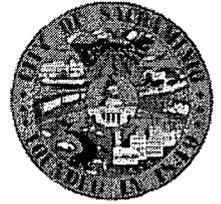




**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY**
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

3



Consent
May 26, 2009

**Honorable Mayor and Members of the City Council
Chair and Members of the Redevelopment Agency**

Title: City Redevelopment Pass Through Election

Location/Council District: Citywide

Recommendation: Adopt a **City Council Resolution** and **Redevelopment Agency Resolution** allowing the City of Sacramento to retain its share of the tax increment statutory pass through payments from those City redevelopment project areas for which it is eligible to receive payment for the 2008-09, 2009-10 and 2010-11 property tax years.

Contact: Donald Cavier, Finance Director 440-1399 x1220, Leyne Milstein, Finance Director, 808-5845

Presenters: N/A

Department: Sacramento Housing and Redevelopment Agency, City of Sacramento Department of Finance

Description/Analysis

Issue: The City of Sacramento desires to temporarily elect to receive pass through payments pursuant to Health and Safety Code §33607.5(b) from those project areas for which it is eligible.

Policy Considerations: The recommendation is consistent with California Redevelopment Law and the adopted redevelopment plan. However, it has not been the practice of the Council to elect to receive pass through payments from the City redevelopment project areas.

City Redevelopment Pass Through Election

Environmental Considerations:

California Environmental Quality Act (CEQA): This action does not constitute a project under CEQA guidelines, Section 15378 (b)(4);

Sustainability Considerations: N/A

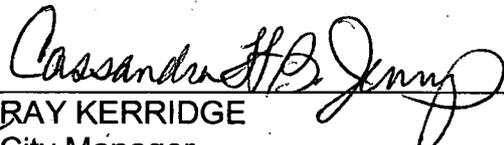
Other: The National Environmental Policy Act (NEPA) does not apply.

Rationale for Recommendation: Due to the struggling local economy and the City's current budget crisis, the City Manager's office is recommending that the City of Sacramento temporarily elect to receive pass through payments from City redevelopment project areas.

Financial Considerations: This action will allow the City to receive its share of statutory pass through payments from tax increment generated from the project areas from which it is eligible to receive pass through payments. The amount of such tax increment is projected to total approximately \$2.2 million over the three fiscal years called out in this report.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Recommendation Approved:


for RAY KERRIDGE
City Manager


LA SHELLIE DOZIER
Executive Director

Table of Contents

Report	pg. 1
Attachments	
1 Background	pg. 3
2 City Resolution	pg. 4
3 Redevelopment Resolution	pg. 6

Background:

California Redevelopment Law Health and Safety Code Section 33607.5 (b) permits the adopting jurisdiction to elect to receive its share of the 20 percent statutory pass through payment made to taxing entities impacted by the adoption of a redevelopment plan. There are several nuances in the law that impact how the calculation is made, including a provision in 33607.5 that requires plans adopted after January 1, 1994 to offset the adopting jurisdictions pass through payment by any investment of redevelopment dollars in public facilities and infrastructure. Therefore, the amount the City is eligible to receive is reduced by the offset provision for public infrastructure investment from approximately \$1.2 million to approximately \$750,000. The pre-1994 project areas of Merged Downtown, Oak Park, Del Paso Heights and Alkali Flat are exempt from the offset provision and will be the source of the pass through payments to the City. The table below reflects the project areas subject to the pass through election:

<u>Project Area</u>	<u>Eligibility</u>	<u>Est. 2008-09</u>
Downtown	Yes (Note 1)	398,699
Oak Park	Yes (Note 1)	190,360
Del Paso Heights	Yes (Note 1)	148,093
Alkali Flat	Yes (Note 1)	15,008
North Sacramento	Note 2	
Franklin Blvd. (Joint City/County)	Note 2	
Auburn Blvd. (Joint City/County)	Note 2	
River District (Richards)	Note 3	
Army Depot	Note 3	
Stockton Blvd. (Joint City/County)	Note 3	
65th Street	Note 3	
Rail Yards	Note 3	
		\$ 752,160
<p>(1) Project area was adopted Prior to 1/1/1994, had no pass through agreements in place and had a major plan amendment which triggered pass through payments. Not subject to offset provisions noted for post 1/1/1994 project areas H&SC 33607.5</p>		
<p>(2) Project area was adopted prior to 1/1/1994, but has pass through agreements in place; therefore, City is not eligible to elect to receive pass through payments. H&SC 33607.5</p>		
<p>(3) Project area was adopted after 1/1/1994; therefore, pass through payment is subject to offset by investments of tax increment in public facilities and infrastructure. H&S C 33607.5</p>		

RESOLUTION NO. 2009 –

Adopted by the Sacramento City Council

on the date

**CITY REDEVELOPMENT AGENCY PASS THROUGH ELECTION FOR FISCAL
YEARS 2008-09, 2009-10 AND 2010-2011**

BACKGROUND

- A. The national economic downturn has resulted in a shortfall of revenues to the City of Sacramento.
- B. The City Council, as the legislative body of the community has adopted the Merged Downtown, Del Paso Heights, Oak Park, North Sacramento, Alkali Flat, 65th Street, Army Depot, Railyards and River District Redevelopment Project Areas.
- C. The City Council and the Sacramento County Board of Supervisors, as the legislative bodies of the community, have jointly adopted the Auburn Boulevard, Franklin Boulevard and Stockton Boulevard Redevelopment Project Areas.
- D. The City Council desires to elect to receive pass through payments pursuant to Health and Safety Code §33607.5(b) from those City Redevelopment project areas for which it is eligible to receive payments.
- E. The City Council further acknowledges that pursuant to Health and Safety Code 33607.5 (a) (2) it is not statutorily eligible to receive pass through payments from certain Redevelopment project areas in which the City has received and expended tax increment funds for public facilities and infrastructure which exceed the amount of pass through payments for which the City would be eligible to receive or in which pass through agreements adopted prior to 1994 are in place.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City Council, as the legislative body of the community hereby elects to receive pass through payments for the Merged Downtown, Del Paso Heights, Oak Park, Alkali Flat, 65th Street, Army Depot, Railyards, River District and Stockton Blvd. redevelopment project areas pursuant to Health and Safety Code §33607.5(b).

RESOLUTION NO. 2009 –

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

CITY REDEVELOPMENT AGENCY PASS THROUGH ELECTION FOR FISCAL YEARS 2008-09, 2009-10 AND 2010-11

BACKGROUND

- A. Community Redevelopment Law has an established standard statutory pass through payment schedule for any affected taxing entity.
- B. The local government entity, which adopts the redevelopment plan, is authorized to receive a specific portion of the Agency's tax increment.
- C. In order to address temporary budget shortfalls in this National economic downturn, the City Council, as the legislative body of the community that has adopted the below referenced redevelopment project areas is electing to receive pass through payments pursuant to Health and Safety Code §33607.5(b) from the Merged Downtown, Del Paso Heights, Oak Park, Alkali Flat redevelopment project areas pursuant to Health and Safety Code §33607.5(b)
- D. The City Council desires to elect to receive pass through payments pursuant to Health and Safety Code §33607.5(b) from those City Redevelopment project areas for which it is eligible to receive payments.
- E. The City Council further acknowledges it is not statutorily eligible to receive pass through payments pursuant to Health and Safety Code 33607.5 (a) (2) from Auburn Boulevard, Franklin Boulevard, North Sacramento, 65th Street, Army Depot, Railyards, River District or the Stockton Boulevard redevelopment project areas because the City has either received and expended tax increment funds for public facilities and infrastructure which exceed the amount of pass through payments for which the City would be eligible to receive or the project area has a pass through agreements adopted prior to 1994 in place.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All of the evidence having been duly considered, the findings, including the environmental findings as stated above, are approved.

City Redevelopment Pass Through Election

- Section 2. The Executive Director, or her designee, is authorized to amend the Agency budget for the appropriate project areas by the amount necessary to fund the pass through payments to the City.
- Section 3. The Executive Director, or her designee, is authorized to make the pass through payments to the City of Sacramento from those project areas from which it is eligible to receive payment pursuant to Health and Safety Code §33607.5(b)
- Section 4. The pass through payments to the City of Sacramento shall cease after the 2010-11 fiscal year.
- Section 5. The pass through payments shall be subordinate to all current debt obligations as well as all future debt, as may be approved by the Redevelopment Agency's Board of Directors as well as any Governing Board approved future debt obligations.

