



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



5

May 5, 1987

Budget and Finance Committee
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amendments to 1987 Agency Operating Budget, Capital
Improvement Budget and Allocation of 1987 Revenues

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency and Housing Authority of the City of Sacramento. A similar report will be presented to the Redevelopment Agency and Housing Authority of the County of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the proposed budget amendments.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment

00960



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



May 5, 1987

Redevelopment Agency and Housing Authority
of the City of Sacramento
Sacramento, California

Honorable Members in Session

SUBJECT: Amendments to 1987 Agency Operating Budget, Capital
Improvement Budget and Allocation of 1987 Revenues

SUMMARY

This report amends the 1987 Agency Budget as adopted by the Governing Boards in November 1986. The proposed amendments are necessary due to: updated year-end fund balance information; the need to correct for inadvertent errors and omissions in the original approved budget document; and the need to provide for some increase in organizational budgets for increased workload levels.

The staff recommends adoption of the attached resolutions approving the proposed changes to the 1987 Agency Budget.

BACKGROUND INFORMATION

Since the adoption of the 1987 Agency Budget, staff has noted assorted inadvertent errors, omissions, and inconsistencies within the budget document. In addition, there are some recommended revisions to organizational budgets that are necessary to properly accommodate increased and additional work program and activities. Exhibit "A" lists each item and briefly describes the proposed action, including the reason for such action.

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Exhibit "B" shows reconciliations for the 1987 Carryover Capital Improvement Budgets for the Downtown, Oak Park, Del Paso Heights and Alkali Flat Redevelopment project areas, including allocation of new 1987 tax increment funds. Thus, the purpose of this report is to reconcile all of these cumulative differences in individual project accounts into actual fund balances as of December 31, 1986, close out completed activities, and provide funds for new activities.

Downtown Redevelopment Project Area

As you may recall, the proceeds of the 1985 Downtown Tax Allocation Bond issue did not net the same amount the Agency staff had projected as needed for each of the projects identified. Therefore, the attached resolution adjusts the bond funded projects to available proceeds. (\$17.6M)

Staff is recommending close-out or reduction of several completed Downtown projects including the old Hotel Rehabilitation program, Replacement Housing, the Ramona Hotel Street Improvements and the Remedial Rehabilitation Program. The reasons for each of these proposed actions are outlined below in Exhibit "B".

In April 1983, the Agency approved an OPA with the Ramona Hotel Investors providing for the sharing of costs for street improvements around the Ramona Hotel located at 6th and J Streets. The project was completed under budget.

The Remedial Rehabilitation Action Program was established at a time when it was necessary to provide relief to a number of rehabilitation loan recipients whose contractors could not complete the work required of them. (In many cases, the contractors went out of business or filed for bankruptcy and thus, could no longer warrantee the work they performed.) In many instances, however, the Agency and the homeowners were able to hold contractors to their commitment through legal means, consequently the amount needed in this account has been reduced.

Staff is recommending that the Replacement Housing fund and the Hotel Rehab fund be closed-out and transferred into a new Single Room Occupancy (S.R.O.) Rehabilitation Program.

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In addition to the projects being closed, staff is proposing two new activities consistent with the Merged Sacramento Downtown Redevelopment Plan. The new activities are the S.R.O. Rehabilitation Program, which would be available to owners of single room occupancy hotels located in the Downtown Redevelopment Project Area; and the Detox Center relocation, which would relocate the Detox Center from the existing Front Street location to another site outside Downtown. This relocation coincides with the City's plans to develop that area for commercial uses consistent with the overall \$8.0 million Miller Park Marina Expansion Project. The City intends to begin development of the subject commercial uses in spring 1988.

Neighborhood Redevelopment Project Areas

For Del Paso Heights, the proposed amendment is a \$200,000 tax increment allocation for South Avenue Street Improvement Project, inadvertently left off the carryover project list.

In Oak Park there are unbudgeted interest earnings for the Oak Park area which are recommended being applied first to projects with projected budget deficiencies. For example, the most recent design estimates for the Child Care Center exceed the original appropriation. Therefore, additional funds may be necessary. Similarly, increasing obligations for Developer Assistance Program (such as acquisition and site clean-up costs for acquisition of liquor stores, and projected financing needs for the Stockton/Broadway intersection) require additional funding. A portion of the Paint and Beautification Program funds (\$75,000) has been reallocated to Neighborhood Housing Services (NHS) in accordance with prior City Council action on this program.

For Alkali Flat, the major change in the budget is in the 12th Street Commercial Improvement line wherein the total amount of Section 108 and tax increment funds for the acquisition of the Reno Club, Thunderbird Motel and Center City Motel was incorrect in the 1987 Budget.

In addition to reconciliation of these budgets for formerly established projects, this report is also intended to clearly indicate revenues anticipated in 1987 and how we propose allocating these revenues. A summary is included in Exhibit "C". The administrative and debt service amounts are already approved in the 1987 Agency Budget. (Note: The 1987 revenue

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projections may be slightly different than those which were approved in the 1987 budget since we now have actual figures for the first tax increment payment and, in some cases, have included proceeds from property sales not included in the original budget.) With the exception of a \$400,000 augmentation for the public garage at the Hyatt Hotel site and a few minor items in Del Paso Heights, all of the previously unallocated new money is being allocated into accounts which will require more specific determination of usage at a later date.

FINANCIAL

The previously approved 1987 Agency Operating Budget totalled \$47,362,332 with the Capital Improvement Budget totalling \$46,353,244. The proposed amendments would result in an increase of \$457,251 for the Operating Budget and an increase of \$1,965,121 to the Capital Improvement Budget for a total Operating Budget of \$47,819,583 and a Capital Improvement Budget of \$48,318,365.

ENVIRONMENTAL REVIEW

The recommended actions do not require environmental review. However, the appropriate environmental review of the proposed new projects would be completed as each individual project is developed in sufficient detail prior to implementation.

POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy and there are no policy changes being recommended.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of May 4, 1987 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES:

NOES:

ABSENT:

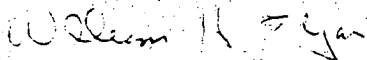
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RECOMMENDATION

The staff recommends adoption of resolution(s) amending the 1987 Agency Budget.

Respectfully submitted,



WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: TERRY L. WOLFORD, 440-1315

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

AMENDMENTS TO THE 1987 AGENCY BUDGET

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The 1987 operating budget is amended to reflect the changes set forth in Exhibit A attached and incorporated by reference.

Section 2: The 1987 capital improvement budget is amended to reflect the changes in project budget amounts set forth in Exhibit B attached and incorporated by reference.

Section 3: The revised allocations of anticipated 1987 revenues indicated in Exhibit C attached and incorporated by reference are approved.

CHAIR

ATTEST:

SECRETARY

0859L

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

AMENDMENTS TO THE 1987 AGENCY BUDGET

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO:

Section 1: The 1987 operating budget is amended to reflect the changes set forth in Exhibit A attached and incorporated by reference.

Section 2: The 1987 capital improvement budget is amended to reflect the changes in project budget amounts set forth in Exhibit B attached and incorporated by reference.

Section 3: The revised allocations of anticipated 1987 revenues indicated in Exhibit C attached and incorporated by reference are approved.

CHAIR

ATTEST:

SECRETARY

0859L

SCHEDULE OF AMENDMENTS TO APPROVED 1987 OPERATING BUDGET

1. Window film installation at 626-630 "I" Street, cost center #5016, originally appropriated in 1986 for a total cost of \$40,000, with the source of funds being City Conventional Housing, was omitted in error from the 1987 Budget.
2. Revenue and expense for Homeless Programs were not budgeted. The County of Sacramento's General Fund provides \$300,000 in revenue. Expenses of \$300,000 are incurred as follows: \$50,000 administrative expense, \$215,000 Salvation Army, and \$35,000 for a Social Services Coordinator. Appropriate corrections should be made to the Community Development Administration and to the Community Based Organization budget.
3. A math error appears in the Source of Funding for the Rehabilitation Division. The Emergency Reserve funding should be \$2,596 and not \$2,000.
4. There is a Source of Funding error for the Housing Production Division. Parking Facility funds should be \$177,561, City Substantial Rehab should be \$52,676, and County Substantial Rehab should be \$47,754.
5. Payment In Lieu of Taxes (PILOT) amount vary from schedule to schedule within the Budget. The correct amounts should be:

City PILOT -	\$272,565
County PILOT -	113,030
Total PILOT -	<u>\$385,595</u>
6. The Employee Services Schedule for the Elderly Nutrition Program should be adjusted as follows:

	Correct Amount	Amount in Budget	Amendment
Program Manager	\$ 33,317	\$ 28,567	\$ 4,750
Dietitian	26,920	24,672	2,248
Fringe Benefits	204,386	201,447	2,937
Total			<u>\$ 9,937</u>

7. The Housing Administration Division's budget request for a computer terminal was omitted in error. It should be included in the Budget for a total of \$2,200
8. The Housing Development Division budget is understated for revenue and expense by \$20,000. Revenues will be obtained from the Mortgage Credit Certificate Program and will be expended for consultant services.

9. The limited term positions in the Leased Housing Division's Employee Services Schedule are shown as six month positions. These positions should be for a twelve month time period.
10. The City of Sacramento was originally going to provide funding for the Golden Era Handicraft Program in their budget and the Agency would no longer show the program in its budget. This plan has changed and the Program must now be added to the Agency Budget in an amount of \$25,044. Funding is to come from project income (\$12,100), P.I.L.O.T. (\$12,144), and Guild fees/other (\$800).
11. The Employee Services Schedule for the CIAP Division lists a position of Technical Specialist III. This position should be a Technical Supervisor.
12. In order to facilitate more precise recruitment, the classification of Grounds Maintenance Worker I/II has been developed for the Site Maintenance Unit. The proposed salary would be established at the same level as Maintenance Worker I/II. The classification of Grounds Maintenance Worker I/II has been discussed with the applicable labor organization, Employees, AFSCME, Local 146, and that organization is in concurrence with this request.
13. The installation of the new accounting system is requiring more start-up help than originally estimated. Temporary Services for the Finance Division should be increased from \$1,500 to \$35,000. Finance is a central support division so this increase will be reflected in the overhead allocation.
14. As a result of realignment of clerical responsibilities within the Economic Development Unit, we are recoding a upgrading of a current TC-II position to TC-III and elimination of the TC-II slot. This is justified by the increasingly complex and responsible nature of the clerical duties in our commercial loan and Enterprise Zone programs. A total of \$2,326 from Downtown Tax Increment funds to be received this year but not yet allocated to specific accounts, is recoded to be added to the administrative budget for this purpose.
15. It is also recoded that \$22,744 from Downtown Tax Increment funds to be received this year but not yet allocated to specific accounts be added to the administrative budget for the economic development unit to fund a limited term Associate Planner for the balance of this year. Reasons for this request are as follows:
 - a) One of our Associates is on reduced time through July as a function of her recent childbirth.

- b) We are in the process of some fairly complex negotiations with the County Auditor/Controllers office regarding recomputation of our business inventory subvention which will require considerable time and effort.
- c) Several additional major Downtown development projects are in the offing which will require considerable additional staff time and effort.

16. The Agency's Errors and Omissions and Auto Insurance costs were omitted from the Non-Departmental Insurance budget. These policies cost \$136,000.

Errors and Omissions	\$ 33,000
Auto Insurance	103,000
	<u>\$136,000</u>

Total Operating Budget increase \$457,251.

EXHIBIT B

SCHEDULE OF AMENDMENTS TO APPROVED 1987 CAPITAL IMPROVEMENT BUDGET

DOWNTOWN PROJECT AREA	AVAILABLE BALANCE 12-31-86	AMENDMENT	REQUESTED BUDGET
CONVENTION HOTEL	3,564,122		3,564,122
WATERFRONT PHASE 11	724,508		724,508
DOCKS	568,601		568,601
CROCKER MUSEUM	499,997		499,997
RESIDENTIAL LAND AQUISITION	1,228,281	(180,000)	1,048,281
D-1	3,999,538	(250,000)	3,749,538
LIBRARY EXPANSION	1,442,692		1,442,692
FOOD COURT/GALLERIA	94,140	(50,000)	44,140
DEVELOPER ASSISTANCE	934,837	(99,380)	835,457
PLAZA PARK IMPROVEMENTS	250,000		250,000
PUBLIC IMPROVEMENTS	500,000		500,000
ARTS IN PUBLIC PLACES	133,317		133,317
RAMONA HOTEL IMPROVEMENTS	41,000	(41,000)	
RIVERVIEW PLAZA	1,700,000		1,700,000
K STREET UNDERPASS	20,000		20,000
K STREET PEDESTRIAN UNDERPASS	66,000		66,000
K STREET MALL REPAIR	127,058		127,058
URBAN DESIGN PLAN	14,300		14,300
HOMELESS SALVATION ARMY	3,953		3,953
REPLACEMENT HOUSING	998	(998)	
HOTEL REHABILITATION	46,026	(46,026)	
REHABILITATION REMEDIAL	81,679	(51,679)	30,000
OLD SACRAMENTO IMPROVEMENTS	454,734		454,734
WATERFRONT IMPROVEMENTS	1,134,876		1,134,876
DETOX CENTER		400,000	400,000
SRO REHABILITATION		300,000	300,000
TOTAL DOWNTOWN PROJECT AREA	17,630,657	(19,083)	17,611,574

SCHEDULE OF AMENDMENTS TO APPROVED 1987 CAPITAL IMPROVEMENT BUDGET

	AVAILABLE BALANCE 12-31-86	AMENDMENTS	REQUESTED BUDGET
OAK PARK:			
35TH STREET/4TH AVENUE REDEVELOPMENT	32,266		32,266
CHILD CARE FACILITY	260,197	290,392	550,589
DEVELOPER ASSISTANCE	1,317,874	158,081	1,475,955
COMMERCIAL DEVELOPMENT ASSISTANCE	220,770		220,770
OAK PARK MARKET STUDY	6,158	(6,158)	
BROADWAY ECONOMIC DEVELOPMENT DEVELOPMENT PROJECTS	337,456		337,456
PAINT AND BEAUTIFICATION	574,976		574,976
NEIGHBORHOOD HOUSING SERVICES	150,000	(74,999)	75,001
DESIGN REVIEW	20,000	75,000	75,000
HOUSING DEVELOPMENT	1,237,154		1,237,154
SITE ACQUISITION	58,134		58,134
RESIDENTIAL STREET IMPROVEMENTS	890,829		890,829
COMMERCIAL STRIP IMPROVEMENTS	1,993,810	(241)	1,993,569
TOTAL OAK PARK	7,099,624	442,075	7,541,699
ALKALI FLAT:			
FINANCIAL ANALYST	18,739		18,739
12TH STREET COMMERCIAL	220,581	749,623	970,204
LAND MAINTENANCE	22,167	266	22,433
ALLEY RECONSTRUCTION	599		599
SIDEWALK RECONSTRUCTION	399,889		399,889
OWNERSHIP HOUSING	851,163	41,481	892,644
SPECIAL REHABILITATION	337,879	49,819	387,698
SOCIAL SERVICE STUDY	6,700		6,700
PARKING STUDY	11,080		11,080
DEVELOPER ASSISTANCE	239,663		239,663
HISTORIC INFILL PROGRAM	62,649		62,649
RELOCATION ASSISTANCE		10,000	10,000
TOTAL ALKALI FLAT	2,171,109	851,189	3,022,298