

File No. 110270

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: June 27, 2011

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget & Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Ethics Form 126 |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form (for hearings) |
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OTHER

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Completed by: Victor Young

Date: June 23, 2011

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Redevelopment Agency Budget and Bonds in an Amount Not to Exceed \$84,000,000 -
2 FY2011-2012]

3
4 **Resolution approving the budget of the Redevelopment Agency of the City and County**
5 **of San Francisco for FY2011-2012 and approving the Issuance by the Redevelopment**
6 **Agency of bonds in an aggregate principal amount of not to exceed \$84,000,000 to**
7 **finance a portion of redevelopment activities described in such approved budget for**
8 **FY2011-2012.**

9
10 WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the
11 "Agency") is implementing various Redevelopment Plans in the City and County of San
12 Francisco (the "City") in accordance with the Community Redevelopment Law of the State of
13 California, California Health and Safety Code section 33000 et seq. (the "Law"); and

14 WHEREAS, Section 33606 of the Law provides for approval of the annual Budget of the
15 Agency by the Legislative Body of the City (the "Board of Supervisors"); and

16 WHEREAS, The Agency has submitted its annual budget for fiscal year 2011-2012 (the
17 "Budget") to the Board of Supervisors for approval; and

18 WHEREAS, The Agency has developed a financing program for the purposes of
19 financing a portion of its Budget which will require the Agency to enter into loans and/or to
20 issue and to refund, as necessary, or to cause to be loaned and/or issued and/or refunded on
21 its behalf by a public finance authority, tax allocation bonds, notes, or other evidence of
22 indebtedness (such loans, bonds, notes or other evidence of indebtedness being referred to
23 as the "Bonds") in an aggregate principal amount of not to exceed \$ 84,000,000 (a portion of
24 the proceeds of which may be used to reimburse the Agency for amounts spent under its
25 Budget prior to the issuance of the Bonds) and which will be repaid from and secured by the

1 taxes allocated to and paid to the Agency pursuant to the Law (and in particular but not limited
2 to Sections 33670 - 33674) and Section 16 of Article XVI of the California Constitution; and

3 WHEREAS, The Law provides that the issuance of the Bonds is subject to the approval
4 of the Board of Supervisors; and

5 WHEREAS, The Agency hereby requests that such approval be granted, and the Board
6 of Supervisors is agreeable to doing so, based on the terms and conditions contained in this
7 resolution; and

8 WHEREAS, The Agency and the City and County of San Francisco (the "City") entered
9 into the Mission Bay North Tax Increment Allocation Pledge Agreement and the Mission Bay
10 South Tax Increment Allocation Pledge Agreement, each dated as of November 16, 1998, for
11 the purpose of providing to said project areas tax increment based not on estimated property
12 values but on actual tax increment; and

13 WHEREAS, The Agency and the City and the Transbay Joint Powers Authority (the
14 "TJPA") entered into the Transbay Redevelopment Project Tax Increment Allocation and
15 Sales Proceeds Pledge Agreement dated as of January 31, 2008 for the purpose of financing
16 development of the Transbay Terminal Project, such financing including, but not limited to, the
17 irrevocable pledge of all Net Tax Increment, as defined in said agreement, to the TJPA; and

18 WHEREAS, the Board of Supervisors has adopted Ordinances No. 15-05 and Ordinance
19 No. 115-007, to enable the Agency to receive tax increment revenues for the exclusive
20 purpose of financing affordable housing activities within and without the redevelopment
21 project areas located in the City and County of San Francisco, in order to replace a portion of
22 the estimated 7,000 housing units removed by the Agency's pre-1976 urban renewal
23 activities, and wishes to ensure that the Agency has sufficient funds to carry out such
24 affordable housing activities as described in the Budget; now, therefore, be it
25

1 RESOLVED, By the Board of Supervisors of the City and County of San Francisco
2 pursuant to Health and Safety Code section 33334.2, subdivision (g), that it hereby finds and
3 declares that the Agency's affordable housing activities and replacement of affordable
4 housing within the redevelopment project areas located within the City and County of San
5 Francisco and in other parts of the City and County of San Francisco, as described in the
6 Agency's Budget, are of benefit to the adopted redevelopment project areas; and be it

7 FURTHER RESOLVED, By the Board of Supervisors of the City and County of San
8 Francisco that it does hereby approve the Budget of the Agency for fiscal year 2011-2012,
9 which Budget is incorporated herein and made a part hereof; and, be it

10 FURTHER RESOLVED, That the Agency report annually to the Board of Supervisors on
11 the percent completion for each of the project areas currently underway with the submission
12 of future annual budgets; and, be it

13 FURTHER RESOLVED, That the issuance of the Bonds by the Agency is approved in
14 the principal amount of not to exceed \$84,000,000, for the purpose of financing a portion of
15 the Agency's Budget and to reimburse the Agency for amounts spent under its Budget prior to
16 the issuance of the Bonds; and the Agency is also authorized to refund such Bonds if the sale
17 of such refunding Bonds produces a minimum net debt service savings (net of reserve fund
18 earnings and other offsets) of at least 3% of the par value of Bonds that are refunded or that
19 achieves a more favorable debt to debt service coverage ratio; and, be it

20 FURTHER RESOLVED, That the Controller is hereby authorized and directed to make
21 adjustments to the Agency's tax increment draw, as set forth in the Redevelopment Agency's
22 fiscal year 2008-2009 Budget, related to the Mission Bay North Redevelopment Project
23 adopted October 26, 1998 and Mission Bay South Redevelopment Project adopted November
24 2, 1998 for the purpose of providing to said project areas tax increment based not on
25 estimated property values but on actual tax increment recorded, as administered under the

1 Teeter Plan, including the net impact of all roll corrections, as required by each Project Area's
2 respective Tax Increment Allocation Pledge Agreement, each dated November 16, 1998 and
3 as approved by the City and Agency; and, be it

4 FURTHER RESOLVED, That the Controller is hereby authorized and directed, to the
5 extent certain State-Owned Parcels generate net tax increment, to make adjustments to the
6 Agency's tax increment draw, as set forth in the Redevelopment Agency's fiscal year 2008-
7 2009 Budget, pursuant to the Transbay Redevelopment Project Tax Increment Allocation and
8 Sales Proceeds Pledge Agreement dated as of April 14, 2006 for the purpose of providing to
9 the TJPA Net Tax Increment, as defined in said agreement, based not on estimated property
10 values but on actual Net Tax Increment recorded, as administered under the Teeter Plan,
11 including the net impact of all roll corrections.

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****complete copy of document
located in File NO. 110270**

SAN FRANCISCO REDEVELOPMENT AGENCY

Proposed Budget for Fiscal Year 2011/12

by the

Redevelopment Agency Commission

Date: May 24, 2011

**San Francisco Redevelopment Agency
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BUDGET REVIEW EXECUTIVE SUMMARY

Budget Changes

The department's proposed \$286,617,000 budget for FY 2011-12 is \$12,933,000 or 4.3 percent less than the original FY 2010-11 budget of \$299,550,000.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2011-12 is 113.5 FTEs, which is 3.0 FTEs more than the 110.5 FTEs in the original FY 2010-11 budget. This represents a 2.7 percent increase in FTEs from the original FY 2010-11 budget.

Revenue Changes

The Department's Property Tax increment revenues, proposed to be \$125,274,000 in FY 2011-12, are an increase of \$20,430,000, or 19.5 percent, compared to FY 2010-11 Property Tax increment revenues of \$104,844,000. Other Departmental revenues are proposed to be \$66,650,000 in FY 2011-12, which represents a decrease of \$68,000, or 0.1 percent less than the Department's FY 2010-11 other revenues of \$66,718,000.

RECOMMENDATIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$642,947 in FY 2011-12. The General Fund impact of these reductions is \$302,185.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2010-11 Budget	FY 2011-12 Proposed	Increase/ (Decrease)	Percent
<u>Total Sources of Funds</u>				
Property Sales, Rentals and Leases	\$16,033,000	\$17,734,000	\$1,701,000	10.6%
Developer Contributions	13,071,000	11,882,000	(1,189,000)	(9.1%)
Other	37,614,000	37,034,000	(580,000)	(1.5%)
Property Tax Increment	<u>104,844,000</u>	<u>125,274,000</u>	<u>20,430,000</u>	19.5%
Total Sources of Funds	171,562,000	191,924,000	20,362,000	11.9%
<u>Total Uses of Funds</u>				
<u>Work Program Uses</u>				
Debt Service	87,696,000	100,630,000	12,934,000	14.7%
Public Improvements	74,201,000	38,004,000	(36,197,000)	(48.8%)
Housing Production and Assistance	66,209,000	56,055,000	(10,154,000)	(15.3%)
Property Maintenance	13,277,000	10,302,000	(2,975,000)	(22.4%)
Business Development	4,375,000	1,588,000	(2,787,000)	(63.7%)
Pass-Through Obligations	11,072,000	24,226,000	13,154,000	118.8%
Job Training	1,360,000	1,147,000	(213,000)	(15.7%)
Other	14,232,000	32,807,000	18,575,000	130.5%
Subtotal Work Program Uses	<u>272,422,000</u>	<u>264,759,000</u>	<u>(7,663,000)</u>	(2.8%)
Personnel Costs	17,127,000	17,750,000	623,000	3.6%
Administrative Costs	4,001,000	4,108,000	107,000	2.7%
Total Uses	<u>293,550,000</u>	<u>286,617,000</u>	<u>(6,933,000)</u>	(2.4%)
Educational Revenue Augmentation Funds	6,000,000	0	(6,000,000)	(100.0%)
	299,550,000	286,617,000	(12,933,000)	(4.3%)
Deficit	(127,988,000)	(94,693,000)	33,295,000	(26.0%)
<u>Other Funding Sources</u>				
Other Property Tax Increment	9,424,000	11,195,000	1,771,000	18.8%
Tax Increment Bond Proceeds	118,564,000	83,498,000	(35,066,000)	(29.6%)
Subtotal, Other Funding Sources	<u>127,988,000</u>	<u>94,693,000</u>	<u>(33,295,000)</u>	(10.8%)
Net Sources Less Uses	\$0	\$0	\$0	0.0%

The Department's proposed FY 2011-12 budget has decreased by \$12,933,000 due to decreases in public improvement projects, housing production and assistance, property maintenance expenditures, business development, job training and deletion of Educational Revenue Augmentation Funds (ERAF) transfers¹:

The Redevelopment Agency's budget includes expenditures for project areas, the Citywide Housing Program, and Administration and Personnel as described below.

¹ Under State law, local governments in FY 2010-11 were required to shift an allocation of property tax revenues to local schools, to meet educational funding requirements under Proposition 98. The Redevelopment Agencies share of this shift was \$6 million. This shift is not required in FY 2011-12, according to the Department.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

Redevelopment Project Areas:

A Project Area is a designated redevelopment area, which has been approved by the Board of Supervisors. As shown in the table below, there are 10 existing Project Areas² for which the Redevelopment Agency's proposed budget for FY 2011-12 provides \$222,473,000 in project areas funding, which is \$53,390,000, or 31.58 percent higher than the approved budget of \$169,083,000 for FY 2010-11. Changes to individual projects programs are as follows:

Project Area Budgets, Current and Proposed				
Project Area*		Approved Budget FY 2010-11	Proposed Budget FY 2011-12	Proposed Increase (Decrease)
1	Bayview Hunters Point Area B	\$6,815,000	\$7,137,000	\$322,000
	<i>Golden Gateway</i>	15,513,000	19,121,000	3,608,000
	<i>Hunters Point (Area "A")</i>	571,000	733,000	162,000
2	Hunters Point Shipyard (Phase I)	7,374,000	4,321,000	(3,053,000)
	Hunters Point Shipyard (Phase II)	5,505,000	24,510,000	19,005,000
	<i>India Basin</i>	561,000	511,000	(50,000)
3	Mid Market	954,000	0	(954,000)
4	Mission Bay North	9,416,000	34,103,000	24,687,000
5	Mission Bay South	18,106,000	46,420,000	28,314,000
6	South Beach Harbor	2,235,000	2,511,000	276,000
	<i>Rincon Point- South Beach</i>	17,461,000	17,923,000	462,000
7	South of Market	7,578,000	4,518,000	(3,060,000)
8	Transbay Terminal	21,308,000	10,564,000	(10,744,000)
	<i>Western Addition</i>	12,495,000	12,617,000	122,000
9	Visitacion Valley	442,000	0	(442,000)
10	Yerba Buena Center	33,771,000	28,607,000	(5,164,000)
	Yerba Buena Gardens & Center for the Arts	8,978,000	8,877,000	(101,000)
Total		\$169,083,000	\$222,473,000	\$53,390,000

**Numbered Areas are Active Project Areas. Italicized Project Areas are expired project areas that have been extended under SB 2113, as discussed below.*

² South Beach Harbor is a part of Rincon Point-South Beach project, and Yerba Buena Gardens & Center for the Arts is a part of the Yerba Buena Center project. In addition, five project areas are expired, non-current project areas, but have been extended under SB 2113, which authorizes the Redevelopment Agency to continue to borrow funds exclusively for Low and Moderate Income Housing Fund activities until January 1, 2014, or until the Agency replaces all of the housing units demolished prior to the requirement for replacement housing obligations in redevelopment areas. The extended project areas are: Golden Gateway, Hunters Point (Area "A"), India Basin, Rincon Point-South Beach and Western Addition.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

As shown in the table above, the following Project Areas' budgets are increasing:

Bayview Hunters Point Area B

The \$322,000 increase includes a substantial increase in funding with for the Bayview Hunters Point Revolving Loan Program and predevelopment study funding for the Southeast Health Center project, counterbalanced by reduced funding for public improvements and employment and workforce development programs. There is also a slight increase in statutory pass-through payments.

Golden Gateway

The \$3,608,000 increase is related to increased debt service costs and pass-through obligations.

Hunters Point (Area "A")

The \$162,000 increase is due to increased debt service costs.

Hunters Point Shipyard (Phase II)

The \$19,005,000 increase is due to increases in developer reimbursable costs, including hazardous material survey/investigations of remaining U.S. Navy Buildings and transportation project planning.

Mission Bay North

The \$24,687,000 increase is due to increased spending for public improvements, housing production and assistance, debt service and pass-through obligations. The Department reports that the spending for public improvements and housing is related to previously completed projects for which reimbursement is now being received.

Mission Bay South

The \$28,314,000 increase is related to public improvements, including construction of Park 10 and Mission Bay Circle and Drive, and the first segment of Longbridge Street and other roadway projects, as well as other infrastructure improvements to serve the new University of California, San Francisco hospital. It also relates to increased housing development, including construction of 150 units of very low- and low-income family rental housing.

South Beach Harbor

The \$276,000 increase is primarily related to debt service costs and property management costs.

Rincon Point-South Beach

The \$462,000 increase is related to pass-through obligations and debt service.

Western Addition

The \$122,000 increase is related to pass-through obligations and debt service.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

Additionally as shown in the table above, the following Project Areas' budgets are decreasing:

Hunters Point Shipyard (Phase I)

The \$3,053,000 decrease is primarily due to reduced property management costs due to completion of hazardous abatement survey and investigation work.

India Basin

The 50,000 decrease is due to reduced debt service costs.

Mid Market

The \$954,000 increase was due to the completion of activities in preparation for the potential establishment of this redevelopment project area, including an historic building and district survey, preparation of environmental documents, and community outreach activities.

South of Market

The \$3,060,000 decrease primarily relates to reduced public improvement costs due to completion of alley improvement projects, and to reduced economic revitalization costs related to the Sixth Street Economic Revitalization, police substation and Sixth Street business services projects.

Transbay Terminal

The \$10,744,000 decrease is primarily due to reduced public improvement costs due to the completion of sidewalk, open space and art enrichment projects.

Visitacion Valley

The \$442,000 decrease is due to completion of several projects, including an Open Space and Streetscape Master Plan, planning work related to the Schlage Lock site, environmental site investigation for the proposed Blanken Park, and development of a façade improvement program on Leland Avenue.

Yerba Buena Center

The \$5,164,000 decrease is related to reduced public improvements costs, reduced job training and placement funding, and reduced property management costs.

Yerba Buena Gardens and Center for the Arts

The \$101,000 decrease is due to reduced public improvements costs for capital repair and maintenance.

Citywide Housing Programs:

The Agency has a Citywide Tax Increment Program to finance the production of new low- and moderate-income housing and the preservation of existing Section 8 housing in all parts of the City, reflecting the requirement of State law that a portion of redevelopment revenue is required to be spent on affordable housing programs. The Agency also oversees a federally-funded housing program for persons with AIDS, and also has programs to develop and rehabilitate affordable housing in redevelopment project areas as part of the Agency's obligation to alleviate blight. The Agency in FY 2004-05 began implementing Senate Bill 2113, State legislation authorizing the Agency to use additional tax increment capacity from project areas that would otherwise expire for the sole purpose of

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

RED - Redevelopment Agency

Object Title	FY 2011-2012		FY 2012-2013 (for estimate purposes only)		GF	IT	To	From	To	Savings	FTE	From	To	Amount	From	To	Savings	GF	
	FTE	Amount	FTE	Amount															
Development Services																			
Facilities Maintenance Worker	1.0	0.0	\$57,327	\$0						\$57,327	x			\$60,670	\$0		\$60,670		
Mandatory Fringe Benefits			\$30,383	\$0						\$30,383	x			\$32,155	\$0		\$32,155		
			<i>Total Savings</i>	<i>\$87,710</i>										<i>Total Savings</i>	<i>\$92,825</i>				
Position has been vacant six months, with workload redistributed to remaining staff.																			
Ongoing reduction.																			
Contract Compliance																			
Contract Compliance Specialist	0.5	0.0	\$43,290	\$0						\$43,290	x			\$45,814	\$0		\$45,814		
Mandatory Fringe Benefits			\$22,944	\$0						\$22,944	x			\$24,282	\$0		\$24,282		
			<i>Total Savings</i>	<i>\$66,234</i>										<i>Total Savings</i>	<i>\$70,096</i>				
Position has been vacant six months, with workload redistributed to remaining staff.																			
Ongoing reduction.																			
Administration																			
Telephones			\$64,700	\$60,000						\$4,700	x			\$64,700	\$60,000		\$4,700		
Reduce based on historical expenditures.																			
Ongoing reduction.																			
Payroll Services			\$68,000	\$32,000						\$36,000	x			\$68,000	\$32,000		\$36,000		
Reduce based on historical expenditures.																			
Ongoing reduction.																			
Staff Training			\$41,600	\$36,500						\$5,100	x			\$41,600	\$36,500		\$5,100		
Reduce based on historical expenditures.																			
Ongoing reduction.																			
Temps & Recruitment Costs			\$207,575	\$175,000						\$32,575	x			\$207,175	\$175,000		\$32,175		
Reduce based on historical expenditures.																			
Ongoing reduction.																			

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

RED - Redevelopment Agency

Object Title	FY 2011-2012				FY 2012-2013 (for estimate purposes only)					
	FTE		Amount		FTE		Amount		Savings	GF
	From	To	From	To	From	To	From	To		
Postage and Express			\$71,890	\$25,000			\$71,890	\$25,000	\$46,890	
	Reduce based on historical expenditures.									
Purchase Machines/ Equipment/Furniture			\$77,400	\$25,000			\$77,400	\$25,000	\$52,400	
	Reduce based on historical expenditures.									
Maintenance for Machines/ Equipment/Furniture			\$277,718	\$200,000			\$277,718	\$200,000	\$77,718	
	Reduce based on historical expenditures.									
Travel-Local			\$18,660	\$10,000			\$18,660	\$10,000	\$8,660	
	Reduce based on historical expenditures.									
Travel-Out of Town			\$17,700	\$14,000			\$17,700	\$14,000	\$3,700	
	Reduce based on historical expenditures.									
Conference & etc.			\$33,750	\$15,000			\$33,750	\$15,000	\$18,750	
	Reduce based on historical expenditures.									
Miscellaneous Expenses			\$273,160	\$130,000			\$273,160	\$130,000	\$143,160	
	Reduce based on historical expenditures.									
Office Supplies			\$118,650	\$70,000			\$118,650	\$70,000	\$48,650	
	Reduce based on historical expenditures.									
Supplies-Mimeo/Printing/Photo			\$27,700	\$17,000			\$27,700	\$17,000	\$10,700	
	Reduce based on historical expenditures.									

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

RED - Redevelopment Agency

Object Title	FY 2011-2012				FY 2012-2013 (for estimate purposes only)					
	FTE		Amount		FTE		Amount		Savings	GF
	From	To	From	To	From	To	From	To		

FY 2011-2012

Total Recommended Reductions

	One-Time	Ongoing	Total
General Fund Impact	\$0	\$302,185	\$302,185
Non-General Fund Impact	\$0	\$340,762	\$340,762
Total	\$0	\$642,947	\$642,947

Estimated FY 2012-2013 Impact

Total Recommended Reductions

General Fund Impact	\$306,216
Non-General Fund Impact	\$345,308
Total	\$651,524

BUDGET REVIEW EXECUTIVE SUMMARY

Budget Changes

The department's proposed \$286,617,000 budget for FY 2011-12 is \$12,933,000 or 4.3 percent less than the original FY 2010-11 budget of \$299,550,000.

Personnel Changes

The number of full-time equivalent positions (FTE) budgeted for FY 2011-12 is 113.5 FTEs, which is 3.0 FTEs more than the 110.5 FTEs in the original FY 2010-11 budget. This represents a 2.7 percent increase in FTEs from the original FY 2010-11 budget.

Revenue Changes

The Department's Property Tax increment revenues, proposed to be \$125,274,000 in FY 2011-12, are an increase of \$20,430,000, or 19.5 percent, compared to FY 2010-11 Property Tax increment revenues of \$104,844,000. Other Departmental revenues are proposed to be \$66,650,000 in FY 2011-12, which represents a decrease of \$68,000, or 0.1 percent less than the Department's FY 2010-11 other revenues of \$66,718,000.

RECOMMENDATIONS

The Budget and Legislative Analyst's recommended reductions to the proposed budget total \$642,947 in FY 2011-12. The General Fund impact of these reductions is \$302,185.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

SUMMARY OF PROGRAM EXPENDITURES:

	FY 2010-11 Budget	FY 2011-12 Proposed	Increase/ (Decrease)	Percent
<u>Total Sources of Funds</u>				
Property Sales, Rentals and Leases	\$16,033,000	\$17,734,000	\$1,701,000	10.6%
Developer Contributions	13,071,000	11,882,000	(1,189,000)	(9.1%)
Other	37,614,000	37,034,000	(580,000)	(1.5%)
Property Tax Increment	<u>104,844,000</u>	<u>125,274,000</u>	<u>20,430,000</u>	19.5%
Total Sources of Funds	171,562,000	191,924,000	20,362,000	11.9%
<u>Total Uses of Funds</u>				
<u>Work Program Uses</u>				
Debt Service	87,696,000	100,630,000	12,934,000	14.7%
Public Improvements	74,201,000	38,004,000	(36,197,000)	(48.8%)
Housing Production and Assistance	66,209,000	56,055,000	(10,154,000)	(15.3%)
Property Maintenance	13,277,000	10,302,000	(2,975,000)	(22.4%)
Business Development	4,375,000	1,588,000	(2,787,000)	(63.7%)
Pass-Through Obligations	11,072,000	24,226,000	13,154,000	118.8%
Job Training	1,360,000	1,147,000	(213,000)	(15.7%)
Other	14,232,000	32,807,000	18,575,000	130.5%
Subtotal Work Program Uses	<u>272,422,000</u>	<u>264,759,000</u>	<u>(7,663,000)</u>	<u>(2.8%)</u>
Personnel Costs	17,127,000	17,750,000	623,000	3.6%
Administrative Costs	4,001,000	4,108,000	107,000	2.7%
Total Uses	<u>293,550,000</u>	<u>286,617,000</u>	<u>(6,933,000)</u>	<u>(2.4%)</u>
Educational Revenue Augmentation Funds	6,000,000	0	(6,000,000)	(100.0%)
	299,550,000	286,617,000	(12,933,000)	(4.3%)
Deficit	(127,988,000)	(94,693,000)	33,295,000	(26.0%)
<u>Other Funding Sources</u>				
Other Property Tax Increment	9,424,000	11,195,000	1,771,000	18.8%
Tax Increment Bond Proceeds	118,564,000	83,498,000	(35,066,000)	(29.6%)
Subtotal, Other Funding Sources	<u>127,988,000</u>	<u>94,693,000</u>	<u>(33,295,000)</u>	<u>(10.8%)</u>
Net Sources Less Uses	\$0	\$0	\$0	0.0%

The Department's proposed FY 2011-12 budget has decreased by \$12,933,000 due to decreases in public improvement projects, housing production and assistance, property maintenance expenditures, business development, job training and deletion of Educational Revenue Augmentation Funds (ERAF) transfers¹:

The Redevelopment Agency's budget includes expenditures for project areas, the Citywide Housing Program, and Administration and Personnel as described below.

¹ Under State law, local governments in FY 2010-11 were required to shift an allocation of property tax revenues to local schools, to meet educational funding requirements under Proposition 98. The Redevelopment Agencies share of this shift was \$6 million. This shift is not required in FY 2011-12, according to the Department.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
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DEPARTMENT: RED – REDEVELOPMENT

Redevelopment Project Areas:

A Project Area is a designated redevelopment area, which has been approved by the Board of Supervisors. As shown in the table below, there are 10 existing Project Areas² for which the Redevelopment Agency's proposed budget for FY 2011-12 provides \$222,473,000 in project areas funding, which is \$53,390,000, or 31.58 percent higher than the approved budget of \$169,083,000 for FY 2010-11. Changes to individual projects programs are as follows:

Project Area Budgets, Current and Proposed				
Project Area *		Approved Budget FY 2010-11	Proposed Budget FY 2011-12	Proposed Increase (Decrease)
1	Bayview Hunters Point Area B	\$6,815,000	\$7,137,000	\$322,000
	<i>Golden Gateway</i>	15,513,000	19,121,000	3,608,000
	<i>Hunters Point (Area "A")</i>	571,000	733,000	162,000
2	Hunters Point Shipyard (Phase I)	7,374,000	4,321,000	(3,053,000)
	Hunters Point Shipyard (Phase II)	5,505,000	24,510,000	19,005,000
	<i>India Basin</i>	561,000	511,000	(50,000)
3	Mid Market	954,000	0	(954,000)
4	Mission Bay North	9,416,000	34,103,000	24,687,000
5	Mission Bay South	18,106,000	46,420,000	28,314,000
6	South Beach Harbor	2,235,000	2,511,000	276,000
	<i>Rincon Point- South Beach</i>	17,461,000	17,923,000	462,000
7	South of Market	7,578,000	4,518,000	(3,060,000)
8	Transbay Terminal	21,308,000	10,564,000	(10,744,000)
	<i>Western Addition</i>	12,495,000	12,617,000	122,000
9	Visitacion Valley	442,000	0	(442,000)
10	Yerba Buena Center	33,771,000	28,607,000	(5,164,000)
	Yerba Buena Gardens & Center for the Arts	8,978,000	8,877,000	(101,000)
Total		\$169,083,000	\$222,473,000	\$53,390,000

**Numbered Areas are Active Project Areas. Italicized Project Areas are expired project areas that have been extended under SB 2113, as discussed below.*

² South Beach Harbor is a part of Rincon Point-South Beach project, and Yerba Buena Gardens & Center for the Arts is a part of the Yerba Buena Center project. In addition, five project areas are expired, non-current project areas, but have been extended under SB 2113, which authorizes the Redevelopment Agency to continue to borrow funds exclusively for Low and Moderate Income Housing Fund activities until January 1, 2014, or until the Agency replaces all of the housing units demolished prior to the requirement for replacement housing obligations in redevelopment areas. The extended project areas are: Golden Gateway, Hunters Point (Area "A"), India Basin, Rincon Point-South Beach and Western Addition.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

As shown in the table above, the following Project Areas' budgets are increasing:

Bayview Hunters Point Area B

The \$322,000 increase includes a substantial increase in funding with for the Bayview Hunters Point Revolving Loan Program and predevelopment study funding for the Southeast Health Center project, counterbalanced by reduced funding for public improvements and employment and workforce development programs. There is also a slight increase in statutory pass-through payments.

Golden Gateway

The \$3,608,000 increase is related to increased debt service costs and pass-through obligations.

Hunters Point (Area "A")

The \$162,000 increase is due to increased debt service costs.

Hunters Point Shipyard (Phase II)

The \$19,005,000 increase is due to increases in developer reimbursable costs, including hazardous material survey/investigations of remaining U.S. Navy Buildings and transportation project planning.

Mission Bay North

The \$24,687,000 increase is due to increased spending for public improvements, housing production and assistance, debt service and pass-through obligations. The Department reports that the spending for public improvements and housing is related to previously completed projects for which reimbursement is now being received.

Mission Bay South

The \$28,314,000 increase is related to public improvements, including construction of Park 10 and Mission Bay Circle and Drive, and the first segment of Longbridge Street and other roadway projects, as well as other infrastructure improvements to serve the new University of California, San Francisco hospital. It also relates to increased housing development, including construction of 150 units of very low- and low-income family rental housing.

South Beach Harbor

The \$276,000 increase is primarily related to debt service costs and property management costs.

Rincon Point-South Beach

The \$462,000 increase is related to pass-through obligations and debt service.

Western Addition

The \$122,000 increase is related to pass-through obligations and debt service.

**RECOMMENDATIONS OF THE BUDGET & LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

DEPARTMENT: RED – REDEVELOPMENT

Additionally as shown in the table above, the following Project Areas' budgets are decreasing:

Hunters Point Shipyard (Phase I)

The \$3,053,000 decrease is primarily due to reduced property management costs due to completion of hazardous abatement survey and investigation work.

India Basin

The 50,000 decrease is due to reduced debt service costs.

Mid Market

The \$954,000 increase was due to the completion of activities in preparation for the potential establishment of this redevelopment project area, including an historic building and district survey, preparation of environmental documents, and community outreach activities.

South of Market

The \$3,060,000 decrease primarily relates to reduced public improvement costs due to completion of alley improvement projects, and to reduced economic revitalization costs related to the Sixth Street Economic Revitalization, police substation and Sixth Street business services projects.

Transbay Terminal

The \$10,744,000 decrease is primarily due to reduced public improvement costs due to the completion of sidewalk, open space and art enrichment projects.

Visitacion Valley

The \$442,000 decrease is due to completion of several projects, including an Open Space and Streetscape Master Plan, planning work related to the Schlage Lock site, environmental site investigation for the proposed Blanken Park, and development of a façade improvement program on Leland Avenue.

Yerba Buena Center

The \$5,164,000 decrease is related to reduced public improvements costs, reduced job training and placement funding, and reduced property management costs.

Yerba Buena Gardens and Center for the Arts

The \$101,000 decrease is due to reduced public improvements costs for capital repair and maintenance.

Citywide Housing Programs:

The Agency has a Citywide Tax Increment Program to finance the production of new low- and moderate-income housing and the preservation of existing Section 8 housing in all parts of the City, reflecting the requirement of State law that a portion of redevelopment revenue is required to be spent on affordable housing programs. The Agency also oversees a federally-funded housing program for persons with AIDS, and also has programs to develop and rehabilitate affordable housing in redevelopment project areas as part of the Agency's obligation to alleviate blight. The Agency in FY 2004-05 began implementing Senate Bill 2113, State legislation authorizing the Agency to use additional tax increment capacity from project areas that would otherwise expire for the sole purpose of

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

Object Title	FY 2011-2012				FY 2012-2013 (for estimate purposes only)										
	FTE		Amount		Savings		GF		IT		Amount		Savings		GF
	From	To	From	To	From	To	From	To	From	To	From	To	From	To	
Development Services															
Facilities Maintenance Worker	1.0	0.0	\$57,327	\$0	\$57,327	x					\$60,670	\$0			\$60,670
Mandatory Fringe Benefits			\$30,383	\$0	\$30,383	x					\$32,155	\$0			\$32,155
			Total Savings \$87,710								Total Savings \$92,825				
	Position has been vacant six months, with workload redistributed to remaining staff.														
Contract Compliance															
Contract Compliance Specialist	0.5	0.0	\$43,290	\$0	\$43,290	x					\$45,814	\$0			\$45,814
Mandatory Fringe Benefits			\$22,944	\$0	\$22,944	x					\$24,282	\$0			\$24,282
			Total Savings \$66,234								Total Savings \$70,096				
	Position has been vacant six months, with workload redistributed to remaining staff.														
Administration															
Telephones			\$64,700	\$60,000	\$4,700	x					\$64,700	\$60,000			\$4,700
	Reduce based on historical expenditures.														
Payroll Services			\$68,000	\$32,000	\$36,000	x					\$68,000	\$32,000			\$36,000
	Reduce based on historical expenditures.														
Staff Training			\$41,600	\$36,500	\$5,100	x					\$41,600	\$36,500			\$5,100
	Reduce based on historical expenditures.														
Temps & Recruitment Costs			\$207,575	\$175,000	\$32,575	x					\$207,175	\$175,000			\$32,175
	Reduce based on historical expenditures.														

**RECOMMENDATIONS OF THE BUDGET AND LEGISLATIVE ANALYST
FOR AMENDMENT OF BUDGET ITEMS, FISCAL YEAR 2011-12**

Object Title	FY 2011-2012						FY 2012-2013 (for estimate purposes only)					
	FTE		Amount		Savings	GF 1T	FTE		Amount		Savings	GF
	From	To	From	To			From	To	From	To		
Postage and Express		\$71,890	\$25,000	\$46,890	x			\$71,890	\$25,000	\$46,890		
	Reduce based on historical expenditures.											
Purchase Machines/ Equipment/Furniture		\$77,400	\$25,000	\$52,400	x			\$77,400	\$25,000	\$52,400		
	Reduce based on historical expenditures.											
Maintenance for Machines/ Equipment/Furniture		\$277,718	\$200,000	\$77,718	x			\$277,718	\$200,000	\$77,718		
	Reduce based on historical expenditures.											
Travel-Local		\$18,660	\$10,000	\$8,660	x			\$18,660	\$10,000	\$8,660		
	Reduce based on historical expenditures.											
Travel-Out of Town		\$17,700	\$14,000	\$3,700	x			\$17,700	\$14,000	\$3,700		
	Reduce based on historical expenditures.											
Conference & etc.		\$33,750	\$15,000	\$18,750	x			\$33,750	\$15,000	\$18,750		
	Reduce based on historical expenditures.											
Miscellaneous Expenses		\$273,160	\$130,000	\$143,160	x			\$273,160	\$130,000	\$143,160		
	Reduce based on historical expenditures.											
Office Supplies		\$118,650	\$70,000	\$48,650	x			\$118,650	\$70,000	\$48,650		
	Reduce based on historical expenditures.											
Supplies-Mimeo/Printing/Photo		\$27,700	\$17,000	\$10,700	x			\$27,700	\$17,000	\$10,700		
	Reduce based on historical expenditures.											

