

Redevelopment Agency Budget Summary **June 23, 2009**

The following is a summary of the Redevelopment Agency's budget for Fiscal Year 2010.

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. Mid-year estimates of revenues from tax increment and supplemental taxes indicate that revenues for the year will exceed budgeted estimates by approximately \$1,463,728 for a total of \$15,878,128. Tax increment revenue (including both the Redevelopment and Housing portions) is projected to increase by almost 3 percent over the revised Fiscal Year 2009 of \$19,847,660 to \$20,421,800, based on real estate growth in the project area. Total revenue to Fund 111 is estimated at \$16,655,100 and is comprised of the following: tax increment (after 20 percent has been set aside for affordable housing in accordance with state law) conservatively estimated at approximately a 3 percent rate of growth at \$16,337,400; interest income of \$264,700; rental income of \$48,000; and, loan program income of \$5,000.

After accounting for operating expenses of approximately \$1,804,250, debt service of \$7,515,402, special project expenses of \$724,100 (shuttle bus contract, hazardous waste studies and mitigation, Cultural Arts District Promotion, and property management, etc.), an appropriated operating reserve of \$111,223, there will be approximately \$6,500,125 available for project and programs. When that figure is combined with estimated fund balance/carryovers from the RDA General Fund (\$1,650,000), interest accrued in the 2001A Bond Account (\$25,000) and the 2003A Bond Account (\$1,100,000) there will be approximately \$9,275,125 available for projects and programs.

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 implemented an ERAF shift in Fiscal Year 2009 that was challenged in court by the California Redevelopment Association. That challenge was upheld and at the direction of the California Redevelopment Association, the Agency's Fiscal Year 2009 \$1,400,000 ERAF payment was not submitted to the County of Santa Barbara. As expected, on May 26, the State appealed the decision and a resolution could take months. Staff recommends maintaining the \$1,400,000 for the possible Fiscal Year 2009 ERAF payment in a separate account until the legal issues are resolved. As discussed at the public hearing on April 23, Agency and Finance Department staff continue to recommend that \$1,500,000 be set aside from Fiscal Year 2010 Budget for a possible ERAF taking by the State. In addition, Debt Service Arbitrage at \$440,000, will need to be set aside to accommodate our 2001 Tax Allocation Bond Issuance. In addition, the City Council has recommended setting aside \$192,000 to be used for various Parking

Infrastructure Improvements in the Redevelopment Project Area. Once these three items are set aside there remains approximately \$7,143,125 available for Agency projects and programs.

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 eight project accounts that total approximately \$12,500,000 and include: Underground Storage Tank Abatement, Police Department Locker Room Upgrade, Fire Station #1 Emergency Operations Center, Fire Station #1 Remodel Account (one of two accounts), Property Opportunity Acquisition Account; RDA Project Contingency Account, Affordable Housing Contingency Account, and the Carrillo Recreation Center Restoration Project (one of three accounts) .

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 \$4,394,400 and is comprised of the following: tax increment of \$4,084,400; interest income of \$150,000; and loan program income of \$160,000.

After accounting for operating expenses of \$946,362, debt service on the St. Vincent's housing bond of \$640,250, non-capital equipment costs of \$2,500, and an appropriated operating reserve of \$80,000, there will be approximately \$2,725,288 in new RDA funds available for appropriation to affordable housing projects.