



CITY OF SANTA BARBARA

JOINT COUNCIL AND REDEVELOPMENT

AGENCY AGENDA REPORT

AGENDA DATE: June 24, 2008

TO: Mayor and Councilmembers
Chairperson and Boardmembers

FROM: Housing and Redevelopment Division, Community Development
Department

SUBJECT: Redevelopment Agency Operating Budget For Fiscal Year 2009 And
Associated Documents

RECOMMENDATIONS:

- A. That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving a Parking Operations Agreement for Parking Structure No. 2, Parking Structure No. 6, Parking Structure No. 10, Parking Lot No. 11, Parking Lot No. 12, the Granada Garage, the Railroad Station Parking Lots, and the Two Transportation Management Program Employee Parking Lots Between the City of Santa Barbara and the Redevelopment Agency of the City of Santa Barbara for Fiscal Year 2009;
- B. That the Agency Board adopt, by reading of title only, A Resolution of the Redevelopment Agency of the City of Santa Barbara Approving a Parking Operations Agreement for Parking Structure No. 2, Parking Structure No. 6, Parking Structure No. 10, Parking Lot No. 11, Parking Lot No. 12, the Granada Garage, the Railroad Station Parking Lots, and the Two Transportation Management Program Employee Parking Lots Between the Redevelopment Agency of the City of Santa Barbara and the City of Santa Barbara for Fiscal Year 2009; and
- C. That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Approving the Budget of the Redevelopment Agency of the City of Santa Barbara for Fiscal Year 2009.

DISCUSSION:

Operating Budget and Capital Program for Fiscal Year 2009

The City Council and the Redevelopment Agency Board held a worksession on January 30, 2008, and public hearings on May 7, 2008, and June 10, 2008, to discuss the Redevelopment Agency's budget for Fiscal Year 2009. The proposed final budget document resulting from the ongoing discussion is presented today for the City Council and Agency Board's consideration and is included in this report as an attachment to the

resolution described in Recommendation C – the Revenues and Expenditures Summary. The proposed budget identifies the Redevelopment Agency's expected revenue for Fiscal Year 2009 as well as expected operating expenses and capital expenditures for the Redevelopment General Fund and Housing Program Fund. Detailed summaries of the Redevelopment Agency's proposed budget and capital projects can be found on Attachments 1 and 2.

Parking Operations Agreement

In 1990, the Redevelopment Agency Board adopted a Parking Operations Agreement with the City of Santa Barbara for the operation of Agency-owned parking lots. This Agreement was adopted in order to clarify the respective ownership interests as well as the operation and maintenance responsibilities with respect to these parking facilities. The terms of the Agreement provide for the Agency Board and City Council to review and amend the Agreement, as appropriate, on an annual basis as part of the Redevelopment Agency's annual budget approval process.

Historically, the annual change in the document has been the amount that the Redevelopment Agency is required to pay to the City in response to Paseo Nuevo's Parking and Business Improvement Area Assessment (PBIA) and as described in the development's Construction and Reciprocal Easement Agreement. Paseo Nuevo's contribution to the shopping center's PBIA is capped at \$100,000, with the Redevelopment Agency obligated to pay the balance. The amount of the Agency obligation this year is \$107,068.13. No funds are transferred to the City for this obligation; the obligation is applied as credit to the City toward the City's ultimate purchase of Parking Structures 2 and 10.

A copy of this agreement has been delivered to the Mayor and Council separately and is available for public review in the City Clerk's Office and the Housing and Redevelopment Offices at 630 Garden Street, 2nd floor.

State Budget Crisis: Impact on the Redevelopment Agency

The continued State budget crisis raises concerns that the State may once again consider using local Redevelopment Agencies' funds as a means to fill the budget gap via an Educational Revenue Augmentation Fund shift, or ERAF. The State has implemented a number of ERAF shifts since 1990. In the two most recent instances (Fiscal Years 2005 and 2006), the Santa Barbara Redevelopment Agency was required to pay the State approximately \$1.3 million and \$1.2 million, respectively. The Governor's "May Revise" budget did not include any ERAF shifts, but it is worth noting that the State Legislative Analyst has recommended in her budget statement that such an ERAF would be preferable to the governor's budget-balancing mechanisms. Recognizing the possibility of the State ultimately enacting an ERAF shift, the Agency Board has directed staff to take a conservative financial approach to the Fiscal year 2009 budget and not pursue any new capital projects or community grants at the current time.

All indications from the California Redevelopment Association are that the State budget will not be passed until late summer or early fall. Once the final State budget is adopted, and the impacts on the Redevelopment Agency are known, Agency staff will return to the Board to discuss possible capital projects and community grant funding scenarios for Fiscal Year 2009.

Staff recommends that the City Council adopt a resolution approving the Redevelopment Agency Budget for Fiscal Year 2009 and that the City Council and the Redevelopment Agency Board adopt resolutions approving the Parking Operations Agreement for Fiscal Year 2009.

ATTACHMENTS: 1. Redevelopment Agency Budget Summary
2. Redevelopment Capital Programs Summary

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SUBMITTED BY: Paul Casey, Deputy Director

APPROVED BY: City Administrator's Office

Redevelopment Agency General Fund and RDA Housing Fund Budgets for Fiscal Year 2009

	S O U R C E S			U S E S			
	Use of Reserves	Estimated Revenues	Total Sources	Operating Budget	Capital Program	Total Uses	Surplus
Redevelopment Agency (RDA)	-	14,668,789	14,668,789	10,011,843	4,656,946	14,668,789	-
RDA Housing	-	3,914,134	3,914,134	1,587,238	-	1,587,238	2,326,896



Redevelopment Agency Budget Summary

June 18, 2008

The following is a summary of the Redevelopment Agency's budget for Fiscal Year 2009.

Redevelopment Agency Fund 111

The Redevelopment General Fund is the Agency's general operating fund. The primary source of funding for the General Fund is tax increment revenue. Tax increment revenue (including both the Redevelopment and Housing portions) is projected to increase by 4% over Fiscal Year 2008 to \$18,018,000, based on solid real estate growth in the project area. Total revenue to Fund 111 is estimated at \$14,668,789 and is comprised of the following: tax increment (after 20% has been set aside for affordable housing in accordance with state law) conservatively estimated at a 4% rate of growth at \$14,414,400; interest income of \$200,000; rental income of \$48,000; and, loan program income of \$5,000.

After accounting for operating expenses of approximately \$1,766,659, debt service of \$7,516,084, special project expenses of \$649,100 (shuttle bus contract, hazardous waste studies and mitigation, Downtown Organization, and property management, etc.), and an appropriated operating reserve of \$80,000, there will be approximately \$4,656,946 as fund balance carryover.

Capital Projects Fund 311

The Capital Projects Fund accounts for redevelopment capital projects and is principally funded from revenues from Fund 111 that are moved over to project accounts in Fund 311 when budgeted. The fund currently includes six project accounts that total approximately \$7,930,423 and include: IPM Sustainable Park Improvements Account, Fire Station #1 Remodel Account (one of two accounts), Property Opportunity Acquisition Account; RDA Project Contingency Account, Affordable Housing Contingency Account, and the Pedestrian Improvements at Granada Garage / Coffee Cat account.

RDA - Housing Program Fund 112

The RDA - Housing Program Fund is used for the operating expenses of the Agency's Housing Program and to fund the construction and rehabilitation of affordable housing. Total revenue to Fund 112 is estimated at \$3,914,134 and is comprised of the following: tax increment of \$3,603,600; interest income of \$150,000; and loan program income of \$160,000.

After accounting for operating expenses of \$870,588, debt service on the St. Vincent's housing bond of \$636,650, and an appropriated operating reserve of \$80,000, there will be approximately \$2,326,896 in new RDA funds available for appropriation to affordable housing projects. The estimated fund balance / carryover is \$4.4 million; bringing the total available for housing projects to approximately \$6.7 million. However, the Agency Board recently committed a loan of \$4.8 million to the City Housing Authority for their acquisition and landbanking of a parcel at 512-518 Bath Street. Therefore the amount of uncommitted housing funds available will be \$1.9 million.

Redevelopment Capital Project Summary

June 18, 2008

Project Name	Project Phase	Budget \$
Construction		
Fire Station #1 Renovation	Construction	6,700,000
East Cabrillo Blvd. Sidewalk Improvements	Construction	3,100,000
SB Mental Health	Construction	2,300,000
Community Arts Workshop	Construction	1,000,000
Historic Rail Car Acquisition/Placement	Construction	405,000
Plaza Vera Cruz Park Improvements	Construction	352,000
IPM Sustainable Park Improvements	Construction	156,000
Jardin de las Granadas (Anapamu Open Space)	Construction	150,000
Coffee Cat Paseo Improvements	Construction	150,000
Final Design		
West Downtown Neighborhood Improvements	Final Design	3,250,000
Preliminary Design		
Carrillo Recreation Center	Preliminary Design	6,700,000
West Beach Pedestrian Improvements	Preliminary Design	3,250,000
Westside Center Park Improvements	Preliminary Design	250,000
Conceptual Design		
Plaza de la Guerra Infrastructure	Conceptual Design	1,000,000
Spencer Adams Parking Lot Improvements	Conceptual Design	186,300
Concept Phase		
Carrillo-Chapala Mixed-Use Project	Concept Phase	2,000,000
125 Calle Cesar Chavez Development	Concept Phase	1,500,000
Chase Palm Park Wisteria Arbor	Concept Phase	835,000
Miscellaneous		
RDA Project Contingency Account	Ongoing	5,200,000
Mission Creek Flood Control Enhancements	Property Acquired	2,475,000
Housing Opportunity Acquisition Account	Ongoing	2,375,000
Housing Contingency Account	Ongoing	2,000,000
Property Opportunity Acquisition Fund	Ongoing	1,625,000
Visitor Center Condominium Purchase	Pending	500,000
Lower State Street Sidewalks	Pending	250,000
Total		<u>\$47,709,300</u>