

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: Redevelopment Agency – Senate Bills 211 and 1045
DATE: May 18, 2004

Needs:

For the Board to consider adopting an ordinance to implement the provisions of SB 211 and SB 1045.

Facts:

1. The current Redevelopment Agency Plan expires November 30, 2027, and will cease to exist after this date.
2. Additionally, the current Plan dictates that the Agency may not issue debt after fiscal year 2007.
3. Senate Bill 211, which took effect on January 1, 2002, provides agencies an opportunity to eliminate the time limit on issuing debt and extends the life of the Agency by an additional ten years (until 2037).
4. Adoption of the ordinance presented herein would implement the provisions of SB 211.
5. Additional legislation, Senate Bill 1045, provides a means for those agencies that were required to make an ERAF payment in fiscal year 2004 to extend their Plan time limit and debt issuance limit by one year to recoup the contribution to ERAF.
6. The Agency is required to make an ERAF payment in fiscal year 2004. Thus, the Agency qualifies to extend the Plan time limit by one year if the Board so chooses.

Analysis &
Conclusion:

As noted above, SB 211 allows redevelopment agencies to eliminate the time limit on the establishment of loans, advances and indebtedness contained in redevelopment plans and extends the life of the Agency by ten years by simply adopting an ordinance.

The State Legislature, in their attempt to balance the State budget in fiscal year 2004, adopted SB 1045. SB 1045 applied the ERAF shift for the first time to redevelopment agencies but only for fiscal year 2004. In exchange, the legislation gave agencies the option of extending both their plans and debt limits by one year. Thus, adoption of the attached ordinance would extend the Agency's life by an additional one year (till 2038).

It should be noted that the Legislature is now considering making the ERAF shift permanent as they have done to local government.

Fiscal
Impact:

Adoption of the attached ordinance would have a major impact upon Agency resources *in the long-term*. Extending the "tax increment model" out another eleven years, ten for SB 211 and one year for SB 1045, projections indicate that an additional \$90 million in gross tax increment revenues would be generated with a net of over \$40 million accruing to the Agency.

Options:

- a.** Introduce and hold first reading of an Ordinance No. XXX N.S. to modify the Redevelopment Agency Plan; and set June 1, 2004, as the date for adoption of said ordinance.
- b.** Amend, modify, or reject the above option.

ORDINANCE NO. XXX N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES, CALIFORNIA,
ELIMINATING THE EXISTING TIME LIMIT ON INCURRING DEBT AND
AMENDING CERTAIN TIME LIMITATIONS WITH RESPECT TO THE
REDEVELOPMENT PLAN FOR THE PASO ROBLES
REDEVELOPMENT PROJECT AREA

WHEREAS, the City Council of the City of El Paso de Robles, California (the "City Council"), adopted Ordinance No. 540 N.S. on November 30, 1987, approving and adopting the Redevelopment Plan (the "Redevelopment Plan") for the Paso Robles Redevelopment Project Area (the "Project"); and

WHEREAS, on January 17, 1995, the City Council adopted Ordinance No. 683 N.S., establishing and amending certain limitations with respect to the Redevelopment Plan; and

WHEREAS, the Redevelopment Agency of the City of El Paso de Robles, California (the "Agency"), has been designated as the official redevelopment agency in the City of El Paso de Robles to carry out the functions and requirements of the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.) and to implement the Redevelopment Plan; and

WHEREAS, Section 33333.6 of the Health and Safety Code was amended by SB 211, which took effect on January 1, 2002, which authorizes redevelopment agencies to eliminate the time limit on the establishment of loans, advances, and indebtedness contained in redevelopment plans; and

WHEREAS, Section 33681.9 of the Health and Safety Code was added by SB 1045, which took effect on September 1, 2003, which requires the Agency during the 2003-04 fiscal year to make a payment for deposit in San Luis Obispo County's Educational Revenue Augmentation Fund; and

WHEREAS, Section 33333.6 of the Health and Safety Code was amended by SB 1045 to provide that when an agency is required to make a payment pursuant to Section 33681.9 the legislative body may amend the redevelopment plan to extend by one year the time limit of the effectiveness of the plan and the time limit to repay indebtedness.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The Redevelopment Plan for the Paso Robles Redevelopment Project Area is hereby amended to eliminate the time limit on the establishment of loans, advances, and indebtedness established by Section 1 of Ordinance No. 683 N.S.

SECTION 2. The time limit on the effectiveness of the Redevelopment Plan, as set forth in Section 800 of the Redevelopment Plan, as previously amended by Section 2 of Ordinance No. 683 N.S., shall be further amended to read as follows: "forty-one (41) years from the date of adoption of this Plan by the City Council." Based upon the date of adoption of the Redevelopment Plan, the effectiveness of the Redevelopment Plan shall terminate on November 30, 2028.

SECTION 3. The Agency shall not pay indebtedness or receive property taxes pursuant to Health and Safety Code Section 33670 after ten (10) years from the termination of the effectiveness of the Redevelopment Plan. Based upon the termination date established in Section 2 of this Ordinance, the Agency shall not pay indebtedness or receive property taxes pursuant to Section 33670 after November 30, 2038.

SECTION 4. Ordinance Nos. 540 N.S. and 683 N.S. are continued in full force and effect except as amended by this Ordinance.

SECTION 5. The City Clerk is hereby directed to send a certified copy of this Ordinance to the Agency.

SECTION 6. If any part of this Ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portion of this Ordinance, and this City Council hereby declares that it would have passed the remainder of this Ordinance if such invalid portion thereof had been deleted.

SECTION 7. The Deputy City Clerk will certify to the passage of this Ordinance by the City Council of the City of El Paso de Robles, California, and cause the same to be published as required by law, and it will take effect thirty (30) days after its final passage.

Introduced at a regular meeting of the City Council held on May 18, 2004, and passed and adopted by the City Council of the City of El Paso de Robles on the 1st day of June by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Sharilyn M. Ryan, Deputy City Clerk

APPROVED AS TO FORM:

Iris P. Yang, City Attorney