



# CITY OF POMONA COUNCIL REPORT

Date: May 21, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Onyx Jones, Finance Director/City Treasurer

Subject: **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, MAKING AN ELECTION PURSUANT TO HEALTH AND SAFETY SECTION 33607.5(b) FOR THE CITY OF POMONA TO RECEIVE FIRST 25% OF TAX INCREMENT PAYMENTS FOR S-GAREY/FREEWAY CORRIDOR AND DOWNTOWN RP#3 PROJECT AREAS**

## OVERVIEW

**Recommendations** - That the City Council adopt a resolution making an election, pursuant to Health and Safe Section 33607.5(b), to continue to receive tax increment payments from the South Garey/Freeway Corridor and Downtown RP#3 project areas.

**Fiscal Impact** – None. The City is currently receiving 25 percent tax increment revenues under AB 1290 from the South Garey/Freeway Corridor and Downtown RP#3 project areas. In FY 2018, the City received \$91K for the South Garey/Freeway Corridor AB1290 and \$46K for the Downtown RP#3 AB1290. This Resolution has been requested by the Los Angeles County Auditor Controller in order for the City to continue to receive the first 25% of tax increment.

**Public Noticing Requirements** – None required

**Previous Council Action** - City Council approved resolution 2004-166 for election of the Merged Project Area Amendment #1.

**Environmental Impact** – None

## EXECUTIVE SUMMARY

Section 33607.5 and 33607.7 of the Health & Safety Code sets forth the manner in which payments will be distributed to affected taxing entities from community redevelopment project areas adopted or amended on or after January 1, 1994. The community that created the redevelopment agency (e.g. the City) may elect to receive its share of the first 25 percent of tax

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, MAKING AN ELECTION PURSUANT TO HEALTH AND SAFETY SECTION 33607.5(b) FOR THE CITY OF POMONA TO RECEIVE FIRST 25% OF TAX INCREMENT PAYMENTS FOR S-GAREY/FREEWAY CORRIDOR AND DOWNTOWN RP#3 PROJECT AREAS**

May 21, 2018

Page 2 of 3

increment as described in Health & Safety Code Section 33607.5 (b). If the community does not make the election, the subject revenues are allocated to pay redevelopment agency debts, or alternatively to area taxing entities.

**DISCUSSION**

On July 15, 2002, the City Council adopted ordinance number 3960 which created Amendment No. 1 to the Pomona Merged Redevelopment Project Area, and specifically impacted the South Garey/Freeway Corridor and Downtown RP#3 project areas (hereinafter the “Amended Merged Project Area”). Since adoption of the Amended Merged Project Area occurred after the passage of AB 1290, it is subject to the statutory pass through requirements of Health and Safety Code Section 33607.5 (b) to (d).

In summary, these statutes define the former Redevelopment Agency’s passthrough payment obligations for the Amended Merged Project Area as follows: (1) **from the first fiscal year in which the Agency receives tax increment until the last, 25% of the tax increment revenues are passed to area “taxing entities”**; (2) beginning in the eleventh year, an additional 21 % of the tax increment revenues, in excess of the tax increment generated in the tenth year, is passed to taxing entities; and (3) commencing in the thirty first year, an additional 14% of the tax increment revenues, in excess of the tax increment generated in the thirtieth year, is passed through to taxing entities (net of the 20% housing set aside).

Though the former Agency was dissolved by State law as of February 1, 2012, under current law these statutory passthrough payments (which are in addition to contractual passthroughs) will continue until the Successor Agency retires all of the remaining “enforceable obligations.”

Pursuant to Health & Safety Code Section 33607.5(b), the City may elect to receive a portion of the tax increment revenues described in the “**bold**” text above; namely, a portion of the first 25% of the tax increment revenues generated from the Amended Merged Project Area. Section 33607.5 authorizes the City to make this election in any year in which the former Agency (now Successor Agency) receives tax increment. If the City declines to make this election, these revenues will be paid to other taxing entities.

The Los Angeles County Auditor-Controller is responsible for administering statutory and contractual passthrough payments to taxing entities throughout the County. Recently, the Auditor-Controller contacted staff and indicated that, if the City desires to receive its share of these tax increment revenues, the City must provide a resolution, adopted by the City Council, making the election under Section 33607.5(b).

Resolution 2004-166 was approved by the Pomona City Council on July 19, 2014. However, the Pomona South Garey/Freeway Corridor and Pomona – Downtown RP# 3 project areas were not triggered by AB1290 at the time. The Pomona S Garey/Freeway Corridor and Downtown RP#3 project areas become effective to receive tax increment in 2011 and 2005 respectively. Due to the two project areas not being triggered at the time of adoption of resolution 2004-166, a new resolution

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF POMONA, MAKING  
AN ELECTION PURSUANT TO HEALTH AND SAFETY SECTION 33607.5(b) FOR  
THE CITY OF POMONA TO RECEIVE FIRST 25% OF TAX INCREMENT  
PAYMENTS FOR S-GAREY/FREEWAY CORRIDOR AND DOWNTOWN RP#3  
PROJECT AREAS**

May 21, 2018

Page 3 of 3

(Attachment 1) is needed to include the two project areas in order to continue receiving the tax increment for the two project areas.

**RECOMMENDATION**

Staff recommends that the City Council adopt a resolution making an election pursuant to Health and Safety Section 33607.5(b) to receive tax increment payments from the South Garey/Freeway Corridor and Downtown RP#3 project areas.

Attachments: 1) RESOLUTION