

City Agencies

Civic San Diego

CivicSD assists the City in its role as the Successor Agency and Successor Housing Entity for purposes of winding down the former RDA's operations; making payments on enforceable obligations; and liquidating the Agency's unencumbered assets for distribution to the County, City, school districts, and other local taxing entities.

CivicSD's also provides non-Successor Agency functions, including:

- Providing planning and permitting services for Downtown;
- Managing the Downtown Parking District; and
- Conducting economic development and neighborhood investment activities (including seeking grants and other new revenue sources for these activities; and
- Providing other as-needed services for the City.

CivicSD Background

As a result of the dissolution of California Redevelopment Agencies (RDA) on February 1, 2012, the Centre City Development Corporation (CCDC) was renamed and transitioned into a non-profit public benefit corporation, Civic San Diego (CivicSD), in June 2012. The Southeastern Economic Development Corporation (SEDC) initially became a subsidiary corporation of Civic SD; the two corporations were ultimately merged in early 2013.

FY 2015 Budget

CivicSD develops an annual budget to be incorporated into the City's Budget. CivicSD's FY 2015 Proposed Budget was approved by its Board of Directors on March 26, 2014, and is posted on its website.

As shown below, the FY 2015 Proposed Budget totals about \$6.7 million, an increase of 8.8% or \$595,000 over the FY 2014 Adopted Budget. The Proposed Budget in-

SUMMARY - CIVICSD BUDGET CHANGES				
	FTE	PE	NPE	TOTAL
FY 2014 Budget	32.00	\$ 3,980,000	\$ 2,165,000	\$ 6,145,000
Mayor's Fiscal Year 2015 Proposed Budget Changes				
Successor Agency Administrative Budget	10.06	\$ 1,199,148	\$ 565,921	\$ 1,765,069
Housing Successor Agency Administrative Budget	3.02	394,468	167,722	562,190
Enforceable Obligations and Project Management	9.07	1,192,287	500,232	1,692,519
Planning and Permitting	5.95	\$ 649,378	\$ 319,382	\$ 968,760
Parking District Administration	3.85	469,436	213,298	682,734
Economic Development and New Market Tax Credit	2.04	299,549	191,930	491,479
Other Functions	0.62	135,734	441,515	577,249
Mayor's Fiscal Year 2015 Proposed Budget	35.00	\$ 4,340,000	\$ 2,400,000	\$ 6,740,000
<i>Difference from FY 2014 to FY 2015</i>	<i>3.00</i>	<i>\$ 360,000</i>	<i>\$ 235,000</i>	<i>\$ 595,000</i>

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cludes 35.00 FTEs, an addition of 3.00 FTEs over FY 2014, and PE of \$360,000. NPE increased by \$235,000 over FY 2014 primarily due to increases in Professional/ Consulting Services, Insurance, Reproductions Expense, Relocating/Recruiting Expense, and Professional Development. The increase in NPE was offset by decreases in Rent-Office, Rent -Equipment, Telephone/Communications, Business Expense, and Postage.

FY 2015 Revenues

Projected revenues for FY 2015 are about \$6,7 million. Note that all of CivicSD's functions are tied to specific funding sources. As shown in the table below, about 51% or \$3.4 million in Redevelopment Property Tax Trust Fund (RPTTF) from the Successor Agency. This includes about \$1.7 million from the 3% administrative cost allowance and \$1.7 million for project management of enforceable obligations. The City's FY 2015 Proposed Budget includes \$250,000 from the General Fund for CivicSD to conduct

economic development activities, including pursuing other new revenue sources, such as the establishment of Investment funds and other potential public-private partnerships. The City also has budgeted \$50,000 in the Environmental Services Department for CivicSD to provide maintenance of the downtown public restrooms (Portland Loos adjacent to Tailgate Park in the East Village) (\$25,000) and port-a-potties (\$25,000).

Subtenant Rent Revenue is also being allocated to all functions to ensure that entities are not overbilled for their share of the rent expenditures.

Total projected revenues for FY 2015 are about \$54,000 less than expenditures. As discussed later in this section, CivicSD has requested about \$275,000 in additional funding from the City for FY 2015 to conduct long-range planning, community, engagement, and other activities. CivicSD also has a reserve of \$300,000 that can be utilized to cover the deficit if other revenue

CIVICSD FY 2015 PROJECTED REVENUES		
Revenues	Dollars	Percentage
Successor Agency (Administrative Cost Allowance and Project Management from RPTTF)	\$ 3,374,854	50.5%
Successor Housing Entity (lease/rent payments made on properties of the Successor Housing Entity, the City)	\$ 548,965	8.2%
Planning and Permitting Fees	\$ 950,000	14%
Downtown Parking District (City's parking meter and related revenues)	\$ 665,916	10.0%
City's General Fund (Economic Development Department)	\$ 250,000	3.7%
City's General Fund (Environmental Services Department)	\$ 50,000	0.7%
New Market Tax Credit Fund (Fees earned from deals for projects)	\$ 175,000	2.6%
Other Revenues:		
<i>Deposit Revenue (Developers)</i>	\$ 100,000	1.5%
<i>FAR Bonus Fees (Fees paid by developers for East Village Green Design)</i>	\$ 123,000	1.8%
<i>SANDAG Grant Program (for East Village Green Design)</i>	\$ 300,000	4.5%
<i>Subtenant Revenue</i>	\$ 148,000	2.2%
Total Revenue	\$ 6,685,735	100.0%
Expenditures	\$ 6,740,000	
<i>Difference</i>	\$ (54,265)	

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SUMMARY OF CHANGES TO CIVICSD BUDGET BY FUNCTION				
	FY 2014	FY 2015	\$ Change	% Change
Successor Agency (Administration and Project Management)	\$ 3,573,895	\$ 3,457,588	\$ (116,307)	-3.4%
Successor Housing Entity	479,430	562,190	\$ 82,760	14.7%
Planning and Permitting	999,189	968,760	\$ (30,429)	-3.1%
Parking District Administration	403,357	682,734	\$ 279,377	40.9%
Economic Development and New Market Tax Credits	369,116	491,479	\$ 122,363	24.9%
Deposits/Other Functions	320,013	577,249	\$ 257,236	44.6%
Total Expenditures	\$ 6,145,000	\$ 6,740,000	\$ 595,000	8.8%

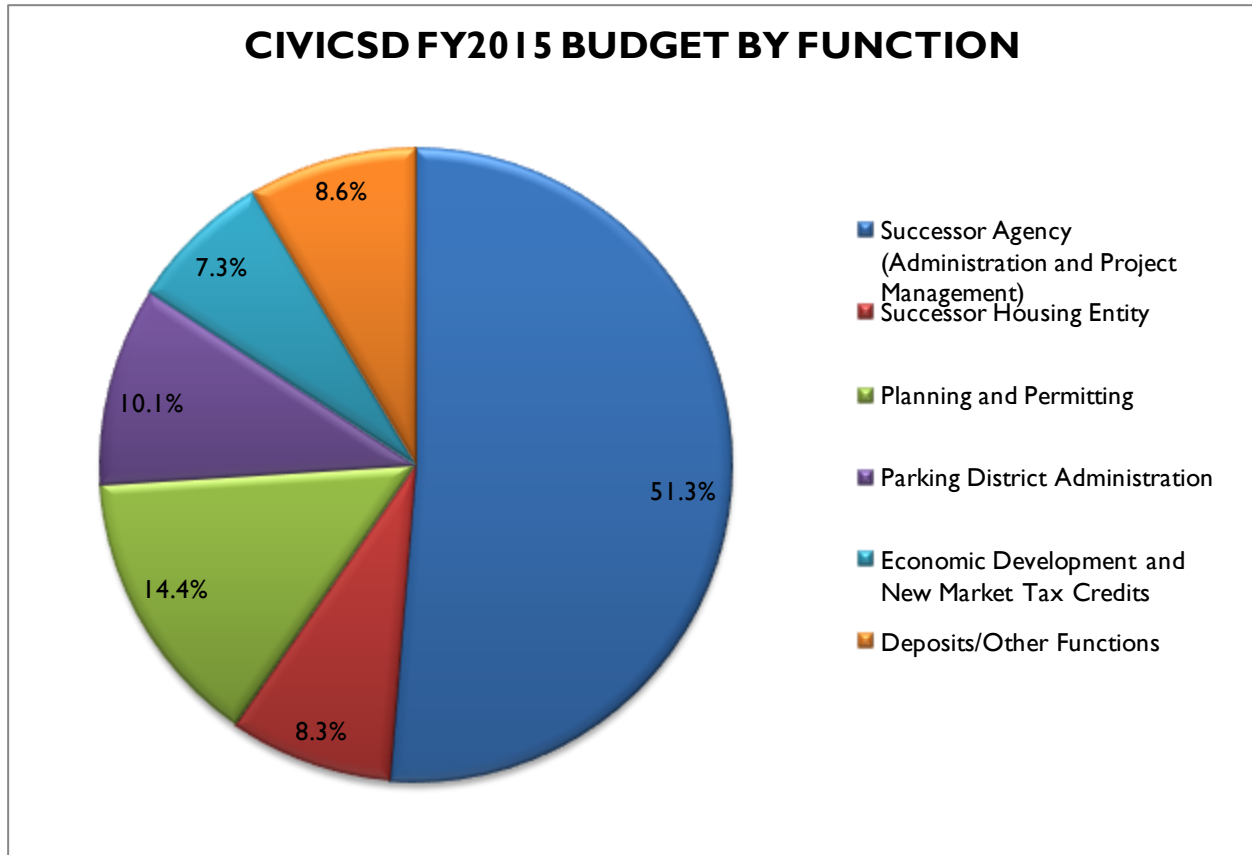
sources are not secured.

Budget by Function

About \$3.5 million or 51.3% of CivicSD's total proposed expenditures is for providing administrative and project management support for the Successor Agency, compared with \$3.6 million or 58.2% of the total FY 2014 Budget, as shown in the table above. Highlights of budgetary changes are discussed under each function.

Successor Agency (Administration and Project Management) and Housing Successor Entity

Based on its consulting agreement with the City, CivicSD is responsible for assisting with Successor Agency functions, including administering existing contracts, processing payments, preparing a Recognized Obligation Payment Schedule (ROPS) for each 6-month period, coordinating with the State Department of Finance (DOF), providing



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CIVICSD'S SUCCESSOR AGENCY AND HOUSING SUCCESSOR ENTITY BUDGETS				
	FY2014	FY 2015	\$ CHANGE	% CHANGE
Successor Agency				
Administrative	\$ 1,627,528	\$ 1,765,069	\$ 137,541	8.5%
Project Management	1,946,367	1,692,519	(253,848)	-13.0%
Successor Agency Subtotal	\$ 3,573,895	\$ 3,457,588	\$ (116,307)	-3.3%
Housing Successor Agency	\$ 479,430	\$ 562,190	\$ 82,760	17.3%
TOTAL SUCCESSOR AGENCY AND HOUSING ENTITY	\$ 4,053,325	\$ 4,019,778	\$ (33,547)	-0.8%

project management, and various other duties as needed for the wind down.

As discussed in the Successor Agency section of this report, the FY 2015 Successor Agency Budget totals about \$6.5 million. CivicSD's portion is about \$3.5 million or 54% of the total Successor Agency Budget.

As shown below, CivicSD's budget for the Successor Agency and Housing Successor Entity includes 22.15 FTEs which represents a net increase of 1.08 FTEs or 5% over FY 2014.

The primary adjustment affecting the Successor Agency and Successor Housing Entity FY 2015 Proposed Budgets are increases in NPE due to the addition of (their respective portions of) CivicSD's lease/rent expense. Previously, this had been included as a separate line item on the ROPS and paid with RPTTF (formerly known as tax increment). However, per the DOF's final

determination of ROPS 4, rent is no longer considered an enforceable obligation and is considered an administrative expense. This change is reflected in the FY 2015 Proposed Budget:

- \$244,000 increase for Rent-Office in Successor Agency Administration;
- \$70,000 increase for Rent-Office in Successor Housing Entity Administration; and
- \$435,000 decrease for Rent-Office in Enforceable Obligations and Project Management due to rent expense being reprogrammed from this function to the administration budget.

Projected revenue equals budgeted expenditures of \$4.0 million for the Successor Agency (Administration and Project Management) and Successor Housing Entity functions.

CIVICSD'S SUCCESSOR AGENCY AND HOUSING SUCCESSOR ENTITY POSITIONS				
	FY2014	FY 2015	CHANGE	% CHANGE
Successor Agency				
Administration	10.56	10.06	(0.50)	-4.7%
Enforceable Obligations and Project Management	7.62	9.07	1.45	19.0%
Successor Agency Subtotal	18.18	19.13	0.95	5.2%
Housing Successor Entity Administration	2.89	3.02	0.13	4.5%
TOTAL SUCCESSOR AGENCY AND HOUSING ENTITY	21.07	22.15	1.08	5.1%

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SUMMARY OF CHANGES IN BUDGET FOR NON-SUCCESSOR AGENCY FUNCTIONS				
	FY2014	FY 2015	\$ CHANGE	% CHANGE
Planning and Permitting	\$ 999,189	\$ 968,760	\$ (30,429)	-3.0%
Parking District Administration	403,357	682,734	279,377	69.3%
Economic Development and New Market Tax Credits	369,116	491,479	122,363	33.2%
Deposits/Other Functions	320,013	577,249	257,236	80.4%
Total Expenditures	\$ 2,091,675	\$ 2,720,222	\$ 628,547	30.0%

Downtown Planning and Permitting

As shown in the table above, the FY 2015 Proposed Budget includes \$969,000 for Planning and Permitting, a decrease of \$30,000 or 3% from FY 2014. This is attributable to a \$42,000 decrease in NPE which is offset by a \$12,000 increase in PE for Salaries and Benefits. Positions have increased by 0.18 FTEs for a total of 5.95 FTEs in FY 2015.

FY 2015 projected revenues total about \$972,00 for this function. Prior to redevelopment dissolution, this function was funded with tax increment. To fund these activities post-redevelopment, the City Council approved an application fee schedule for the Downtown Community Plan area in May 2012 which became effective July 1, 2012. The fee schedule enables CivicSD to recover costs associated with providing the development review functions for the City.

Downtown Parking District Administration

Since 1997, the Corporation has had a

Memorandum of Understanding with the City to act as the Downtown Community Parking Advisory Board (DCPD) to invest in and manage public parking assets. Council Policy 100-18 governs the activities of the DCPD and establishes allowable uses for funds, including: increasing and managing the existing supply of public parking; calming traffic; reducing congestion; and providing pedestrian safety improvements.

As shown above, the FY 2015 Proposed Budget includes \$683,000 for Parking District Administration. This represents an increase of \$297,000 or 69% over FY 2014. The increase is primarily attributable to a \$201,000 increase in PE with an addition of 1.57 FTEs from 2.28 FTEs in FY 2014 to 3.85 FTEs in FY 2015.

CivicSD's expenditures associated with this function will be reimbursed by the City through the DCPD budget which is based on parking meter and related revenue. For FY 2015, projected revenue equals budgeted expenditures of about \$683,000.

SUMMARY OF CHANGES IN FTES FOR NON-SUCCESSOR AGENCY FUNCTIONS				
	FY2014	FY 2015	\$ CHANGE	% CHANGE
Planning and Permitting	5.77	5.95	0.18	3.1%
Parking District Administration	2.28	3.85	1.57	68.9%
Economic Development and New Market Tax Credits	1.56	2.04	0.48	30.8%
Deposits/Other Functions	1.32	0.62	(0.70)	-53.0%
Total Expenditures	10.93	12.46	1.53	14.0%

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Economic Development and New Market Tax Credits

CivicSD has a consulting agreement with the City to conduct economic development activities within the downtown and former SEDC areas. In addition, CivicSD is a registered Community Development Entity with the U.S. Treasury Department and is eligible to apply for and receive allocations of New Market Tax Credits (NMTC) to fund economic development projects.

The FY 2015 Proposed Budget for this function is \$491,000, an increase of \$122,000 or 33% over FY 2014. This is due to the increase of 0.48 FTEs and related expenses from 1.56 FTE in FY 2104 to 2.04 FTEs in FY 2015. Additional staff time has been programmed for implementation of the NMTC program, including:

- Work on the 2012 NMTC allocation of \$35 million that was awarded in April 2013; and
- Preparation of the application for the 2014 NMTC round to be awarded in April 2015.

CivicSD applied for \$120 million in the 2013 NMTC allocation; however Congress has not yet re-authorized the funding for this allocation. If CivicSD receives an award, then additional staff may be needed.

Projected revenue to support economic development and NMTC activities totals \$425,000, including \$250,000 from the City's General Fund which is budgeted in the Planning and Economic Development Department. This also includes \$175,000 in fees earned from the 2012 NMTC allocation. Of the \$35 million that CivicSD was

awarded, it has closed a \$23 million deal for the Copley-Price YMCA project in City Heights. CivicSD is assessing projects to determine the best investment for the remaining \$12 million. Note that the fees are not earned until deals are completed.

Deposits/Other Functions

CivicSD's FY 2015 budget includes \$577,000 to provide services on special projects assigned by the City under its consulting agreement or projects funded through grants or other sources. For example, in FY 2014 CivicSD staff provided project management for the Downtown Public Restroom projects, also known as the Portland Loos. CivicSD also collects developer deposit fees associated with its planning function or when negotiating a projects to cover staff and consultant time.

The FY 2015 Proposed Budget represents an increase of \$257,000 or 80% over FY 2014. This is largely due to \$325,000 in consultant costs associated with the design of the East Village Green Park & 14th Promenade. These costs are partially funded with a SANDAG grant which was awarded to CivicSD in FY 2014.

Projected revenue to support Deposits/Other Functions totals about \$577,000. This includes \$50,000 from the City's General Fund which is budgeted in the Environmental Services Department for CivicSD to provide maintenance of the downtown public restrooms and port-a-potties.

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Issues for Consideration

Defining the Role of CivicSD and Revising the Consultant Agreement

During FY 2015, CivicSD plans to partner with the San Diego Housing Commission to create a public-private investment fund of \$50-100 million for investment in transit-oriented development in the City's low-income, underserved neighborhoods such as Encanto. The focus for this development would be affordable housing, economic growth, and social benefits.

This proposal would include expanding CivicSD's planning and permitting capability to targeted areas outside of downtown, which requires a change to its consulting agreement with the City. The proposed change is anticipated to go to Council for approval in FY 2015.

CivicSD Budget Request

CivicSD is requesting additional funding of \$275,000 to conduct long-range planning, community outreach and other priority activities, including:

- \$100,000 to conduct long-range and other planning activities downtown, including updating the Parks, Open Space, and Recreation Chapter of the Downtown Community Plan area; assessing parking ratios and policies, reviewing employment required overlay zones; and researching and preparing grant applications for continuing to implement the Downtown Community Plan.
- \$100,00 for community engagement and communications to effectively inform, update, and communicate with community stakeholders, residents, businesses, and organizations about the status of former

redevelopment projects, community needs, and priorities, and potential new funding that could benefit their neighborhoods.

- \$75,000 for adaptive reuse of the former Downtown Main Library to become an active and vibrant neighborhood center, resulting in increased property value for the City.

Mid-Year adjustment may be needed to increase staffing levels if workload demands increase. CivicSD's workload could potentially be increased by one or all of the following:

- Receiving an allocation of FY 2013 New Market Tax Credits;
- Authorization and funding by the City to assign specialized planning and permitting authority for targeted urban areas outside of downtown to facilitate transit-oriented development and neighborhood investment; and
- The identification of new sources to fund community engagement, neighborhood infrastructure improvements, and/or public-private partnerships.