



Legislation Text

File #: 11-0113, **Version:** 1

Recommendation to authorize City Manager to notify the Los Angeles County Auditor-Controller that the City of Long Beach and its Redevelopment Agency (Agency) intends to fund the FY11 Supplemental Educational Revenue Augmentation Fund (SERAF) payment required by Section 33690.5(a) of the California Health and Safety Code using the Agency's tax increment revenue in the amount of \$6,076,852. (Citywide)

On July 28, 2009, Governor Arnold Schwarzenegger signed Assembly Bill 26 (ABX4 26), a budget trailer bill requiring redevelopment agencies statewide to pay a collective \$2.05 billion over two years into the Supplemental Educational Revenue Augmentation Fund (SERAF). The bill directed the California Director of Finance (DOF) to allocate \$1.7 billion in Fiscal Year 2009-2010 (FY10) amongst the State's redevelopment agencies based on a formula of gross and net tax increment, with the remaining \$350 million in Fiscal Year 2010-2011 (FY11).

On November 15, 2009, the DOF notified the Long Beach Redevelopment Agency (Agency) of the exact amount of its required FY10 SERAF payment: \$29,516,137. On January 19, 2010, the City Council authorized the City Manager to notify the Los Angeles County Auditor-Controller (LACAC) of its intent to make the required payment. The City notified the LACAC on February 26, 2010, of its intent to make the required payment and the payment was remitted on May 10, 2010.

The FY11 SERAF payment was included in the Agency's FY11 budget, which was subsequently approved by the City Council. The SERAF payment will be fully funded by tax increment revenues. On November 10, 2010, the DOF notified the Agency of the exact amount of its required FY11 SERAF payment: \$6,076,852. Payment is due by May 10, 2011. However, pursuant to ABX4 26, the Agency is required to notify the LACAC by March 1, 2011 of its intent to fund the SERAF payment.

The Agency's current apportionment of the SERAF payment based on the projected tax increment is:

Central	\$1,272,900
Downtown	1,338,371
North	2,553,939
WLBI	700,903
West Beach	115,003
Poly High	46,948
Los Altos	48,788
Total Project Areas	<u>\$6,076,852</u>

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on January 11, 2011, and by Budget Management Officer Victoria Bell on January 24, 2011.

City Council action is requested on February 8, 2011, in order to meet the March 1, 2011 deadline set by ABX4 26 to

inform the LACAC of how the Agency intends to fund its FY11 SERAF obligation.

There is no fiscal impact to the General Fund. The state-mandated payment of \$6,076,852 will be made from the Redevelopment Fund (RD). Sufficient appropriations exist in this fund, supported by tax increment collections. Future tax increment revenues will be jeopardized if the required payment is not made. There is no impact to jobs as a result of this recommended action.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER