

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES FOR MAY 2011

Reports Highlighted for the Month of May 2011:

[Report No. 11-28](#) (5/9/11)
[Executive Summary](#) (5/9/11)
“Fiscal Year 2012 Proposed
Redevelopment Agency
Report”

[Report No. 11-29](#) (5/10/11)
[Executive Summary](#) (5/10/11)
“Fiscal Year 2012 Budget for
the San Diego Housing
Commission”

[Report No. 11-30](#) (5/13/11)
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“Agency-Employee Model”

Highlights of Major Reports Issued in the Month of May:

[Report No. 11-28](#) “Fiscal Year 2012 Proposed Redevelopment Agency Report”

The Fiscal Year 2012 Proposed Budget for the Redevelopment Agency is \$193.2 million, a reduction of approximately \$18.6 million from the FY 2011 Adopted Budget. The Redevelopment Agency consists of 14 project areas that are administered by three operating entities, the City Redevelopment Department, the Centre City Development Corporation (CCDC), and the Southeastern Economic Development Corporation (SEDC). Each operating entity has separate project area and administrative budgets; collectively, these budgets make up the budget of the Redevelopment Agency.

One of the most significant budgetary issues for the Redevelopment Agency in FY 2012 is the transfer of funding to the City pursuant to the Cooperation Agreement approved by the Agency Board and City Council on February 28, 2011. Under the terms of this Cooperation Agreement, the Agency will transfer funds to the City on an annual basis, and the City will implement certain redevelopment projects on behalf of the Agency. As a result, the FY 2012 Proposed Redevelopment Agency Budget includes funding for both non-housing and affordable housing projects that will be transferred to the City pursuant to the Cooperation Agreement.

The FY 2012 Proposed Redevelopment Agency Budget also includes \$3.8 million for payments to the City pursuant to the CDBG Repayment Agreement, approved in June 2010. In addition, \$1 million is budgeted for other debt repayment to the City, of which approximately \$800,000 may be used for General Fund purposes. Redevelopment Agency repayment of General Fund debt was one of the items included in the Budget Resolution adopted by the City Council on April 12, 2011.

This item will be discussed by the Redevelopment Agency on June 14, 2010.

[Report No. 11-29](#) “Fiscal Year 2012 Budget for the San Diego Housing Commission”

The FY 2012 Proposed Operating Budget for the San Diego Housing Commission (SDHC) is \$285.1 million, reflecting a reduction of \$6.6 million from the original FY 2011 Adopted Budget, and a reduction of \$27.0 million from the FY 2011 Current (revised) Budget. The FY 2012 Proposed Budget also includes a \$35.4 million capital budget, while continuing appropriations are projected to be \$23.3 million. Total operating revenues include \$212.5 million in new revenues and \$72.6 million in carryover funds, a reduction of \$7.8 million and \$19.1 million respectively. Carryover fund represent revenues that were received in prior years but not expended or obligated, while new revenues reflect funding that is anticipated to be received in FY 2012.

The Proposed Budget includes 268.50 FTE positions, a net increase of 3.00 positions from the FY 2011 Current Budget. Total

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personnel expenditures are budgeted at \$21.5 million, an increase of approximately \$390,000 from the FY 2011 Current Budget, primarily attributable to the new positions. The budget does not include any funding for raises or bonuses, but does include a 3% contingency of approximately \$579,000 for performance incentives pursuant to the implementation of the new Performance Management System approved in March 2011.

One of the most significant budgetary adjustments in the FY 2012 Proposed Budget is the transfer of funding for capital improvements, rehabilitation, and housing development projects from the operating budget to the capital budget. In FY 2011, the FY 2011 capital budget primarily reflected the development and acquisition of new affordable units funded by financing proceeds. In FY 2012, the capital budget has been expanded to reflect all capital expenditures associated with the creation of new affordable housing units, including rehabilitation and tenant improvements, as well as housing development and acquisition. As a result, approximately \$24.9 million has been transferred from the operating budget to the capital budget in FY 2012.

Finally, Housing Commission staff is requesting that the Housing Authority delegate to the Housing Commission Board the authority to amend the FY 2012 Budget for amounts up to \$500,000. In prior years, the Housing Authority has delegated the authority for the Housing Commission Board to amend the budget for amounts up to \$250,000, and for the President & CEO to amend the budget for amounts up to \$100,000. The IBA recommends that Housing Commission staff provide additional information as to why this additional delegation of authority is necessary, and what benefit it would provide.

This item was discussed by the Housing Authority during the FY 2012 Budget Hearings on May 12, 2011.

Report No. 11-30 “Agency-Employee Model”

On January 31, 2011, the IBA presented Report No. 11-04, Options for Structuring the Redevelopment Agency, to the Redevelopment Ad-Hoc Committee. The report provided a high-level overview of six organizational models identified for potential structuring of the Agency. This report provided a more focused examination of the Agency-Employee model, highlighting some of the key differences from other models under consideration, and outlines steps that would need to be taken for implementation.

Transitioning from the current City Redevelopment structure to any of the other structural options will involve a number of practical and logistical considerations, such as determining compensation packages, job descriptions, staffing levels and appointment procedures; and preparing policies and procedures, governing documents and service level agreements. In addition, a transition plan for current employees in the City Redevelopment Department would need to be established. It is unclear whether or to what extent this transition will require meet and confer. In addition to these tasks, implementing the Commission or Corporation models would likely also involve additional tasks associated with establishing and supporting the Commission or corporation board.

As a result, it is likely that transitioning to the Agency-Employee model would present the fewest administrative challenges. However, it should be noted that some of the additional tasks and complexities of establishing a Commission or Corporation, and the associated organizational structure, could be avoided or reduced if these models were to be implemented through consolidation with existing entities, such as the Housing Commission, CCDC or SEDC.

This report was presented as an informational item to the Redevelopment Ad-Hoc Committee on May 16, 2011.



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