

ITEM 9.B.

CITY OF MOORPARK AGENDA REPORT

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager *DCM*
Ron Ahlers, Finance Director *RA*

DATE: February 21, 2012 (CC Meeting of March 7, 2012)

SUBJECT: Consider Resolution Amending the Fiscal Year 2011/12 Budget to Continue Economic Development and Affordable Housing Operations until June 30, 2012

BACKGROUND & DISCUSSION

On June 29, 2011, as part of adopting the State of California Fiscal Year 2011-12 budget, the Governor signed two trailer bills, ABX1 26 ("Dissolution Act") and ABX1 27 ("Voluntary Alternative Redevelopment Program"), into law. The legislation became effective on June 29, 2011. The California Redevelopment Association and League of California Cities sued the State of California on the grounds that ABX1 26 and 27 were unconstitutional. The California Supreme Court upheld ABX1 26 and declared ABX1 27 unconstitutional. This ruling eliminated redevelopment agencies throughout California as of February 1, 2012.

ABX1 26 provides funding for administrative expenses associated with winding down the redevelopment agency; however, no funds are available to continue with economic development and affordable housing operations previously funded by tax increment. To continue economic development and affordable housing operations until the end of the fiscal year, staff is requesting a \$213,408 budget amendment; \$104,665 from the General Fund and \$108,743 from the City Affordable Housing Fund. Attachment 1 details the proposed expenditures.

On February 15, 2012, the City Council adopted the mid-year budget adjustments for fiscal year (FY) 2011/12. There were two revenue adjustments that relate to the former redevelopment agency (agency). The annual \$5 million loan between the City and Agency was never implemented; therefore interest income for the General Fund was reduced by \$150,000. The cost allocation plan for the year was \$306,500 for the Agency. The Agency was in existence for seven months; therefore the cost allocation plan was reduced by \$127,500 (5/12^{ths} of the annual amount of \$306,500). The

reduction in revenue of \$277,500 to the General Fund has already occurred as part of the Council’s approval of mid-year budget amendments on February 15, 2012.

ABx1 26 allows for an “Administrative Cost Allowance” to be paid to the successor agency, subject to the approval of the oversight board. Specifically the law states, “the amount shall not be less than two hundred fifty thousand dollars (\$250,000) for any fiscal year or such lesser amount as agreed to by the successor agency.” Therefore, we are adding \$250,000 to the General Fund revenues for this “Administrative Cost Allowance”, which will offset all but \$27,500 of the \$277,500 reduction mentioned above.

Staff recommends adopting the attached resolution (Attachment 2) amending the Fiscal Year 2011/12 budget to continue economic development and affordable housing operations until June 30, 2012.

Staff will present to the Successor Agency an “Administrative Budget” for the time period of February 1, 2012 to June 30, 2012 in order to receive approval to present the same “Administrative Budget” to the oversight board. The oversight board has been granted the authority for the approval of the “Administrative Budget”.

Projects and Programs Staff Recommends not be funded in FY 2011/12

ECONOMIC DEVELOPMENT	
High Street Streetscape	\$ 1,000,000
161 Second Street, Park and Demolition	430,000
RR Crossing Improvements, Spring Road	173,244
Miscellaneous Consultant Services	74,000
Relocation Consultant Services	25,000
EDC – VC, Business Enhancement Program	10,000
RDP-21 Membership	5,000
UCSB Economic Forecast Sponsorship	3,000
EDC – VC, Annual Meeting Sponsorship	2,500
Conferences/Meetings/Mileage	2,500
Economic Development Total	<u>\$ 1,725,244</u>

HOUSING

Miscellaneous Consultant Services, FTHB & Housing Activities	\$ 22,000
Real Estate Agent Services, FTHB	6,000
Monitoring, Vintage Crest	5,200
Miscellaneous Monitoring	1,000
VC HOME Conference Sponsorship	1,000
MCC Program	250
Housing Total	<u>\$ 35,450</u>
GRAND TOTAL	<u><u>\$ 1,760,694</u></u>

FISCAL IMPACT

Staff is requesting a budget amendment in the amount of \$213,408 to continue economic development and affordable housing operations until June 30, 2012. Of the total amount requested, \$108,743 would be funded by the City Affordable Housing Fund (2201) and \$104,665 would be funded from the General Fund (1000). Estimated revenue of \$250,000 is also being budgeted in the General Fund. The impact on the General Fund is a negative \$132,165 (revenue reduction of \$277,500, expense increase of \$104,665 and new revenue of \$250,000) for this current fiscal year. However, the impact for next fiscal year, 2012/13 will be much greater. The Successor Agency is limited to the annual "Administrative Cost Allowance" of \$250,000 for as long as the Successor Agency is in existence; theoretically until 2038 when the last bond payment is scheduled to be made.

The impact on the City Affordable Housing Fund is the entire amount of \$108,743 for this current fiscal year. This fund has fund balance available of approximately \$3.6 million. This fund could absorb these expenses for a few years because of the size of the fund balance. These funds sources of revenues are: developer fees and rental income.

Fiscal year 2012/13 preliminary estimated costs for the General Fund are approximately \$282,000 (\$205,000 for salaries & benefits plus \$77,000 for operations). The General Fund will not have revenue from the MRA loan of \$150,000; nor the cost allocation plan of \$306,500. The one positive note is the "Administrative Cost Allowance" of \$250,000. Therefore the estimated impact on the General Fund for FY 2012/13 is a negative \$488,500.

The impact on the City Affordable Housing Fund costs for fiscal year 2012/13 is currently estimated at \$220,000 (\$110,000 for salaries & benefits plus \$110,000 for

operations). This is the same level of support as in FY 2011/12 inclusive of the budget amendment proposed in this report.

STAFF RECOMMENDATION (ROLL CALL VOTE REQUIRED)

Adopt Resolution No. 2012 - ____ amending the Fiscal Year 2011/12 budget and authorizing City funding to continue economic development and affordable housing operations until June 30, 2012.

Attachment 1 Economic Development and Housing Operations until June 30, 2012

Attachment 2 Resolution No. 2012 - _____

Attachment 1

Economic Development and Housing Operations until June 30, 2012

Economic Development Budget

<u>Expenses</u>	<u>Amount</u>	<u>Detail</u>
Salary & Benefits	85,365	
Contractual Services	7,500	HDL \$5,000 Annual Property Tax Update \$2,500
Parks Assessment Fees	3,200	
Special Professional Services	3,000	EDC-VC Membership \$3,000
Overhead Allocation utilities	1,200	
Overhead Allocation Service	900	
Office Supplies	500	
Special Office Supplies	500	
Publications & Subscriptions	300	
Membership and Dues	100	
Mileage Reimbursement	500	
Postage	300	
Printing	500	
Advertising	500	
Office Equipment Maintenance	300	
Subtotal:	<u>\$ 104,665</u>	

Housing Budget

<u>Expenses</u>	<u>Amount</u>	<u>Detail</u>
Salaries and Benefits	44,993	
Contractual Services	6,300	Vintage Crest Monitoring \$5,300 Misc. Title Reports \$ 1,000
Special Professional Services	2,000	Misc. Consulting Services
Legal Services - Non Retainer	2,000	
Cost Plan Allocation	32,700	
Overhead Allocation Utilities	600	
Overhead Allocation Service	3,500	
Overhead Supplies	3,800	
Office Supplies	250	
Publications & Subscriptions	200	
Memberships & Dues	100	
Mileage	100	
Postage	200	
Printing	200	
Advertising	500	
Community Promotion	200	
Property Maintenance	10,000	
Electricity	200	
Water	900	
Subtotal:	<u>\$ 108,743</u>	
Total:	<u><u>\$ 213,408</u></u>	

ATTACHMENT 2

RESOLUTION NO. 2012 - ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING THE FISCAL YEAR 2011/2012 BUDGET BY APPROPRIATING \$108,743 FROM THE CITY AFFORDABLE HOUSING FUND (2201) AND \$104,665 FROM THE GENERAL FUND (1000) TO CONTINUE ECONOMIC DEVELOPMENT AND AFFORDABLE HOUSING OPERATIONS UNTIL JUNE 30, 2012

WHEREAS, on June 15, 2011, the City of Moorpark adopted the Operating and Capital Improvement budget for Fiscal Year 2011/12; and

WHEREAS, a staff report has been presented to the City Council requesting an appropriation to continue Economic Development and Affordable Housing operations until June 30, 2012; and

WHEREAS, a budget adjustment in the aggregate amount of \$108,743 is requested from the City Affordable Housing Fund (2201) and \$104,665 from the General Fund (1000) to fund the continuation of Economic Development and Affordable Housing operations until June 30, 2012; and

WHEREAS, Exhibit "A", attached hereto and made a part hereof, describes said budget amendment and the resultant impact to the budget line item.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. A budget amendment in the amount of \$108,743 is requested from the City Affordable Housing Fund (2201) and \$104,665 from the General Fund (1000), as more particularly described in Exhibit "A", attached hereto, is hereby approved.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 7th day of March, 2012.

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Exhibit A – Budget Amendment

EXHIBIT A

BUDGET AMENDMENT FOR

City Affordable Housing Fund (2201) to continue Affordable Housing Operations until June 30, 2012

General Fund (1000) to continue Economic Development Operations until June 30, 2012

2011/12

FUND ALLOCATION FROM:

Fund	Account Number	Amount
City Affordable Housing Fund	2201-5500	\$ 108,743
General Fund	1000-5500	\$ 104,665
Total		\$ 213,408

REVENUE BUDGET ALLOCATION:

Account Number	Current Budget	Revision	Amended Budget
1000-0000-0000-3811	\$ 0	\$ 250,000	\$ 250,000
Total	\$ 0	\$ 250,000	\$ 250,000

DISTRIBUTION OF APPROPRIATION TO EXPENSE ACCOUNTS:

Affordable Housing Operations

Account Number	Current Budget	Revision	Amended Budget
2201.2430.0000.9002	\$ 17,795	\$ 31,965	\$ 49,760
2201.2430.0000.9011	\$ 35	\$ 63	\$ 98
2201.2430.0000.9013	\$ 3,014	\$ 5,374	\$ 8,388
2201.2430.0000.9014	\$ 256	\$ 464	\$ 720
2201.2430.0000.9018	\$ 174	\$ 73	\$ 247
2201.2430.0000.9030	\$ 89	\$ 385	\$ 474
2201.2430.0000.9040	\$ 536	\$ 609	\$ 1,145
2201.2430.0000.9041	\$ 65	\$ 74	\$ 139
2201.2430.0000.9042	\$ 44	\$ 57	\$ 101
2201.2430.0000.9043	\$ 135	\$ 242	\$ 377
2201.2430.0000.9044	\$ 7	\$ 12	\$ 19
2201.2430.0000.9045	\$ 3,721	\$ 5,675	\$ 9,396
2201.2430.0000.9102	\$ 10,000	\$ 6,300	\$ 16,300
2201.2430.0000.9103	\$ 0	\$ 2,000	\$ 2,000
2201.2430.0000.9122	\$ 0	\$ 2,000	\$ 2,000
2201.2430.0000.9198	\$ 0	\$ 3,500	\$ 3,500
2201.2430.0000.9202	\$ 0	\$ 250	\$ 250
2201.2430.0000.9220	\$ 0	\$ 200	\$ 200
2201.2430.0000.9221	\$ 0	\$ 100	\$ 100
2201.2430.0000.9224	\$ 0	\$ 100	\$ 100
2201.2430.0000.9231	\$ 200	\$ 200	\$ 400
2201.2430.0000.9232	\$ 0	\$ 200	\$ 200
2201.2430.0000.9234	\$ 0	\$ 500	\$ 500
2201.2430.0000.9240	\$ 0	\$ 200	\$ 200

EXHIBIT A

BUDGET AMENDMENT FOR

City Affordable Housing Fund (2201) to continue Affordable Housing Operations until June 30, 2012

General Fund (1000) to continue Economic Development Operations until June 30, 2012

2011/12

Account Number	Current Budget	Revision	Amended Budget
2201.2430.0000.9252	\$ 355	\$ 10,000	\$ 10,355
2201.2430.0000.9298	\$ 0	\$ 3,800	\$ 3,800
2201.2430.0000.9413	\$ 1,120	\$ 200	\$ 1,320
2201.2430.0000.9415	\$ 750	\$ 900	\$ 1,650
2201.2430.0000.9498	\$ 0	\$ 600	\$ 600
2201.2430.0000.9598	\$ 0	\$ 32,700	\$ 32,700
Total	\$ 38,296	\$ 108,743	\$ 147,039

Economic Development Operations

Account Number	Current Budget	Revision	Amended Budget
1000.2411.0000.9002	\$ 0	\$ 58,913	\$ 58,913
1000.2411.0000.9003	\$ 0	\$ 6,015	\$ 6,015
1000.2411.0000.9011	\$ 0	\$ 128	\$ 128
1000.2411.0000.9013	\$ 0	\$ 10,064	\$ 10,064
1000.2411.0000.9014	\$ 0	\$ 951	\$ 951
1000.2411.0000.9017	\$ 0	\$ 190	\$ 190
1000.2411.0000.9018	\$ 0	\$ 89	\$ 89
1000.2411.0000.9030	\$ 0	\$ 783	\$ 783
1000.2411.0000.9040	\$ 0	\$ 626	\$ 626
1000.2411.0000.9041	\$ 0	\$ 79	\$ 79
1000.2411.0000.9042	\$ 0	\$ 103	\$ 103
1000.2411.0000.9043	\$ 0	\$ 445	\$ 445
1000.2411.0000.9044	\$ 0	\$ 15	\$ 15
1000.2411.0000.9045	\$ 0	\$ 6,964	\$ 6,964
1000.2411.0000.9102	\$ 0	\$ 7,500	\$ 7,500
1000.2411.0000.9103	\$ 0	\$ 6,200	\$ 6,200
1000.2411.0000.9202	\$ 0	\$ 1,200	\$ 1,200
1000.2411.0000.9205	\$ 0	\$ 900	\$ 900
1000.2411.0000.9220	\$ 0	\$ 500	\$ 500
1000.2411.0000.9221	\$ 0	\$ 500	\$ 500
1000.2411.0000.9224	\$ 0	\$ 300	\$ 300
1000.2411.0000.9231	\$ 0	\$ 100	\$ 100
1000.2411.0000.9232	\$ 0	\$ 500	\$ 500
1000.2411.0000.9234	\$ 0	\$ 300	\$ 300
1000.2411.0000.9250	\$ 0	\$ 500	\$ 500
1000.2411.0000.9498	\$ 0	\$ 500	\$ 500
1000.2411.0000.9598	\$ 0	\$ 300	\$ 300
Total	\$ 0	\$ 104,665	\$ 104,665

Approved as to Form: 