



# CITY OF CARSON

## Legislation Text

File #: 2018-288, Version: 1

### Report to Mayor and City Council

Tuesday, May 01, 2018

Consent

#### **SUBJECT:**

**CONSIDERATION OF RESOLUTION NO. 18-058 MAKING AN ELECTION FOR THE CITY OF CARSON TO RECEIVE TAX SHARING PAYMENTS FROM THE CARSON REDEVELOPMENT AGENCY PROJECT AREA NO. 2 - 83 ANNEX (CITY COUNCIL)**

#### **I. SUMMARY**

Pursuant to Health and Safety Code Sections 33333.6 (e) (2) and 33607.5, the City of Carson must make an election to receive its share of property tax revenues generated from the Carson Redevelopment Agency project areas. This share represents 25% tax increment pass-through payment authorized by the Health and Safety Code. Staff requests the City Council to approve and adopt attached Resolution No. 18-058 so the City may receive the tax sharing payments.

#### **II. RECOMMENDATION**

1. WAIVE further reading and ADOPT Resolution No. 18-058, a "RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, MAKING AN ELECTION TO RECEIVE PAYMENTS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33607.5(b) FROM THE CARSON REDEVELOPMENT AGENCY PROJECT AREA NO. 2 - 83 ANNEX."
2. AUTHORIZE the City Mayor to execute Resolution No. 18-058 after approval as to form by the City Attorney.

#### **III. ALTERNATIVES**

1. MODIFY the resolution and APPROVE as modified.
2. TAKE whatever action the City Council deems appropriate.

#### IV. BACKGROUND

On December 22, 1982, the City Council approved Ordinance No. 82-628 amending the Redevelopment Plan for Project Area 2. Referred to as 1983 Plan Amendment, the ordinance amended the plan by adding approximately 50 acres to the original project area 2. The key properties in this annexed territory are the Avalon Green condominium development and the Village Shopping Center.

In 1982, the then Carson Redevelopment Agency entered into an agreement with the Los Angeles County in accordance with Section 33401 of the Health and Safety code. These payments, also called pass-through payments, alleviate the financial burden caused by the redevelopment process. Under the agreement, the Consolidated Fire District receives 18.4% of the 1% tax while other County taxing entities are to receive a combined total of 58% of the tax increment generated in the 1983 Amendment Area. Such agreement provides that the 1983 Amendment Area must pay the County all revenues in excess of \$200,000 annually or the amount needed to meet the housing set aside requirements and the administrative charges for the subarea, whichever is greater. The agreement also provides that amounts of tax increment revenues in excess of \$8,000,000 limit are to be used for County deferral payments under the agreement.

Several other ordinances were adopted by the City Council amending the Project Area No. 2 redevelopment plan such as the following:

- Ordinance 03-3 adopted on November 4, 2003 which extended the life of the plan for the 1983 Amendment Area and the time period to collect tax revenues by one year.
- Ordinance No. 06-1361 adopted on October 9, 2006 which eliminated the time limits for incurrence of indebtedness.
- Ordinance No. 07-1379 adopted on May 1, 2007 which extended by one year the life of the plan for the 1983 Amendment Area to December 22, 2025 and the time period to collect tax increment revenues to December 22, 2035.

Health & Safety Code Section 33607.7 provides that if a redevelopment plan is amended to eliminate the time limit on incurring indebtedness and no pass-through agreement exists, the amounts required pursuant to subdivisions (b), (c), (d), and (e) of Section 33607.5 must be paid to each affected taxing entity, including the City. However, in order to receive its share of the twenty-five percent (25%) tax increment payment authorized by Health & Safety Code Section 33607.5(b), the City needs to make an election.

In the case of the 1983 Amendment Area, there is an existing pass-through/ negotiated tax sharing agreement with the County thereby limiting the amount that that City may receive to only AB 1290 payments. Since the Carson Redevelopment Agency eliminated its debt incurrence deadline in 2007, 1983 Amendment Area still owes AB 1290 tax sharing

payments. The City's share will be based only on this AB 1290 tax sharing payments.

According to the Property Tax Apportionment Division of the Department of the Auditor-Controller of the County, they don't have a record of the City's benefit election for Project Area 2-83 Annex. The City was given by the County until May 15, 2018 to submit proof of the benefit election.

The AB 1290 tax sharing payment will be additional revenues to the general fund; hence, Staff is recommending to the City Council to make the election to receive the revenues by adopting the attached Resolution No. 18-058.

The property tax revenues for this project area are accounted for under TD 125.04 - RP#2 - 83 Annex by the Office of the Auditor-Controller of the County of Los Angeles.

## **V. FISCAL IMPACT**

For FY 2017/18, pass-through payments to the City is estimated at \$6,581.54 which will be additional revenues in the general fund.

## **VI. EXHIBITS**

1. Resolution No. 18-058. (pgs. 3-4)

- 1.

Prepared by: Trini Catbagan, Controller