



Meeting Date: 05/04/10

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-2

Reviewed By: City Manager *[Signature]*

City Attorney *[Signature]*

Finance *[Signature]*

Other N/A

**DATE:** April 26, 2010

**TO:** Community Development Commission

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

*Curtis P. Cannon*

**SUBJECT:** Community Development Commission's Supplemental Educational Revenue Augmentation Fund ("SERAF") Remittance for Fiscal Year ("FY") 2009-2010.

**RECOMMENDATION**

That the Community Development Commission ("CDC"):

1. Authorize the Community Development Director to transfer funds in the amount of \$6,242,637, from the Historic Enhancement and Revitalization of Oxnard ("HERO") Project Area, to the Ventura County Auditor-Controller's Office for remittance into SERAF for FY 2009-2010.
2. Approve a special budget appropriation in the amount of \$6,242,637 and authorize the Community Development Director to transfer funds in the amount of \$6,242,637 from the fund balance of the HERO Project Area for remittance into SERAF for FY 2009-2010.

**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 ("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, 2010, but there is no guarantee of resolution by then. Staff is now recommending that the CDC be prepared to issue a payment in the amount of \$6,242,637, to the County Auditor Controller’s office, in the event the lawsuit is not settled by May 10, 2010. In the meantime, CDC staff is seeking approval for the funds to be appropriated from the fund balance of the HERO Project Area 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 SERAF based on any order or judgment by the Superior Court favorable to California Redevelopment Agencies.

#### **FINANCIAL IMPACT**

The SERAF payment of \$6,242,637 is determined by the State’s Department of Finance and is based on the amount of tax increment generated by the CDC in FY 2008-2009. On February 23, 2010, the CDC approved the transfer of funds into SERAF. Staff is now requesting a special budget appropriation for \$6,242,637 to be appropriated from the fund balance of the HERO Project Area to the Account # 405-8701-862-8487. Approving this action will have no financial impact to the City’s General Fund.

Attachment #1 - Special Budget Appropriation

KH

