

Redevelopment Agency Meeting of
February 24, 2009

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: \$436,758

RECOMMENDATION

Recommendation of the Deputy Executive Director that the Redevelopment Agency appropriate and approve the payment to the Educational Revenue Augmentation Fund in the amount of \$436,758 from the Downtown Redevelopment Fund.

Funding: Funding is available from the Redevelopment Agency's Downtown Redevelopment Fund

BACKGROUND AND ANALYSIS

Chapter 751, Statutes of 2008, requires redevelopment agencies to shift \$350 million in property tax revenues to K-12 schools and community colleges during the 2008-09 fiscal year. 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, 2009.

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 \$436,758. Of this total amount, \$233,892 is based on gross tax increments generated by the projects in FY2006-07, and \$202,866 is based on tax increment net of pass-through.

Important provisions passed in Sections 33687, 33685, and 33670 of the Health and Safety Code include the following:

- Redevelopment agency shall, prior to May 10, remit an amount equal to the amount determined for that agency in FY2008-09;
- Authority to borrow up to 50% of the amount required to be allocated to the Low and Moderate Income Housing Fund during FY2006-07 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;
- If the Agency fails to transmit the full amount of funds required, the county auditor, by no later than May 15, 2009, shall transfer any amount necessary to meet the obligation determined for that Agency from legislative body's allocations pursuant to Chapter 6 (commencing with Section 95),
- If the legislative body's allocation is insufficient 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.

Redevelopment Agency staff recommends payment to the Educational Revenue Augmentation Fund in the amount of \$436,758 from the Downtown Redevelopment Fund.

Respectfully submitted,

Jeffery W. Gibson
Deputy Executive Director

By  _____
Ted Semaan
Manager
Redevelopment & General Plan Division

CONCUR:


Jeffery W. Gibson
Deputy Executive Director


Eric E. Tsao
Chief Accountant of the Agency

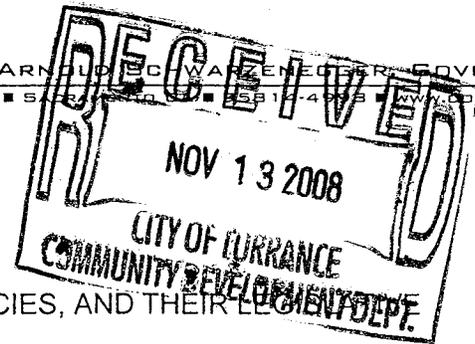
LeRoy J. Jackson
Executive Director

Attachment:
A. Letter from Department of Finance



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

ARNOLD SWANENBERG GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO ■ 95814-4103 ■ WWW.CA.GOV



November 12, 2008

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

Chapter 751, Statutes of 2008, requires redevelopment agencies to shift \$350 million in property tax revenues to K-12 schools and community colleges during the 2008-09 fiscal year. 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, 2009. 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 33687 of the Health and Safety Code. If an agency determines that it will not be able to allocate the full amount required, it may enter into an agreement with its legislative body by February 15, 2009, to fund the difference between the full amount required and the amount available for allocation by the agency.

If the legislative body, pursuant to Section 33685 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, 2009, the county auditor, no later than May 15, 2009, 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 amounts of the legislative body's allocation 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 Chris Hill, Principal Program Budget Analyst, at (916) 322-2263.

MICHAEL C. GENEST

Director

By:

ANA MATOSANTOS
Chief Deputy Director

Attachment

2008-09 RDA TRANSFER TO ERAF - HEALTH AND SAFETY CODE 33685					
Redevelopment Agency Name	2006-07 Tax Increment Net of Pass-Throughs	2006-07 Gross Tax Increment	175,000,000 on Net Tax Increment Based on Net Factor (0.0465017223)	175,000,000 on Net Tax Increment Based on Gross Factor (0.0369026017)	Total ERAF
Redevelopment Agency of the City of Torrance	4,362,556	6,338,092	202,866	233,892	436,758