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September 15, 2020

Board of Supervisors, County of Ventura
Board of Supervisors, Ventura County Watershed Protection District
Board of Directors, Ventura County Fire Protection District
800 South Victoria Avenue
Ventura, CA 93009

Subject: **Approval of a Compensation Agreement by the City of Port Hueneme and the County of Ventura, the Ventura County Watershed Protection District and the Ventura County Fire Protection District Related to Two Parcels of Real Property Located in the City of Port Hueneme.**

Recommendation:

It is recommended that your Boards approve the attached Compensation Agreement by the City of Port Hueneme (City), on the one hand, and the County of Ventura (County), the Ventura County Watershed Protection District (VCWPD) and the Ventura County Fire Protection District (VCFPD), on the other hand, related to two parcels of real property located in the City of Port Hueneme (Property).

Fiscal Impact:

Based on the \$1.82 million appraised value of the Property and the respective annual property tax allocations, under the proposed Compensation Agreement, the County General Fund, VCFPD, VCWPD and the County Library would receive approximately \$362,000, \$256,000, \$45,000 and \$26,000, respectively, from the net proceeds of the sale of the Property to the City by the Successor Agency to the City's Redevelopment Agency. Generally, in addition to payments under a compensation agreement, taxing entities would receive ongoing property taxes when a successor agency sells a property pursuant to the Dissolution Act described below, returning the property to the tax rolls. However, since the City is exempt from paying property taxes, no property taxes will be collected while the Property is owned by the City.

Discussion:

Commencing in 2011, the state Legislature enacted, and the Governor signed, a series of bills (collectively referred to as the Dissolution Act) that dissolved redevelopment agencies (RDAs) in California effective February 1, 2012, and provided for the winding down of their affairs. The Dissolution Act requires that a successor agency be formed to wind down a former RDA's functions and that the successor agency prepare a long-range property management plan (LRPMP) that governs the disposition and use of the former RDA's real property.

Where a LRPMP, which must be approved by the state Department of Finance (DOF), directs that a property be used for a project identified in an approved redevelopment plan, the property shall be transferred to the city or county that created the former RDA. In such a case, pursuant to the Dissolution Act, the city or county must purchase the property from the successor agency and must reach a "compensation agreement" with the other taxing entities to provide payments to them in proportion to their shares of the base property tax for the value of the property.

Here, the Successor Agency (Successor Agency) to the City of Port Hueneme Redevelopment Agency (City RDA) is responsible for winding down the affairs of the City RDA. The Successor Agency prepared, and its oversight board and the DOF approved, a LRPMP that governs the disposition and use of the City RDA's real property, including the Property. As a condition of the DOF's approval of the LRPMP, the City is required to enter into compensation agreements with the taxing entities upon the transfer of the Property to the City, with the City, based on the appraised value, compensating all taxing entities based on current Assembly Bill 8 property tax allocations.

The two parcels comprising the Property are located in the triangular area of downtown Port Hueneme formed by Ponomia Street on the west, Scott Street on the north, and Market Street on the east and south. They are referred to colloquially as the Market Street Landing Property. The Property was most recently appraised, in March 2020, at a fair market value of \$1,821,000. Under the operative Second Amended LRPMP and the proposed Compensation Agreement, the City, in exchange for the Property, will pay this amount to acquire the Property, and the net proceeds will be turned over to the County Auditor-Controller's Office to distribute to the taxing entities based on current Assembly Bill 8 property tax allocations. Included among the 17 taxing entities are the following, with their estimated share of the net sale proceeds indicated:

1. County of Ventura (General Fund) – \$362,000
2. Ventura County Fire Protection District – \$256,000
3. Ventura County Library – \$45,000
4. Ventura County Watershed Protection District (County Flood Zone # 2) – \$26,000

The proposed Compensation Agreement will satisfy the City's obligation to enter into compensation agreements with the County (on its behalf and on behalf of the Ventura County Library), VCFPD and VCWPD.

The Auditor-Controller's Office and County Counsel have reviewed this letter. If you have any questions, please call Robert Bravo at (805) 662-6868.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Powers", with a stylized flourish at the end.

Michael Powers
County Executive Officer

m.p.