



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE **FROM: Mayor Chuck Reed**

SUBJECT: SEE BELOW

DATE: August 27, 2009

Approved

Chuck Reed

Date

8/27/09

SUBJECT: REDEVELOPMENT AGENCY FY 2009-2010 OPERATING AND CAPITAL BUDGET AND FY 2009-2013 FIVE YEAR CIP CALENDAR AND GUIDING PRINCIPLES

RECOMMENDATION

That the Rules and Open Government Committee add the following item to the Redevelopment Agency Board meeting on September 15, 2009:

Approval of the FY 2009-2010 Proposed Operating and Capital Budget and FY 2009-2013 Capital Improvement Program Process Calendar and guiding principles.

BACKGROUND

The City Council/Agency Board approved my recommendation to defer release of the Redevelopment Agency Proposed Operating and Capital Budgets because of uncertainties associated with the State budget and timing of obtaining project area assessment data from the County Assessor. Below please find the Agency's FY 2009-2010 Proposed Operating and Capital Budget and FY 2009-2013 Capital Improvement Program Process Calendar, as well as guiding principles for the upcoming Redevelopment Agency Budget Process.

- October 26, 2009 Release FY 2009-10 Proposed Operating and Capital Budget and FY 2009-13 Five Year CIP
- November 9, 2009 Study Session for Agency's Proposed FY 2009-10 Operating and Capital Budget and FY 2009-13 Five Year CIP (9:00 am - 12:00 pm Council Chambers)
- November 10, 2009 Public Hearing: Agency Proposed FY 2009-10 Operating and Capital Budget and FY 2009-13 Five-Year CIP (7:00 pm Council Chambers)
- November 12, 2009 RDA Budget Documents Due
- November 20, 2009 Release Mayor's FY 2009-10 RDA Budget Message Released
- December 8, 2009 Approve Mayor's FY 2009-10 RDA Budget Message
- December 8, 2009 Approve FY 2009-10 Agency's Operating and Capital Budget and FY 2009-13 Five Year CIP
- December 15, 2009 Adopt FY 2009-10 Agency's Operating and Capital Budget and FY 2009-13 Five Year CIP

The above dates are subject to change, but any required changes will be posted on the Agency's web site. Following release of the Proposed Budget to the Agency Board, copies of the current and proposed budget documents will be available for review and download at the Agency's web site: <http://www.sjredevelopment.org/Finance/financialinfo.htm>

Based on the original expectation that the Agency would be bringing back a balancing plan in September 2009 for Board approval, the Agency only funded \$3,053,073 for city improvement and services. In order to continue city service payments, the Agency's Executive Director should bring back for Council and Board approval a budget adjustment for another \$3,053,073 prior to the December budget, with the remaining balance to be discussed as part of the budget process in December.

GUIDING PRINCIPLES

Redevelopment is a tool for stimulating economic development by eliminating blight and revitalizing neighborhoods. By using this tool wisely we have and can continue to encourage new development and private investments, and generate jobs and tax revenues. In light of the State take of \$75 million, the Agency must focus on its core purpose. For this reason, this year I am recommending the Agency Board adopt the following guiding principles to assist the Agency staff in drafting their budget and to help guide our deliberations over the next few months.

1. Evaluate and rank existing programs, projects and contracts based on leveraging private investment, stimulating the economy, generating jobs, General Fund revenues, and long-term stability for the Agency.
2. Identify projects that could be delayed until revenues increase or the State take away is resolved. Develop prioritization criteria and clearly indicate how they were used to develop proposals.
3. Invest in projects and programs that will leverage private investment, stimulate the economy, and generate jobs and General Fund revenues.
4. Continue efforts to attract and retain businesses particularly clean tech and bioscience, and emerging technology industry sectors which will be at the forefront of generating jobs in San José.
5. Continue to support SNI neighborhoods and business districts in an effort to eliminate blight even if some projects are delayed.
6. Seek to renegotiate existing agreements to save money whenever possible.
7. Explore additional revenue and borrowing sources, including from the City without risk or impact to the General Fund, to spread out potential payment of the \$75 million State take away.
8. Increase efforts to secure funding from State and Federal sources to support economic development, infrastructure improvement, and blight elimination.

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9. Until the Agency budget is adopted, avoid new commitments for spending unless there is a compelling economic benefit, significant savings, or the opportunity to leverage other dollars.

10. Develop a planning horizon forecast to understand revenues and expenditure assumptions.