

REPORT FROM

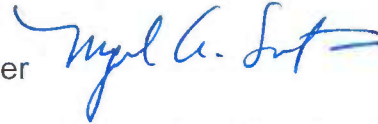
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 20, 2014

CAO File No. 0220-03482-0196
Council File No. C.F. 13-0174-S1,
10-0334
Council District: 15

To: The Council
The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Attached Joint Resolution of the Board of Supervisors of the County of Los Angeles and the Los Angeles City Council

Subject: Approval and Acceptance of the Negotiated Exchange of Property Tax Revenue Resulting from the Negotiated Annexation of Territory Known as Annexation 2013-06 to the City of Los Angeles (Jordan Downs)

SUMMARY

The City initiated proceedings with the Los Angeles Formation Commission for the County of Los Angeles (LAFCO) in February 2010 (C.F. 10-0334) to annex approximately 41.72 acres involving a contiguous area of unincorporated, uninhabited County territory to the City. The City and the Housing Authority of the City of Los Angeles (HACLA) state that if approved the annexation will: 1) create a logical boundary among the County of Los Angeles and the cities of Los Angeles, Lynwood and South Gate; 2) provide additional land for HACLA to redevelop the Jordan Downs Housing Complex; and, 3) provide for land uses to accommodate a mix of residential, commercial and industrial opportunities.

The boundary adjustment process as overseen by LAFCO requires that a joint resolution for property tax revenue exchange (TTR) be adopted by each affected local agency and the County before the County can approve the boundary adjustments. Specifically, the law requires that the local governing body approve by resolution the amount of the annual tax increment to be transferred to pay for additional services rendered by the new respective agency. The TTR drafted by the County and transmitted by its Chief Executive Office (CEO) is included as Attachment 1, along with map depicting the annexed Project areas (Attachment 2).

This Office recommends that the Council adopt the property tax revenue exchange and accept the annexation of unincorporated property from the County of Los Angeles related to the Jordan Downs project so that the annexation process can move forward to the County and LAFCO for further action.

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Background

The size of the Jordan Downs project site is approximately 118 acres. The redeveloped area will include 1,600 to 1,800 new public, affordable and market-rate housing units; community facilities; public parks and open space; an urban farm; and mixed-use industrial/commercial/retail space. Of the proposed annexation area, about 21 acres, which are already owned by HACLA, will be part of the 118 acres of the Jordan Downs project. The remaining 21 acres are not part of the Jordan Downs project and would be annexed to the City to create a commonsense boundary in the area and to eliminate "islands of service." The parcels not included in the Jordan Downs project are currently owned by the Los Angeles Unified School District, various commercial enterprises, and local jurisdictions for the public right-of-way, and it is anticipated that the uses of these properties would continue after the proposed annexation.

The LAFCO requires that an assessment of service impacts on local jurisdictions be considered during their review process. Therefore, the City of Los Angeles Boundary Adjustment Board directed this Office to oversee the preparation of a Plan for Municipal Services for the Jordan Downs Project in August 2010. Hogle-Ireland, Inc., a planning and development company, was hired to prepare the report and to determine the potential service and fiscal impacts to the City as a result of the proposed boundary change.

Hogle-Ireland reported to the Boundary Adjustment Board in February 2011 that there would be minimal impacts to City services upon the annexation of the 41.72 acres to the City. The Department of Public Works Bureau of Street Services (BOSS), Bureau of Street Lighting (BOSL) and Bureau of Sanitation (BOS) would be impacted immediately; however, estimates by those Bureaus indicate that the initial budgetary and service increases would be minimal. The Los Angeles Police Department (LAPD) and the Los Angeles Fire Department (LAFD) indicated that the impact of the annexation would also be nominal until the Jordan Downs housing and other facilities are constructed. Likewise, the Department of Recreation and Parks (RAP) would need additional resources only after the new parks are built. Representatives from the affected departments attended the meetings of the Boundary Adjustment Board and provided input regarding the resources needed to provide services to the annexed property.

The City agrees to bear full responsibility for street lighting, lighting maintenance and sanitation services in the proposed annexation area once the annexation is approved. This Office will work with BOSS, BOSL, BOS, LAPD, LAFD, RAP, and other departments as necessary to ensure that City services are in place as soon as the annexation is approved. Future City costs will depend on the construction schedule and the extent of the development of the Jordan Downs project and will be included in the City's budget process.

The Specific Plan for Jordan Downs, the accompanying General Plan Amendments, zone changes and the Certification of the Environmental Impact Report were approved by the City Planning Commission on March 8, 2012 (CPC File No. 2010-0031-SP-AD) and adopted by Council on August 22, 2013 (C.F. 13-0174-S1). On February 11, 2013, the Boundary Adjustment Board affirmed that there would be no negative fiscal or economic impacts to the City if the annexation were to be approved as proposed.

In January 2014, the County Auditor-Controller computed the property tax transfer amount for the three Tax Rate Areas (TRA) that comprise the 41.72 acres to be annexed. As a result of those calculations, the County will transfer \$58,550 in base property tax revenue to the City every year after the annexation is approved. The ratios for the annual property tax increment attributable to each respective TRA in the Annexation 2013-06 territory shall be transferred from the County to the City as shown in the attached Resolution No. 2013-06.

Boundary Adjustment Process – LAFCO and County

At the direction of Council, the Los Angeles Department of City Planning submitted a Resolution of Application on August 14, 2013 to LAFCO to take proceedings for the proposed boundary adjustments (C.F. 10-0034). LAFCO is a public agency with county-wide jurisdiction established by State Law under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The intent of the Act is to discourage urban sprawl and to encourage orderly and efficient provision of services, such as water, sewer, and fire protection. The LAFCO oversees changes to local government boundaries involving the formation and expansion of cities and special districts.

The County CEO has primary responsibility to coordinate and process proposals for boundary changes, city-county annexations and detachments, sphere of influence amendments and special district organizational changes that impact the County. The Office of Unincorporated Area Services reviews each application submitted requiring County action to determine operational and financial impacts to the County and to negotiate the property tax transfer resolution for each proposed organizational change.

The tax-sharing ratios referenced in the Joint Resolution were calculated by the County CEO using a formula approved by the Auditor-Controller and County Counsel. Upon the City's approval of the TTR, the County will continue the boundary adjustment processing for the Jordan Downs Project and schedule a public hearing before the County Board of Supervisors, anticipated to occur in September 2014. If approved, the TTR will be submitted to LAFCO as part of their review of the proposed boundary adjustments.

RECOMMENDATION

That the Council and the Mayor adopt the proposed joint resolution approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of territory known as Annexation 2013-06 (Jordan Downs Project).

FISCAL IMPACT STATEMENT

There is a positive impact to the General Fund directly attributable to the property tax transfer of approximately \$58,550 annually which may offset the initial fiscal and service impacts to the City as a result of the proposed boundary adjustments.

Attachment 1: Resolution No. 2013-06

Attachment 2: Map of the Annexation Area for the Jordan Downs Project

Attachment 1

Resolution No. 2013-06

**JOINT RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES
AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES APPROVING AND ACCEPTING THE
NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE RESULTING FROM THE
ANNEXATION OF TERRITORY KNOWN AS ANNEXATION 2013-06 TO THE
CITY OF LOS ANGELES, WITHDRAWAL FROM COUNTY LIGHTING MAINTENANCE DISTRICT
1687, EXCLUSION FROM COUNTY LIGHTING DISTRICT LLA-1, UNINCORPORATED ZONE,
WITHDRAWAL FROM COUNTY ROAD DISTRICT NO. 2, DETACHMENT FROM FIRESTONE
GARBAGE DISPOSAL DISTRICT, DETACHMENT FROM THE CONSOLIDATED FIRE PROTECTION
DISTRICT AND WITHDRAWAL FROM THE
COUNTY PUBLIC LIBRARY SYSTEM**

WHEREAS, the City of Los Angeles initiated proceedings with the Local Agency Formation Commission (LAFCO) for the County Los Angeles for the annexation of territory identified as Annexation 2013-06 to the City of Los Angeles; and

WHEREAS, pursuant to Section 99 of the California Revenue and Taxation Code, for specified jurisdictional changes, the governing bodies of affected agencies shall negotiate and determine the amount of property tax revenue to be exchanged between the affected agencies; and

WHEREAS, the area proposed for annexation is identified as Annexation 2013-06, and consists of approximately 41.72 acres of uninhabited, unincorporated territory generally located along Alameda Street between East 97th Street and East 103rd Street within the Florence-Firestone Community Standards District; and

WHEREAS, the area is located within the boundaries of County Lighting Maintenance District 1687; and

WHEREAS, the City of Los Angeles hereby agrees to the withdrawal of the proposed annexation territory from County Lighting Maintenance District 1687; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory shall be withdrawn from County Lighting Maintenance District 1687; and

WHEREAS, the annexation area is also located within County Lighting District LLA-1, Unincorporated Zone; and

WHEREAS, pursuant to Section 22613 of the California Streets and Highways Code, whenever any territory of an assessment district is included within a city by annexation or incorporation, that territory is thereby excluded from the assessment district; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory will be automatically excluded from County Lighting District LLA-1, Unincorporated Zone; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory shall be withdrawn from the County Road District No. 2; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory shall be detached from the Firestone Garbage Disposal District; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory shall be detached from the Consolidated Fire Protection District; and

WHEREAS, upon annexation of the proposed area to the City of Los Angeles, the territory shall be withdrawn from the County Public Library system; and

WHEREAS, the Board of Supervisors of the County of Los Angeles, as governing body of the County, and the County of Los Angeles Road District No. 2, County Lighting Maintenance District 1687, Firestone Garbage Disposal District, Consolidated Fire Protection District, and County Public Library and the City Council of the City of Los Angeles, have determined the amount of property tax revenue to be exchanged between their respective agencies as a result of the annexation of the unincorporated territory identified as Annexation 2013-06, detachment from County Road District No. 2, withdrawal from County Lighting Maintenance District 1687, exclusion from County Lighting District LLA-1, Unincorporated Zone, detachment from the Firestone Garbage Disposal District, detachment from the Consolidated Fire Protection District, and withdrawal from the County Public Library system is as set forth below:

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The City of Los Angeles agrees that it will bear the full responsibility for the street lighting and lighting maintenance services in the proposed annexation area upon the withdrawal of the annexation territory from County Lighting Maintenance District 1687 and exclusion of the territory from County Lighting District LLA-1, Unincorporated Zone.
2. The negotiated exchange of property tax revenue between the County of Los Angeles and the City of Los Angeles, resulting from Annexation 2013-06 is approved and accepted.
3. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, property tax revenue allocated to County Road District No. 2, in the area subject to Annexation 2013-06 shall be transferred to the County of Los Angeles, and the County Road District No. 2 share in the annexation area shall be reduced to zero.
4. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, the tax-sharing ratio allocated to the County Lighting Maintenance District 1687 in the area subject to Annexation 2013-06 shall be reduced to zero.
5. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, the tax-sharing ratio allocated to the Firestone Garbage Disposal District in the area subject to Annexation 2013-06 shall be reduced to zero.
6. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, the tax-sharing ratio allocated to the Consolidated Fire Protection District in the area subject to Annexation 2013-06 shall be reduced to zero.
7. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, the tax-sharing ratio allocated to the County Public Library in the area subject to Annexation 2013-06 shall be transferred to the County of Los Angeles, and the County Public Library share in the annexation area shall be reduced to zero.

8. For the fiscal year commencing in the year after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, Fifty-Eight Thousand, Five Hundred and Fifty Dollars (\$58,550) in base property tax revenue shall be transferred from the County of Los Angeles to the City of Los Angeles.

9. For the fiscal year commencing after the filing of the statement of boundary change for Annexation 2013-06 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, and every fiscal year thereafter, the following ratios of annual property tax increment attributable to each respective Tax Rate Area in the Annexation 2013-06 territory shall be transferred from the County of Los Angeles to the City of Los Angeles as shown below and the County's share shall be reduced accordingly:

Tax Rate Area	Annual Tax Increment Ratio Transfer to the City
01241	.271503981
01245	.268180926
01612	.268240752

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PASSED, APPROVED AND ADOPTED this _____ day of _____, 20____
by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

Mayor
City of Los Angeles, California

ATTEST:

City Clerk
City of Los Angeles

/

(Signed in Counterpart)

The foregoing resolution was on the _____ day of _____, 20_____,
adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all
other special assessment and taxing districts, agencies and authorities for which said Board so acts.

SACHI A. HAMAI, Executive Officer
Clerk of the Board of Supervisors
of the County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

BY _____
Deputy

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/
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(Signed in Counterpart)

Attachment 2

Map of the Annexation Area
for the Jordan Downs Project

