



Memorandum

TO: HONORABLE MAYOR, CITY
COUNCIL AND AGENCY BOARD

FROM: Harry S. Mavrogenes
Executive Director

SUBJECT: FY 2009-2010 APPROPRIATIONS
RESOLUTIONS, AMENDMENTS TO
THE FY 2008-2009 ADOPTED
BUDGET AND GRAFFITI REMOVAL
PROGRAM FINDINGS

DATE: June 11, 2009

Council District: ALL

RECOMMENDATION

It is recommended that the Redevelopment Agency Board adopt resolutions:

- (a) Approving amendments to the FY 2008-09 Revenue Resolution as detailed on Attachment A;
- (b) Adopting the FY 2009-10 Revenue and Appropriations Resolutions for the second year of the Adopted Two-Year Spending Plan including revisions to the FY 2009-10 Spending Plan as detailed on Attachment B; with direction to bring back a balancing plan in September 2009 for Board approval that includes the remaining \$8.4 million due for City Improvements and Services, as detailed on Attachment C;
- (c) Authorizing the Executive Director to rebudget remaining FY 2008-09 Operating and Capital Budget appropriation balances to FY 2009-10 for ongoing projects/programs previously approved by the Agency Board; and,
- (d) Making certain determinations regarding the expenditure of Agency funds to eradicate graffiti.

OUTCOME:

Approval will ensure continuity of the Redevelopment Agency's fiscal operations.

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BACKGROUND

On December 16, 2008, the Redevelopment Agency Board adopted a Two-Year Spending Plan ending FY 2009-2010. The Mayor's March Budget Message, approved by the Redevelopment Agency Board on March 24, 2009, defers adoption of a Redevelopment Capital Improvement Program until September 2009, after the Santa Clara County Assessor has provided information on current year assessment rolls.

The FY 2009-10 Appropriation Resolution and the FY 2009-10 Revenue Resolution implement the second year of the Two-Year Spending Plan, including the Operating and Capital Budgets for FY 2009-10, providing necessary funding for ongoing operating costs, capital project funding and obligations to the City and County, as revised in this memorandum.

ANALYSIS

The recommended revisions are listed below and summarized in Attachment A outlining the proposed appropriation adjustments.

PROPOSED FY 2008-2009 BUDGET REVISIONS (Details see Attachment A):

Source of Funds:

Supplemental Assessment (+\$4,600,000): For FY 2008-09 \$2,000,000 revenue was budgeted for Supplemental Assessment. Due to higher than projected real estate transactions that occurred in FY 2008-09, this funding will be carried over to the FY 2009-10 Spending Plan under the authority to rebudget appropriation.

FY 2009-10 TWO-YEAR SPENDING PLAN REVISIONS (Details see Attachment B):

Use of Funds:

Funding for City Support of Agency Capital Budget: The proposed funding itemized below will provide the interim funding for City Support Services required during the three month period preceding the date the Agency brings forward its revised FY 2009-10 Capital and Operating Budget for Board approval in September 2009.

1. **City Improvements (+\$1,503,639):** To fund capital projects that are budgeted from its General Fund and which are located within, or are of primary benefit to, a redevelopment project area where City has determined that the General Fund monies are required to be spent elsewhere.
2. **Public Property Management-Blight Abatement (+\$146,875):** To remove graffiti within project areas, which promotes community and economic development by assisting in the elimination of blight by improving physical conditions and correcting vandalism and illegal activities.

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3. City OEA Audit Services (+\$34,470): To monitor the Agency's projects for compliance with State prevailing wage laws and contractual requirements.
4. Litigation Services/Reserves (+\$158,750): Litigation services provided to the Agency by the City Attorney's Office.
5. Planning and Code Enforcement Services (+\$108,560): Funding for City staff to provide enhanced code enforcement and plan check for various capital projects in Redevelopment Areas.
6. City Auditor Services (+\$25,000): For the City Auditor to provide compliance audit of financial provisions of various Agency transactions.
7. SNI – 13th Street Watson Park (+\$119,749): To remediate toxics in Watson Park.
8. SNI Code Enforcement Services (+\$252,687): To provide enhanced code enforcement services, including proactive vehicle abatement; and resolve quality of life conditions throughout Strong Neighborhoods Initiative (SNI) Redevelopment Project Area.
9. SNI City Manager's Office Staff (+\$357,916): City SNI Team to provide SNI field operations to implement the Neighborhood Improvement Plans for each of the 19 neighborhoods in the SNI Project Area.
10. SNI City Attorney Code Enforcement Support (+\$96,888): City SNI legal services to provide professional Code Enforcement support to the SNI Project Area.

Other project adjustments:

11. San Jose Downtown Association (+\$400,000): To enhance the identity, vitality and livability of Downtown San Jose.
12. Public Space Program (+\$125,000): Funds to support public space program in the Downtown Project Areas such as performers, event site clean-up, supplies and materials. The program encourages retail and creates an active and vibrant urban center.
13. Small Business Chambers Support (+\$248,542): The small business Chambers provide business assistance and networking services to their members located within redevelopment areas. Assistance includes workshops, business counseling, networking opportunities, and referrals to other agencies services, such as the BusinessOwnerSpace.com Network and the Entrepreneur Center located in downtown.

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REBUDGETS:

The timing of expenditures and encumbrances for many of the Agency's projects and programs occurs in multiple fiscal years, which results in remaining appropriation balances at the end of a fiscal year. Both Operating and Capital remaining appropriation balances need to be carried forward into the new fiscal year to ensure that Agency projects and programs remain on schedule.

The proposed action recommends that the Agency Board authorize the Executive Director to rebudget remaining appropriation balances from FY 2008-09 into FY 2009-10. The FY 2009-10 appropriations include rebudget amounts as of May 31, 2009. These amounts will be adjusted accordingly to reflect the June 30, 2009, appropriation balances following the conclusion of the Agency's FY 2008-09 year-end audits. These steps will ensure that total project budgets remain consistent with amounts previously approved by the Agency Board without a funding disruption between fiscal years.

GRAFFITI REMOVAL FINDINGS:

The Agency allocates funding in its Merged Area Impact – Property Management line item, as well as in various Neighborhood Business Districts and other line items, to remove graffiti within project areas. To spend Agency funds for this purpose, the Agency Board must make a finding that, because of the magnitude and severity of the graffiti within the project areas, this action is necessary to effect the purposes of the Redevelopment Plan and to assist with elimination of blight.

During the Fiscal Year, this program removed 9,660 posters and stickers, abated 18,916 graffiti tags and cleaned 371,693 linear feet of sidewalk.

PUBLIC IMPROVEMENT PROJECTS:

The Board traditionally adopts a resolution making certain determinations regarding the expenditure of tax increment on public projects when it adopts the annual budget. Since no new capital projects are being proposed at this time, those determinations are not required. When the revised budget is brought forward in September those determinations will be included, if necessary.

PUBLIC OUTREACH/INTEREST

The proposed actions do not meet any of the criteria for added outreach efforts. This staff report was posted on the City's website and made available for public review.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City.

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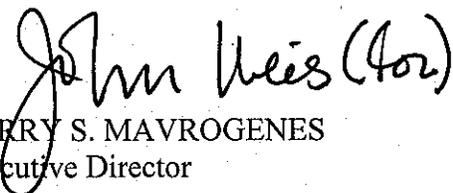
- Criterion 3:** Consideration of proposed changes to service delivery, programs, or staffing that may have impacts to community services and have been identified by staff, the Board or Council, or a community group that requires special outreach.

FISCAL IMPACT

The fiscal impact to the Agency's Capital Reserve is summarized in Attachments A and B.

COORDINATION

This item has been coordinated with the City Manager's Budget Office and the Agency's General Counsel.


HARRY S. MAVROGENES
Executive Director

Attachments

FY2008-09 BUDGET ADJUSTMENT

Agency's Business Unit Number	Project	Adopted Capital Budget FY2008-2009	Net Change	Revised Capital Budget FY 2008-2009
<u>SOURCE OF FUNDS:</u>				
	Supplemental Assessments	FY08-09	2,000,000	+4,600,000
	CAPITAL RESERVE		+4,600,000	6,600,000

FY 2009-10 TWO-YEAR SPENDING PLAN BUDGET ADJUSTMENT

Agency's Business Unit Number	Project	Adopted Two-Year Spending Plan FY 2009-2010		Net Change	Proposed Budget FY 2009-2010
USE OF FUNDS					
Merged Redevelopment Area (Fund: 090)					
0900087	San Jose Downtown Association	FY 09-10	0	400,000	400,000
0900395	City Improvements	FY 09-10	0	1,503,639	1,503,639
0900676	Public Property Management	FY 09-10	0	146,875	146,875
0900787	Public Space Program	FY 09-10	0	125,000	125,000
0900837	OEA Audit Services	FY 09-10	0	34,470	34,470
0900838	Litigation Services/Reserves	FY 09-10	0	158,750	158,750
0900844	Downtown Business Improvement & Loans	FY 09-10	0	248,542	248,542
0900856	Planning Code Enforcement Services	FY 09-10	0	108,560	108,560
0900889	City Auditor Services	FY 09-10	0	25,000	25,000
Strong Neighborhood Initiative (Fund: 056)					
0560797	13th Street - Watson Park	FY 08-09	0	119,749	119,749
0560809	SNI - Attractive Neighborhoods	FY 09-10	0	252,687	252,687
0560853	SNI - City Manager's Office Staff	FY 09-10	0	357,916	357,916
0560854	SNI - City Attorney Code Enforcement Support	FY 09-10	0	96,888	96,888
CAPITAL RESERVE				-3,578,077	

CAPITAL BUDGET FUNDED - CITY IMPROVEMENTS AND SERVICES

City Improvements and Services	FTE	July 1, 2009	Additional Funding	Total
		Agency Proposed	To Be Proposed	Proposed Budget
		Funding	Sept. 2009	FY 2009-10
Community Activities Worker PT	0.75	8,236	24,708	32,944
Community Coordinator	6.00	193,646	580,940	774,586
SNI Team	5.00	156,033	468,099	624,132
	11.75	357,915	1,073,747	1,431,662
Sr. Planner - Historic Resources	0.50	21,914	65,743	87,657
Code Enforcement Insp II	1.00	33,538	100,615	134,153
Sr. Engineer	0.90	45,608	136,823	182,431
SNI - Code Enforcement Insp II	3.00	95,884	287,653	383,537
SNI Driveway Team Code Enf. Insp. II	3.00	97,075	291,225	388,300
Code Enforcement Supervisor	1.00	41,319	123,957	165,276
Sr. Office Specialist	1.00	25,909	77,728	103,637
	10.40	361,247	1,083,743	1,444,990
Legal Admin. Asst.	1.00	23,613	70,841	94,454
Deputy City Attorney	1.00	45,021	135,063	180,084
Legal Analyst II	1.00	28,253	84,759	113,012
	3.00	96,887	290,663	387,550
Contract Compliance Specialist	1.00	34,470	103,409	137,878
	1.00	34,470	103,409	137,878
Total RDA Funded Positions for FY09-10	26.15	850,519	2,551,562	3,402,080
Blight Abatement (Public Property Management		146,875	440,625	587,500
City Improvements		1,503,639	4,510,916	6,014,554
Litigation Services		158,750	476,250	635,000
City Auditor Services		25,000	75,000	100,000
Small Business Chambers		248,542	-	248,542
PRNS - Watson Park (one Time)		119,749	359,248	478,997
		2,202,555	5,862,038	8,064,593
Total City Improvements and Services		3,053,073	8,413,600	11,466,673

ATTACHMENT C