City of Culver City, California

City Council Agenda Item Report

Meeting Date: 09/06/2005	Item Number: PH-1__
AGENDA ITEM: Introduction of an Ordinance Amending Certain Time Limits in the Redevelopment Plan for the Culver City Redevelopment Project	
Contact Person/Dept.: Todd Tipton	Phone Number: (310) 253-5783
Fiscal Impact: Yes [ ] No [X]	General Fund: Yes [ ] No [ ]
Public Hearing: [X] Action Item: [ ]	Attachments: [X]
Public Notification: Taxing Agencies in Component Areas 1, 2 and 3 by mail on August 4, 2005. Publication in the Culver City News on August 25, 2005. Master Notification List on August 31, 2005.	
Department Approval: Susan Evans 8/30/05	CAO Approval: John Montanio for Jerry Fulwood 8/31/05
City Controller Approval: Marlee Chang 8/31/05	

RECOMMENDATION:

Staff recommends that the Culver City City Council (the "Council") introduce for first reading an Ordinance to amend certain time limits in the Redevelopment Plan for the Culver City Redevelopment Project.

PROCEDURE

1. Mayor seeks motion to receive and file the affidavits of publication of notices of this public hearing and correspondence received in response to the public hearing notices.
2. Mayor calls for a staff report and/or poses questions to staff as desired.
3. Mayor opens the public hearing.
4. Mayor seeks motion to close the public hearing after all audience testimony has been presented.
5. Council discusses the proposed Ordinance to amend certain time limits in the Redevelopment Plan for the Culver City Redevelopment Project.

BACKGROUND/ DISCUSSION:

In November 1998, the Council and Culver City Redevelopment Agency (the "Agency") made extensive amendments to the former three Redevelopment Projects. All three former project areas were merged into a single project and new territory was added. The former project areas and the newly added area have since been identified as Component Areas 1 through 3, respectively and the newly added area has been identified as Component Area 4. The merged and expanded project was re-named the Culver City Redevelopment Project (the

"Project"). At that time, the Redevelopment Plan for the Project amended the time limits applicable to Component Areas 1 through 3.

In 2003 as part of the State's budget package, the California legislature passed SB1045, and former Governor Davis signed it into law. The legislation requires redevelopment agencies to pay some of the tax increment funds that ordinarily would be retained by the agencies, into the Education Revenue Augmentation Fund ("ERAF") to assist the State in meeting its budgetary obligations towards public education. For the Agency, this shift represented a loss of approximately $1.4 million in 2003-2004, $2.1 million in 2004-2005 and $2.1 million in 2005-2006.

To reduce the impact of this loss of income on redevelopment agencies, SB 1045 allowed redevelopment agencies to amend their Redevelopment Plans to extend certain time limits by one additional year by ordinance. Pursuant to SB 1045, the City Council extended the time limits for the four component areas in 2004. The table below compares the original time limits to the new limits approved by Ordinance No. 2004-001.

Component Area No. 1	**Original Limit**	**New Limit**
Plan Expiration	2011	2012
Paying Indebtedness & Collecting Tax Increment	2021	2022
Component Area No. 2		
Plan Expiration	2011	2012
Paying Indebtedness & Collecting Tax Increment	2021	2022
Component Area No. 3		
Plan Expiration	2015	2016
Paying Indebtedness & Collecting Tax Increment	2025	2026
Component Area No. 4		
Plan Expiration	2028	2029
Paying Indebtedness & Collecting Tax Increment	2043	2044

As part of the most recent State budget process, the State legislature approved SB 1096 that continues the ERAF contribution for this budget year and again permitted redevelopment agencies to extend the time limits for paying indebtedness and receiving tax increment by ordinance rather than through the normal redevelopment plan amendment process that can take months to complete.

The following table summarizes the extensions that are authorized by SB 1096:

Component Area No. 1	**Current Limit**	**Proposed Limit**
Plan Expiration	July 26, 2012	July 26, 2014
Paying Indebtedness & Collecting Tax Increment	July 26, 2022	July 26, 2024
Component Area No. 2		
Plan Expiration	December 28, 2012	December 28, 2014
Paying Indebtedness & Collecting Tax Increment	December 28, 2022	December 28, 2024
Component Area No. 3		
Plan Expiration	November 28, 2016	November 28, 2018
Paying Indebtedness & Collecting Tax Increment	November 28, 2026	November 28, 2028

Component Area No. 4 is not eligible for the extensions pursuant to SB 1096 because its time limit (2029) was more than 20 years from the date of the ERAF payments, May 10, 2005 and May 10 2006.

The proposed time extensions are important to the Agency as it considers refinancing tax increment secured bonds. The additional two year time extensions to receive tax increment will enable the refinancing to be structured in a manner that will reduce annual debt service requirements by a significant amount resulting in improved cash flow for the Agency.

ATTACHMENTS:

1. Draft Ordinance No. 2005-0 __ an Ordinance of the City of Culver City, California, Amending the Redevelopment Plan for the Culver City Redevelopment Project Area to Extend Certain Time Limits Applicable To The Redevelopment Plan (SB 1096).

MOTION:

That the City Council:

Introduce for first reading, Ordinance No. 2005-0__, an Ordinance of the City of Culver City, California, Amending the Redevelopment Plan for the Culver City Redevelopment Project Area to Extend Certain Time Limits Applicable To The Redevelopment Plan.