

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 06/12/06		Item Number: <u>C-6</u>	
AGENDA ITEM: Adopt a Resolution Electing to Receive the City's Statutory Share of Tax Increment from the Entire Culver City Redevelopment Project			
Contact Person/Dept.: Karen Maggio/City Treasurer's Office		Phone Number: (310) 253-5844	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Public Notification: Master Notification List on 06/07/06			
Department Approval: Crystal C. Alexander 5/31/06		CAO Approval: Jerry B. Fulwood (06/07/06)	
City Controller Approval: Marlee Chang (06/07/06)			

RECOMMENDATION:

That City Council adopt a resolution electing to receive the City's statutory share of tax increment from the entire Culver City Redevelopment Project commencing with FY 2005-06 and continuing each year thereafter, subject to future City Council election.

DISCUSSION:

On July 26, 1971, the Agency adopted the 306-acre Slauson-Sepulveda Redevelopment Project No. 1 (Component Area No. 1) and on December 28, 1971, the Agency adopted the 184-acre Overland-Jefferson Redevelopment Project No. 2 (Component Area No. 2). The 526-acre Washington-Culver Redevelopment Project No. 3 (Component Area No. 3) was adopted on November 24, 1975. On November 23, 1998, the Agency adopted the 270-acre Component Area No. 4 and concurrently merged the four component areas.

Component Area No. 4 is subject to statutory pass through requirements of the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) ("CRL") which provides for specific formulas for payments (so-called "statutory pass-through payments") to be made by the Agency to affected taxing entities.

On November 23, 1998, the Agency approved amendments to the Redevelopment Plan with regard to Component Areas No. 1, No. 2 and No. 3 that extended the time limits for establishing debt. As a result of these time limit extensions, the Agency

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was required to allocate statutory pass-through payments commencing in FY 2004-05 for Component Areas No. 1, No. 2 and No. 3 in accordance with all applicable provisions of the CRL.

As an affected taxing agency, Section 33607.5 of the CRL provides that the City may elect to receive the City's share of statutory pass-through payments for the entire Culver City Redevelopment Project. Agency staff is recommending that the City Council make such an election commencing with FY 2005-06 and continuing each year thereafter, subject to future City Council election.

Pursuant to a letter received by the Agency Treasurer from the County of Los Angeles Department of Auditor-Controller, the County Auditor-Controller may be of the opinion that the City may only make such an election at the time a new redevelopment project area is adopted or at the time a redevelopment project area is amended to extend or increase certain redevelopment plan limitations (such as the extension of the time limits to establish debt for Component Areas No. 1, No. 2 and No. 3). However, Agency legal counsel is of the opinion that the election is available in any fiscal year in which the Agency receives tax increment for the Culver City Redevelopment Project as provided in Section 33607.5 of the CRL. Agency staff will contact appropriate Departments of the County of Los Angeles to follow up on this matter and will report back to the City Council with updated information.

FISCAL ANALYSIS:

If the City makes the election, based on estimates prepared by Greg Soo-Hoo of Keyser Marston Associates, Inc., the City would receive approximately \$94,000 in fiscal year 2006/2007. This annual amount will increase incrementally to a maximum amount of \$53,000 in fiscal year 2023/2024. It will then decrease incrementally as component areas of the Redevelopment Project expire. This will result in approximately \$10 million of pass-through revenues over 39 years (\$4.1 million net present value).

ATTACHMENTS:

1. City Council Resolution

MOTION:

That the City Council:

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Adopt Resolution No. 2006-R _____ electing to receive the City's statutory share of tax increment from the entire Culver City Redevelopment project.