRB* City Attorney *DA* Finance *JC* Other N/A

DATE: January 29, 2010

TO: Community Development Commission

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

SUBJECT: Notification to the Ventura County Auditor-Controller's Office Regarding Supplemental 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 Supplemental Education Revenue Augmentation Fund ("SERAF").

BACKGROUND

Chapter 21, Statutes of 2009 of Assembly Bill No. 26 ("ABX4-26"), requires redevelopment agencies to shift \$1.7 billion in property tax revenues to K-12 schools during the 2009-2010 fiscal year via the SERAF that ABX4-26 created in each County. 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 ABX4-26, 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 is \$6,242,637.00 ("SERAF Payment"). Accordingly, ABX4-26 requires the CDC to (i) remit the SERAF payment to the county auditor for deposit in the County SERAF prior to May 10, 2010 and (ii) provide a report to the county auditor by March 1, 2010 that states how the CDC intends to fund the SERAF payment.

On October 20, 2009, the California Redevelopment Association ("CRA"), John F. Shirey, CRA Executive Director, the Redevelopment Agency of Union City, and the Community Development Fountain Valley Agency, filed a lawsuit in Sacramento Superior Court seeking to block the sections of ABX4-26, that authorize the transfer of the \$1.7 billion in redevelopment funds to the county SERAF. On January 22, 2010, redevelopment agencies throughout California became plaintiffs and are now covered and bound by the CRA lawsuit. The lawsuit seeks both to prohibit the State from forcing county auditors to divert redevelopment funds to the SERAF. 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, the CRA has recommended that agencies not make any SERAF payments before May 10 and include language regarding the lawsuit in the March 1 report to the county auditor.

FINANCIAL IMPACT

The State Department of Finance has determined that the CDC must remit a SERAF payment in the amount of \$6,242,637.00 to the county auditor for deposit in the County SERAF prior to May 10, 2010. Payment to SERAF 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 SERAF.

KH

Attachment #1- Letter to Ventura County Auditor-Controller

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CURTIS P. CANNON
Community Development Director

Community Development Department
214 South C Street • Oxnard, CA 93030 • (805) 385-7407 • Fax (805) 385-7408

February 23, 2010

Ms. Christine L. Cohen
Auditor-Controller
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009-1540

Dear Ms. Cohen:

As you may know, the validity of the emergency legislation (ABx4 26) mandating the transfer of redevelopment agency funds to the County Supplemental Educational Revenue Augmentation Fund ("SERAF") has been challenged in litigation pending in the Superior Court for Sacramento County. This action alleges, among other things, that the duties of county auditors under Health and Safety Code Section 33690, to deposit funds received from redevelopment agencies in the SERAF, is inconsistent with various state and federal constitutional provisions and is therefore unlawful and unenforceable. As such, the City of Oxnard Community Development Commission ("Commission") reserves any rights it may have to withhold the payment of funds to you under Health and Safety Code Section 33690 or to recover those funds after payment or transfer based on any order or judgment of the Court in the above referenced action.

Subject to the foregoing reservations of rights, the Commission will transfer the State mandated SERAF payment to you by May 10, 2010, in the amount of \$6,242,637.00, as determined by the State of California Department of Finance. The Commission will use tax increment funds to issue the payment, and therefore, we request that you not withhold money from either the Commission's or the City's property tax allocation.

Should you have further questions regarding the SERAF payment, please contact Kymberly Horner, Management Analyst at (805) 385-7853.

Sincerely,

Curtis P. Cannon
Community Development Director

CPC/kh

cc: Sandra J. Bickford, Chief Deputy Auditor -Controller
James Cameron, Chief Financial Officer

Attachment #1