

**REPORT TO THE
CITY COUNCIL AND
REDEVELOPMENT AGENCY
of the City of Sacramento**

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www.cityofsacramento.org



Public Hearing
September 27, 2005

Honorable Chair and Members of the Board:

Honorable Mayor and
Members of the City Council and Redevelopment Agency of the City of Sacramento

Subject: Extension of Merged Downtown Redevelopment Project Area Time Limitations

Location/Council District: Merged Downtown Redevelopment Project Area – Districts
1, 3 and 4

Recommendation:

Conduct a Public Hearing and, upon conclusion, adopt the attached ordinances on pages 4-11, which extend the Merged Downtown Redevelopment Project Area (Project Area) time limitations by one year and increase the tax increment ceiling for the Project Area to offset adverse impacts from the State mandated Educational Revenue Augmentation Fund shift.

Contact: Melissa Valle, Project Manager, 808-5864
Traci Michel, Sr. Project Manager, 808-8645

Presenters: Melissa Valle, Economic Development Project Manager

Department: Economic Development/Redevelopment Agency of the City of Sacramento

Organization No.: 4451

Summary:

Following approval of the 2004-05 California State Budget, the State Legislature passed Senate Bill 1096, a trailer bill for local governments, which included a \$250 million shift in statewide redevelopment funds from cities and counties to the Education Revenue Augmentation Fund (ERAF). Locally, the City and County redevelopment project areas are required to transfer approximately \$2.9 million to the ERAF in fiscal year 2005-06. In exchange for the transfer, Senate Bill 1096 permits redevelopment agencies to extend project area plan limitations by one year, as well as to have an additional year to repay indebtedness. This is the second year the Redevelopment Agency (Agency) is amending its plans to account for the payment owed in 2006.

Background Information:

Following approval of the 2004-05 California State budget, the State Legislature passed Senate Bill 1096, a trailer bill for local governments, which included a \$250 million shift in statewide redevelopment funds from cities and counties to the State. The redirection of

redevelopment funds, known as an Educational Revenue Augmentation Fund (ERAF) shift, has been previously used by the State with payment requests occurring in 1990-93 and 2003-05.

For the City and County of Sacramento combined, the ERAF payment burden is approximately \$2.9 million for fiscal year 2005-06. Acknowledging the burden that the ERAF payment placed on redevelopment agencies to carry out redevelopment activities, Senate Bill 1096 also contained a provision for extending the life of redevelopment plans under certain circumstances. The extension of redevelopment plan limitations lessens the impact of the ERAF shift over the long term by enabling each redevelopment area to receive an additional year of tax increment funding and an additional year to repay indebtedness.

Under Senate Bill 1096, redevelopment plans that have 10 years or less remaining from the year in which payment is made, are able to extend the life of the plan for an additional year. Redevelopment plans that have more than 10 years, but less than 20 years, remaining may be extended if certain findings are made: 1) There is an adopted Five-Year Implementation Plan; 2) Compliance with 20 percent Housing Fund requirements; and 3) There is not an excessive surplus of funds. The Merged Downtown Redevelopment Project Area (Project Area) meets all of the Senate Bill 1096 requirements for this year. It includes the following four individual Project Areas: Capitol Mall Area Project, Project No 2-A; Capitol Mall Extension Project, Project No. 3; Capitol Mall Riverfront Project, Project No. 4; and Uptown Development Project, Project No. 8.

The Project Area has been amended previously for the purpose of extending the life of the Redevelopment Plan to lessen the impact of the ERAF shift in 2004. As allowed under Senate Bill 1096 for fiscal year 2005-06, this amendment will extend the original plan dates by an additional year. The table below outlines the new dates of Plan effectiveness for the Project Area and the amount of funds that will shift to the ERAF in FY 2005 -06.

Redevelopment Area	Estimated 2005-2006 ERAF Shift	New Plan Effectiveness Date
Merged Downtown Redevelopment Project Area	\$ 1,851,361	2022

The benefits of this proposed extension include the following:

- The one-year extension allows the Project Area to receive an additional year of tax increment funding;
- The extension also grants the Project Area an additional year to repay indebtedness; and
- The extension increases the tax increment ceiling for the Project Area by the amount of the ERAF shift (approximately \$1.85 million).

No additional requirements are imposed so the Project Area plans will remain unchanged. The Agency is also interested in proceeding forward with this extension so that as redevelopment bonds for the Project Area are issued in the future, an additional year is available for repayment of the debt.

Financial Considerations:

The one-year extension allows the Project Area to receive an additional year of tax increment funding and have an additional year to repay indebtedness. Additionally, the ceiling for the cumulative receipt of tax increment funds from the Project Area will be increased by the amount of the ERAF shift (approximately \$1.85 million).

Environmental Considerations:

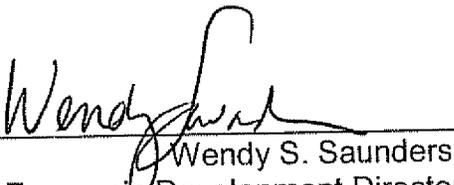
The potential impacts caused by implementing each redevelopment plan were analyzed in the applicable environmental documents that were certified at the time of plan adoption. Extending the plan terms for one year does not significantly change the circumstances under which redevelopment actions may occur, and will not result in any new impact on the environment or require any additional mitigation measures. The proposed action to extend the term of the plan for the purpose of limiting the financial impact the ERAF shift does not constitute a project under the California Environmental Quality Act (CEQA) per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project. NEPA does not apply.

Policy Considerations:

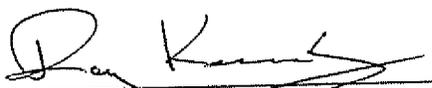
The actions contained in the attached ordinances support the continuation of the Project Area and meet the Agency's goals of eliminating blight and increasing economic opportunities, as well as promoting the City of Sacramento's goal of preserving and enhancing neighborhoods.

ESBE Considerations: None

Respectfully Submitted by:


Wendy S. Saunders,
Economic Development Director

Recommendation Approved:


ROBERT P. THOMAS
City Manager

For

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- Pg 6 City Ordinance amending Ordinance No. 2681, as subsequently amended, and approving and adopting the eighth amendment to the Redevelopment Plan for the Capitol Mall Riverfront Redevelopment Project
- Pg 7 City Ordinance amending Ordinance No. 3146, as subsequently amended, and approving and adopting the seventh amendment to the Redevelopment Plan for the Uptown Development Redevelopment Project

ORDINANCE NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AMENDING ORDINANCE NO. 1936, AS SUBSEQUENTLY AMENDED, AND APPROVING AND ADOPTING THE ELEVENTH AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE CAPITOL MALL NO. 2A REDEVELOPMENT PROJECT

WHEREAS, the City Council of the City of Sacramento (City Council) approved and adopted the Redevelopment Plan (Redevelopment Plan) for the Capitol Mall No. 2A Redevelopment Project (Project) on September 13, 1955, by Ordinance No. 1936, and last amended on February 8, 2005;

WHEREAS, this extension is permitted by the California State Legislature to lessen the impact of the Educational Revenue Augmentation Fund ("ERAF") requiring the transfer of some Redevelopment Funds locally to the State by shifting the ERAF payment over a longer term;

WHEREAS, the potential impacts caused by implementing each redevelopment plan were analyzed in the applicable environmental documents that were certified at the time of plan adoption and amendment;

WHEREAS, extending the plan term for one year does not significantly change the circumstances under which redevelopment actions may occur, and will not result in any new impacts on the environment or require any additional mitigation measure; and

WHEREAS, the proposed action to extend the term of the plans for the purpose of limiting the financial impact of the ERAF shift does not constitute a project under CEQA per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Preliminary Plan for this Redevelopment Project Area is hereby extended for a period of one year allowing the Redevelopment Project Area to receive an additional year of tax increment funding, an additional year to repay indebtedness and an increase in the Tax Increment Ceiling for the Project Area equal to the amount of the ERAF shift.

Section 2: The Redevelopment Plan, as adopted by Ordinance No. 1936, is hereby further amended as set forth herein this Eleventh Amendment. As so amended, the Redevelopment Plan is incorporated herein by this reference. The Executive Director of the Agency is hereby authorized to combine the Redevelopment Plan, as amended by the Eleventh Amendment, into a single document, and said document, when filed with the City Clerk and the Agency Clerk, shall constitute the official Redevelopment Plan for the Capitol Mall No. 2A Redevelopment Project. Ordinance No. 1936, as previously amended, is continued in full force and effect, as amended by this Ordinance.

Section 3: This Ordinance shall be in full force and effect thirty (30) days after its adoption and shall be affixed to the Redevelopment Plan as an Amendment to the Plan.

ORDINANCE NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AMENDING ORDINANCE NO. 2208, AS SUBSEQUENTLY AMENDED, AND APPROVING AND ADOPTING THE SEVENTH AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE CAPITOL MALL EXTENSION NO. 3 REDEVELOPMENT PROJECT

WHEREAS, the City Council of the City of Sacramento (City Council) approved and adopted the Redevelopment Plan (Redevelopment Plan) for the Capitol Mall Extension No. 3 Redevelopment Project (Project) on June 16, 1960, by Ordinance No. 2208, and last amended on February 8, 2005;

WHEREAS, this extension is permitted by the California State Legislature to lessen the impact of the Educational Revenue Augmentation Fund ("ERAF") requiring the transfer of some Redevelopment Funds locally to the State by shifting the ERAF payment over a longer term;

WHEREAS, the potential impacts caused by implementing each redevelopment plan were analyzed in the applicable environmental documents that were certified at the time of plan adoption and amendment;

WHEREAS, extending the plan term for one year does not significantly change the circumstances under which redevelopment actions may occur, and will not result in any new impacts on the environment or require any additional mitigation measure; and

WHEREAS, the proposed action to extend the term of the plans for the purpose of limiting the financial impact of the ERAF shift does not constitute a project under CEQA per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Preliminary Plan for this Redevelopment Project Area is hereby extended for a period of one year allowing the Redevelopment Project Area to receive an additional year of tax increment funding, an additional year to repay indebtedness and an increase in the Tax Increment Ceiling for the Project Area equal to the amount of the ERAF shift.

Section 2: The Redevelopment Plan, as adopted by Ordinance No. 2208, is hereby further amended as set forth herein this Seventh Amendment. As so amended, the Redevelopment Plan is incorporated herein by this reference. The Executive Director of the Agency is hereby authorized to combine the Redevelopment Plan, as amended by the Seventh Amendment, into a single document, and said document, when filed with the City Clerk and the Agency Clerk, shall constitute the official Redevelopment Plan for the Capitol Mall Extension No. 3 Redevelopment Project. Ordinance No. 2208, as previously amended, is continued in full force and effect, as amended by this Ordinance.

Section 3: This Ordinance shall be in full force and effect thirty (30) days after its adoption and shall be affixed to the Redevelopment Plan as an Amendment to the Plan.

ORDINANCE NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO
AMENDING ORDINANCE NO. 2681, AS SUBSEQUENTLY AMENDED, AND
APPROVING AND ADOPTING
THE EIGHTH AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE
CAPITOL MALL RIVERFRONT REDEVELOPMENT PROJECT**

WHEREAS, the City Council of the City of Sacramento (City Council) approved and adopted the Redevelopment Plan (Redevelopment Plan) for the Capitol Mall Riverfront Redevelopment Project (Project) on August 25, 1966, by Ordinance No. 2681, and last amended on February 8, 2005;

WHEREAS, this extension is permitted by the California State Legislature to lessen the impact of the Educational Revenue Augmentation Fund ("ERAF") requiring the transfer of some Redevelopment Funds locally to the State by shifting the ERAF payment over a longer term;

WHEREAS, the potential impacts caused by implementing each redevelopment plan were analyzed in the applicable environmental documents that were certified at the time of plan adoption and amendment;

WHEREAS, extending the plan term for one year does not significantly change the circumstances under which redevelopment actions may occur, and will not result in any new impacts on the environment or require any additional mitigation measure; and

WHEREAS, the proposed action to extend the term of the plans for the purpose of limiting the financial impact of the ERAF shift does not constitute a project under CEQA per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Preliminary Plan for this Redevelopment Project Area is hereby extended for a period of one year allowing the Redevelopment Project Area to receive an additional year of tax increment funding, an additional year to repay indebtedness and an increase in the Tax Increment Ceiling for the Project Area equal to the amount of the ERAF shift.

Section 2: The Redevelopment Plan, as adopted by Ordinance No. 2681, is hereby further amended as set forth herein this Eighth Amendment. As so amended, the Redevelopment Plan is incorporated herein by this reference. The Executive Director of the Agency is hereby authorized to combine the Redevelopment Plan, as amended by the Eighth Amendment, into a single document, and said document, when filed with the City Clerk and the Agency Clerk, shall constitute the official Redevelopment Plan for the Capitol Mall Riverfront Redevelopment Project. Ordinance No. 2681, as previously amended, is continued in full force and effect, as amended by this Ordinance.

Section 3: This Ordinance shall be in full force and effect thirty (30) days after its adoption and shall be affixed to the Redevelopment Plan as an Amendment to the Plan.

ORDINANCE NO. _____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO AMENDING ORDINANCE NO. 3146, AS SUBSEQUENTLY AMENDED, AND APPROVING AND ADOPTING THE SEVENTH AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE UPTOWN DEVELOPMENT REDEVELOPMENT PROJECT

WHEREAS, the City Council of the City of Sacramento (City Council) approved and adopted the Redevelopment Plan (Redevelopment Plan) for the Uptown Development Redevelopment Project (Project) on July 20, 1972, by Ordinance No. 3146, and last amended on February 8, 2005;

WHEREAS, this extension is permitted by the California State Legislature to lessen the impact of the Educational Revenue Augmentation Fund ("ERAF") requiring the transfer of some Redevelopment Funds locally to the State by shifting the ERAF payment over a longer term;

WHEREAS, the potential impacts caused by implementing each redevelopment plan were analyzed in the applicable environmental documents that were certified at the time of plan adoption and amendment;

WHEREAS, extending the plan term for one year does not significantly change the circumstances under which redevelopment actions may occur, and will not result in any new impacts on the environment or require any additional mitigation measure; and

WHEREAS, the proposed action to extend the term of the plans for the purpose of limiting the financial impact of the ERAF shift does not constitute a project under CEQA per Guidelines Section 15378(b)(4), which exempts government fiscal activities which do not involve a commitment to any specific project.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

Section 1: The Preliminary Plan for this Redevelopment Project Area is hereby extended for a period of one year allowing the Redevelopment Project Area to receive an additional year of tax increment funding, an additional year to repay indebtedness and an increase in the Tax Increment Ceiling for the Project Area equal to the amount of the ERAF shift.

Section 2: The Redevelopment Plan, as adopted by Ordinance No. 3146, is hereby further amended as set forth herein this Seventh Amendment. As so amended, the Redevelopment Plan is incorporated herein by this reference. The Executive Director of the Agency is hereby authorized to combine the Redevelopment Plan, as amended by the Seventh Amendment, into a single document, and said document, when filed with the City Clerk and the Agency Clerk, shall constitute the official Redevelopment Plan for the Uptown Development Redevelopment Project. Ordinance No. 3146, as previously amended, is continued in full force and effect, as amended by this Ordinance.

Section 3: This Ordinance shall be in full force and effect thirty (30) days after its adoption and shall be affixed to the Redevelopment Plan as an Amendment to the Plan.