

**City of Culver City, California
Agenda Item Report**

Meeting Date: 02/22/2011		Item Number: <u>J-3</u>	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Approval of an Implementing Agreement between the City of Culver City, the Culver City Redevelopment Agency, and the Culver City Unified School District Relating to Pass Through Payments Authorized by the Third Amended Agreement for Redevelopment Project No. 2.			
Contact Person/Dept.: Glenn Heald, Community Development Todd Tipton, Community Development		Phone Number: (310) 253-5752 (310) 253-5783	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Meetings and Agendas – City Council (02/18/11); Meetings and Agendas – Redevelopment Agency (02/18/11); (E-Mail) Organizations – Culver City Unified School District (02/18/11).			
Department Approval: Sol Blumenfeld: (02/16/11)		City Attorney Approval: Carol Schwab (by H. Baker) (02/18/11) Agency General Counsel Approval: Murray Kane: (02/16/11)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (02/18/11)		City Manager/Executive Director Approval: John M. Nachbar (02/18/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council (City Council) and the Redevelopment Agency Board (Agency Board) approve an Implementing Agreement extending specified payments by the Agency to the Culver City Unified School District (District) through July 26, 2024. <u>BACKGROUND/DISCUSSION:</u> The formation of Redevelopment Project No. 2 (Project) in 1971 created a condition whereby future increases in property tax revenue collections would not automatically increase the share of such revenue awarded to the District. In order to ensure the District receives an amount equal to or greater than that which it would receive had the Project not been created, on June 30, 1975, the City, Agency and the District voluntarily entered into the Agreement for the Overland-Jefferson Redevelopment Project No. 2 (Agreement). The Agreement allows the Agency to make certain annual payments – referred to as <i>pass-throughs</i> - to the District as compensation for potential property tax revenue redistribution resulting from the formation of the Project. The funding provided by the Agency assists the District with its regular operating expenses.			

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On June 4, 1990, the City Council and the Agency Board, during a joint hearing pursuant to Sections 33445 and 33679 of the California Health and Safety Code, amended the Agreement to clarify terms of the agreement and to adopt a schedule for payments to the District.

The Agency's annual pass-through payments to the District currently amount to about \$1.5 million. During the past decade, the Agency has submitted ten pass-through payments to the District totaling \$11,494,516.08. Table 1 below illustrates the Agency's contribution to the District during the period of 2000 through 2010.

Table 1. Agency contributions to Culver City Unified School District 2000-2010.

Calendar year	Pass-through amount
2000	\$ 773,597.87
2002	\$ 930,447.88
2003	\$ 1,004,003.00
2003	\$ 977,912.04
2004	\$ 1,061,751.50
2005	\$ 1,128,069.06
2006	\$ 1,217,773.94
2007	\$ 1,334,270.00
2008	\$ 1,449,487.38
2010	\$ 1,617,203.41
Total 2000-2010	\$11,494,516.08

Due to the uncertainty created by the Governor's proposal to eliminate redevelopment agencies throughout the state, staff and Agency General Counsel recommend that an Implementing Agreement be approved by the City Council and the Agency Board. Through approval of the Implementing Agreement, the Agency will be making a commitment to the funding schedule contained in the Agreement for the Overland-Jefferson Redevelopment Project No. 2 through the entire time permitted by state redevelopment law.

The Agency's fiscal consultants estimate the Agency's future pass-through payments to the District will steadily increase from approximately \$1.569 million in 2011 to approximately \$2.049 million in 2024, totaling approximately \$26.851 million, an average of over \$1.79 million per year. During meetings between City and District staff, it was discussed that the Governor's proposal is expected to provide no new revenues to the District. Understanding the importance of the pass-through payments on the revenues received by the District, staff proposes the City Council and Agency Board approve the proposed Implementation Agreement to continue this voluntary arrangement and safeguard these redevelopment funds for educational purposes.

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FISCAL ANALYSIS:

The sum of estimated future Agency pass-through payments to the District for the period of 2011 through 2024 is \$26,851,000. This represents no new fiscal impact to the City or Agency.

ATTACHMENTS:

1. Proposed Implementing Agreement among the City of Culver City, the Culver City Redevelopment Agency, and the Culver City Unified School District.

MOTION:

That the City Council:

1. Approve the Implementing Agreement among the City of Culver City, the Culver City Redevelopment Agency and the Culver City Unified School District to provide for specified payments by the Redevelopment Agency to the School District through 2024;
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.

That the Agency Board:

1. Approve the Implementing Agreement among the City of Culver City, the Culver City Redevelopment Agency and the Culver City Unified School District to provide for specified payments by the Redevelopment Agency to the School District through 2024;
2. Authorize the Agency General Counsel to review/prepare the necessary documents; and,
3. Authorize the Executive Director to execute such documents on behalf of the Agency.