Redevelopment Agency Meeting of
January 24, 2006

Agency Agenda Item 4A

Honorable Chairman and Members
of the Redevelopment Agency
City Hall
Torrance, California

Members of the Agency:

SUBJECT: Approval of payment to the Educational Revenue Augmentation Fund.

Expenditure: $427,689.89

RECOMMENDATION

Redevelopment staff recommends that the Redevelopment Agency approve the payment to the Educational Revenue Augmentation Fund in the amount of $427,689.89 from the Downtown Capital Project Fund.

BACKGROUND AND ANALYSIS

Chapter 610, Statutes of 2004, requires redevelopment agencies to shift $250 million in property tax revenues to K-12 schools and community colleges during the 2004-05 and 2005-06 fiscal years. The State Department of Finance has determined the amount that each redevelopment agency shall transfer to the Educational Revenue Augmentation Fund (ERAF) on or before May 10, 2006.

Pursuant to the schedule released by the State Department of Finance, the Redevelopment Agency of the City of Torrance's amount to be shifted to schools is $427,689.89. $230,654.97 of this total amount is based on gross tax increments generated by the projects in FY2003-04 and $197,001.04 is based on tax increment net of pass-through. The total ERAF payment also includes $33.88 County adjustment.

Senate passed in August 2004, Health and Safety Code Sections 33681.12 and 33681.14. The important provisions of this legislation included the following:

- Redevelopment agency shall, prior to May 10, remit an amount equal to the amount determined for that agency in FY2005-06;

- Authority to borrow up to 50% of the amount required to be allocated to the Low and Moderate Income Housing Fund during FY2005-06 which shall be repaid in full within 10 years;

- Authority to use any funds that are legally available for other uses, except moneys held in the Low and Moderate Income Fund as of July 1, 2005;

- If the Agency fails to transmit the full amount of funds required, the county auditor, by no later than May 15, 2006, shall transfer any amount necessary to meet the obligation determined for that Agency from the legislative body's property tax allocation.

Redevelopment Agency staff recommends payment to the Educational Revenue Augmentation Fund in the amount of $427,689.89 from the Downtown Capital Project Fund.

Respectfully submitted,

Jeffery W. Gibson
Deputy Executive Director

By _____
Carolyn M. Chun
Senior Planning Associate
Redevelopment, Housing and General Plan Division

CONCUR:

Jeffery W. Gibson
Deputy Executive Director

Eric E. Tsao
Chief Accountant of the Agency

LeRoy J. Jackson
Executive Director

Attachment:
A. Letter from Department of Finance

Attachment A

ARNOLD SCHWARZENEGGER, GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

November 10, 2005

TO ALL COUNTY AUDITORS, REDEVELOPMENT AGENCIES, AND THEIR LEGISLATIVE BODIES:

Chapter 610, Statutes of 2004, requires redevelopment agencies to shift $250 million in property tax revenues to K-12 schools and community colleges during the 2004-05 and 2005-06 fiscal years. The Director of Finance is required to determine an amount each redevelopment agency shall transfer to the Education Revenue Augmentation Fund (ERAF). It further requires the Director of Finance to notify each redevelopment agency and legislative body of the amount determined.

In accordance with the above requirements, the attached document provides the amount determined for your redevelopment agency.

Each agency must allocate the specified amount to the county auditor for deposit into the ERAF on or before May 10, 2006. By March 1, the legislative body shall report to the county auditor how the agency intends to remit the amount required, or that the legislative body intends to remit the amount in lieu of the agency pursuant to Section 33681.14 of the Health and Safety Code.

If the legislative body, pursuant to Section 33681.12 of the Health and Safety Code, reported to the county auditor that it intended to remit the amount in lieu of the agency and the legislative body fails to transmit the full amount as authorized by May 10 of the applicable fiscal year, the county auditor, no later than May 15 of the applicable fiscal year, shall transfer an amount necessary to meet the obligation from the legislative body's allocations pursuant to Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code. If the amount of the legislative body's allocations are not sufficient to meet this obligation, the county auditor shall transfer an additional amount necessary to meet this obligation from the property tax increment revenue apportioned to the agency pursuant to Section 33670, provided that no moneys allocated to the agency's Low and Moderate Income Housing Fund shall be used for this purpose.

If you have any questions regarding this matter, please contact Pat Landingham, Assistant Program Budget Manager, at (916) 322-2263.

TOM CAMPBELL
Director
By:

MICHAEL C. GENEST
Chief Deputy Director

Attachment

	2005-06 RDA TRANSFER TO ERAF - HEALTH AND SAFETY CODE 33681.12					Recalled from $25,000 adjustment	
Redevelopment Agency Name	2003-04 Tax Increment Net of Pass-Throughs	2003-04 Gross Tax Increment	$125000000 million on Net Tax Increment (0.0501162695 649722%)	$125000000 million on Gross Tax Increment (0.0408591283 654399%)	Total Payment to ERAF	Adjustment for Vallejo Shift for 2004-05	Net 2005-06 ERAF Payment Required
Redevelopment Agency of the City of Torrance	3,930,880	5,645,127	197,001.04	230,654.97	427,656.01	33.88	427,689.89