

RESOLUTION NUMBER R- 293492

ADOPTED ON JUL 18 2000

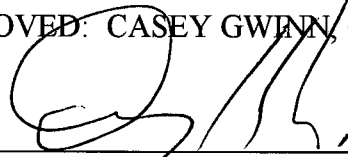
BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That it accepts and approves the Corporation's Annual Administrative Budget for Fiscal Year 2000-2001, attached hereto and incorporated herein by this reference.
2. That it accepts payment of \$106,360 from the Mount Hope Redevelopment Project, of monies previously loaned to the Redevelopment Agency of The City of San Diego [Agency] by the City.
3. That it authorizes the transfer of \$106,360 to the Agency as an interest bearing loan to be used in the proposed Fiscal Year 2000-2001 Southeastern Economic Development Corporation Project Budget for the Central Imperial and Southcrest Redevelopment Project areas.
4. That the City Auditor and Comptroller is directed to record the abovementioned loan as an interest bearing loan to the Agency to be repaid as soon as is practicable from tax increment or other appropriate and available revenues.
5. That \$84,000 in previously allocated Fourth Council District Community Development Block Grant [CDBG] funds be reprogrammed (\$50,000 from fund 18532/4114/1413/098782 to fund 18532/4114/1413/098770, and \$34,000 from fund

18533/4132/3239/098782 to fund 18533/4130/3003/098770), and that the expenditure of said CDBG funds is authorized for the Central Imperial Redevelopment Project.

APPROVED: CASEY GWINN, City Attorney

By



Douglas K. Humphreys
Deputy City Attorney

DKH:cdk
06/06/00
Or.Dept:SEDC
Aud.Cert: 2001254
R-2000-1527
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**The City of San Diego
CERTIFICATE OF CITY AUDITOR AND COMPTROLLER**

CERTIFICATE OF UNALLOTTED BALANCE

ORIGINATING DEPT. NO.: AC 2001254
9994

I HEREBY CERTIFY that the money required for the allotment of funds for the purpose set forth in the foregoing resolution is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unallotted.

Amount 190,360.00 Fund 18502/18532/18533

Purpose To adopt a resolution approving the Corporation's Annual Admin. Budget for FY01, accept \$106,360 loan repayment from Mt Hope Redevelopment Area Project and reprogram CDBG funds for a total of \$84,000 and to appropriate and transfer funds back to the Redevelopment Agency. Authorize the expenditure of funds for the Central Imperial & the Southcrest Projects.

Date 06/16/00 By: Emusan

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
001	0	18502			9544					\$106,360.00
002	0	18532	4114	1413	4881	098782				50,000.00
003	0	18533	4132	3239	4881	098782				34,000.00
TOTAL AMOUNT										\$190,360.00

FUND OVERRIDE

CERTIFICATION OF UNENCUMBERED BALANCE

I HEREBY CERTIFY that the indebtedness and obligation to be incurred by the contract or agreement authorized by the hereto attached resolution, can be incurred without the violation of any of the provisions of the Charter of the City of San Diego; and I do hereby further certify, in conformity with the requirements of the Charter of the City of San Diego, that sufficient moneys have been appropriated for the purpose of said contract, that sufficient moneys to meet the obligations of said contract are actually in the Treasury, or are anticipated to come into the Treasury, to the credit of the appropriation from which the same are to be drawn, and that the said money now actually in the Treasury, together with the moneys anticipated to come into the Treasury, to the credit of said appropriation, are otherwise unencumbered.

Not to Exceed \$ _____

Vendor _____

Purpose _____

Date _____ By: _____

AUDITOR AND COMPTROLLER'S DEPARTMENT

ACCOUNTING DATA										
ACCTG. LINE	CY PY	FUND	DEPT	ORG.	ACCOUNT	JOB ORDER	OPERATION ACCOUNT	BENF/ EQUIP	FACILITY	AMOUNT
TOTAL AMOUNT										

FUND OVERRIDE

In FY 00/01 we will again fund a full-time City Code Enforcement Officer to work exclusively in the SEDC area of influence. This has been a worthwhile investment and has had a positive impact on the redevelopment project areas.

3. Low and Moderate Income Housing

The utilization of low and moderate housing set-aside funds continues to generate new housing in the area. During FY 99/00 there were approximately 120 single-family homes built and sold. The plan to develop multi-family housing guidelines was initiated with a Request for Qualifications (RFQ) for developers interested in building affordable housing on a site identified in the Southcrest Redevelopment Project Area. In addition the SEDC Board of Directors voted to extend the Multi-family Housing Advisory Committee for an additional year. The Committee will be a collaborative effort between many of the entities interested in providing affordable housing. In addition, SEDC will continue to fund housing rehabilitation programs in Mt. Hope and implement the rehabilitation grant in the Southcrest Redevelopment area.

4. Commercial Rehabilitation

Rehabilitation of existing commercial corridors has been identified as a key goal to the overall economic growth in the SEDC area of influence. During FY 99/00 SEDC identified four businesses located along Imperial Avenue in the Central Imperial Redevelopment Project Area who will participate in the façade program.

5. Long Term Debt

The long term debt and repayment of existing City Loans is as follows:

<u>Appropriations for Long Term Debt</u>	<u>Prior Year</u>	<u>FY 00/01</u>	<u>FY 00/01 Total Expenditures</u>
<u>Project Area</u>			
Central Imperial	\$ 620,000	\$152,000	\$ 772,000
Gateway Center West	302,000	60,000	362,000
Mt. Hope	914,000	524,000	1,438,000
Southcrest	487,000	310,000	797,000
Total Long Term Debt	<u>\$2,323,000</u>	<u>\$1,046,000</u>	<u>\$3,369,000</u>

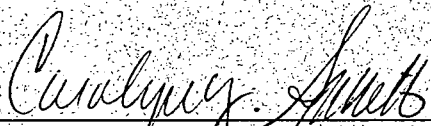
6. Continuing Appropriations

This category includes land sale proceeds, bond proceeds, CDBG and other City loans budgeted in FY 99/00 and carried over to FY 00/01 to fund continuing projects and special programs.

R 293492

CONCLUSION

SEDC's approach to redevelopment continues to yield positive results. Not only have we been able to maintain our administrative cost below 7%, we continue to see an increase in the amount of tax increment being generated in the approved redevelopment exceeds the original projections. Between Fiscal Year 1999 and budgeted Fiscal Year 2001 our tax increment increased by 22.1% or \$371,000.



Submitted/Approved by
Carolyn Y. Smith
President

CYS:kk
Attachment

R-293492

Summary of Accomplishments
FY 99/00

CORPORATE FINANCING

A. Tax Increment Financing

Our tax increment continues to exceed projections for the third consecutive year. Between Fiscal Year 1998 and budgeted Fiscal Year 2000 our tax increment increased by 30%.

B. Bond Financing

Secured \$5.3 million in bonds to finance various public improvements and the provision of affordable housing.

C. Community Development Block Grant

Continued the \$500,000 annual allocation in Community Development Block Grant funds. The Fourth Council District allocation will be used to repay the \$6.8 million Section 108 loan.

PROJECT AREAS

A. Central Imperial

1. Entered into a revised Cooperation Agreement with the United States Postal Service for the acquisition of 3.9 acres in the Valencia Palms Business Park. Site work is scheduled to begin the first quarter of FY 00/01.
2. Entered into an Exclusive Negotiating Agreement with a private developer for development of Lots 2-7 in the Valencia Palms Business Park.
3. Construction began on the development of the 39-acre Imperial Marketplace. The first phase will be completed in the second quarter of FY 00/01.
4. Completed construction of the 56 single-family homes that make up Evergreen Village project. The project is sold out.
5. Initiated a third amendment to the Central Imperial Redevelopment Plan adding a 19-acre site to the project area.
6. Continued to provide technical assistance to the Central Imperial Project Area Committee (PAC).

B. Gateway Center West Redevelopment Project Area

1. The Developer of Lot 7 began construction of a 15,000 square foot industrial building to be occupied by Padre Janitorial. Development is scheduled to be completed the second quarter in FY 00/01.
2. Continued work on the Gateway Center West revitalization project. Owner participation proposals from affected property owners are currently under review.

C. Mount Hope Redevelopment Project Area

1. Costco completed the construction of the new 135,000-sq. ft. Costco Warehouse. According to Dennis Zook, Chief Operating Officer, in the company's 24-year history this was the first time a store was torn down and then rebuilt on the same site. It opened the second quarter of FY 99/00. This was a \$10 million expansion of a 90,000-sq. ft. outlet and with SEDC's assistance was accomplished on budget and in six months time.
2. Completed the tenant improvements for the Dennis Conner building in Gateway Center East. A 20,000-sq. ft. building that is now home to the San Diego Urban League
3. Contracted for demolition of the existing Urban League structures located on Market Street.

D. Southcrest Redevelopment Project Area

1. The first phase (33 homes) of Southcrest Park Estates is complete and is sold out. The second phase of 66 homes is scheduled to begin construction in the first quarter of FY 00/01. This is the final phase per the Disposition and Development Agreement with SEDC.
2. Completed a Cooperation Agreement between SEDC and the City, which will provide acreage for a linear park and \$545,000 in funding to help with construction. The first phase of the park is scheduled for design and construction in FY 00/01.
3. Entered into a Disposition and Development Agreement with 38th Street LLC for the construction of four for-sale units on 39th Street. The units are under construction and are scheduled to be completed by third quarter FY 00/01.
4. Continued a corporate partnership with Cesar Chavez Elementary School.

GENERAL MARKETING & ADMINISTRATION

- A. Comprehensive coverage of SEDC success stories continued to appear in print. The corporation continues to be successful in capturing this "free advertising" to augment our paid campaigns. At the same time this coverage provides a means of telling the SEDC story to a wider audience throughout the county.

- B. Produced a new and improved revision of the *connection* newsletter. Our goal in starting this publication in 1996 was to "design a publication that is first-class, produced on a consistent basis and welcomed into every single-family home in southeastern San Diego." Based on recent response, we have come a long way toward achieving that goal.
- C. Produced a major groundbreaking in our Central Imperial Project Area for the Imperial Marketplace located at 45th Street and Imperial Avenue. Attendance was excellent and the event was carried as a live broadcast feature story on KGTV-10 News.
- D. Produced a weekend long re-opening celebration for the Costco store located in Gateway Center East. The event was the culmination of the replacement of an obsolete facility with a state-of-the-art store. There was record breaking attendance by the community.
- E. At the request of the U.S. Department of State's International Visitors Center (IVC) SEDC was host to a delegation of future leaders from the African continent. The morning-long session was designed to give the dignitaries a broad overview of regional economic strategies employed in San Diego. SEDC's President addressed the issues of affordable housing, job creation and location, and the various programs the corporation has put into place to assist small business and first-time homebuyers.

The following entities convened at SEDC's headquarters to provide the audience with their perspectives on a number of regional economic issues:

SANDAG
 Economic Development Corporation (EDC)
 CONVIS
 CCDC
 and the San Diego Urban League

COMMERCIAL REHABILITATION PROGRAM

- A. Continued the SEDC Commercial Rehabilitation program, which was approved in FY 98/99. The first project is a collective of businesses located on the southside of Imperial Avenue just west of Euclid Avenue.
- B. Continued the SEDC Entrepreneur Academy, which was approved in FY 98/99.

IMPLEMENTATION OF SEDC HOUSING ASSISTANCE PROGRAM

- A. Implementation of the Shared - Equity Program in Collaboration with the San Diego Housing Commission
 - 1. Allocated \$40,000 for the homebuyer assistance for Euclid Village, 23 single-family homes on a site located on Euclid Avenue just north of Logan Avenue. The homes will be completed the last quarter of FY 99/00.

2. Provided \$90,000 in homebuyer assistance for the 12 single-family homes in the Boston Village Project in Southcrest. The homes were completed and sold in FY 99/00.
3. Entered into a contract to install the southwest portion of 39th Street. This will complete the public improvements associated with the Boston Village project. The project will be completed the final quarter of FY 99/00.

B. Coordinated Housing Opportunities

1. Continue funding of a down payment assistance program for first-time homebuyers. \$1.1 million was made available for the housing projects in FY 99/00.
2. Continued implementation of the Mount Hope Housing Rehabilitation Program in coordination with the San Diego Housing Commission.

C. Low/Moderate Income Housing Policy

1. Completed the revised SEDC Housing Policy.
2. Continued the Multi-Family Housing Advisory Committee for an additional year. The committee will guide SEDC's involvement in multi-family housing developments.
3. Began preparation of SEDC's comprehensive multi-family guidelines. The final document will be completed in the first quarter of FY 00/01.
4. Solicited Request for Qualifications for the unimproved site located on the northeast corner of 43rd Street and Newton Avenue.

Southeastern Economic Development Corporation
Program Summary by Entity
FY 2001
(Thousand)

Program Staffing	15
Administration	\$1,619 *
Capital Projects	19,660 **
Low/Mod Housing	1,713
Debt Service/Loan Repayment	3,369
Total	\$26,361

**Includes project management costs of \$218,274*

***Includes City Administration charges of \$390,750.*

**SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION
ADMINISTRATIVE BUDGET
FISCAL YEAR 2001**

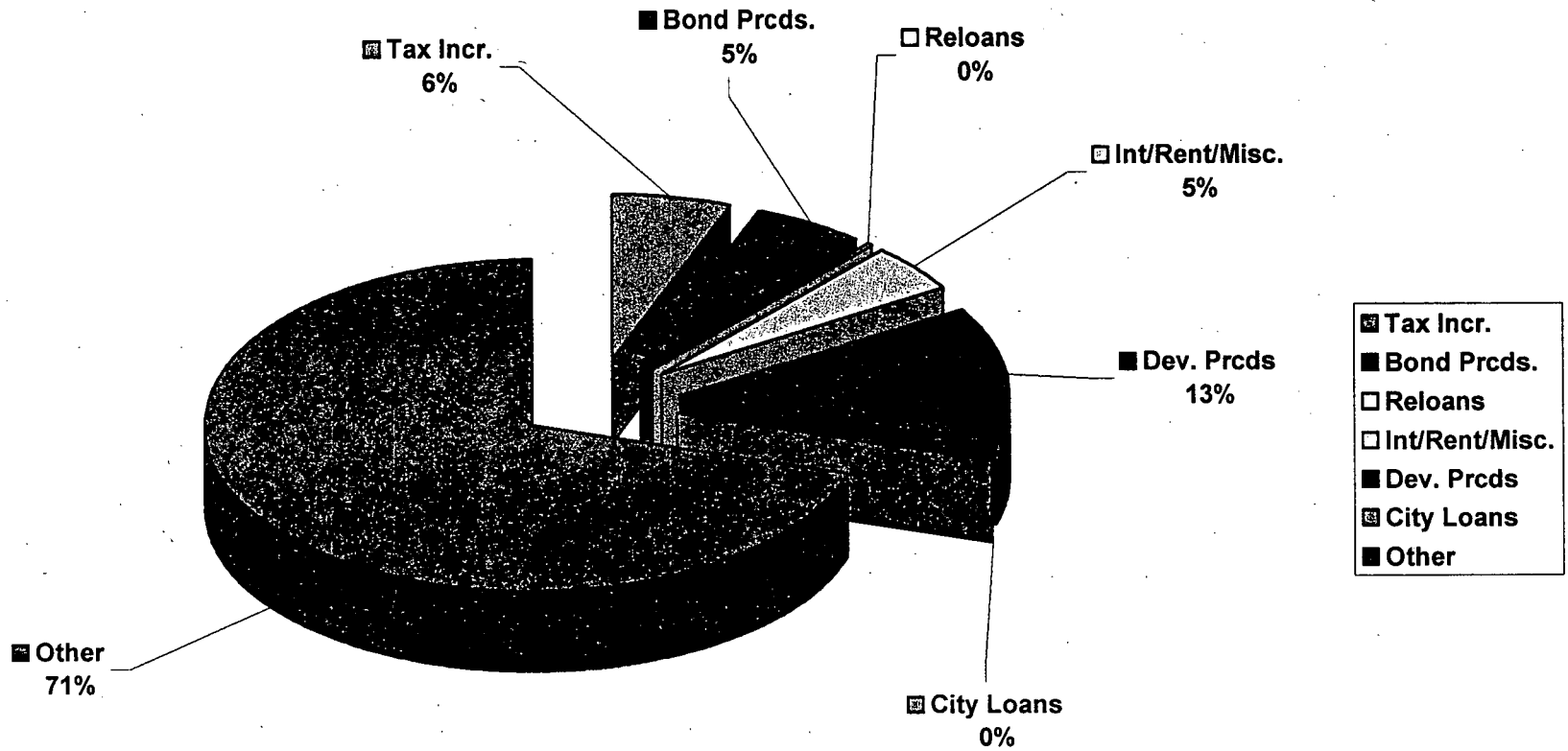
Description	Current FY 2000	Proposed FY 2001	Budget Variance	%
SALARIES AND BENEFITS				
Corporation Staff	\$ 835,000	\$ 897,800	\$ 62,800	7.5%
Benefits	195,000	206,300	11,300	5.8%
Subtotal Salaries	\$ 1,030,000	\$ 1,104,100	\$ 74,100	7.2%
OVERHEAD				
Office Space	\$ 150,400	\$ 154,700	\$ 4,300	2.9%
Equipment Rental	2,100	2,100	-	0.0%
Equipment Lease	14,900	14,900	-	0.0%
Leasehold Improvements	-	-	-	0.0%
Telephone	14,000	14,000	-	0.0%
Utilities	8,600	8,600	-	0.0%
Photography & Blueprinting	4,500	4,500	-	0.0%
Reproduction	15,800	15,700	(100)	-0.6%
Office Supplies	15,400	15,400	-	0.0%
Postage	17,900	17,900	-	0.0%
Publications & Subs.	3,300	3,000	(300)	-9.1%
Brochures & Printing	23,200	23,300	100	0.4%
Advertising	27,800	27,800	-	0.0%
Business Expense	12,800	13,600	800	6.3%
Title & Fees	1,000	1,000	-	0.0%
Travel	20,700	19,500	(1,200)	-5.8%
Membership Dues	4,700	4,800	100	2.1%
Conference, Training & Seminars	14,000	13,700	(300)	-2.1%
Tuition Reimbursement	9,200	8,500	(700)	-7.6%
Auto Expenses	5,700	5,400	(300)	-5.3%
Mileage	3,900	3,500	(400)	-10.3%
Parking	3,200	3,300	100	3.1%
Promotions/Special Events	20,000	20,000	-	0.0%
Security	2,000	1,700	(300)	-15.0%
Repair/Maint., Bldg & Equip.	7,500	7,500	-	0.0%
Liability Insurance	2,000	2,000	-	0.0%
Janitorial Services	3,000	3,000	-	0.0%
Messenger Service	2,000	2,000	-	0.0%
Payroll Processing	1,800	1,800	-	0.0%
Data Processing	16,200	16,700	500	3.1%
Equipment/Furniture Purchases	13,000	3,800	(9,200)	-70.8%
Subtotal Overhead	\$ 440,600	\$ 433,700	\$ (6,900)	-1.6%
CONSULTANTS				
Legal Consultants	\$ 37,100	\$ 34,000	\$ (3,100)	-8.4%
Financial Consultants/Audits	10,000	10,000	-	0.0%
Other Contractual Serv	30,700	31,000	300	1.0%
Director Fees	5,400	5,400	-	0.0%
Subtotal Consultants	\$ 83,200	\$ 80,400	\$ (2,800)	-3.4%
TOTAL OVERHEAD/CONSULTANTS	\$ 523,800	\$ 514,100	\$ (9,700)	-1.9%
TOTAL ADMINISTRATIVE BUDGET	\$ 1,553,800	\$ 1,618,200	\$ 64,400	4.1%

Southeastern Economic Development Corporation
Revenue and Expenditures
FY 1999 to FY 2001
(Thousand)

	Actual FY 1999	Current FY 2000	Budget FY 2001
Revenue:			
Tax Increment	\$1,678	\$2,173	\$1,557 *
Bond Proceeds	150	463	1,406
Re loans	124	871	65
Interest/Rent/Misc	247	3,313	1,236
Developer Proceeds	379	(401)	3,524 *
City Loans	1,228	4,609	(8) *
Other	131	11,430	18,581
Total Revenue	\$3,937	\$22,458	\$26,361
Expenditures:			
Capital Projects	1,686	\$16,266	\$19,660
Low/Mod Housing	414	1,376	1,713
Administration	1273	1,555	1,619
Debt Service/Loan Repayment	1,972	3,261	3,369
Total Expenditure	\$5,345	\$22,458	\$26,361
Carryover	(\$1,408)	\$0	\$0

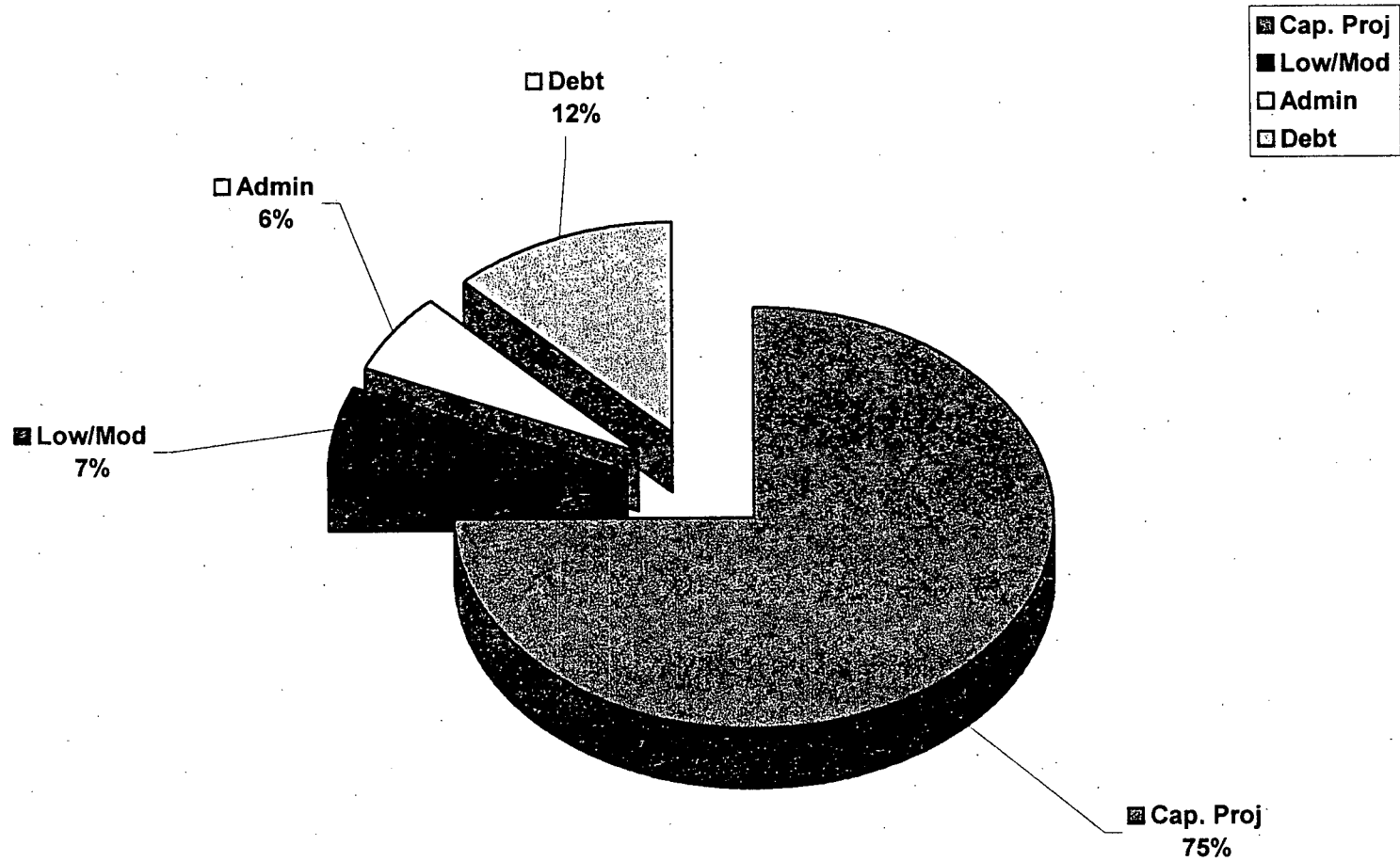
*Includes prior year's appropriation adjustment.

Southeastern Economic Development Corporation
FY 2001 Revenues



R-293492

Southeastern Economic Development Corporation
FY 2001 Expenditures



R-293492

Southeastern Economic Development Corporation
FY 2001 Expenditures
By Project Area
(Thousand)

	Capital Projects	Low/Mod Housing	Administration SEDC	Debt Service/ Loan Repay	Total
Central Imperial	11,907	14	631	362	12,914
Dells Imperial Study	0	0	0	0	0
Gateway Center West	294	150	213	772	1,429
Mount Hope	2,871	621	348	1,438	5,278
Southcrest	3,957	928	333	797	6,015
Commercial Rehab.	407	0	80	0	487
Bridge Lights	11	0	4	0	15
RLF/Bus. Dev.	213	0	10	0	223
Total	\$19,660 *	\$1,713	\$1,619 *	\$3,369	\$26,361

* A total of \$390,750 in City Administration charges are included in the capital projects.

A total of \$218,274 in project management costs are included in SEDC administration

R-293492

Southeastern Economic Development Corporation
Debt Service/Loan Repayment Expenditures
by Project Area
FY 2000 to FY 2001

	Actual FY 1999	Current FY 2000	Budget FY 2001	Remaining Years
Central Imperial	\$0	\$536	\$362	\$9,364
Dells Imperial (Study)	0	0	0	9
Gateway Center West	154	268	772	22,675
Mount Hope	1,196	1,799	1,438	24,972
Southcrest	622	658	797	16,756
Total	\$1,972	\$3,261	\$3,369	\$73,776

Southeastern Economic Development Corporation
Capital Projects
FY 2001
(THOUSAND)

Central Imperial	Conting Approp	FY 2001 Approp	Total FY 2001
Central Imperial - General	21	1,171	1,192
Auto Incubator	28	0	28
Chollas Creek	64	0	64
Lincoln High Site	67	23	90
North Creek	6,795	(1,464)	5,331
Mt. View Community Center	2,955	5	2,960
Jacobs Foundation	86	0	86
Potter Tract	844	1,312	2,156
Subtotal Central Imperial	\$10,860	\$1,047	\$11,907

Dells/Imperial			
Study Area			0
Subtotal Dells/Imperial			\$0

Gateway Center West			
Gateway Center West - General	72	(43)	29
2.5 Acres - Acquisition & Development	50	56	106
Lot 7	158	1	159
Subtotal Gateway Center West	\$280	\$14	\$294

Mount Hope			
Mt. Hope - General	1,602	224	1,826
Market Street Demonstration	(78)	1,123	1,045
Subtotal Mount Hope	\$1,524	\$1,347	\$2,871

Southcrest			
Southcrest - General	6	145	151
43rd & Newton	0	391	391
Alpha St - Res. Phase I & II	1,369	2,046	3,415
Subtotal Southcrest	\$1,375	\$2,582	\$3,957

R - 293492

Southeastern Economic Development Corporation
Capital Projects
FY 2001
(THOUSAND)

Commercial Rehabilitation			
All Areas	42	365	407
Subtotal	\$42	\$365	\$407
Subtotal Capital Projects:	\$14,081	\$5,355	\$19,436
Special Projects			
Business Dev./RLF	213	0	213
Bridge Lights	1	10	11
Subtotal Special Projects	\$214	\$10	\$224
Grand Total:	\$14,295	\$5,365	\$19,660

Southeastern Economic Development Corporation
Projected FY 2001 Low and Moderate
Income Housing Activities
(Thousand)

Central Imperial **\$14**

Approximately \$9,000 is proposed to be designated for shared equity program in FY 00-01.

Gateway Center West **\$150**

In FY00-01, the Agency proposes to commit \$40,000 for rehabilitation and shared equity programs. Approximately \$48,000 of additional funds for public improvements - 252 Corridor.

Mount Hope **\$621**

The Agency proposes to commit \$100,000 to the shared equity program.

Southcrest **\$928**

The Agency proposes to commit in FY 00-01 \$117,000 for rehabilitation, shared equity and \$309,000 for acquisition of property for multi-housing project.

Total Low/Mod Housing Activities **\$1,713**

Southeastern Economic Development Corporation
Gross Tax Increment
by Project Area
FY 2000 - FY 2001
(Thousand)

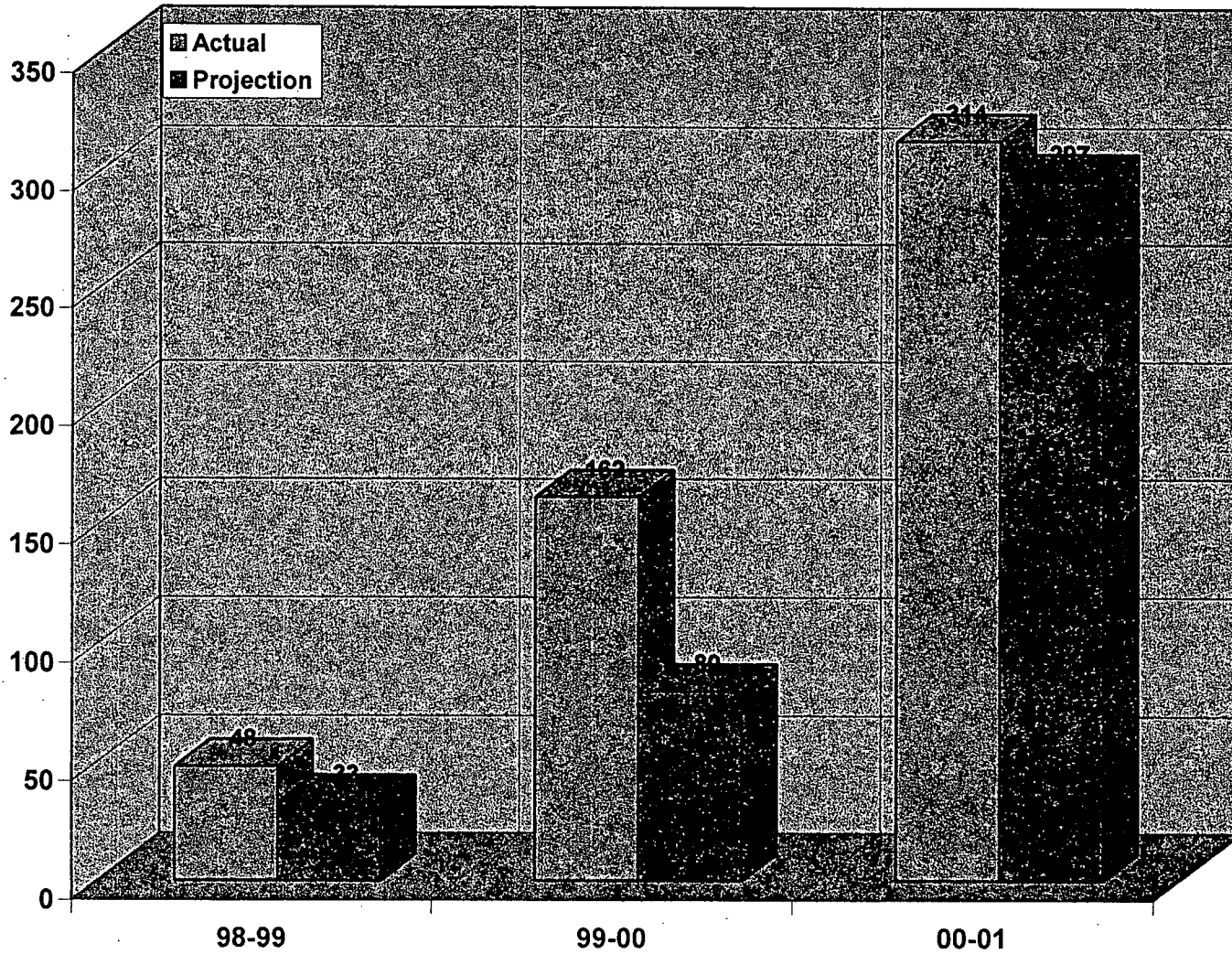
	Actual FY 1999	Current FY 2000	Budget FY 2001
Central Imperial.	\$56	\$91	\$314
Gateway Center West	203	207	202
Mount Hope	850	876	924
Southcrest	567	557	607
Total	\$1,676	\$1,731	\$2,047

Net Tax Increment for Capital Projects
FY 2001
(Thousand)

Gross Tax Increment	(1)	<u>\$2,047</u>
Less:		
Housing Set-aside		212
Tax-sharing Agreements		159
County Service Fee		25
Debt Service/Loan Repayment		984
Total Deductions		<u>\$1,380</u>
Net Tax Increment		<u>\$667</u>

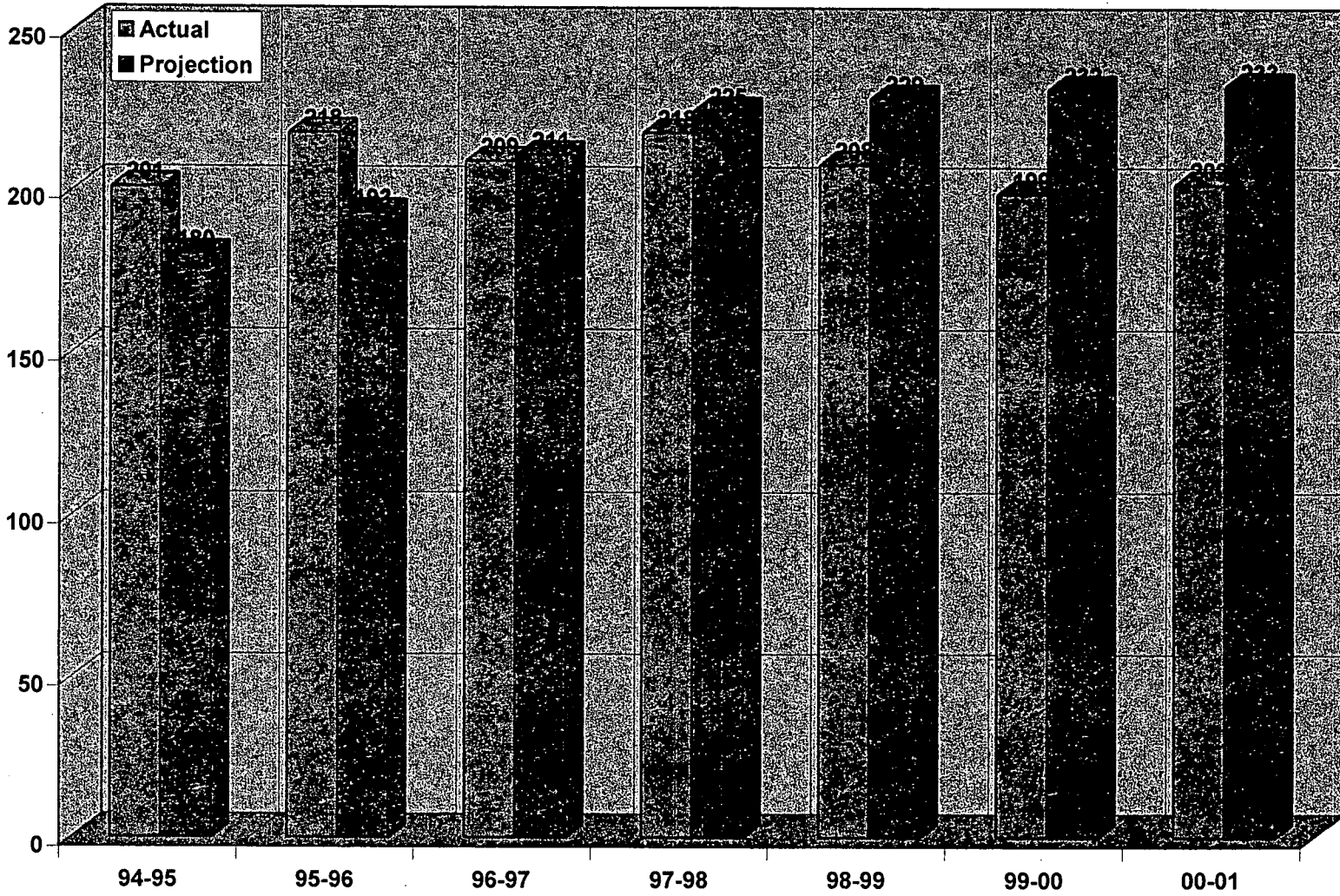
(1) Excludes interest earnings

TAX INCREMENT - Central Imperial
FY 00-01
(InThousands)



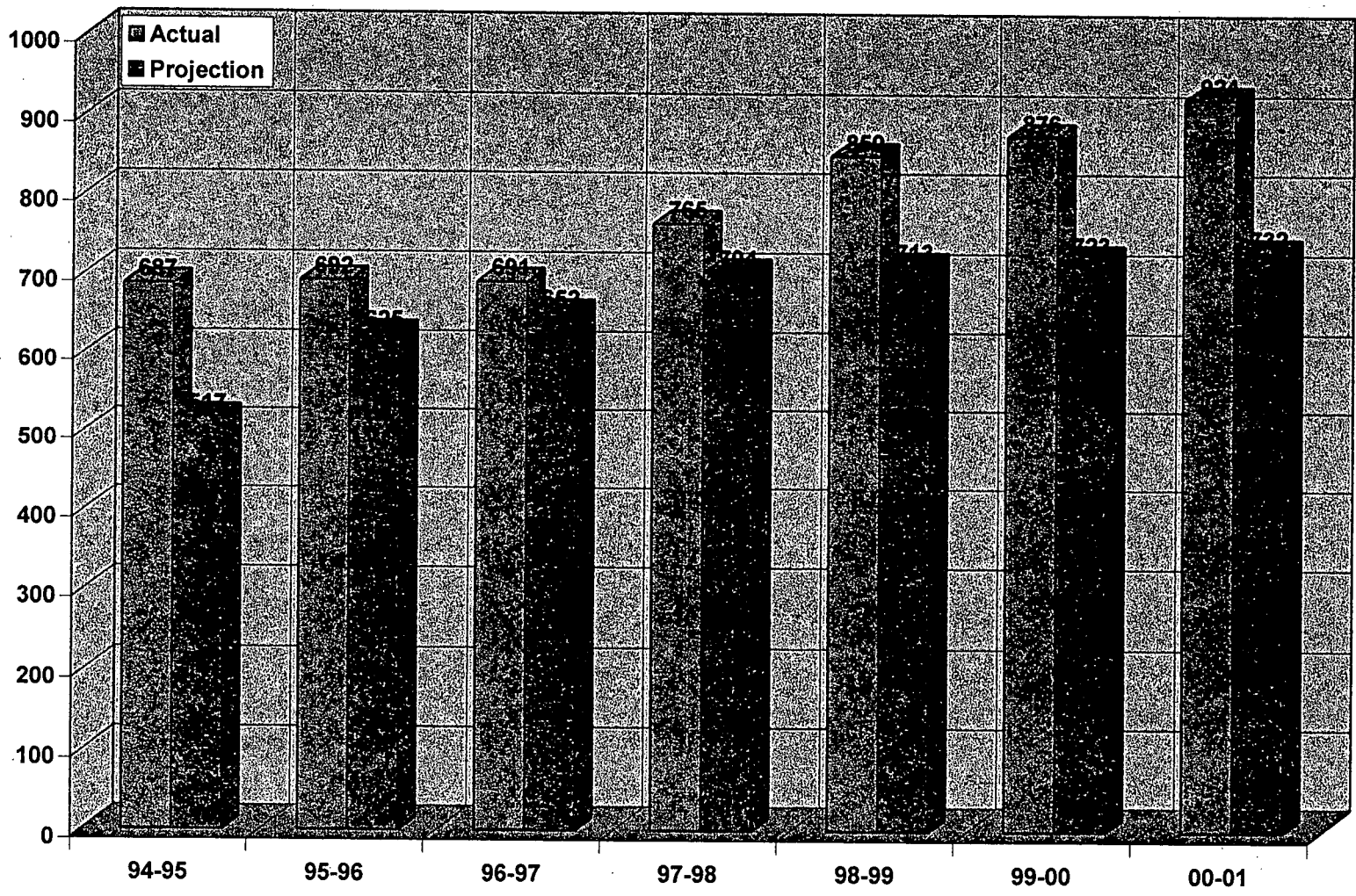
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TAX INCREMENT - Gateway Center West
FY 00-01
(In Thousands)



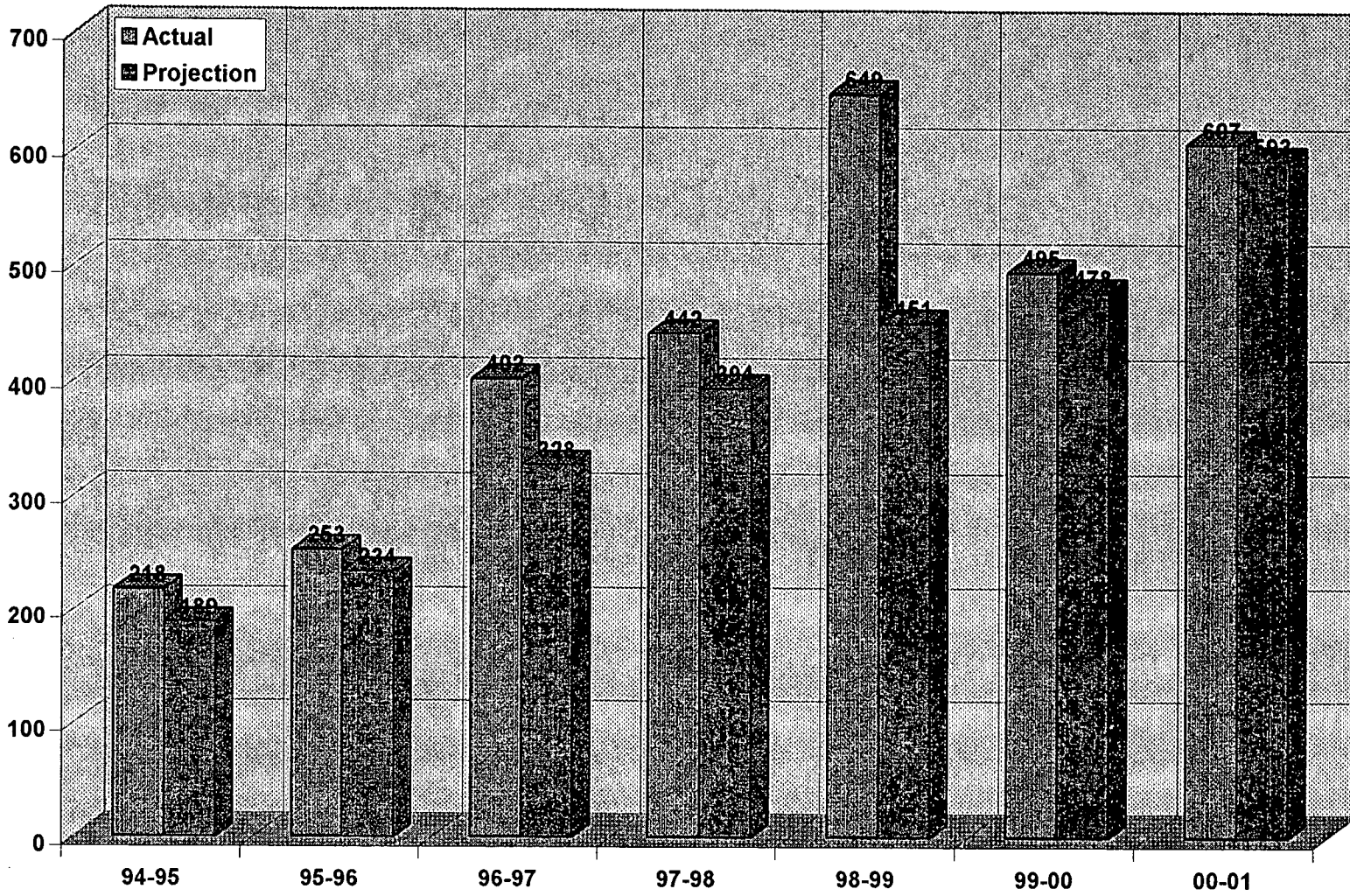
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TAX INCREMENT - Mt. Hope
FY 00-01
(In Thousands)



R-293492

TAX INCREMENT - Southcrest
FY 00-01
(In Thousands)



293492



THE CITY OF SAN DIEGO

June 1, 2000

Carolyn Smith, President
Southeastern Economic
Development Corporation
995 Gateway Center Way, Suite 300
San Diego, CA 92102

Dear Ms. Smith:

Enclosed you will find the completed review of the Southeastern Economic Development Corporation Fiscal Year 2001 proposed budget. The Rules Committee will review the Southeastern Economic Development Corporation proposed budget June 19, 2000. On Tuesday, June 27 the Southeastern Economic Development Corporation proposed budget will be presented to the City Council for approval. If you have any questions please contact your Budget & Management Services Liaison Analyst Walter Rossmann at (619) 236-6533.

Sincerely,

Ronald H. Villa
Deputy Budget Director
Budget and Management Services

Enclosure



Financial and Technical Services Business Center

202 C Street, MS 8A • San Diego, CA 92101

Tel (619) 236-6060 Fax (619) 236-5584

R-293492

SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION
PROPOSED FISCAL YEAR 2001 BUDGET REVIEW

Item	Fiscal Year 1999 Actual	Fiscal Year 2000 Budget	Fiscal Year 2001 Proposed Budget	Change from Fiscal Year 2000	% Change from Fiscal Year 2000
Positions	16.00	15.00	15.00	-	0.00%
Salaries & Wages	\$ 752,600	\$ 835,000	\$ 897,800	\$ 62,800	7.52%
Fringe Benefits	\$ 154,700	\$ 195,000	\$ 206,300	\$ 11,300	5.79%
Non-Personnel	\$ 499,600	\$ 523,800	\$ 514,100	\$ (9,700)	-1.85%
TOTALS	\$ 1,406,900	\$ 1,553,800	\$ 1,618,200	\$ 64,400	4.14%

SUMMARY

The Fiscal Year 2001 proposed budget for the Southeastern Economic Development Corporation (SEDC) amounts to \$26,361,000. Of this amount \$1,618,200 is budgeted for administrative purposes which includes Salaries and Wages (\$897,800), Fringe Benefits (\$206,300), and Non-personnel Expenses (\$514,100). Overall, the proposed administrative budget increased by \$64,400 or 4.14% from Fiscal Year 2000.

POLICY ISSUES

N/A

PERSONNEL EXPENSES

The Fiscal Year (FY) 2001 proposed budget for Personnel expense amounts to \$1,104,100 of which \$897,800 is budgeted for Salaries and Wages and \$206,300 for Fringe Benefits. The Personnel Expenses cover the cost of 15.00 positions. Salaries and Wages increased by \$62,800 from \$835,000 in FY 2000 to \$897,800 in FY 2001, an increase of 7.52%. Fringe Benefits increased by \$11,300 from \$195,000 in FY 2000 to \$206,300 in FY 2001, an increase of 5.79%.

The increase in Salaries and Wages results from general salary increases (\$42,300), reclassification (\$17,500), overtime (\$1,500), and payment in lieu of vacation (\$1,500), amounting to \$62,800. Increases to average salaries range from 1.25% to 9.03%.

The \$ 11,300 increase in Fringe cost is primarily attributable to the following changes in SEDC's fringe benefits needs:

- \$ 5,100 – increased cost for Medical and Dental insurance.
- \$ 3,000 – increase pension obligations due to higher salaries.

R 293492

NON-PERSONNEL EXPENSES

The FY 2001 proposed budget for Non-personnel Expense amounts to \$514,100, a decrease of \$9,700 from FY 2000. Some major changes in Non-personnel expense are highlighted below:

- \$ 4,300 – increase in rent for office space
- (\$ 9,200) – reduction in equipment and furniture purchases
- (\$ 2,800) – reduction in anticipated consulting services

CONCLUSION

The Southeastern Economic Development Corporation's Fiscal Year 2001 proposed administrative budget increased by \$64,400 or 4.14% due to a 7.52% increase in Salaries and Wages, a 5.79% increase in Fringe Benefits, and a 1.85% decrease in Non-personnel Expenses.