

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept:	City Manager	Dept:	Economic Development
Subject:	ORDINANCE FOR BUENA CLINTON PROJECT AREA	Date:	May 12, 2009

OBJECTIVE

Consider introduction and first reading of an ordinance eliminating the time limit to incur indebtedness, loans and advances in the Buena Clinton Project Area pursuant to California Health and Safety Code Section 33333.6(e)(2)(B).

BACKGROUND

As required by Assembly Bill 1290, in 1994 City Council adopted Ordinance No. 2303 that established a time limit of January 1, 2004 for the Garden Grove Agency for Community Development ("Agency") and City Council, as its legislative body, to incur new indebtedness as to the Buena Clinton Redevelopment Plan and Buena Clinton Project Area. Subsequently, the California Legislature adopted Senate Bill 211 ("SB 211"), which in part, allows redevelopment agencies to eliminate the time limit to establish loans, advances and indebtedness for project areas adopted prior to 1994 by an ordinance amending the Redevelopment Plan. This amendment to eliminate the time limitation is not subject to the more extensive plan amendment procedures and may be done by an ordinance considered and introduced by first reading and thereafter adopted.

DISCUSSION

Eliminating the time limit to establish contracts, loans, advances and indebtedness in the Buena Clinton Project Area would allow the Agency to continue to administer future projects and programs that further the goals and objectives of the Buena Clinton Redevelopment Plan. The adoption of this ordinance would allow the Agency to incur indebtedness to be paid from tax increment proceeds of the Buena Clinton Project Area until the expiration of the Buena Clinton Redevelopment Plan on December 16, 2020.

Currently, the Agency has no pass-through agreements or statutory obligation to make pass through payments to any affected taxing entities for the Buena Clinton Project Area. If the Buena Clinton Redevelopment Plan is amended by this ordinance, then Health & Safety Code Sections 33333.6(e)(2)(B) and 33607.7 will require the Agency to make pass-through

payments based upon statutory formulas, which will be calculated based on an adjusted base year. Pursuant to Section 33607.5, the adjusted base year value will be as of January 1, 2004, the year in which the limitation took effect. Pass-through obligations begin the first fiscal year following the fiscal year in which the adjusted base year value is determined.

FINANCIAL IMPACT

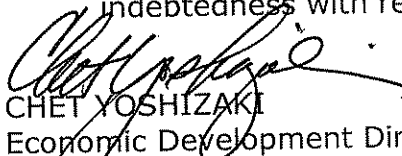
Prospectively, the Agency's authority to enter into new contracts, loans, advances and indebtedness in the Buena Clinton Project Area until the expiration of the Buena Clinton Project Area in December 16, 2020 is beneficial and will allow the Agency to fund new projects and programs paid for from Buena Clinton tax increment. The adoption of the ordinance will require the Agency to pay an annual portion of tax increment to affected taxing entities during the first eleven applicable years in an amount equal to 25% of the tax increment remaining after deducting the 20% set-aside to the Low and Moderate Income Housing Fund. After the twelfth year, the Agency will be required to pay a portion equal to 46% of net tax increment revenue.

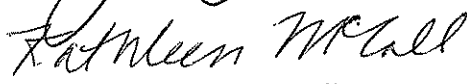
COMMUNITY VISION IMPLEMENTATION

- Improve the City's economic base through the development of tax-generating uses where appropriate and further affordable housing opportunities in the community.

RECOMMENDATION

- Introduce and conduct first reading of the attached Ordinance eliminating the time limit on establishment of loans, advances and indebtedness with respect to the Buena Clinton Project Area.


CHET YOSHIZAKI
Economic Development Director


By: Kathleen McCall
Economic Development Specialist

Recommended for Approval


Matthew Ferial
City Manager

Attachment 1: Ordinance Eliminating the Time Limit on Establishment of Loans, Advances and Indebtedness with Respect to the Buena Clinton Project Area

Attachment 2: Map of the Buena Clinton Redevelopment Project Area

ORDINANCE NO. _____

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
GARDEN GROVE ELIMINATING THE TIME LIMIT ON
ESTABLISHMENT OF LOANS, ADVANCES AND INDEBTEDNESS
WITH RESPECT TO THE BUENA CLINTON PROJECT AREA AND
MAKING OTHER FINDINGS IN CONNECTION THEREWITH**

**THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY
ORDAIN AS FOLLOWS:**

WHEREAS, the Garden Grove Agency for Community Development ("Agency") is a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.* ("CRL") and was specifically formed by Ordinance No. 1144 adopted on October 20, 1970 by the City Council ("City Council") of the City of Garden Grove ("City"); and

WHEREAS, the City Council approved and adopted the Buena Clinton Redevelopment Project Area ("Buena Clinton Project Area") and the Buena Clinton Redevelopment Plan therefor by Ordinance No. 1742 on December 16, 1980, which redevelopment plan was thereafter amended several times to comply with certain legislative requirements, including without limitation an amendment in 1994 in conformity with CRL Section 33333.6 (together, "Buena Clinton Redevelopment Plan"); and

WHEREAS, by and through Senate Bill 211, enrolled on September 24, 2001 and chaptered on October 11, 2001 ("SB 211"), CRL Section 33333.6(e)(2) was amended to provide that as to redevelopment plans originally adopted before January 1, 1994 the legislative body of an agency (City Council) may enact an ordinance eliminating the deadline on incurring indebtedness formerly required by CRL Section 33333.6 as adopted in 1994, and to further provide that such ordinance may be adopted without compliance with CRL Section 33354.6 or Article 12 of the CRL, except that the redevelopment agency must begin making certain payments of portions of the Agency's tax increment to affected taxing entities required by CRL Section 33607.7 commencing from the date the applicable redevelopment plan reaches the previously existing deadline to incur debt; and

WHEREAS, by Ordinance No. 2303 adopted in 1994 the City Council, among other actions, added certain provisions and limitations to the Buena Clinton Redevelopment Plan as required by CRL Section 33333.6, that, among such limitations, set the deadline of January 1, 2004 after which the Agency may not incur debt in conjunction with implementation of the Buena Clinton Redevelopment Plan for the Buena Clinton Project Area; and

WHEREAS, the City Council desires to adopt this ordinance to eliminate certain time limitations of the Buena Clinton Redevelopment Plan, as more particularly set forth below, in accordance with Section 33333.6, as amended by SB 211; and

WHEREAS, Section 15061 of the Guidelines for the California Environmental Quality Act (CEQA), Title 14, California Code of Regulations, Sections 15000, *et seq.* ("CEQA Guidelines"), provides that after a preliminary review a public agency may determine that a project is exempt from the provisions of CEQA; and

WHEREAS, the exemption set forth in Section 15060 is applicable to this Ordinance and this Ordinance is exempt pursuant to the exemption from the definition of “project” set forth in Section 15378(b)(4), in that this Ordinance carries out a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and

WHEREAS, a preliminary review of environmental impacts was prepared in connection with this Ordinance, which will eliminate the time limit on establishment of loans, advances and indebtedness with respect to the Buena Clinton Redevelopment Plan for the Project Area, and the exemption of Section 15378(b)(4) applies, in that this Ordinance is a government funding mechanism or other government fiscal activity and therefore not a “project” under said section and exempt under CEQA and the CEQA Guidelines; and

NOW THEREFORE, the City Council of the City of Garden Grove hereby ordains as follows:

1. **Time Limit Eliminated.** The time limit of January 1, 2004 to incur debt set forth in the Buena Clinton Redevelopment Plan, as amended in 1994, and the implementation thereof is hereby eliminated.
2. **Incur Obligations While Plan is Effective.** Agency is hereby authorized to incur indebtedness and any other obligations with respect to the Buena Clinton Redevelopment Plan in accordance with all remaining provisions of such Buena Clinton Redevelopment Plan at any time during which the Buena Clinton Redevelopment Plan is effective.
3. **No Other Amendment.** Except with respect to the amendment set forth herein, the Buena Clinton Redevelopment Plan is and shall remain unchanged and in full force and effect in accordance with its terms.
4. **City Clerk Actions.** The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause this Ordinance to be published as set forth below.
5. **Publication and Posting.** At least five (5) days prior to its final adoption, copies of this Ordinance shall be posted in at least three (3) prominent and public locations in the City; and a notice shall be published once a newspaper of general circulation in the City of Garden Grove, setting forth the title of this Ordinance, the date of its introduction and the places where this Ordinance is posted. Within fifteen (15) days following final adoption, a summary of the Ordinance with the names of the council members and votes shall be published in a newspaper of general circulation.
6. **Effective Date.** This Ordinance shall be in full force and effect thirty (30) days after passage.

INTRODUCED AND FIRST READ at a regular meeting of the City Council of the City of Garden Grove held the 12th day of May 2009, and thereafter **PASSED AND ADOPTED** at a regular meeting of said City Council held the ____ day of _____, 2009, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CITY OF GARDEN GROVE

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH



Agency Counsel

STATE OF CALIFORNIA)
COUNTY OF ORANGE)
CITY OF GARDEN GROVE)

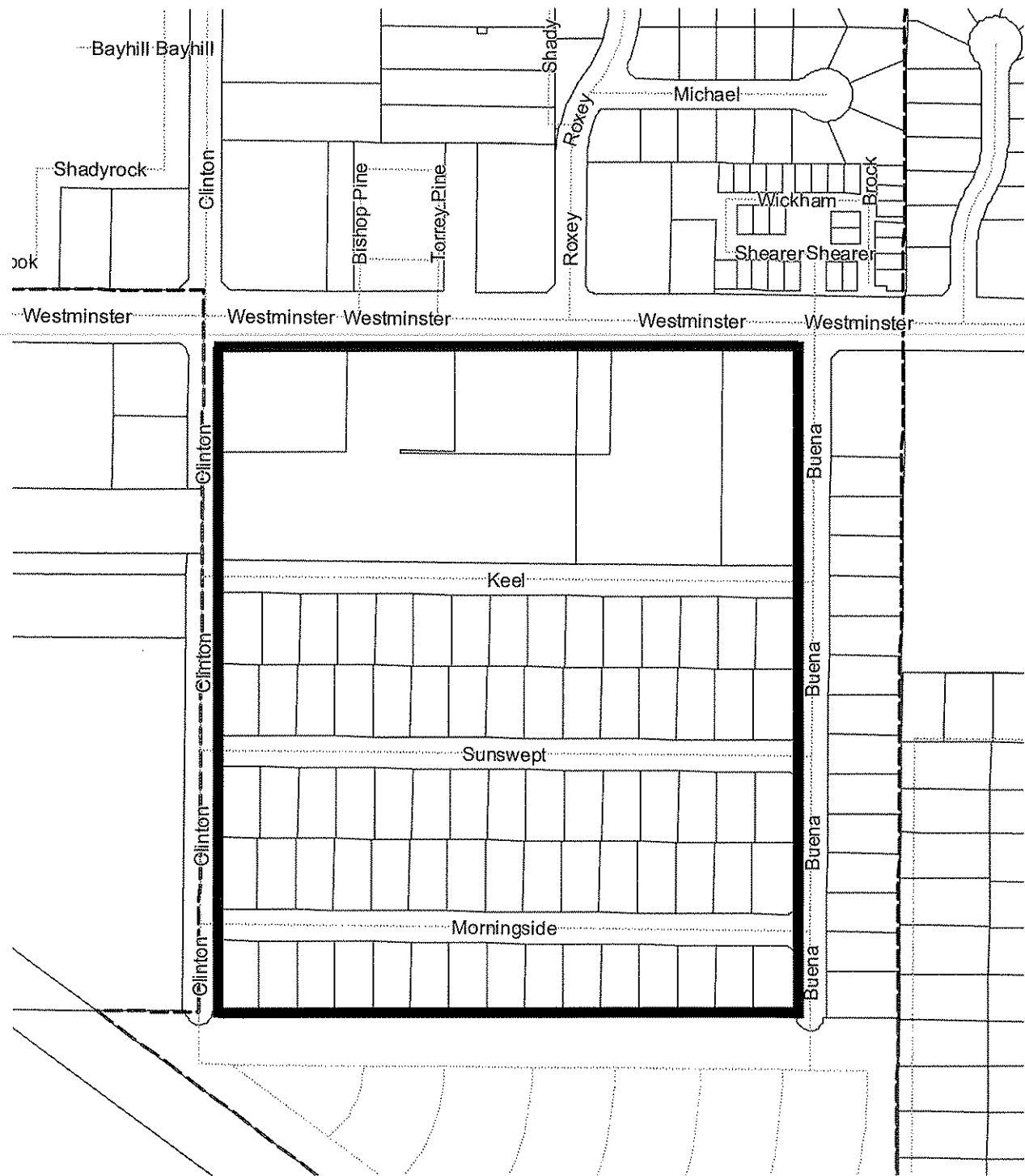
I, Kathy Bailor, City Clerk of the City of Garden Grove, do hereby certify that the foregoing Ordinance No. _____ was introduced at a meeting of the City Council of the City of Garden Grove, held on the 12th day of May 2009, and that the same was duly passed and adopted at a regular meeting of said City Council held on the ____ day of _____, 2009.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Garden Grove this _____ day of _____, 2009.

CITY CLERK OF THE CITY OF GARDEN GROVE

(SEAL)

Map of Buena Clinton Redevelopment Project Area



Legend

-  Buena Clinton Project Area Boundaries
-  City Boundaries

