

- **Board of Directors**
Budget, Finance and Investment Committee

June 8, 2004 Board Meeting

8-3

Subject

Adopt resolution on property taxes for merged redevelopment areas in Orange County

Description

Existing provisions in the Community Redevelopment Law permit redevelopment agencies to raise revenue through a procedure known as tax increment financing. This procedure freezes the assessed valuation on property in the redevelopment area. From that point forward, any property tax revenues resulting from an increase in assessed valuation do not flow to the various taxing agencies overlying the area. Instead, they are allocated to the redevelopment agency for the repayment of debt incurred by the agency for redevelopment projects.

This is done under the theory that, except for the redevelopment project, the assessed valuation of the blighted area encompassed by the redevelopment project would diminish or at best remain the same.

Sometimes, the growth in property tax revenues is not from rising valuations, but from tax rate increases enacted by one of the other taxing agencies. Under the provisions of the Community Redevelopment Law (California Health and Safety Code Section 33670), taxing agencies may be allocated the revenues attributable to tax rate increases, provided they adopt a resolution prior to the adoption of the redevelopment plan. Accordingly, staff has prepared the attached resolution ([Attachment 1](#)), which will apply to the Merged Project Area in the city of Anaheim in Orange County.

Policy

The adoption of tax allocation resolutions in accordance with the Community Redevelopment Law to obtain allocation of tax revenues on the incremental assessed valuation attributable to increases in Metropolitan's tax rate occurring after the base year.

California Environmental Quality Act (CEQA)

CEQA determination for Staff Recommendation:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

Staff Recommendation

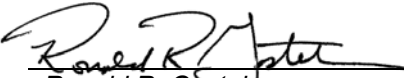
Adopt the CEQA determination and resolution ([Attachment 1](#)), providing that Metropolitan elects to receive its portion of revenue from taxes levied on redevelopment property. These additional revenues are attributable to any increase in Metropolitan's base year tax rate applied to the incremental assessed value of the project property.

Fiscal Impact: Metropolitan will receive tax revenue on the incremental increase in the assessed valuation of the redevelopment area attributable to an increase in Metropolitan's tax rate which occurs after a redevelopment plan becomes effective.



Brian G. Thomas
Chief Financial Officer

5/11/2004
Date



Ronald R. Gastelum
Chief Executive Officer

5/17/2004
Date

Attachment 1 – Resolution

BLA #2927

RESOLUTION

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA ELECTING TO
RECEIVE ALLOCATION OF TAXES PURSUANT
TO PROVISIONS OF THE COMMUNITY REDEVELOPMENT LAW**

WHEREAS, subdivision (a) of Section 33676 of the Community Redevelopment Law (Sections 33000 et seq., of the Health and Safety Code of the state of California), provides that any affected taxing agency, such as Metropolitan may elect to be allocated, in addition to the portion of taxes allocated to Metropolitan pursuant to subdivision (a) of Section 33670 of the Law, that portion of the tax revenues otherwise allocated to a redevelopment agency pursuant to subdivision (b) of Section 33670 attributable to an increase in Metropolitan's tax rate which occurs after a redevelopment plan becomes effective;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Metropolitan Water District of Southern California that Metropolitan hereby elects to be allocated, in addition to the portion of taxes allocated to Metropolitan pursuant to subdivision (a) of Section 33670 of the Community Redevelopment Law, any portion of the tax revenue otherwise allocated to the Merged Project Area in the city of Anaheim pursuant to subdivision (b) of said Section 33670 which is attributable to any increase in Metropolitan's tax rate which occurs after the tax year in which the ordinance adopting the Merged Project Area in the city of Anaheim, becomes effective.

BE IT FURTHER RESOLVED that the Executive Secretary is hereby directed to file forthwith certified copies of this resolution with the governing body of the Anaheim Redevelopment Agency and the Auditor-Controller and the Tax Collector of Orange County.

I HEREBY CERTIFY, that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Directors of The Metropolitan Water District of Southern California at its meeting held June 8, 2004.

Executive Secretary
The Metropolitan Water District
of Southern California