



Agenda Item No. \_\_\_\_\_

File Code No. 620.03

## CITY OF SANTA BARBARA

### JOINT COUNCIL AND REDEVELOPMENT AGENCY AGENDA REPORT

**AGENDA DATE:** June 29, 2010

**TO:** Mayor and Councilmembers  
Chairperson and Boardmembers

**FROM:** Housing and Redevelopment Division, Community Development  
Department

**SUBJECT:** Redevelopment Agency Operating Budget For Fiscal Year 2011  
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. 10, Parking Lot No. 11, Parking Lot No. 12, the Granada Garage Complex, 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 2011;
- 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. 10, Parking Lot No. 11, Parking Lot No. 12, the Granada Garage Complex, 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 2011; 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 2011.

#### DISCUSSION:

##### Operating Budget and Capital Program for Fiscal Year 2011

The City Council and the Redevelopment Agency Board held a public hearing on May 5, 2010, to discuss the Community Development Department's budget for Fiscal Year 2011. That public hearing also included a discussion on the Redevelopment Agency's Fiscal Year 2011 budget. 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 2011 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 including current and new 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 \$55,323.97. 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 Two and Ten.

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 ongoing State budget crisis continues to impact redevelopment agencies throughout the state including the City of Santa Barbara's Redevelopment Agency. The State's budget bill (AB X4 26) that was passed in July 2009 included a two-year Education Revenue Augmentation Fund (ERAF) payment totaling over \$2.05 billion statewide. The California Redevelopment Association (CRA) filed a lawsuit on October 20, 2009, to challenge the constitutionality of State raids of redevelopment funds. On May 4, 2010 Sacramento Superior Court Judge Lloyd Connelly upheld the state budget bill passed in July 2009 (AB X4 26) as part of the Fiscal Year 2010 state budget that requires redevelopment agencies statewide to transfer \$2.05 billion in local redevelopment funds over the next two years. The Redevelopment Agency was required to pay \$6,824,914 on May 10, 2010 for Fiscal Year 2010; Fiscal Year 2011's ERAF payment amount is estimated at \$1,400,000 and is currently due in May 2011. The CRA will be appealing the Superior Court's decision once the record of the May 4<sup>th</sup> decision has been officially

filed. The entire appeal process could take between one and two years to resolve. Agency staff will keep the Agency Board apprised of the CRA's appeal as it moves forward.

Staff recommends that the City Council adopt a resolution approving the Redevelopment Agency Budget for Fiscal Year 2011 and that the City Council and the Redevelopment Agency Board adopt resolutions approving the Parking Operations Agreement for Fiscal Year 2011.

**ATTACHMENTS:** 1. Redevelopment Agency Budget Summary  
2. Redevelopment Agency's Capital Program Summary

**PREPARED BY:** Brian J. Bosse, Housing and Redevelopment Manager

**SUBMITTED BY:** Paul Casey, Deputy Director

**APPROVED BY:** City Administrator's Office

**REDEVELOPMENT AGENCY BUDGET SUMMARY**  
**June 29, 2010**

The following is a summary of the Redevelopment Agency's Summary for Fiscal Year 2011.

**Redevelopment Agency General Fund**

The Redevelopment Agency's General Fund is the Agency's general operating fund. The primary source of funding for the General Fund is 80% of the property tax increment revenues received with the other 20% going towards affordable housing activities as discussed below. Total tax increment revenue for Fiscal Year 2011 (including both the Redevelopment and Housing portions) is projected to decrease by 1% in relation to Fiscal Year 2010, from of \$20,291,941 to \$20,089,000, based on slight declines in the project area's assessed values. Total Fiscal Year 2011 revenue is estimated at \$16,259,000 and is comprised of the following revenues: tax increment (after 20% has been set aside for affordable housing in accordance with state law) estimated to decline by approximately 1% to \$16,071,200; interest income of \$160,000; rental income of \$22,800; and, loan program income of \$5,000.

After accounting for operating expenses of approximately \$1,689,651, debt service of \$7,513,384, special project expenses of \$695,100 (shuttle bus contract, hazardous waste studies and mitigation, Cultural Arts District Promotion, and property management, etc.), and an appropriated reserve of \$80,000, a balance of approximately \$6,280,865 will be available for projects.

The State budget for Fiscal Year 2010 was passed in late July 2009 and included another taking of redevelopment funds in the form of a Educational Revenue Augmentation Fund, or ERAF, totaling over \$2.05 billion statewide over the next two years. The Agency's 2011 ERAF obligation has been set at approximately \$1,404,000. In addition, the Agency is required to set aside \$440,000 for debt service arbitrage in Fiscal Year 2011. After accounting for the ERAF obligation (\$1,404,000) and Arbitrage (\$440,000), there will be approximately \$4,436,865 available for projects and programs.

**Agency Capital Projects Fund**

The Capital Projects Fund accounts for redevelopment capital projects funded from the 80% portion of tax increment revenues received in the Agency's General Fund. The Capital Projects Fund currently includes 15 funded projects that total approximately \$12,411,650 and includes: IPM Sustainable Park Improvements (one of two accounts), Underground Storage Tank Abatement, East Cabrillo Sidewalks - Phase II, Chase Palm Park Lighting and Electrical Upgrades, Plaza Del Mar and Pershing Park Restroom Renovations, Police Department Locker Room Upgrade, Property Opportunity Acquisition Account;

RDA Project Contingency Account, Affordable Housing Contingency Account, 125 State Street Soil Remediation, and the Carrillo Recreation Center Restoration Project (one of three accounts).

On May 5, 2010, the Agency Board directed staff to include four capital projects to the RDA Capital Program. These projects include: The Downtown Parking Structures Improvement Project (Structures #9 and #10) at \$2,250,000; The Lower West Downtown Street Lighting Project at \$750,000; the Cabrillo Pavilion Arts Center Assessment Study at \$250,000; and the State Street Pedestrian Amenities Pilot Project at \$50,000.

### **RDA - Housing Program Fund**

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 revenues are estimated at \$4,277,800 and are comprised of the following: tax increment of \$4,017,800; interest income of \$60,000; and loan program income of \$200,000.

After accounting for operating expenses of \$885,217, debt service on the St. Vincent's housing bond of \$637,895, and an appropriated operating reserve of \$80,000, there will be approximately \$2,674,688 in new funds available for appropriation to affordable housing projects.

### **Federal HOME Loan Program Fund**

The City receives an annual allocation of federal HOME Program funds. In Fiscal Year 2011, staff estimates that the City will receive \$864,061 from the annual allocation. Ten percent of the total amount may be used for administrative expenses, and the remaining 90% must be loaned or granted to affordable housing projects targeted to very-low and low income renters. In accordance with federal regulations, up to \$86,406 of salary and benefit expenses for Housing and Redevelopment Division Staff will be paid from HOME funds.

In addition to the new HOME funds, we have budgeted \$3,000 in program income from prepayments of prior HOME loans. There will be approximately \$780,600 available in new HOME funds for loans and grants.

**Redevelopment Agency  
FY 2011 Current Capital Program Summary  
6-29-10**

**ATTACHMENT 2**

	Project Name	Project Phase	Current Balance
1	Carrillo Recreation Center	Construction	\$3,450,000
2	West Downtown Neighborhood Improvements	Construction	\$1,175,000
3	West Beach Pedestrian Improvements	Construction	\$640,600
4	125 State Street Soil Remediation	Construction	\$372,000
5	Brinkerhoff Lighting	Construction	\$200,000
6	Downtown Parking Structure Improvements (Parking Structures 9 & 10)	Final Design	\$2,250,000
7	Lower West Downtown Street Lighting	Final Design	\$750,000
8	Community Arts Workshop	Final Design	\$525,000
9	Westside Center Park Improvements	Final Design	\$189,600
10	Police Department Locker Room/HVAC Renovation	Preliminary Design	\$7,436,000
11	Fire Department Administration Annex	Preliminary Design	\$3,700,000
12	East Cabrillo - Phase II Milpas to Ninos Drive	Preliminary Design	\$600,000
13	Plaza de la Guerra Infrastructure	Conceptual Design	\$2,227,000
14	Mission Creek Flood Control @ Train Depot	Concept Phase	\$2,500,000
15	Chase Palm Park Wisteria Arbor	Concept Phase	\$835,000
16	Mission Creek Flood Control Park Dev.	Concept Phase	\$752,900
17	Chase Palm Park Electrical/Lighting Upgrades	Concept Phase	\$569,000
18	Helena Parking Lot	Concept Phase	\$490,000
19	Cabrillo Arts Pavilion Center - Assessment Study	Concept Phase	\$250,000
20	Plaza Del Mar Restroom Renovation	Concept Phase	\$212,000
21	Chase Palm Park Restroom Renovation	Concept Phase	\$186,600
22	Downtown Sidewalk Improvements (Ortega, Cota, Haley) - Planning & Design	Concept Phase	\$175,000
23	Library Plaza (Planning & Design)	Concept Phase	\$150,000
24	Pershing Park Restroom Renovation	Concept Phase	\$120,000
25	State Street Pedestrian Amenities - Pilot Project	Concept Phase	\$50,000
26	RDA Project Contingency Account	Ongoing	\$1,917,500
27	Visitor Center Condominium Purchase	Pending	\$500,000
28	Housing Opportunity Acquisition Account	Ongoing	\$366,500
29	Housing Fund Contingency Account	Ongoing	\$348,000
30	Lower State Street Sidewalks	Pending	\$335,000
31	Santa Barbara Children's Museum	Ongoing	\$0
	<b>TOTAL</b>		<b>\$33,272,700</b>