



City of Long Beach
Working Together to Serve

Office of Gerrie Schipske
Councilwoman, Fifth District
Memorandum

R-17

Date: May 3, 2011

To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

From: Councilwoman Gerrie Schipske, Fifth District

Subject: AGENDA ITEM: Request for Report on Pass Through of Redevelopment Funds to Long Beach Unified School District and Long Beach Community College District

DISCUSSION

If a city or county creates a redevelopment project area to address urban blight, its redevelopment agency receives the future growth in property taxes from the area, known as the property tax increment. (Absent redevelopment, schools and other local agencies receive these tax revenues.)

The expansion of redevelopment agencies has gradually shifted property tax revenues away from schools and other local agencies. Redevelopment currently receives about 12 percent of statewide property tax revenues compared to 4 percent in 1983-84.

The percentage of property tax revenues allocated to redevelopment varies significantly at the local level. Some agencies have placed so much property under redevelopment that as much as one-fifth of their countywide assessed property values is under redevelopment. The City of Fontana's redevelopment agency receives more than two-thirds of property taxes paid in the city.

Redevelopment agencies can also redirect property tax revenues from schools and other uses without voter approval or the consent of affected public agencies.

*--- Excerpts from January 18, 2011, Legislative Analyst's Office Report:
Governor's Redevelopment Proposal*

Prior to 1994, redevelopment law provided that a portion of the tax increment collected was passed through to local school districts to maintain educational facilities. The mechanism by which this was done is outlined in an agreement between a redevelopment agency and a school district. The pass-through of redevelopment funds was intended to alleviate any fiscal burden imposed on the school district because of a redevelopment project. After 1994, redevelopment agencies were required to provide formula payments.

HONORABLE MAYOR AND CITY COUNCIL

Request for Report on Pass Through of Redevelopment Funds to Long Beach Unified School District and Long Beach Community College District
Councilwoman Gerrie Schipske, Fifth District

May 3, 2011

Page 2

Both the Long Beach Unified School District and the Long Beach Community College District are experiencing severe budget shortfalls that have resulted in the announced lay off of over 700 teachers, counselors and nurses at LBUSD and the cancellation of hundreds of classes at LBCC.

The San Diego Unified School District has announced that it is seeking its "future redevelopment funds" that will be due from the San Diego area RDA so that it does not have to lay off 900 teachers, counselors and nurses.

RECOMMENDATION

Request that the City Manager provide a report prior to the end of the school year that outlines:

- 1) The involvement of the Long Beach Unified School District and the Long Beach Community College District in redevelopment areas in the City of Long Beach;
- 2) Pass through agreements (amounts and time frames of pass through) between RDA and the Long Beach Unified School District and the Long Beach Community College District;
- 3) Annual formula determined amounts that are transferred by RDA to LBUSD or LBCC; and
- 4) Any amounts of redevelopment funds that could be transferred to LBUSD or LBCC to prevent the massive lay-offs of teachers and the extensive cancellation of classes due to the short-fall of funds.

Finally, it would be helpful to know what percentage of property assessed in the entire City of Long Beach has been placed under redevelopment and an estimate of how much property taxes are not going into the general fund but instead going to redevelopment.