



Meeting Date: 07 / 20 / 2010

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-3
 Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: July 12, 2010

TO: Community Development Commission

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

SUBJECT: Community Development Commission Property Tax Sharing Payments to Home Depot Development of Maryland, Inc.

RECOMMENDATION

That the Community Development Commission approve a special budget appropriation of \$767,377 from the Historic Enhancement and Revitalization of Oxnard (“HERO”) Project Area, for payment of tax increment to Home Depot Development of Maryland, Inc. pursuant to the Owner Participation Agreement (“OPA”) With M&H Realty Partners IV L.P. (“Developer”) contained therein.

DISCUSSION

In November 2000, the CDC approved an OPA by and between the CDC an M&H Realty Partners IV L.P, for the redevelopment of the Esplanade Shopping Center (“The Esplanade”). As a condition of the OPA, the Developer was required to develop a 490,000 square foot commercial retail center and to convey a portion of the mall to the Home Depot Corporation to construct, maintain and operate a Home Depot retail store. The CDC agreed to rebate the developer 75 percent of the net new tax increment generated from the redevelopment of The Esplanade for a period of 20 years or when a net present value of \$1.7 million or a \$3.7 million aggregate total has been achieved. The CDC agreed to the tax sharing provision based on the fact the developer would be incurring substantial project costs for improvements associated with the 101 Freeway/Highway 1 interchange assessment district, traffic signalization, street improvements, demolition, clearance, land acquisition and relocation costs.

It was estimated that The Esplanade redevelopment project would generate \$200,000 in tax increment revenue per year. To date the project has far exceeded those projections. Beginning in fiscal year 2004/2005 to the present, the mall on average, has generated over \$725,000 per year in tax increment revenue. Per the terms of the OPA, payments from the CDC are not initiated until FY 2004-2005 and when Home Depot maintenance obligations have been met. City staff disbursed payments to the developer for fiscal years 2004-2005, 2005-2006 and 2006-2007. In April of 2009, City staff conducted a Home Depot site visit at The Esplanade and requested correction of a number of maintenance

problems. Home Depot addressed these concerns. Staff is recommending that the CDC approve a special budget appropriation for \$767,377 to appropriate funds from the HERO Project Area for payment to the Home Depot Development of Maryland, for tax sharing payments owed from the 2007-2008 (\$382,856) and 2008-2009 (\$384,521) fiscal years. Payment for FY 2009-2010 will be calculated using the County Assessor's tax roll values; however, the payment is not due until October 1, 2010 and an appropriation will be requested at that time.

FINANCIAL IMPACT

The Special Budget Appropriation will appropriate funds in the amount of \$767,377 from the HERO Fund Balance to Account Number 405-8701-862-8374. To date, approximately \$1,039,556 has been paid to Home Depot and the aggregate total of \$3.7 million has not been reached. Additionally, there are sufficient funds in the project area fund balances to support this request.

KH

Attachment #1 - Special Budget Appropriation

CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

July 20, 2010

Request is hereby made for an appropriation of total \$ 767,377

Reason for appropriation: Home Depot Tax Sharing Obligation

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
CDC-HERO Fund 405	HERO Fund Balance 405-	
	HERO Account 405-8701-862-8374	767,377
	Net Estimated Change to HERO Fund Balance (405)	<u>(767,377)</u>

Kimberly Han

 Manager

REQUIRES CITY COUNCIL APPROVAL

DIRECTOR OF FINANCE
James Cameron

Disposition

Approved _____
 Rejected _____

Transfer by Journal Voucher _____

 City Manager

ATTACHMENT 1
 PAGE 1 OF 1

