

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Administrative Services Director

Subject: Adoption of a Resolutions to allow the City to receive its Statutory Pass-Through Payments from Redevelopment Tax Revenues

Date: January 17, 2012

Purpose:

Allow the City to begin receiving Statutory Pass Through Payments which the City declined to receive in 2002 when the Redevelopment Agency's life was extended.

Recommendation:

Adopt Resolution 2012-02 and Resolution 2012-03 in which the City elects the statutory pass-through payments pursuant to Health and Safety Code Sections 33607.5 and 33607.7 in connection with the fourth and fifth amendments to the Redevelopment Plan for Project area 1 and 2.

Background:

On March 11, 2002 and July 8, 2002 the City adopted Ordinances 465 and 472 which allowed the Redevelopment Agency eliminate the debt occurrence time limit. The passage of these two ordinance triggered SB 1290 statutory pass-through payments. These payments provided new tax increment created after 2002 to be split between the RDA and the underlying taxing entities as provided for in SB 1290. At that time the City declined to receive any pass-through payments and instead use the funds it was entitled to for redevelopment purposes. However, the City has been making the required pass-through payments to the other underlying taxing agencies.

Discussion:

With the recent court decision upholding AB 1X 26 and striking down AB 1 X 27 the Redevelopment Agency will be dissolved as of February 1, 2012. This will eliminate the ability of the Redevelopment Agency to use tax increment to promote public improvements and economic development within its borders. Therefore, there is no longer a need for the City to forgo its pass-through payments.

The statutory pass-through payments will still be paid for from the tax increment prior to tax increment being distributed to the successor to pay for the Enforceable Obligations. For the last full fiscal year (FY 2010/11) there was \$210,000 of pass-through payments owed. Of this amount the City would have received \$43,700 if it had not forgone its allocation.

If the City continues not to receive this pass-through payment it could either be used to pay off the Redevelopment Agency's debt earlier or be divided up amongst the underlying taxing agencies. If the later was the case the City could anticipate receiving about about \$9,000 of the \$43,700.

Fiscal Impact:

If the City Council chooses to start receiving its statutory pass-through payment it would benefit the City's General Fund by about \$43,700 a year depending on the property value of the former RDA areas. If the City Council chooses to continue to decline these payments it is unknown what the impact on the City would be.

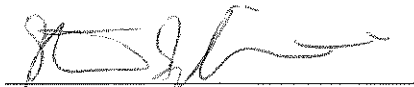
Measure of Success

If the City Council chooses to receive the pass-through payment the measure of success would be the amount of additional property tax revenues it would receive. If the City Council chooses to decline the pass-through payment the measure of success would either be the repayment of the RDA debt quicker or the amount of money distributed to the underlying agencies to assist them with their programs.

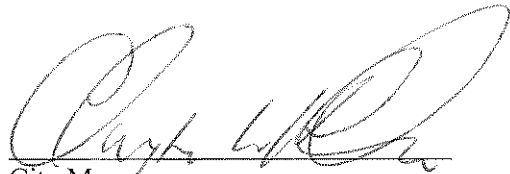
Attachments:

Resolution 2012-02

Resolution 2012-03



Administrative Services Director
Stuart Schillinger



City Manager
Clay Holstine

RESOLUTION NO. 2012-02

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE ELECTING STATUTORY PASS-THROUGH PAYMENTS
PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 33607.5 AND
33607.7 IN CONNECTION WITH THE FOURTH AMENDMENT TO THE
REDEVELOPMENT PLAN FOR THE BRISBANE COMMUNITY
REDEVELOPMENT PROJECT AREA NUMBER ONE**

WHEREAS, the Community Redevelopment Agency of the City of Brisbane (the "Agency") has adopted the Fourth Amendment (the "Fourth Amendment") to the Redevelopment Plan for the Brisbane Community Redevelopment Project Area Number One (the "Project Area"), which (1) provides for tax increment financing pursuant to Health and Safety Code Section 33670 ("Tax Increment"), and (2) eliminates the time limit for incurring debt; and

WHEREAS, the City of Brisbane is the community considering adoption of the Fourth Amendment and is authorized to make the elections described in Health and Safety Code Sections 33607.5 and 33607.7.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brisbane as follows:

1. That the City of Brisbane elects to be paid the amounts set forth in Section 33607.7 as a statutory pass-through payment from the Agency for each fiscal year the Agency collects Tax Increment from the Plan's project area.
2. That the City Manager is hereby authorized and directed to transmit copies of this Resolution to the Agency and to take all other actions required pursuant to Health and Safety Code Sections 33607.5 and 33607.7 to implement the elections set forth in this Resolution.
3. That this Resolution shall take immediate effect upon its adoption.

Cliff Lentz, Mayor

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Brisbane held on the 17th day of January, 2012, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sheri Marie Spediacci, City Clerk

[CITY LETTERHEAD]

January __, 2012

To: Community Redevelopment Agency and Treasurer of the City of Brisbane

From: City Council of the City of Brisbane

Pursuant to California Health and Safety Code Sections 33607.5 and 33607.7, on January __, 2012, the City Council of the City of Brisbane adopted the enclosed Resolution electing to receive the amounts set forth in Health and Safety Code Section 33607.7 from the tax increment generated by the Brisbane Community Redevelopment Project Area Number One, as amended. Please make payments of tax increment to the City as provided in Health and Safety Code Sections 33607.5 and 33607.7.

Sincerely,

Clayton L. Holstine
City Manager

RESOLUTION NO. 2012-03

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
BRISBANE ELECTING STATUTORY PASS-THROUGH PAYMENTS
PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 33607.5 AND
33607.7 IN CONNECTION WITH THE FIFTH AMENDMENT TO THE
REDEVELOPMENT PLAN FOR THE BRISBANE COMMUNITY
REDEVELOPMENT PROJECT AREA NUMBER TWO**

WHEREAS, the Community Redevelopment Agency of the City of Brisbane (the "Agency") has adopted the Fifth Amendment (the "Fifth Amendment") to the Redevelopment Plan for the Brisbane Community Redevelopment Project Area Number Two (the "Project Area"), which (1) provides for tax increment financing pursuant to Health and Safety Code Section 33670 ("Tax Increment"), and (2) eliminates the time limit for incurring debt; and

WHEREAS, the City of Brisbane is the community considering adoption of the Fifth Amendment and is authorized to make the elections described in Health and Safety Code Sections 33607.5 and 33607.7.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brisbane as follows:

1. That the City of Brisbane elects to be paid the amounts set forth in Section 33607.7 as a statutory pass-through payment from the Agency for each fiscal year the Agency collects Tax Increment from the Plan's project area.
2. That the City Manager is hereby authorized and directed to transmit copies of this Resolution to the Agency and to take all other actions required pursuant to Health and Safety Code Sections 33607.5 and 33607.7 to implement the elections set forth in this Resolution.
3. That this Resolution shall take immediate effect upon its adoption.

Cliff Lentz, Mayor

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Sheri Marie Spediacci, City Clerk

[CITY LETTERHEAD]

January __, 2012

To: Community Redevelopment Agency and Treasurer of the City of Brisbane

From: City Council of the City of Brisbane

Pursuant to California Health and Safety Code Sections 33607.5 and 33607.7, on January __, 2012, the City Council of the City of Brisbane adopted the enclosed Resolution electing to receive the amounts set forth in Health and Safety Code Section 33607.7 from the tax increment generated by the Brisbane Community Redevelopment Project Area Number Two, as amended. Please make payments of tax increment to the City as provided in Health and Safety Code Sections 33607.5 and 33607.7.

Sincerely,

Clayton L. Holstine
City Manager