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**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
AGENDA REPORT

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: April 29, 2010

RE: **Agency Resolution Amending the Biennial Budget for Fiscal Years 2009-2011 to Revise Revenue Projections and Appropriations for Fiscal Year 2010-2011, and Amending the Budget and Resolution Nos. 01-85 and 2009-0090 to Provide for a Portion of the Payments to the Supplemental Educational Revenue Augmentation Fund to Come from the Agency's Additional Five Percent Contribution to the Low and Moderate Income Housing Fund**

SUMMARY

Staff is requesting that the Board of the Redevelopment Agency review and consider approval of the attached Resolution to amend the FY 2009-2011 biennial budget. The purpose of the proposed budget amendments is to revise FY 2010-2011 revenue projections and appropriations and to increase the amount of the reduction in the voluntary 5% set aside to the Low and Moderate Income Housing Fund (LMIHF). The reduction in the voluntary 5% set aside is for the purpose of funding the Agency's required payment to the Supplemental Educational Revenue Augmentation Fund (SERAF).

Redevelopment Agency staff is anticipating a deficit for Fiscal Year 2010-2011 in the amount of \$14.8 million due to a steep decline in tax increment revenue. In this report, staff describes the causes of the anticipated deficit and proposes balancing measures for Agency Board consideration and approval. The balancing measures for the project areas include reductions in personnel costs, reductions and reallocations in project and program costs and carryforwards, and the use of reserves. In addition, payments into the LMIHF will be reduced by \$7.2 million. The reduction in payments will be balanced by reducing appropriations for affordable housing programs.

Based on the Assessed Valuation Report from Alameda County and collections for FY 2009-2010, Agency staff is projecting that revenue in FY 2010-2011 from gross tax increment will fall short of budgeted revenue by approximately \$28.4 million, or 21%. This shortfall is caused by the continuing decline of property tax assessments, as evidenced by the unprecedented and rapid decline in property values over the past two years.

Item: _____
ORA/City Council
April 29, 2010

Although tax increment revenue is expected to decline by \$28.4 million, the deficit is projected to be \$14.8 million. The difference is explained by the fact that certain payments made from tax increment revenues, such as AB1290 pass through payments and set asides to the LMIHF, are calculated as percentages of the tax increment. As the amount of tax increment revenue increases or decreases, these calculated payments will follow suit. Other payments, such debt service, the payment to the SERAF, personnel costs, and operating expenditures do not automatically change with fluctuations in tax increment revenue. Information on the sources and uses of tax increment revenue is provided Table A below and in *Attachment A* to this staff report.

Staff is proposing the following measures to correct the deficit for FY 2010-2011:

- Reductions in personnel costs (\$2.6 million) for the project areas and LMIHF (Attachment B); of the total 15.26 FTE reductions, 10.31 are made from CEDA and 4.95 are from other City departments
- Reductions and reallocations in project and programs costs (\$4.9 million) and carryforwards (\$5.4 million)
- Use of reserves (\$2.2 million)

In addition to these balancing measures for personnel and non-housing expenditures, the reduction in deposits to the LMIHF will be balanced by reducing appropriations for affordable housing programs in the amount of \$7 million.

More information about these proposed cuts is presented below under the "Fiscal Impact" section along with the discussion on *Attachment A*.

Staff is also recommending that the process for developing budgets and identifying the optimal uses of bond proceeds be revamped, so these issues can be minimized in future years.

FISCAL IMPACT

Both the City and Redevelopment Agency will be adversely impacted by the steep decline in tax increment revenue. This decrease in revenue, coupled with the required payment to the SERAF, will limit the Agency's ability to fully fund projects and programs to address redevelopment goals as stated in the 5-year implementation plans submitted to the State of California.

The City's General Purpose Fund will be impacted by the projected reduction in gross tax increment because the AB1290 pass-through payments to taxing entities, including the City, will be reduced. The reduction in the pass through payment to the City for FY 2010-2011 is estimated to be \$2.25 million, and has been incorporated in the General Purpose Fund midcycle report.

As for the Agency, project and program rescheduling and cancellations may occur as a result of the reduction of tax increment revenues and reduction of staffing as proposed by the Agency.

Item: _____
ORA/City Council
April 29, 2010

Major fiscal impacts to the Agency related to both the loss of projected tax increment revenue and the SERAF payment include the following:

- 1) Reduction in appropriations for projects and programs will result in rescheduling or eliminating current redevelopment activities and will affect the Agency's capacity to implement new activities until priority projects are fully funded.
- 2) The use of fund balance will reduce the operating margins for the Agency; leave the Agency vulnerable to a continued decline in property values; and weaken the fiscal position of the Agency and make it more difficult and expensive to bond in the future.
- 3) Revenue reductions and SERAF payments from the LMIHF will substantially reduce funding available for affordable housing programs, including the Notice of Funding Availability (NOFA) for housing development, and the Mortgage Assistance Program for first-time homebuyers.

The reduction in gross tax increment identified by this report is \$28,360,572 (\$138,004,310 in the Adopted Budget compared to \$109,643,738 in this proposed budget amendment). The following table compares gross tax increment by project area as originally budgeted to current projections.

Table A – Gross Tax Increment Estimates – FY 2010-2011

Project Area	Gross Tax Increment			% Increase/ (Decrease)
	Adopted Budget	Revised Projections	Addition/ (Reduction) in Tax Increment	
Coliseum	\$ 35,876,350	\$ 24,718,646	\$ (11,157,704)	-31.1%
Acorn	1,309,430	1,404,708	95,278	7.3%
Central District	54,339,200	56,514,644	2,175,444	4.0%
Broadway/MacArthur/San Pablo	6,212,540	5,272,433	(940,107)	-15.1%
Central City East	23,740,050	9,444,493	(14,295,557)	-60.2%
Oak Knoll	918,390	1,310,519	392,129	42.7%
Stanford/Adeline	174,140	-	(174,140)	-100.0%
Oakland Army Base	6,381,520	6,256,022	(125,498)	-2.0%
West Oakland	9,052,690	4,722,273	(4,330,417)	-47.8%
Change in Net Available	<u>\$ 138,004,310</u>	<u>\$ 109,643,738</u>	<u>\$ (28,360,572)</u>	<u>-20.6%</u>

Attachment A to this staff report shows an analysis of the sources and uses of funding for FY 2010-2011. The report also shows summary information on the balancing measures proposed to address the deficit. Detailed information about the proposed budget reductions are shown in the Exhibits to the attached Resolution.

Item: _____
 ORA/City Council
 April 29, 2010

The Attachment includes the revised estimates for gross tax increment; other revenue; mandatory payments (such as AB1290 pass-through payments to taxing entities, required SERAF payments, annual debt service, and mandatory 20% and voluntary 5% LMIHF set-asides); and currently budgeted expenditures for personnel and other expenditures. The line entitled "Net surplus/(deficit)," shows the projected deficits and surpluses for each project area before balancing measures are taken. The "Total Project Areas" column shows that staff is projecting an operating deficit of \$14.8 million before taking into consideration the proposed balancing measures. In addition, the LMIHF is showing a projected deficit of \$7.4 million. The approach and impacts of addressing the LMIHF deficit is discussed below in the "Key Issues and Impacts" section of this report.

The bottom section of *Attachment A* shows staff's proposal for addressing the deficit. For the Agency's project areas, staff recommends that the deficit be addressed first by reductions in personnel costs (\$2.2 million) and operating costs (\$4.9 million) and only as a last resort, carryforwards (\$5.4 million) and the use of reserves (\$2.2 million). For the LMIHF, costs for personnel and operating expenditures will be reduced by \$.4 million and \$7 million, respectively, as described below in the "Key Issues and Impacts" section of this report.

There are a total 15.26 FTE reductions; 10.31 are made from CEDA and 4.95 are from other City departments.

The proposed cuts and reallocations in operating costs and carryforwards include reductions in contract services, such as commercial security patrol, and program and project development. The funding for a streetscape project, which was included in this category, will be shifted from tax increment to bond proceeds.

Attachment B shows projected personnel savings by department. The net projected savings are \$2.6 million. These savings are presented in *Attachment A* in the "balancing measures" section as combined personnel cost savings for the project areas and LMIHF. These savings are attributable to personnel cuts (\$2.5 million), an increase in overhead charges for the marketing division (\$.2 million), and reductions in the fringe rate (\$.3 million). The overhead charge for Cultural Arts and Marketing was added in the amount of \$200,020 because the departmental overhead for this department was inadvertently overlooked when it was transferred from the Mayor's Office to CEDA. The Attachment shows that personnel cuts are proposed for City Council, Finance and Management, Public Works and CEDA.

To balance its deficit, the Agency proposes shifting the funding of a \$3.4 million streetscape project from tax increment funds to bond funds. Bond proceeds cannot be used for the SERAF payment. Currently budgeted projects such as private and public improvement projects will continue, but land acquisition and infrastructure will need to be delayed.

Also included in the balancing measures is a suspension of the public art contribution from the Central City East project area in the amount of \$238,000. This annual contribution was approved

Item: _____
ORA/City Council
April 29, 2010

by the City of Oakland's Percent for Art Ordinance No. 11086 C.M.S. and by ORA Resolution No. 89-8, which authorized the allocation of 1.5% of capital improvement project costs for the commissioning of public artwork. Suspension of the contribution will require approval from the City Council and the ORA Board.

The SERAF payment is required by the state legislature's passage of AB 26 4x in July, 2009 as a State budget balancing measure. The Oakland Redevelopment Agency's annual SERAF commitment, as calculated by the State, is \$8,497,000 for FY 2010-2011. On June 30, 2009 the Redevelopment Agency approved the Fiscal Years 2009-11 Biennial Budget in Resolution No. 2009-0072 C.M.S., which included an ERAF appropriation of \$8,497,000 for FY 2010-2011 and a reduction in the amount of \$2,607,710 to the 5% voluntary set aside to LMIHF. Based on revised tax increment projections, the voluntary 5% set aside amount is \$5,482,187. The portion of the 5% voluntary set aside that will be needed to fund the SERAF payment is now projected to be \$2,812,474. The balance of the 5% voluntary payment, \$2,669,713, will be transferred to the LMIHF. Should the Agency fail to meet this SERAF obligation the state has imposed sanctions (a so-called "death penalty") that would severely limit the Agency's ability to operate.

As noted in the "Key Impacts and Issues" section below, the SERAF payment and reductions in revenue projections will substantially reduce funding for affordable housing programs, the NOFA for housing development, and the Mortgage Assistance Program for first-time homebuyers.

BACKGROUND

Decline in Tax Increment Revenue

Based on the Assessed Valuation Report from Alameda County for FY 2009-2010, Agency staff is projecting that revenue in FY 2010-2011 from gross tax increment will fall short of budgeted revenue by approximately \$28.4 million, or 21%. This shortfall is caused by the continuing decline of property tax assessments. Property tax assessments for the Agency for FY 2010-2011 declined by approximately 21%, as evidenced by the unprecedented and rapid decline in property values over the past two years.

Although tax increment is expected to decline by \$28.4 million, the deficit is projected to be \$14.8 million. The difference is explained by the fact that certain payments made from tax increment revenues, such as AB1290 pass through payments and set asides to the LMIHF, are calculated using percentages. As the amount of tax increment revenue increases or decreases, these calculated payments will follow suit. Other payments, such as the payment to the SERAF, personnel costs, and operating expenditures do not automatically change with fluctuations in tax increment revenue. Information of the sources and uses of tax increment revenue is provided in *Attachment A* to this staff report.

Item: _____
ORA/City Council
April 29, 2010

SERAF Payments

On July 24, 2009 the California legislature passed multiple pieces of legislation in an attempt to balance the State's budget deficit. One budgeting measure was AB 26 4x, which authorized the funding of a Supplemental Educational Revenue Augmentation Fund (SERAF) using revenue generated by redevelopment agencies from across the State. The SERAF will be in effect for two years (FY 2009-2010 and FY 2010-2011) and is funded at \$2.05 billion over the two year period. During the first year of the SERAF the State will gain \$1.7 billion from contributions by redevelopment agencies and \$350 million in the second year. The Oakland Redevelopment Agency's mandated contribution for FY 2009-2010 is \$41,074,866 and \$8,497,000 for FY 2010-2011. The California Redevelopment Association has filed a lawsuit challenging the SERAF requirement and the Superior Court is expected to issue a ruling by May 4, 2010.

On June 30, 2009 the Redevelopment Agency approved the Fiscal Years 2009-11 Biennial Budget with Resolution No. 2009-0072 C.M.S., which included an ERAF appropriation of \$8,497,000 for FY 2009-2010 and another \$8,497,000 for FY 2010-2011.

On October 6, 2009, the Agency Board approved Resolution No. 2009-0090, which amended the budget for fiscal years 2009-2010 and 2010-2011 to provide for the SERAF payments. In that Resolution, the Agency approved a reduction in the voluntary 5% set aside for FY 2010-2011 in the amount of \$2,607,710. The revised amount of the voluntary 5% set aside that will be needed for the FY 2010-2011 SERAF payment is \$2,812,474, an addition of \$204,764.

On December 11, 2001, the Redevelopment Agency Board adopted Resolution 01-85 C.M.S., which established a policy to increase the contribution of tax increment funds to the LMIHF from the State-mandated level of 20% of gross tax increment to 25% of gross increment. For fiscal years through 2008-2009, the Agency continued to make this voluntary five percent contribution. As noted above, on October 6, 2009, the Agency Board approved a temporary suspension of this policy for fiscal years 2009-2010 and 2010-2011 in order to provide funding for SERAF payments. Agency staff is now recommending that the amount of the voluntary 5% set aside for FY 2010-2011 be reduced by an additional \$204,764, for a total reduction of \$2,812,474.

KEY ISSUES AND IMPACTS**Impacts of Proposed Cuts**

The City's General Purpose Fund will be impacted by the projected reduction in gross tax increment because the AB1290 pass-through payments to taxing entities, including the City, will be reduced. The reduction in the pass through payment to the City for FY 2010-2011 is estimated to be \$2.25 million, and has been incorporated in the General Purpose Fund midcycle report.

As for the Agency, project and program rescheduling and cancellations may occur as a result of the reduction of tax increment revenues and reductions of staffing as proposed by the Agency.

Item: _____
ORA/City Council
April 29, 2010

Major fiscal impacts to the Agency related to both the loss of projected tax increment revenue and the SERAF payment include the following:

- 1) Reduction in appropriations for projects and programs will result in rescheduling or eliminating current redevelopment activities and will affect the Agency's capacity to implement new activities until priority projects are fully funded.
- 2) The use of fund balance will reduce the operating margins for the Agency; leave the Agency vulnerable to a continued decline in property values; and weaken the fiscal position of the Agency and make it more difficult and expensive to bond in the future.
- 3) Revenue reductions and SERAF payments from the LMIHF will substantially reduce funding available for affordable housing programs, including the Notice of Funding Availability (NOFA) for housing development, and the Mortgage Assistance Program for first-time homebuyers. Additional information on the impact to the LMIHF budget is provided below.

Changes to Low/Mod Housing Fund Budget

The reduction in tax increment revenues will cause a corresponding reduction in funding for the Low and Moderate Income Housing Fund, in the amount of \$7,193,464. Additionally, slightly more than half of the voluntary five percent (5%) contribution to the housing fund is allocated to the SERAF payment, in the amount of \$2,810,746 (most of which was anticipated in the adopted budget).

These reductions in tax increment will be offset by the following balancing measures:

- ◆ Personnel costs are reduced by \$377,985 due primarily to the already-adopted reductions in the offices of elected officials and savings from a reduction in fringe benefit rates.
- ◆ Staff proposes to reduce funding for the First-Time Homebuyer Program from \$2,500,000 to \$1,500,000 (a reduction of \$1,000,000). However, there is over \$4,000,000 available in the Central City East and West Oakland homebuyer program accounts. Staff proposes that in the coming year, the City's homebuyer program concentrate on those areas, which have a large inventory of unsold foreclosed homes available for purchase.
- ◆ Funding for the Citywide NOFA (not including Federal HOME funds) would be reduced from \$8,773,855 in the adopted budget to \$6,741,039.
- ◆ Incremental funding for dedicated programs in the Central City East and West Oakland areas would be reduced from \$5,572,132 in the adopted budget to \$1,587,707, reflecting the substantial drop in tax increment revenue in those areas. There is sufficient funding remaining from prior years in both those areas to continue the housing rehabilitation and other programs identified in their respective Five Year Implementation Plans.

Item: _____
ORA/City Council
April 29, 2010

Table B - Low/Mod Housing Fund – FY 2010-11 Adopted and Proposed Budgets

EXPENDITURES	ADOPTED	PROPOSED	CHANGE
SERAF Payment to State	\$2,607,712	\$2,812,474	204,762
Debt Service	\$7,851,418	\$7,851,418	0
Personnel	\$7,034,547	\$6,656,562	(377,985)
Operations & Maintenance	\$307,720	\$307,720	0
Citywide Homebuyer Program	\$2,500,000	\$1,500,000	(1,000,000)
EOCP Operations	\$296,000	\$296,000	0
Citywide NOFA	\$8,773,855	\$6,741,039	(2,032,816)
Central City East Incremental Funding	\$3,762,581	\$809,235	(2,953,346)
West Oakland Increment Funding	\$1,812,551	\$778,472	(1,034,079)
TOTAL	\$34,946,384	27,752,920	(7,193,464)

Suspension of the Voluntary 5% Set Aside

There are limits on what funds can be used to make the SERAF payment. Redevelopment Agency bond proceeds are not an eligible source and if the mandatory 20% LMIHF is used it must be repaid within five years.

In order to provide funding for the SERAF payment, on October 6, 2009, the Agency Board approved Resolution No. 2009-0090 reducing the amount of the voluntary 5% set aside for FY 2010-2011 by \$2,607,710. Staff estimates that the amount of the voluntary 5% set aside reduction should be adjusted to \$2,812,474. The balance of the 5% voluntary payment, \$2,669,713, will be transferred to the LMIHF.

As noted above, reductions in the voluntary 5% set aside will substantially reduce funding for affordable housing programs, the NOFA for housing development, and the Mortgage Assistance Program for first-time homebuyers.

Agency Spending Priorities – “Back to Basics”

In staff's report to the City Council and Agency Board presented on April 1, 2010, the issue of “back to basics” was discussed. These principles should be the foundation for future budget preparations.

Agency staff recommends that the process for developing budgets and identifying the optimal uses of bond proceeds be revamped. Agency staff should make recommendations to the Board as

Item: _____
 ORA/City Council
 April 29, 2010

to how money could best be used in City departments and how bond proceeds can be utilized to maximum advantage. Investment in projects that generate economic growth are key to the Agency's success in achieving its redevelopment objectives.

The current economic environment painfully illustrates the need to examine the Agency's approach to setting priorities, budgeting, and evaluating the effectiveness of funded programs. Identifying how the objectives of redevelopment – eradication of blight, economic stimulation, revitalization, generation of tax increment, creation of jobs, and economic equality and stability – can best be achieved within the constraints of available funds will guide policy makers in setting short and long-term goals and thus set priorities for how tax increment revenue should be used.

Agency staff has budgeting and spending priorities that are ranked below. Items 1 – 4 are mandated by state law and contractual obligations and must be paid in full before funding the next item. Funds remaining after making mandatory payments are used to invest in the Agency's core activities, which include elimination of blight, economic stimulation, and revitalization. These priorities include:

1. AB1290 pass through payments to taxing entities within the redevelopment areas
2. LMIHF 20% mandatory set-aside
3. Debt service payments
4. Contractual obligations (funding commitments from disposition and development agreements and owner participation agreements)
5. Projects, programs, and operations to meet state requirements and administer the Agency
6. Personnel

Several City departments request funding from the Agency Board. In order for the Board to determine that the funding is appropriate, effective, and most importantly, aligned with established priorities, Agency staff should take an active role in developing the budget and monitoring how funds are spent. Departments need to track activities funded by tax increment and be held accountable to performance measures.

As for the use of bond proceeds, emphasis should be given to projects that will result in economic growth, as evidenced by tax increment expansion, job creation, revitalization, and sales tax generation. Using bond proceeds for private development can result in this economic growth.

Revamping the budgeting process and developing a policy on the use of bond proceeds will help the City achieve its redevelopment goals and make future bond offerings more attractive to investors. The Agency's ability to issue bonds at affordable rates will be enhanced.

Item: _____
ORA/City Council
April 29, 2010

POLICY DESCRIPTION**Low and Moderate Income Housing Fund**

Staff proposes that the LMIHF pay a portion of the required SERAF payment. This payment would come from the voluntary 5% set aside contribution. For FY 2009-2010, the entire amount of the voluntary 5% set aside was appropriated for the SERAF payment, along with a portion of the 2008-2009 voluntary set aside. For FY 2010-2011, Agency staff is recommending that \$2,812,474 of the voluntary \$5,482,187 be used to fund the payment. By taking funds from the voluntary contribution only, the Agency avoids any statutory obligation to repay these funds, which may not be feasible if revenues do not significantly improve. On the other hand, if revenues do improve significantly, the Agency would have the option to restore these funds to the LMIHF as an additional voluntary contribution.

Using a portion of the voluntary set aside to make the SERAF payment will substantially reduce new funding available for affordable housing programs, including the NOFA, and the Mortgage Assistance Program for first-time homebuyers.

SUSTAINABLE OPPORTUNITIES

The budget reductions and SERAF payment will reduce Agency resources for projects and programs and limit its ability to promote economic growth, environmental sustainability and social equity in Oakland.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no opportunities for disability and senior access. The budget reductions and SERAF payment will reduce Agency resources for projects and programs and limit its ability to promote disability and senior access in Oakland.

RECOMMENDATION(S) AND RATIONALE

The Agency needs to address the anticipated deficit caused by declining tax increment revenue with a combination of operational cuts, use of reserves, and a temporary suspension of a portion of the voluntary 5% set aside to the LMIHF.

For the project areas, staff is recommending personnel cuts of approximately \$2.2 million. Operating costs and carryforwards are recommended for cuts of approximately \$4.8 million and \$5.4 million, respectively. Operating costs and carryforwards will be reduced with a combination of reductions and redirection of funding from tax increment to the use of bond proceeds. The amount of operating costs and carryforwards that will be backfilled with bond proceeds is approximately \$3.4 million. A streetscape project will be funded from bond proceeds. In addition, staff is recommending the use of reserves in the amount of \$2.2 million to correct the

Item: _____
ORA/City Council
April 29, 2010

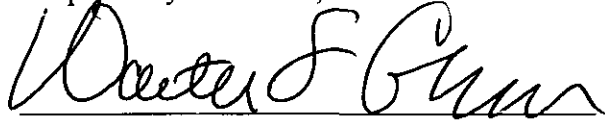
deficit. For the LMIHF, costs for personnel and other operating expenditures will be reduced by \$.4 million and \$7 million, respectively

On October 6, 2009, the Agency Board approved Resolution No. 2009-0090 reducing the amount of the voluntary 5% set aside for FY 2010-2011 by \$2,607,710. Staff estimates that the amount of the voluntary 5% set aside reduction should be adjusted to \$2,812,474.

ACTION REQUESTED OF THE AGENCY BOARD

Staff requests approval of the attached Agency Resolution amending the FY 2009-2011 Biennial Budget to revise revenue projections and appropriations and amending Resolution Nos. 2009-0090 and 01-85 C.M.S. to provide for an additional amount to be deducted from the voluntary 5% set-aside to the LMIHF for the purpose of funding the SERAF payment.

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Gregory D. Hunter, Deputy Director
Economic Development and Redevelopment

Michele Byrd, Deputy Director
Housing and Community Development

Prepared by:
Patrick Lane, Larry Gallegos, Al Auletta, Jeffrey Levin,
Sarah Ragsdale

APPROVED AND FORWARDED TO THE
CITY COUNCIL/AGENCY BOARD:



Office of the City/Agency Administrator

Item: _____
ORA/City Council
April 29, 2010

ORA Budget Overview
FY 2010-2011

ATTACHMENT A

	Fund/Project Area									Total Project Areas	9580 Low/ Moderate Housing	Total Project Areas + LMIHF
	9450 Coliseum	9501 Acorn	9510 Central District	9529 Broadway/ McArthur/ San Pablo	9540 Central City East	9546 Oak Knoll	9559 Stanford/ Adeline	9570 Oakland Army Base	9590 West Oakland			
Revised FY 2010-2011 tax increment	24,718,646	1,404,708	56,514,644	5,272,433	9,444,493	1,310,519	-	6,256,022	4,722,273	109,643,738		109,643,738
Other revenue:												
Repayment from LMIHF			350,000							350,000		350,000
Interest income	549,210	57,010	93,510	125,000	483,000			200,000	120,000	1,627,730	150,000	1,777,730
Miscellaneous			200,000							200,000	200,000	400,000
Mandatory payments, as revised:												
AB 1290 set-aside	(5,739,092)		(4,880,781)	(1,054,490)	(1,888,900)	(262,100)		(1,251,200)	(944,450)	(16,021,013)		(16,021,013)
SERAF set-aside	(1,114,704)	(125,232)	(3,051,978)	(276,184)	(313,005)	(85,680)		(409,008)	(308,735)	(5,684,526)	(2,812,474)	(8,497,000)
Annual debt service	(6,846,730)		(25,838,930)	(1,153,410)	(5,123,760)		(77,070)			(39,039,900)	(7,851,418)	(46,891,318)
Mandatory 20% LMIHF set-aside	(4,943,729)	(280,942)	(11,302,929)	(1,054,487)	(1,888,899)	(262,104)	-	(1,251,204)	(944,455)	(21,928,748)	21,928,748	0
Voluntary 5% LMIHF set-aside	(1,235,932)	(70,235)	(2,825,732)	(263,622)	(472,225)	(65,526)	-	(312,801)	(236,114)	(5,482,187)	5,482,187	0
Net available for programs/projects	5,387,669	985,309	9,257,804	1,595,241	240,705	635,109	(77,070)	3,231,809	2,408,520	23,665,095	17,097,043	40,762,138
Personnel expenditures per original budget	(4,935,309)	(257,001)	(7,741,455)	(1,131,866)	(4,005,705)	(348,298)	(27,745)	(1,413,128)	(1,802,883)	(21,663,390)	(7,046,001)	(28,709,391)
Non-personnel expenditures per original budget	(4,003,462)	(706,274)	(2,603,642)	(984,959)	(3,630,903)	(9,578)		(1,952,319)	(2,905,452)	(16,796,589)	(17,460,707)	(34,257,296)
Net surplus/(deficit) -	(3,551,103)	22,034	(1,087,293)	(521,584)	(7,395,903)	277,233	(104,815)	(133,639)	(2,299,815)	(14,794,885)	(7,409,665)	(22,204,550)
Balancing measures:												
Reductions in personnel costs	763,231	(145,257)	(584,147)	43,199	1,841,624	(3,299)	27,745	(170,429)	459,339	2,232,006	389,439	2,621,445
Reductions in operating expenditures	2,348,959	123,223	100,000		438,000	(273,934)		304,068	1,840,476	4,880,791	7,020,226	11,901,017
Cancellation of carryovers	438,913			478,386	4,519,442					5,436,741		5,436,741
Transfers from fund balance	-		1,571,440		596,837		77,070			2,245,347		2,245,347
Net balancing measures:	3,551,103	(22,034)	1,087,293	521,585	7,395,903	(277,233)	104,815	133,639	2,299,815	14,794,885	7,409,665	22,204,550

**Proposed Personnel Savings
FY 2010-2011**

ATTACHMENT B

Department	Original Budget	Personnel Cuts	Overhead Changes	Change in Fringe	Revised Budget	Net Increase/ (Decrease)
Mayor	\$ 482,280			(5,729)	476,551	(5,729)
City Council	1,652,471	(402,029)		(7,402)	1,243,040	(409,431)
City Administrator	1,577,110			(31,890)	1,545,220	(31,890)
City Attorney	3,745,720			(54,760)	3,690,960	(54,760)
City Clerk	274,449			(5,689)	268,760	(5,689)
Public Works	876,980	(123,763)		(15,064)	738,153	(138,827)
Finance & Management	880,430	(256,941)		(3,450)	620,039	(260,391)
Human Services	548,290			(7,450)	540,840	(7,450)
Police Services	3,535,070			(102,011)	3,433,059	(102,011)
Community & Economic Development	15,136,592	(1,722,062)	200,020	(83,225)	13,531,325	(1,605,267)
Totals	\$ 28,709,392	\$ (2,504,795)	\$ 200,020	\$ (316,670)	\$ 26,087,947	\$ (2,621,445)

ATTACHMENT B

AGENCY RESOLUTION AMENDING THE BIENNIAL BUDGET FOR FISCAL YEARS 2009-11 TO REVISE REVENUE PROJECTIONS AND APPROPRIATIONS FOR FISCAL YEAR 2010-2011, AND AMENDING THE BUDGET AND RESOLUTION NOS. 01-85 AND 09-0090 TO PROVIDE FOR A PORTION OF THE PAYMENTS TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND TO COME FROM THE AGENCY'S ADDITIONAL FIVE PERCENT CONTRIBUTION TO THE LOW AND MODERATE INCOME HOUSING FUND

EXHIBIT A

(attached)

Exhibit A

Budget Adjustments for Tax Increment Revenue and Mandatory Payments

FY 2010-2011

Fund/Project Area										Total Project Areas	9580 Low/ Moderate Housing	Total Project Areas + LMIHF
9450	9501	9510	9529	9540	9546	9559	9570	9590				
Coliseum	Acorn	Central District	Broadway/ McArthur/ San Pablo	Central City East	Oak Knoll	Stanford/ Adeline	Oakland Army Base	West Oakland				

BUDGET CHANGES

Changes in tax increment	(11,157,704)	95,278	2,175,444	(940,107)	(14,295,557)	392,129	(174,140)	(125,498)	(4,330,417)	(28,360,572)	-	(28,360,572)
Changes in mandatory payments:	-	-	-	-	-	-	-	-	-	-	-	-
AB 1290 set-aside	4,142,718	-	(504,771)	188,020	2,859,110	(78,420)	-	25,100	866,090	7,497,847	-	7,497,847
SERAF set-aside	124,666	(53,162)	(367,098)	(29,044)	654,535	(47,950)	9,710	(148,928)	62,035	204,764	(204,764)	-
Annual debt service	-	-	-	-	-	-	(77,070)	-	-	(77,070)	-	(77,070)
Mandatory 20% LMIHF set-aside	2,231,541	(19,052)	(435,089)	188,023	2,859,111	(78,424)	34,830	25,086	866,085	5,672,112	(5,672,112)	0
Voluntary 5% LMIHF set-aside	557,888	(4,765)	(108,772)	47,008	714,775	(19,606)	8,710	6,279	216,516	1,418,033	(1,418,033)	0

PER ADOPTED BUDGET

Original FY 2010-2011 tax increment	35,876,350	1,309,430	54,339,200	6,212,540	23,740,050	918,390	174,140	6,381,520	9,052,690	138,004,310	-	138,004,310
Original mandatory payments:	-	-	-	-	-	-	-	-	-	-	-	-
AB 1290 set-aside	(9,881,810)	-	(4,376,010)	(1,242,510)	(4,748,010)	(183,680)	-	(1,276,300)	(1,810,540)	(23,518,860)	-	(23,518,860)
SERAF set-aside	(1,239,370)	(72,070)	(2,684,880)	(247,140)	(967,540)	(37,730)	(9,710)	(260,080)	(370,770)	(5,889,290)	(2,607,710)	(8,497,000)
Annual debt service	(6,846,730)	-	(25,838,930)	(1,153,410)	(5,123,760)	-	-	-	-	(38,962,830)	(7,851,418)	(46,814,248)
Mandatory 20% LMIHF set-aside	(7,175,270)	(261,890)	(10,867,840)	(1,242,510)	(4,748,010)	(183,680)	(34,830)	(1,276,290)	(1,810,540)	(27,600,860)	27,600,860	-
Voluntary 5% LMIHF set-aside	(1,793,820)	(65,470)	(2,716,960)	(310,630)	(1,187,000)	(45,920)	(8,710)	(319,080)	(452,630)	(6,900,220)	6,900,220	-

AS REVISED

Revised FY 2010-2011 tax increment	24,718,646	1,404,708	56,514,644	5,272,433	9,444,493	1,310,519	-	6,256,022	4,722,273	109,643,738	-	109,643,738
Revised mandatory payments:	-	-	-	-	-	-	-	-	-	-	-	-
AB 1290 set-aside	(5,739,092)	-	(4,880,781)	(1,054,490)	(1,888,900)	(262,100)	-	(1,251,200)	(944,450)	(16,021,013)	-	(16,021,013)
SERAF set-aside	(1,114,704)	(125,232)	(3,051,978)	(276,184)	(313,005)	(85,680)	-	(409,008)	(308,735)	(5,684,526)	(2,812,474)	(8,497,000)
Annual debt service	(6,846,730)	-	(25,838,930)	(1,153,410)	(5,123,760)	-	(77,070)	-	-	(39,039,900)	(7,851,418)	(46,891,318)
Mandatory 20% LMIHF set-aside	(4,943,729)	(280,942)	(11,302,929)	(1,054,487)	(1,888,899)	(262,104)	-	(1,251,204)	(944,455)	(21,928,748)	21,928,748	0
Voluntary 5% LMIHF set-aside	(1,235,932)	(70,235)	(2,825,732)	(263,622)	(472,225)	(65,526)	-	(312,801)	(236,114)	(5,482,187)	5,482,187	0

AGENCY RESOLUTION AMENDING THE BIENNIAL BUDGET FOR FISCAL YEARS 2009-11 TO REVISE REVENUE PROJECTIONS AND APPROPRIATIONS FOR FISCAL YEAR 2010-2011, AND AMENDING THE BUDGET AND RESOLUTION NOS. 01-85 AND 09-0090 TO PROVIDE FOR A PORTION OF THE PAYMENTS TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND TO COME FROM THE AGENCY'S ADDITIONAL FIVE PERCENT CONTRIBUTION TO THE LOW AND MODERATE INCOME HOUSING FUND

EXHIBIT B

(attached)

Exhibit B
Budget Reductions - Non-Personnel Costs

Fund		Decrease/ (increase)	Fund	Org	Project	Account
9450	Coliseum					
	Reduction of O&M	57,484	9450	88559	S82600	53316
	Miscellaneous costs - unspecified projects	1,191,475	9450	88659	S82600	52921
	Commercial security services	100,000	9450	88659	S354010	53719
	Contract contingencies - unspecified projects	500,000	9450	88659	S82600	54011
	Professional services - unspecified projects	400,000	9450	88659	S82600	54930
	Carryover - commercial security services	100,000	9450	88659	S354010	78811
	Carryover - unspecified projects	<u>438,913</u>	9450	88559	S82600	78811
	COLISEUM	2,787,872				
9501	Acorn					
	Contract contingencies - unspecified projects	<u>123,223</u>	9501	88679	S00400	54011
	ACORN	123,223				
9510	Central District					
	Miscellaneous costs - Marketing	100,000	9510	88712/63011	S00800	52921
	Transfer from fund balance	<u>1,571,440</u>	9510	08111	0000000	49112
	CENTRAL DISTRICT	1,671,440				
9527	School Set-Aside					
	81st Avenue Library - carryforward	250,000	9527	88659	P210410	78811
	81st Avenue Library - appropriate carryforward	<u>(250,000)</u>	9527	88659	T274510	57212
	SCHOOL-ASIDE					
9529	Broadway/MacArthur/San Pablo					
	Miscellaneous costs - unspecified projects	<u>478,386</u>	9529	88669	P187510	52921
	BROADWAY/MACARTHUR/SAN PABLO	478,386				
9533	Central District TAB 2005					
	Oakland Ice Center - carryforward	100,000	9533	94800	P131230	78811
	Uptown Garage - improvements	<u>(100,000)</u>	9533	94800	P128670	57212
	CENTRAL DISTRICT TAB 2005					

Exhibit B
Budget Reductions - Non-Personnel Costs

Fund	Decrease/ (increase)	Fund	Org	Project	Account
9540					
Central City East - Operating					
Miscellaneous costs - unspecified projects	75,000	9540	88699	0000000	53719
Suspension of public arts contribution	238,000	9540	88699	0000000	53719
Miscellaneous costs - public safety	125,000	9540	88699	T367410	53719
Melrose/Bancroft Streetscape - carryforward	3,309,758	9540	88699	S233377	78811
Repayment agreement	113,256	9540	92228	S233310	78811
14th Ave Streetscape - carryforward	1,096,428	9540	88699	S233374	78811
Transfer from fund balance	<u>596,837</u>	9540	08111	0000000	49112
CENTRAL CITY EAST - OPERATING	5,554,279		580656		
9543					
Central City East - Capital					
Land acquisition	3,394,564	9543	88699	S233351	57120
Professional services - Melrose/Bancroft Project	(3,394,564)	9543	88699	S400310	54930
Land acquisition	1,096,428	9543	88699	S233351	57120
Professional services - 14th Ave Streetscape	<u>(1,096,428)</u>	9543	88699	S400310	54930
CENTRAL CITY EAST - CAPITAL	-				
9546					
Oak Knoll					
Miscellaneous operating expenditures	<u>(273,934)</u>	9546	88699	S315110	52921
OAK KNOLL	(273,934)				
9559					
Stanford/Adeline					
Transfer from fund balance	<u>77,070</u>	9559	08111	0000000	78811
STANFORD/ADELINE	77,070				
9570					
Oakland Army Base					
Miscellaneous costs - Bay Bridge Gateway	13,140	9570	88559	P235310	52921
Miscellaneous costs - Army Base Redevelopment	18,798	9570	88679	S235320	52921
Street construction - North Gateway	<u>272,130</u>	9570	88679	S235321	57411
OAKLAND ARMY BASE	304,068				
9590					
West Oakland					
Contract contingencies - West Oakland repayment	<u>1,840,476</u>	9590	88679	S233510	54011
WEST OAKLAND	1,840,476				

Exhibit B
Budget Reductions - Non-Personnel Costs

Fund	Decrease/ (increase)	Fund	Org	Project	Account
9580 Low Moderate Income Housing Fund					
Reduce funding for low/moderate housing activities	6,020,226	9580	88929	P209310	58312
Reduce funding for homebuyer program	<u>1,000,000</u>	9580	88989	L07700	58312
LOW MODERATE INCOME HOUSING	7,020,226				
	19,583,106				

AGENCY RESOLUTION AMENDING THE BIENNIAL BUDGET FOR FISCAL YEARS 2009-11 TO REVISE REVENUE PROJECTIONS AND APPROPRIATIONS FOR FISCAL YEAR 2010-2011, AND AMENDING THE BUDGET AND RESOLUTION NOS. 01-85 AND 09-0090 TO PROVIDE FOR A PORTION OF THE PAYMENTS TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND TO COME FROM THE AGENCY'S ADDITIONAL FIVE PERCENT CONTRIBUTION TO THE LOW AND MODERATE INCOME HOUSING FUND

EXHIBIT C

(attached)

EXHIBIT C
Proposed Personnel Changes

	FY 2010-11 Adopted FTE	FY 2010-11 Amended FTE	Change FTE	% Change FTE
Mayor				
Subtotal (All Positions)	1.65	1.65	<u>-</u>	0%
City Council				
Senior Council Policy Analyst	1.95	-	(1.95)	
Subtotal (All Positions)	9.71	7.76	<u>(1.95)</u>	-20%
City Administrator				
Subtotal (All Positions)	11.61	11.61	<u>-</u>	0%
City Attorney				
Subtotal (All Positions)	12.85	12.85	<u>-</u>	0%
City Clerk				
Subtotal (All Positions)	2.31	2.31	<u>-</u>	0%
Finance & Management				
Accountant III	2.00	1.00	(1.00)	
Supervising Accountant	1.00	-	(1.00)	
Subtotal (All Positions)	5.10	3.10	<u>(2.00)</u>	-39%
Human Services				
Subtotal (All Positions)	4.15	4.15	<u>-</u>	0%
Police Services				
Subtotal (All Positions)	17.18	17.18	<u>-</u>	0%
Public Works				
Street Maintenance Leader	3.00	2.00	(1.00)	
Subtotal (All Positions)	8.00	7.00	<u>(1.00)</u>	-13%

Individual classifications are shown only where there are changes in authorized personnel for that classification.
Subtotals are presented for all staffing in each Agency/Department.

EXHIBIT C
Proposed Personnel Changes

	FY 2010-11 Adopted FTE	FY 2010-11 Amended FTE	Change FTE	% Change FTE
Community and Economic Development				
Account Clerk	1.00	0.50	(0.50)	
Administrative Analyst II	2.10	1.96	(0.14)	
Community Development Program Coordinator	1.00	-	(1.00)	
Development/Redevelopment Program Manager	6.33	6.93	0.60	
Housing Development Coordinator IV	2.65	3.65	1.00	
Planner III	1.25	2.00	0.75	
Planner IV	1.20	-	(1.20)	
Program Analyst	0.28	1.28	1.00	
Program Analyst II PPT	0.50	-	(0.50)	
Program Analyst II	1.00	-	(1.00)	
Program Analyst III	2.25	2.25	-	
Program Analyst PPT	0.40	-	(0.40)	
Real Estate Agent	4.25	2.36	(1.89)	
Special Events Coordinator	2.00	1.00	(1.00)	
Student Trainee, PT	4.50	4.00	(0.50)	
Urban Economic Analyst I	4.00	2.00	(2.00)	
Urban Economic Analyst II	5.00	4.00	(1.00)	
Urban Economic Analyst III	10.65	12.00	1.35	
Urban Economic Analyst IV	9.00	7.72	(1.28)	
Urban Economic Coordinator	6.60	4.00	(2.60)	
Subtotal (All Positions)	97.68	87.37	(10.31)	-11%
Total Authorized Personnel	170.24	154.98	(15.26)	9%

Individual classifications are shown only where there are changes in authorized personnel for that classification.
Subtotals are presented for all staffing in each Agency/Department.

2010 APR 15 PM 5:14

DRAFT

Approved: **DRAFT** Finance and Legal

By: _____
Agency Counsel

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

Resolution No. _____ C.M.S.

AGENCY RESOLUTION AMENDING THE BIENNIAL BUDGET FOR FISCAL YEARS 2009-11 TO REVISE REVENUE PROJECTIONS AND APPROPRIATIONS FOR FISCAL YEAR 2010-2011, AND AMENDING THE BUDGET AND RESOLUTION NOS. 01-85 AND 09-0090 TO PROVIDE FOR A PORTION OF THE PAYMENTS TO THE SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND TO COME FROM THE AGENCY'S ADDITIONAL FIVE PERCENT CONTRIBUTION TO THE LOW AND MODERATE INCOME HOUSING FUND

WHEREAS, the Agency adopted its biennial budget for Fiscal Years 2009-2011 on June 30, 2009, Resolution No. 2009-0072 C.M.S.; and

WHEREAS, the state legislature passed AB 26 4x in July, 2009 as a budget balancing measure, which requires redevelopment agencies, including the Redevelopment Agency of the City of Oakland, to make payments to a Supplemental Educational Revenue Augmentation Fund ("SERAF"); and

WHEREAS, Oakland's required contribution to SERAF would be \$8,497,000 for FY 2010-11; and

WHEREAS, on December 11, 2001, the Redevelopment Agency adopted Resolution Number 01-85 C.M.S. to provide for the deposit annually into the Low and Moderate Income Housing Fund (LMIHF) of an additional amount equal to five percent of the gross tax increment revenues from all redevelopment project areas, if certain conditions are met; and

WHEREAS, payment of the entire SERAF payment from non-housing Agency funds would jeopardize the Agency's ability to carry out other priority redevelopment activities; and

WHEREAS, on October 6, 2009, the Agency approved Resolution No. 2009-0090 C.M.S., amending Resolution No.01-85 by reducing the Agency's annual contribution of funds to the LMIHF for FY 2010-2011 by \$2,607,710 in order to allow this amount to be used to pay a portion of the SERAF, should such payments be required; and

WHEREAS, based on a recent collections and projections from the County on assessed valuations for properties in Oakland's redevelopment project areas, there are revised revenue projections that require adjustments to the Agency budget; now, therefore be it

RESOLVED: That the Agency hereby amends its biennial budget for Fiscal Years 2009-2011 as provided for in Exhibits A, B and C, attached to this Resolution; and be it further

RESOLVED: That the Redevelopment Agency hereby amends Resolution Number 01-85 C.M.S. to reduce the Agency's additional contribution of funds to the LMIHF for FY 2010-11 by an additional \$ 204,764, for a combined reduction in the amount of \$ 2,812,474 in order to allow this amount to be used to pay a portion of the SERAF, should such payments be required; and be it further

RESOLVED: That this reduction in the LMIHF, which is authorized solely for the purpose of making the state-required SERAF payment, in no way changes the Redevelopment Agency's commitment to its policy of voluntarily contributing an additional five percent of gross tax increment to the LMIHF in subsequent years when SERAF payments are not required, and that any necessary reductions for FY 2010-11 may be made solely for this purpose; and be it further

RESOLVED: That any savings that may be realized by additional reductions in the share of personnel costs funded by the LMIHF shall be reallocated to the Mortgage Assistance Program (Project L07700) and the Housing Development Program (Project P209310).

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, AND
CHAIRPERSON BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

LaTonda Simmons
Secretary of the Redevelopment Agency of the
City of Oakland, California