

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE

MEMORANDUM

TO: OVERSIGHT BOARD	FROM: DEBRA FIGONE EXECUTIVE OFFICER
SUBJECT: SEE BELOW	DATE: April 27, 2012

SUBJECT: ADMINISTRATIVE BUDGET JULY – DECEMBER 2012

RECOMMENDATION

It is recommended that the Oversight Board adopt a resolution approving the Successor Agency Administrative Budget for July 1 – December 31, 2012.

ANALYSIS

Administrative Budget for July 1 – December 31, 2012

AB X1 26 requires that the Successor Agency prepare an Administrative Budget every six months to the Oversight Board for approval. Attached is the proposed Administrative Budget covering the period of July 1, 2012 through December 31, 2012. The Administrative Budget includes Successor Agency personnel and non-personal costs (rent, supplies, equipment rental, professional contractual services), and City support services. Each budget line item has payee name, description of work, source of payment, total monthly payments, and a total balance through December 2012. The proposed six-month Administrative Budget totals \$1,211,702.

The source of funding for the Administrative Budget is intended to be the Redevelopment Property Tax Trust Fund, formerly tax increment dollars. However, due to insufficient tax increment revenue in 2012-2013 to cover all the obligations of the former Redevelopment Agency, on May 1, 2012, the San Jose City Council approved the six month Administrative Budget using City General Funds totaling \$1,211,702. At the direction of the Oversight Board, the Successor Agency staff is preparing a Reimbursement Agreement with the City of San Jose to ensure reimbursement to the City of all financial support once tax revenues provide sufficient funding to cover the enforceable obligations. This Reimbursement Agreement is anticipated to be submitted to the Oversight Board for approval before the end of the current fiscal year.

The former Redevelopment Agency Board approved a \$3.1 Million operating budget for Fiscal Year 2011 - 2012. With the dissolution of the Agency on February 1, 2012, the Council approved a five-month (February 2012 – June 2012) Administrative budget on

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Re: Administrative Budget July – December 2012

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April 10, 2012. The annualized Administrative Budget for FY 2011 – 2012 was reduced to \$2,900,000. Redevelopment Agency and Successor Agency Staff has been reducing costs and closing contracts with each Administrative Budget. In fact, during the first ten months of the current fiscal year, staff has liquidated \$842,000 in contracts.

While the Administrative Budget has been reduced, it is anticipated that the amount of work needed to be done by the Successor Agency staff in FY 2012 - 2013 will be equal or greater than the current fiscal year. Staff believes another reduction in administrative budgets will occur as early as FY 2013 - 2014 as the workload decreases and the dissolution process stabilizes.

With the limited staff of the Successor Agency, City staff continues to play a pivotal role in providing support service to the Successor Agency above and beyond the legal services, services from the City Clerk's Office, and rent at City Hall as outlined in this Administrative Budget.

The six month Administrative Budget for January 2013 to June 2013, will be presented to the Oversight Board for approval in December 2012.



DEBRA FIGONE
EXECUTIVE OFFICER

For more information, contact Richard Keit, Managing Director, Successor Agency, at 408-795-1849

Attachment – Proposed Administrative Budget for July 1, 2012 through December 31, 2012

Administration of Operation	Payee	Description of Work	Source/Payment 34177 (1)(1)(A-E)	July	August	September	October	November	December	Total
Successor Agency personnel	Personnel Staff	Personnel costs for operations	City of San Jose General Fund Transfer	98,260	98,260	98,260	98,260	147,390	98,260	638,690
Successor Agency benefits	EDD	Ongoing Unemployment benefits of former staff	CSJ General Fund Transfer	30,000			30,000			60,000
Successor Agency operations	Value Business Products	Office supplies/equipment on an as-needed basis	CSJ General Fund Transfer	400	400	400	400	400	400	2,400
Successor Agency operations	AT&T Mobility	Monthly cell phone usage - SARA employees	CSJ General Fund Transfer	220	220	220	220	220	200	1,300
Successor Agency operations	City of San José	SARA phone bill	CSJ General Fund Transfer	200	200	200	200	200	200	1,200
Successor Agency operations	Pitney Bowes Global Financial	Lease of postage meter machine	CSJ General Fund Transfer	1,146			1,146		100	2,392
Successor Agency operations	Ricoh	Monthly lease and usage of copiers	CSJ General Fund Transfer	700	700	700	700	700	700	4,200
Successor Agency operations	Misc Vendors	Travel, training, and meeting expense	CSJ General Fund Transfer	125	125	125	125	125	125	750
Successor Agency operations	CDW-Government, Inc.	Computer/printer supplies on an as-needed basis	CSJ General Fund Transfer	500		500		500		1,500
Successor Agency financial system	Systems Management, Inc.	JD Edwards Technical Support Services*	CSJ General Fund Transfer	1,800	1,800	1,800	1,800	1,800	2,000	11,000
Successor Agency operations	Chang, Ruthenberg & Long PC	Legal Services - Employee Benefits*	CSJ General Fund Transfer	1,000	1,000	1,000	1,000	1,000	1,000	6,000
Successor Agency Annual financial audit	TBD - Outside Counsel	Oversight Board legal services*	CSJ General Fund Transfer	2,750	2,750	2,750	2,750	2,750	2,750	16,500
Successor Agency employee benefit plan	Macias, Gini & O'Connell, LLP	Financial Audit Services	CSJ General Fund Transfer	8,350	12,525	16,700	16,700	29,225		83,500
Successor Agency employee benefit plan	EFLEXGROUP, Inc.	Flexible spending account administration-employee benefit	CSJ General Fund Transfer	50	50	50	50	50	50	300
Successor Agency employee benefit plan	CONCERN	Employee assistance program (1 x annual)	CSJ General Fund Transfer	3,800						3,800
Successor Agency operations	ADP, Inc.	Services associated with SARA payroll processing	CSJ General Fund Transfer	670	670	670	670	670	670	4,020
Successor Agency retirement plans	Standard Retirement Services, Inc.	Investment administration services	CSJ General Fund Transfer	1,000			1,000			2,000
Successor Agency retirement plans	Stancorp Investment Advisers, Inc.	Investment services	CSJ General Fund Transfer	4,000			4,000			8,000
Successor Agency employee benefit plan	Lee Hecht Harrison LLC	Transition Employment Services*	CSJ General Fund Transfer						2,000	2,000
Successor Agency operations	Oracle America, Inc.	JD Edwards Financial Software Update License & Support	CSJ General Fund Transfer		8,900			8,900		17,800
Successor Agency operations	Progent Corporation	Information technology network system assessment in connection with IT environment *	CSJ General Fund Transfer						2,500	2,500
City Support Services	City of San José	Legal Services, City Clerk	CSJ General Fund Transfer	48,642	48,642	48,642	48,642	48,642	48,642	291,850
City Hall Lease	City of San José	Leased space-14th Floor Tower	CSJ General Fund Transfer	8,333	8,333	8,333	8,333	8,333	8,335	50,000
ADMINISTRATION BUDGET JULY - DECEMBER 2012				211,946	184,575	180,350	215,996	250,905	167,930	1,211,702
* Contracted services on an as-needed basis										