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Staff Report for Cleanup Resolution of the City Council of the City of San Leandro Electing to Receive Statutory Passthrough Payments with Respect to the West San Leandro/MacArthur Boulevard Redevelopment Project Area

RECOMMENDATIONS

Staff recommends adoption of the proposed resolution electing to receive passthrough payments for the West San Leandro/MacArthur Boulevard Redevelopment Project Area.

BACKGROUND

Assembly Bill 1x26, which eliminated redevelopment agencies as of February 1, 2012 and defines the process of managing agency assets in the future, mandates that all taxing entities that receive passthrough payments from a redevelopment agency are entitled to receive those payments in the future as part of the distribution of funds previously defined as redevelopment tax increment. Although it did not previously elect to receive them, the City of San Leandro is entitled to a share of passthrough payments from the San Leandro Redevelopment Agency's project areas. Those payments currently total slightly more than \$300,000 annually. Although no action is necessary to receive the passthroughs from the Joint Project Area, the recommended action is needed to formally elect to receive the passthroughs from the West San Leandro/MacArthur Boulevard (WSL) Redevelopment Project Area.

Analysis

Health and Safety Code Section 33607.5(a) provides that with respect to redevelopment plans adopted on or after January 1, 1994, a redevelopment agency shall pay specified statutory passthrough payments to affected taxing entities, including the community that formed the redevelopment agency, if the community elects to receive such payments. In the case of the WSL

Project Area, the payment obligation is estimated to be \$120,000 annually.

Specifically, Health and Safety Code Section 33607.5(b) provides that commencing with the first fiscal year in which a redevelopment agency receives tax increments and continuing through the last fiscal year in which the agency receives tax increments, the agency shall pay to the affected taxing entities, including the City, if the City elects to receive a payment, an amount equal to each such entity's allocated share of 25% of the tax increment received by the agency after deduction of the amount required to be deposited into the Low and Moderate Income Housing Fund, and further provides that in any fiscal year in which the agency receives tax increments, the community that has adopted the redevelopment project area may elect to receive such passthrough payment. The San Leandro Redevelopment Agency received its final disbursement of tax increment revenue in January 2012, so it is eligible to elect to receive this passthrough payment in FY2011-12.

The City did not previously elect to receive passthrough payments in order to maximize the funds available for redevelopment activities. Now that redevelopment has been discontinued, it is in the City's interest to receive all applicable passthrough payments. All future passthrough payments will be made by the Alameda County Auditor-Controller and any passthroughs paid to the City will be deposited into the General Fund.

Fiscal Impacts

The City of San Leandro's share of the passthrough payments from the West San Leandro/MacArthur Boulevard Redevelopment Project Area is estimated to be \$120,000 for FY2011-12. This amount is a subset of the City's projected annual passthrough revenue of \$310,000. The recommended action does not increase the revenue projection, rather it strengthens the City's claim to funding that was already included in previous analyses. Future payments, if applicable, would be expected to increase slightly as the assessed values within the former project area increase. This payment will be made to the General Fund with no restrictions on use.

ATTACHMENTS

None

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