

TO: James App, City Manager

FROM: Robert A. Lata, Community Development Director

SUBJECT: Oak Park Child Development Center

DATE: January 7, 2003

Needs: For the Redevelopment Agency to conduct a public hearing on a request from the San Luis Obispo County Office of Education (COE) to use redevelopment pass-through funds deposited in a trust fund for COE to construct a new Child Development Center (CDC) at the present CDC site at 3150 Park Street (at Oak Park Public Housing).

Facts:

1. At the time of formation of the Redevelopment Project Area (1987/88), the Redevelopment Agency executed an agreement with the County Superintendent of Schools, a taxing entity, regarding alleviation of "financial burden" or "detriment" to COE as a result of formation of the Redevelopment Project Area. A copy of this agreement is attached.
2. The pass-through agreement provides that 50% of the tax increment that otherwise would have been paid to COE be held by the Redevelopment Agency in a trust fund for future use in COE projects that would benefit the Redevelopment Project Area.
3. Paso Robles Public Schools has operated the CDC since the 1950's, but it has notified the State Department of Education that, after December 31, 2002 it will no longer operate the CDC. COE has been named by the state as interim operator; COE has applied to the state to become the permanent operator.
4. COE has also notified the City that if they are successful in obtaining the permit to operate the CDC, they wish to replace the existing buildings and facilities, which date to the 1950's and do not meet current standards, with new facilities. The pass-through funds would be used to assist the financing of this project.
5. At the end of the current fiscal year, the balance of pass-through funds in the trust account will be about \$88,400. Through the life of the project area (until 2027), the total amount of funds deposited into this account are expected to be \$1.07 million. (Neither of these figures includes any interest that the trust fund account may have accrued or will accrue.)
6. In a phone conversation with City staff, Eric Smith, Deputy Superintendent, explained that COE is presently seeking a blanket approval to use the pass-through funds for the CDC replacement project. If COE is awarded the contract as permanent operator, they will prepare detailed plans for the project, including a financial plan that may entail regular payments from the fund to cover debt incurred by COE.
7. The attached agreement cites Health and Safety Code Section 33445, which requires that the Redevelopment Agency make three findings before approving the use of the

pass-through funds for acquisition and/or development of public facilities. These findings are:

- (1) That the facilities are of benefit to the project area or the immediate neighborhood in which the project is located.
  - (2) That no other reasonable means of financing the facilities are available to the community.
  - (3) That the payment of funds for the acquisition of land or the cost of buildings, facilities, structures, or other improvements will assist in the elimination of one or more blighting conditions inside the project area and is consistent with the Redevelopment Implementation Plan.
8. Redevelopment Law (Health and Safety Code Section 33678) limits use of the pass-through funds to construction of the “public facility”, i.e., Child Development Center.
  9. At its meeting of December 4, 2002, the Redevelopment Project Area Committee reviewed COE’s request and unanimously recommended its approval by the Redevelopment Agency.
  10. At its meeting of December 12, 2002, the County Board of Education adopted Resolution 02-35, which provides justification for making the first two findings required by Section 33445. A copy of this resolution is attached.

Analysis and  
Conclusion:

The Child Development Center has provided important educational services to the community since the 1950’s. According to COE, most of the participants in these services live in the area north of 24th Street, which is in the Redevelopment Project Area.

The attached Resolution 02-35 of the County Board of Education documents the fact that, absent the pass-through funds, COE would not have sufficient financial resources to replace the CDC.

Unsafe buildings (those that do not conform to current codes) and inadequate public facilities are listed in the Redevelopment Implementation Plan as conditions contributing to blight.

The proposed replacement of the existing CDC would appear to be an appropriate use of the pass-through funds. Assuming that the Redevelopment Agency agrees, it is anticipated that the Agency and COE will execute an agreement under which COE’s expenses for the project would be reimbursed over time as pass-through funds are received by the City (following the biannual collection of property taxes).

Policy

Reference: State Redevelopment Law (Sections 33000 et seq. of the Health and Safety Code); Redevelopment Implementation Plan

Fiscal

Impacts: The requested funds are being held in trust by the Redevelopment Agency for use by COE pending a

resolution of the City making the findings required by Health and Safety Code Section 33445. These funds may not be used for other activities.

Options: After accepting any public testimony, take one of the following options:

- a. Adopt Resolution No. RA 03-xx making the findings required by Health and Safety Code Section 33445 and approve the use of current and future pass-through funds for replacement of the Child Development Center.
- b. Amend, modify, or reject the above options.

Prepared By:

Ed Gallagher  
Housing Programs Manager

Attachments:

1. Resolution Approving the Replacement of the Child Development Center
2. Resolution 02-35 of the San Luis Obispo County Board of Education
3. Agreement with the County Superintendent of Schools
4. Letter from County Superintendent of Schools
5. Location Map for Child Development Center
6. Copy of Newspaper Notice

RESOLUTION NO. RA 03-

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF PASO ROBLES  
APPROVING THE REPLACEMENT OF THE CHILD DEVELOPMENT CENTER  
AT 3150 PARK STREET WITHIN THE REDEVELOPMENT PROJECT AREA

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WHEREAS, by Ordinance No. 540 N.S., approved and adopted November 30, 1987, the City Council of the City of Paso Robles (the "City Council") approved and adopted the Final Redevelopment Plan (the "Redevelopment Plan") for the Paso Robles Redevelopment Project Area (the "Project"); and

WHEREAS, pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.), the Redevelopment Agency of the City of Paso Robles (the "Agency") is carrying out the Redevelopment Plan for the Project in the Project Area; and

WHEREAS, within the Project Area at 3150 Park Street is located the Child Development Center, which is presently owned and operated by the Paso Robles Joint Union School District to provide early childhood educational services funded through the California Department of Education; and

WHEREAS, the Paso Robles Joint Union School District has notified the California Department of Education that, as of December 31, 2002, it will no longer operate the Child Development Center; and

WHEREAS, the California Department of Education has appointed the County Superintendent of Schools (the "Superintendent") as the interim operator of the Child Development Center; further the Superintendent has applied to the California Department of Education to permanently operate the Child Development Center; and

WHEREAS, in 1988 the Agency and the Superintendent executed an "Agreement Regarding the Alleviation of Financial Burden or Detriment" (the "Agreement") under which the Agency established a trust fund (the "Trust Fund") into which 50 percent of all tax increment attributable to property taxes levied by or assessed by the Superintendent would be deposited for use by the Superintendent for public facilities of benefit to the (Redevelopment) Project Area as determined by the City Council of the City of Paso Robles, the Agency, and the Superintendent after the requisite public hearings; and

WHEREAS, the Child Development Center was developed in the 1950's and no longer meets current building codes and educational standards for such a facility; and

WHEREAS, Superintendent has informed the Agency that, if it is awarded a contract to permanently operate the Child Development Center, it intends to replace the existing Child Development Center with a new one that meets current codes (the "Public Improvement"); and

WHEREAS, Superintendent has requested that the Agency approve use of the funds in the Trust Fund to assist in the costs of replacing the Child Development Center; and

WHEREAS, at its meeting of December 12, 2002, the County Board of Education adopted Resolution 02-35 requesting use of Trust Funds for the Public Improvement and making the following findings:

1. The Public Improvement is of benefit to the Project Area;
2. There are no other reasonable means of financing the Public Improvement; and

WHEREAS, the Implementation Plan adopted by the Agency in December 1999 includes unsafe buildings and inadequate public improvements as conditions contributing to blight within the Project Area;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. The Agency hereby determines that the Public Improvement is of benefit to the Project Area and that no other reasonable means of financing the Public Improvement are available to the community. These determinations are based on the following facts:

- (a) The proposed Public Improvement is located within the Project Area;
- (b) The proposed Public Improvement will eliminate a public safety hazard (unsafe building) and provide for enhanced educational services to the residents of the Project Area;
- (c) The Superintendent does not have sufficient funds to undertake the proposed Public Improvement.

SECTION 2. The Agency further determines that the Public Improvement will assist in the elimination of one or more blighting conditions inside the Project Area and are consistent with the Implementation Plan adopted by the Agency pursuant to Section 33490 of the Community Redevelopment Law. These determinations are based on the following facts:

- (a) As set forth in Section 33030(c) of the Community Redevelopment Law, the existence of inadequate public improvements, parking facilities or utilities is one condition that contributes to the characterization of an area as blighted; and
- (b) The Implementation Plan adopted by the Agency on December 7, 1999, contemplates public improvements in the Project Area.

SECTION 3. Pursuant to Section 33678 of the Community Redevelopment Law, the Agency further determines that the Public Improvement is redevelopment as prescribed in Sections 33020 and 33021 of the Community Redevelopment Law, that the Public Improvement will primarily benefit the Project Area, and that none of the funds used for the Public Improvement will be used for employee or contractual services of any local government agency except for services directly relating to the construction of the Public Improvement.

PASSED AND ADOPTED by the Redevelopment Agency of the City of Paso Robles on this 7th day of January 2003 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

ATTEST:

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George P. Finigan, Chairman

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Sharilyn M. Ryan, Deputy City Clerk