

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Mayor's Office

AGENDA DATE: June 11, 2013

CONTACT PERSON NAME AND PHONE NUMBER: Mayor John Cook (915) 541-4015
Carmen Arrieta-Candelaria [(915) 541-4011]

DISTRICT(S) AFFECTED: All

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the City Manager to do what? Be descriptive of what we want Council to approve. Include \$ amount if applicable.'

Discussion and action on a resolution that the City hereby waives the disbursement to the City of all payment in lieu of taxes (PILOT) from the Housing Authority of the City of El Paso ("Housing Authority") for a period of ten (10) years until November 1, 2023, in accordance with the Cooperation Agreement, and any amendments thereto, with the City's PILOT monies retained by the Housing Authority be designated for childcare services in public housing communities and/or other social service or related programs or projects that benefit the residents of public housing communities as determined by the Housing Authority's Board of Commissioners. A report on the expenditure of funds will be provided to the City annually and third party individuals or organizations that will provide services funded by PILOT funds shall be procured by the Housing Authority in compliance with applicable law and Housing Authority procurement policies in effect at the time of the procurement. (All Districts) [Mayor John Cook 915-541-4015]

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable Council to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the City of this action? What are the citizen concerns?

As requested by the Housing Authority (and reviewed by staff at the request of the Mayor), City staff is recommending a 10-year extension of the City's waiver of PILOT (*payments in lieu of taxes*) for the Housing Authority until November 1, 2023. A current resolution passed on June 22, 2004, extends the waiver until November 1, 2013. The following are key items related to the 2013 resolution:

- Waives the disbursement to the City of all of its portion of payment in lieu of taxes (PILOT) from the Housing Authority of the City of El Paso
- PILOT monies retained by the Housing Authority will be designated for childcare services in public housing communities and/or other social service or related programs or projects that benefit the residents of public housing communities as determined by the *Housing Authority's Board of Commissioners*.
- A report on the expenditure of funds will be provided to the City annually.
- Third party individuals or organizations that will provide services funded by PILOT funds shall be procured by the Housing Authority in compliance with applicable law and Housing Authority procurement policies in effect at the time of the procurement.

The impact to the General Fund is currently \$220,000 – the five year average has been \$183,000. Currently the City provides the following primary services: Fire, Parks and Roads.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

Yes, City Council approved a similar resolution on June 22, 2004. A similar resolution was rejected by Council in June 2011.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

N/A

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:

Carmen Arueta-Candelaria

RESOLUTION

WHEREAS, Section 392.005(a) Texas Local Government Code provides the property of a housing authority is exempt from all taxes and special assessments of a municipality; and

WHEREAS, Section 392.005(b), Texas Local Government Code provides that a housing authority may, in lieu of paying taxes or special assessments, agree to reimburse in payments to a municipality an amount not greater than the estimated cost to the municipality for improvements, services or facilities furnished to the housing authority by the municipality; and

WHEREAS, on July 13, 1972, the City of El Paso (the "City") and the Housing Authority of the City of El Paso, Texas (the "Housing Authority") entered into a Cooperation Agreement (the "Cooperation Agreement") wherein the parties agreed that the Housing Authority shall make annual payment in lieu of taxes (hereinafter referred to as "PILOT") for public improvements, services and facilities furnished to the Housing Authority by the City; and

WHEREAS, on October 3, 1978, the City and Housing Authority entered into an Amendment to the Cooperation Agreement (the "1978 Amendment"), which stated that the City, by majority vote of the City Council, may waive the actual disbursement of all or part of the PILOT, at any time, for the purposes of authorizing the Housing Authority to retain and use the PILOT monies for activities which are approved by the City Council and which directly relate to projects of the Housing Authority; and

WHEREAS, in accordance with the Cooperation Agreement and the 1978 Amendment, the City has for a number of years previously agreed by Resolution to waive disbursement all of its portion of PILOT from the Housing Authority and directed that the PILOT monies be designated to assist in funding the Y.W.C.A for childcare services in public housing complexes; and

WHEREAS, by Resolution dated June 8, 2004, the City Council extended the City's waiver of PILOT through November 1, 2013; and

WHEREAS, the parties desire to extend the term of the PILOT and designate the funds be used as determined by the Housing Authority Board of Commissioners for programs such as childcare services provided at public housing communities and other similar programs by other social service organizations that benefit the residents of the Housing Authority's public housing communities and the residents of the adjacent neighborhood community and/or for the benefit of the public housing residents of El Paso, Texas; and

WHEREAS, the waiver of disbursement and designation of PILOT funds under this and past resolutions provides a public benefit to numerous children and their families residing in

public housing complexes throughout the community, as well as individuals and families living in the neighborhoods near public housing communities in El Paso.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City hereby waives the disbursement to the City of all payment in lieu of taxes (PILOT) from the Housing Authority of the City of El Paso for a period of ten (10) years until November 1, 2023, in accordance with the Cooperation Agreement, and any amendments thereto, with the City's PILOT monies retained by the Housing Authority be designated for childcare services in public housing communities and/or other social service or related programs or projects that benefit the residents of public housing communities as determined by the Housing Authority's Board of Commissioners. A report on the expenditure of funds will be provided to the City annually and third party individuals or organizations that will provide services funded by PILOT funds shall be procured by the Housing Authority in compliance with applicable law and Housing Authority procurement policies in effect at the time of the procurement.

APPROVED this ____ day of **June, 2013**.

THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

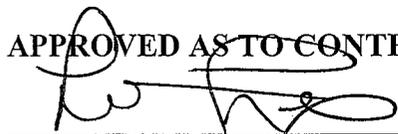
Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Bertha A. Ontiveros
Senior Assistant City Attorney

APPROVED AS TO CONTENT:



William L. Lilly, Director
Community and Human Development



Carmen Arrieta-Candelaria
Chief Financial Officer

CITY CLERK DEPT.
2013 JUN -5 PM 3:11



Use of PILOT Funds by the Housing Authority

June 11, 2013

Prepared by: Carmen Arrieta-Candelaria, CFO
Financial Services



Action Item

- Discussion and action on a resolution that the City waives all payment in lieu of taxes (PILOT) from the Housing Authority of the City of El Paso for a period of ten (10) years until November 1, 2023, in accordance with the Cooperation Agreement, and any amendments thereto, with the City's waived PILOT monies retained by the Housing Authority be designated for childcare services in public housing communities and/or other social service or related programs or projects that benefit the residents of public housing communities as determined by the Housing Authority's Board of Commissioners. A report on the expenditure of funds will be provided to the City annually and third party individuals or organizations that will provide services funded by PILOT funds shall be procured by the Housing Authority in compliance with applicable law and Housing Authority procurement policies in effect at the time of the procurement.



Authoritative Basis for Request

- Section 392.005(a) Texas Local Government Code provides the property of a housing authority is exempt from all taxes and special assessments of a municipality
- Section 392.005(b), Texas Local Government Code provides that a housing authority may, in lieu of paying taxes or special assessments, agree to reimburse in payments to a municipality an amount not greater than the estimated cost to the municipality for improvements, services or facilities furnished to the housing authority by the municipality



Background

- 1972 Agreement between the City of El Paso (“City”) and the Housing Authority of the City of El Paso (“Housing Authority”)
 - Established parameters related to projects developed and administered by the Housing Authority
 - All projects are exempt from all real and personal property taxes and special assessments
 - However, payments in lieu of such taxes (PILOT) were to be made by the Housing Authority unless waived



Background

- 1978 Amendment to the Cooperation Agreement
 - City may waive all or part of the PILOT at any time for the purpose of permitting the Housing Authority to use such payment for activities which are approved by the City Council and which directly relate to the projects of the Housing Authority



Background

- Resolution of April 12, 1988
 - Waiver of \$141,248.69 of PILOT funds and directed the Housing Authority to designate the monies to assist in funding the YWCA for childcare services in public housing complexes
- Resolution of September 26, 1989
 - Waiver of \$117,265.27 of 1988-89 PILOT funds and directed the Housing Authority to designate the monies to assist in funding the YWCA for childcare services in public housing complexes
- Resolution of October 16, 1990
 - Waiver of PILOT funds continued and directed the Housing Authority to designate the monies to assist in funding the YWCA for childcare services in public housing complexes



Background

- Resolution of June 22, 2004
 - Waiver of PILOT funds from 2004 until November 1, 2013, and directed the Housing Authority to designate the monies to assist in funding the YWCA for childcare services in public housing complexes and/or for the benefit of public housing residents
- Resolution requested in June 2011
 - Not approved by Council at that time



2013 Resolution

- Waives the disbursement to the City of all payment in lieu of taxes (PILOT) from the Housing Authority of the City of El Paso
- A ten (10) year extension of the Cooperation Agreement until November 1, 2023
- City's waived PILOT monies retained by the Housing Authority will be designated for childcare services in public housing communities and/or other social service or related programs or projects that benefit the residents of public housing communities in El Paso, Texas as determined by the Housing Authority's Board of Commissioners.
- A report on the expenditure of funds will be provided to the City annually.
- Third party individuals or organizations that will provide services funded by PILOT funds shall be procured by the Housing Authority in compliance with applicable law and Housing Authority procurement policies in effect at the time of the procurement.



Impact to the General Fund

- Average Annual PILOT over the last five years has been \$183,000
 - Calculation based on HUD requirements
 - 2013 calculation - \$220,659
- City provides the following services: Fire, Parks and Roads



Questions?