



Southeastern
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Corporation

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Date: May 7, 2010

To: Chair and Members of the City of San Diego,
Budget Review Committee

Subject: Fiscal Year 2011 Budget for the San Diego Redevelopment Agency
Projects Administered by Southeastern Economic Development Corporation

Staff Contact: Terry Darden, Chief Financial Officer

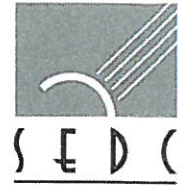
Requested Action: The Southeastern Economic Development Corporation (SEDC) requests that the City Council for the City of San Diego and the San Diego Redevelopment Agency approve the FY 2011 Budget for the projects administered by SEDC and SEDC's FY 2011 Administrative Budget.

Staff Recommendations: SEDC recommends that the City Council for the City of San Diego and the Redevelopment Agency for the City of San Diego approve the Fiscal Year 2011 Budget for the Redevelopment Agency of the City of San Diego projects administered by SEDC and SEDC's Administrative Budget.

Summary: This memorandum, combined with Attachment A, represents the proposed FY 2011 budgets for the Central Imperial, Gateway Center West, Mount Hope, and Southcrest Redevelopment Projects. The proposed combined budget totals \$10.7 million.

Fiscal Considerations: The Proposed FY 2011 Budget totals \$10.7 million and is financed with tax increment, bond proceeds, and other income.

Committee Recommendation: On April 28, 2010, the Board of Directors voted unanimously, Chair Gonzalez, Vice Chair Champion-Cain, Treasurer Evans, Secretary Lawrence, Director Geisler, Director Williams, Director Wong, and Director Ayala, to approve staff's recommendation of the FY 2011 Budget for the Redevelopment Agency of the City of San Diego projects administered by the Corporation and the Corporation's FY 2011 Administrative Budget.



BACKGROUND

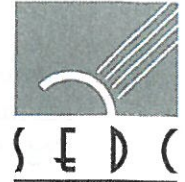
SEDC is a not-for-profit public benefit corporation organized in 1981 to administer economic development projects within the community of Southeast San Diego and provide redevelopment services to the Redevelopment Agency of the City of San Diego.

This memorandum combined with Attachment A lists potential elements of the Fiscal Year 2011 Budget for review and discussion. Within Attachment A, Chart A summarizes the revenue and expenditures for the fiscal year. Schedule I is the fiscal year budget summary of revenue and expenditures for the combined Central Imperial, Southcrest, Mount Hope, and Gateway Center West Redevelopment Projects. Schedule II is the budget summary of revenue and expenditures for each project area. Schedule III is the consolidated project expense summary.

DISCUSSION

The proposed FY 2011 budget consists of several components: Low/moderate income housing budgets, 80% capital projects' budgets, appropriations for debt service on bonds, CDBG repayments, tax sharing payments, ERAF payments, county administrative and service fees, city services' payments, and SEDC's administrative budget. The components of the budget have funding sources derived from tax increment, bond proceeds, and other income.

80% Capital Project Budgets (\$1.7 million): 80% Capital Project budgets are developed consistent with the SEDC Five-Year Strategic Plan, the Five-Year Implementation Plans for the Redevelopment Project Areas, the SEDC Operating Agreement, and the Agency Board direction. The project budgets contain multiyear projects and, therefore, the budget includes adjustments to existing project activities and provisions for new activities. The proposed budget contains a total of \$1.7 million of new appropriation for projects and related soft costs. In Southcrest, the current industrial zoning, or rezoning, for development around the Keeler Court area could potentially allow additional generation of jobs and tax increment funding. Residential development at the Agency-owned sites near 40th & Alpha will provide for sustainable affordable housing and a model of future residential development in the area. Capital projects in Southcrest include design and development of Southcrest Trails Park, installation of streetlights, and utilizing the SDG&E mitigation funds in partnership with the Storm Water Department to further enhance Las Chollas Creek



while providing storm water and model 'green' alley improvements adjacent to Southcrest Trails Park and Chavez Elementary School. Commercial development in the Central Imperial Redevelopment project area includes the development of Valencia Business Park, along with the commercial mixed use development within the Village Center at Euclid and Market. Residential development efforts will focus on the Hilltop and Euclid site, the Village Center at Euclid and Market, and rehabilitation of the Vista Grande Apartments. Residential developments include very low, low and moderate income housing. Amendments to the Redevelopment Plans to merge project areas for financial purposes will be processed. Plan amendments to expand redevelopment into the Dells Imperial Study Area and other areas suggested by the community are being initiated, along with the formation of a Project Area Committee formed through a community election process. Catalyst project efforts include the Commercial and 22nd Street site in partnership with CCDC and the San Diego Housing Commission. Additional low and moderate income housing efforts include administration of the SEDC funds provided for the Housing Enhancement Loan Program and the SEDC Lead Safe San Diego Program in the SEDC Area of Influence in coordination with the San Diego Housing Commission.

Low/Moderate Income Housing (\$2.3 million): The proposed budget provides funding for low/moderate income housing in the amount of \$2.3 million to be used for various affordable housing projects.

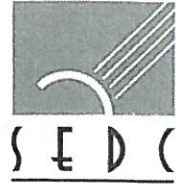
Tax Sharing Payments (\$.6 million): The proposed budget includes funding for tax sharing agreements of \$.6 million.

City Services and County Fees (\$.6 million): The proposed budget includes appropriations of \$.5 million for City Services and \$.1 million for County Administrative and Service Fees.

ERAF Payments (\$.5 million): The proposed budget includes funding the State's ERAF shift of \$.5 million.

CDBG Repayments (\$.3 million): The proposed budget includes an allocation of \$.3 million for the yet-to-be approved CDBG repayment plan.

SEDC Administrative Budget (\$1.5 million): The total administrative budget is \$1.5 million, which includes \$96 thousand for low/moderate income housing planning and administration. The administrative budget represents a decrease of \$.8 million, or 34%,

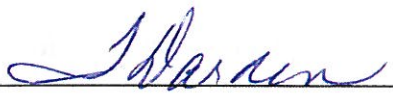


from the current year's overall budget. The decrease consists of reductions in salaries and benefits of \$566,900, and \$231,700 in non-personnel costs from the original FY 2010 budget, and reductions in salaries and benefits of \$245,100 and \$553,500 in non-personnel costs from the amended (amended in September 2009) FY 2010 budget.

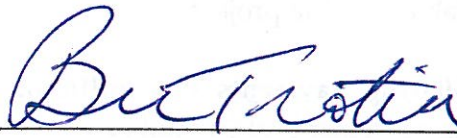
Debt Service (\$3.3 million): The debt service payments for FY 2011 total \$3.3 million.

CONCLUSION

This memorandum, combined with the attachment, represents a proposed FY 2011 budget for the Central Imperial, Southcrest, Mt Hope, and Gateway Redevelopment Projects and the administration budget. The proposed FY 2011 budget consists of several components: Low/moderate income housing budgets, 80% capital projects budget, appropriations for debt service on bonds, CDBG repayments, tax sharing payments, ERAF payments, county administrative and service fees, city services' payments, and SEDC's administrative budget. The components of the budget have funding sources derived from tax increment, bond proceeds, and other income.



Submitted by
Terry Darden
Chief Financial Officer



Approved by
Brian L. Trotier
Acting President/Chief Executive Officer