

Redevelopment Agency Board:
Chair Steven Veres
Vice-Chair Mario F. Hernández
Member Ernesto Rubio Hernández
Member Maribel De La Torre
Member Brenda Esqueda

Executive Director:
Mary Strenn



SAN FERNANDO REDEVELOPMENT AGENCY

AGENDA

TUESDAY
JANUARY 19, 2010 - 6:00 P.M.

CITY COUNCIL CHAMBER
117 MACNEIL STREET
SAN FERNANDO, CA 91340

CALL TO ORDER/ROLL CALL

APPROVAL OF AGENDA

PUBLIC STATEMENTS

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the Agency Board.

CONSENT CALENDAR

Items on the Consent Calendar are considered routine and may be disposed of by a single motion to adopt staff recommendation. If a member of the Agency Board wishes to discuss any item, it should first be removed from the Consent Calendar.

1) APPROVAL OF MINUTES OF:

- a) NOVEMBER 16, 2009 – REGULAR MEETING
- b) DECEMBER 7, 2009 – REGULAR MEETING

2) APPROVAL OF RESOLUTION NO. 1057 TO REIMBURSE THE CITY FOR REDEVELOPMENT EXPENSES

Recommend approval of Resolution.

SAN FERNANDO REDEVELOPMENT AGENCY**AGENDA – Tuesday, January 19, 2010****Page 2****3) REDEVELOPMENT AGENCY (RDA) ANNUAL FINANCIAL REPORTS**

Recommend that the Agency receive and file the following annual reports for Fiscal Year (FY) 2008-2009:

- a) Redevelopment Agency Independent Audit Report;
- b) Financial Transactions Report for the Agency;
- c) RDA Statement of Indebtedness; and
- d) Housing Activity Report covering activities of the Low and Moderate Income Housing Fund, as prepared by the Community Development and Finance Departments.

NEW BUSINESS**4) FISCAL YEAR (FY) 2009-2010 MID-YEAR BUDGET REVIEW AND APPROVAL OF RELATED ACTIONS**

Recommend that the Agency:

- a) Receive and file the FY 2009-10 Mid-Year Budget Review Report;
- b) Authorize adjustments to FY 2009-10 budget revenues and expenditures, and adopt a Resolution amending the FY 2009-10 Adopted Budget;
- c) Approve an inter project area investment through the Public Financing Authority from Project Areas 2 (\$259,951) and 4 (\$238,541) into Project Area 1 subject to final approval of documents by the Agency and Public Financing Authority;
- d) Approve an investment of \$463,100 from the City's Sewer Enterprise Fund into Project Areas 2 and 4 subject to final approval of documents by the City, Agency and Public Financing Authority; and
- e) Adopt a Resolution approving a loan of \$2,063,811 from the Housing Fund to make the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) required by ABx4 26.

SAN FERNANDO REDEVELOPMENT AGENCY**AGENDA – Tuesday, January 19, 2010****Page 3****AGENCY DISCUSSION****STAFF COMMUNICATION****ADJOURNMENT**

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting.

Elena G. Chávez, Secretary

Signed and Posted: January 14, 2010 (1:00 p.m.)

Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet Web site (www.sfcity.org). These are also available for public reviewing prior to a meeting in the City Clerk's Office.

Any public writings distributed by the Redevelopment Agency to at least a majority of the Agency Members regarding any item on this regular meeting agenda will also be made available at the City Clerk's Office at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's Web Site at www.sfcity.org.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification/accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk's Office at (818) 898-1204 at least 48 hours prior to the meeting.

San Fernando Redevelopment Agency

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**SAN FERNANDO REDEVELOPMENT AGENCY
MINUTES**

**NOVEMBER 16, 2009 - 6:00 PM
REGULAR MEETING**

City Hall Council Chamber
117 Macneil Street
San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Chair Steven Veres called the meeting to order at 6:13 p.m.

Present:

Agency: Chair Steven Veres, Vice-Chair Mario F. Hernández and Members Ernesto Rubio Hernández, Maribel De La Torre and Brenda Esqueda

Staff: Agency Counsel Michael Estrada and Secretary Elena G. Chávez

APPROVAL OF AGENDA

Motion by Vice-Chair M. Hernández, seconded by Member De La Torre, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS – WRITTEN/ORAL

None.

CONSENT CALENDAR

Motion by Member De La Torre, seconded by Vice-Chair M. Hernandez, to approve the following Consent Calendar item:

- 1) APPROVAL OF RESOLUTION NO. 1054 TO REIMBURSE THE CITY FOR REDEVELOPMENT EXPENSES

By consensus, the motion carried.

SAN FERNANDO REDEVELOPMENT AGENCY**MINUTES – November 16, 2009****Page 2****NEW BUSINESS**

- 2) APPROVAL OF CONTRACT WITH STRENNCORP FOR AGENCY EXECUTIVE DIRECTOR SERVICES AND ECONOMIC DEVELOPMENT AND CITY ADMINISTRATION CONSULTING SERVICES

Agency Counsel Estrada presented the agenda report.

Motion by Chair Veres, seconded by Member De La Torre to:

- a. Approve the Professional Services Agreement with StrennCorp and authorize the Agency Chair to execute the Agreement; and
- b. Adopt a budget resolution for \$54,358 to amend the Fiscal Year 2009-10 Adopted Redevelopment Agency Budget.

The motion carried unanimously.

Mary Strenn said she appreciates the confidence in bringing her back on board. She has a vision of how things will move ahead and looks forward to working with Agency Board Members and once again with City Administrator Robert Ordelleide.

AGENCY DISCUSSION

Agency Members welcomed Ms. Strenn, look forward to working with her as well, and said her experience and extensive background will be a great asset to the City.

STAFF COMMUNICATION

None.

ADJOURNMENT (6:20 P.M.)

By consensus, the meeting was adjourned.

I do hereby certify that the foregoing is a true and correct copy of the minutes of November 16, 2009 meeting as approved by the San Fernando Redevelopment Agency.

Elena G. Chávez
Secretary

1 b

**SAN FERNANDO REDEVELOPMENT AGENCY
MINUTES**

**DECEMBER 7, 2009 - 6:00 PM
REGULAR MEETING**

City Hall Council Chamber
117 Macneil Street
San Fernando, CA 91340

CALL TO ORDER/ROLL CALL

Chair Steven Veres called the meeting to order at 6:10 p.m.

Present:

Agency: Chair Steven Veres, Vice-Chair Mario F. Hernández and Members Ernesto Rubio Hernández, Brenda Esqueda, Maribel De La Torre

Staff: Executive Director Mary Strenn, Agency Counsel Michael Estrada, and Secretary Elena G. Chávez

APPROVAL OF AGENDA

Motion by Member E. Hernández, seconded by Member E. Hernández, to approve the agenda. By consensus, the motion carried.

PUBLIC STATEMENTS – WRITTEN/ORAL

None

CONSENT CALENDAR

Motion by Member De La Torre, seconded by Member E. Hernández, to approve the following Consent Calendar items. By consensus, the motion carried.

- 1) APPROVAL OF RESOLUTION NO. 1055 TO REIMBURSE THE CITY FOR REDEVELOPMENT EXPENSES

AGENCY DISCUSSION None

STAFF COMMUNICATION None

SAN FERNANDO REDEVELOPMENT AGENCY**MINUTES – December 7, 2009****Page 2****ADJOURNMENT (6:12 P.M.)**

By consensus, the meeting was adjourned.

I do hereby certify that the foregoing is a true and correct copy of the minutes of December 7, 2009 meeting as approved by the San Fernando Redevelopment Agency.

Elena G. Chávez
Secretary

RESOLUTION #1057

A RESOLUTION TO REIMBURSE THE CITY OF SAN FERNANDO FOR EXPENSES MADE ON
BEHALF OF THE REDEVELOPMENT AGENCY
IN ACCORDANCE WITH APPROVED REIMBURSEMENT AGREEMENTS.

PAYEE	PURPOSE	FUND	AMOUNT	TOTAL
PAYROLL:				
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	80-105-0000-4101	\$1,883.48	
		80-105-0000-4105	\$0.00	
		80-105-0000-4120	\$146.40	
		80-105-0000-4124	\$344.79	
		80-105-0000-4130	\$136.21	
		80-105-0000-4390	\$30.00	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	80-155-0000-4101	\$6,711.67	
		80-155-0000-4105	\$138.53	
		80-155-0000-4120	\$384.95	
		80-155-0000-4124	\$1,653.53	
		80-155-0000-4130	\$332.61	
		80-155-0000-4390	\$48.81	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	80-155-0152-4101	\$3,665.73	
		80-155-0152-4105	\$0.00	
		80-155-0152-4120	\$280.48	
		80-155-0152-4124	\$1,124.32	
		80-155-0152-4130	\$264.64	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	82-105-0000-4101	1,825.20	
		82-105-0000-4120	141.92	
		82-105-0000-4124	327.43	
		82-105-0000-4130	134.87	
		82-105-0000-4390	30.00	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	82-155-0000-4101	\$6,710.43	
		82-155-0000-4105	\$138.53	
		82-155-0000-4120	\$384.86	
		82-155-0000-4124	\$1,653.17	
		82-155-0000-4130	\$332.59	
		82-155-0000-4390	\$48.81	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	82-155-0152-4101	\$3,664.01	
		82-155-0152-4105		
		82-155-0152-4120	\$280.35	
		82-155-0152-4124	\$1,123.87	
		82-155-0152-4130	\$264.50	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	83-105-0000-4101	\$0.00	
		83-105-0000-4120	\$0.00	
		83-105-0000-4124	\$0.00	
		83-105-0000-4130	\$0.00	
		83-105-0000-4390	\$0.00	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	86-155-0000-4101	\$3,137.63	
		86-155-0000-4120	\$123.18	
		86-155-0000-4124	\$981.63	
		86-155-0000-4130	\$50.03	
		86-155-0000-4390	\$42.21	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	89-155-0000-4101	\$1,128.52	
		89-155-0000-4120	\$46.02	
		89-155-0000-4124	\$353.07	
		89-155-0000-4130	\$18.04	
		89-155-0000-4390	\$15.23	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	92-105-0000-4101	\$3,650.40	
		92-105-0000-4120	\$283.85	
		92-105-0000-4124	\$654.82	
		92-105-0000-4130	\$269.76	
		92-105-0000-4390	\$60.00	

RESOLUTION #1057

A RESOLUTION TO REIMBURSE THE CITY OF SAN FERNANDO FOR EXPENSES MADE ON
 BEHALF OF THE REDEVELOPMENT AGENCY
 IN ACCORDANCE WITH APPROVED REIMBURSEMENT AGREEMENTS.

PAYEE	PURPOSE	FUND	AMOUNT	TOTAL
PAYROLL:				
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	92-155-0000-4101	\$1,128.48	
		92-155-0000-4120	\$46.02	
		92-155-0000-4124	\$353.04	
		92-155-0000-4130	\$18.04	
		92-155-0000-4390	\$15.23	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-105-0000-4101	\$41.62	
		94-105-0000-4105	\$0.00	
		94-105-0000-4120	\$3.17	
		94-105-0000-4124	\$12.42	
		94-105-0000-4130	\$0.94	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-105-0000-4390	\$0.00	
		94-155-0000-4101	\$12,322.78	
		94-155-0000-4103	\$0.00	
		94-155-0000-4105	\$113.08	
		94-155-0000-4120	\$770.09	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-155-0000-4124	\$2,793.14	
		94-155-0000-4130	\$392.13	
		94-155-0000-4390	\$67.50	
		94-155-0152-4101	\$13,757.14	
		94-155-0152-4103	\$2,398.29	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-155-0152-4105	\$0.00	
		94-155-0152-4120	\$1,235.86	
		94-155-0152-4124	\$4,219.40	
		94-155-0152-4130	\$1,167.53	
		94-155-8155-4105	\$11,767.07	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-155-8155-4120	\$565.34	
		94-155-8155-4130	\$1,109.56	
		94-191-0000-4101	\$16,498.29	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-191-0000-4105	\$117.58	
		94-191-0000-4120	\$1,018.10	
		94-191-0000-4124	\$4,234.81	
		94-191-0000-4130	\$458.42	
		94-191-0000-4390	\$102.50	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	94-191-0152-4103	\$1,600.86	
		94-191-0152-4120	\$122.47	
		94-191-0152-4130	\$116.39	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	95-105-0000-4101	\$4,933.80	
		95-105-0000-4105	\$0.00	
		95-105-0000-4120	\$383.59	
		95-105-0000-4124	\$892.98	
		95-105-0000-4130	\$361.18	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	95-105-0000-4390	\$80.00	
		95-155-0000-4101	\$5,186.30	
		95-155-0000-4105	\$92.35	
		95-155-0000-4120	\$286.11	
		95-155-0000-4124	\$1,324.21	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	95-155-0000-4130	\$232.30	
		95-155-0000-4390	\$42.21	
		95-155-0152-4101	\$2,443.37	
		95-155-0152-4105	\$46.74	
		95-155-0152-4120	\$317.40	
CITY OF SAN FERNANDO	REIMB. FOR PAYROLL 10/24/09-12/18/09	95-155-0152-4124	\$616.31	
		95-155-0152-4130	\$132.32	
SUB-TOTAL				\$140,959.54

RESOLUTION #1057

A RESOLUTION TO REIMBURSE THE CITY OF SAN FERNANDO FOR EXPENSES MADE ON
 BEHALF OF THE REDEVELOPMENT AGENCY
 IN ACCORDANCE WITH APPROVED REIMBURSEMENT AGREEMENTS.

PAYEE	PURPOSE	FUND	AMOUNT	TOTAL
SPECIAL CHECKS:				
		<i>SUB-TOTAL</i>		<i>\$0.00</i>
WARRANT REGISTER:				
DE SANTIAGO, MICHELLE	TUITION REIMBURSEMENT	94-155-0000-4365	\$72.17	
		94-191-0000-4365	\$72.17	
DIEHL, EVANS & COMPANY, LLP	PROFESSIONAL AUDIT SERVICES	91-190-0000-4270	\$4,895.00	
HDL, COREN & CONE	PROPERTY TAX ANALYSIS 2004-05 THRU 2008-09	91-190-0000-4270	\$11,300.00	
LAW OFFICES DAPEER ROSENBLIT & LITVAK, LLP	LEGAL SERVICES	94-155-8155-4270	\$5,494.95	
RICHARDS, WATSON & GERSHON	LEGAL SERVICES	91-190-0000-4270	\$2,749.00	
SAN FERNANDO VALLEY SUN	PUBLICATION OF CDBG ALLOCATION	94-155-0000-4230	\$218.76	
STRENN CORPORATION	MANAGEMENT OF RDA AGENCY & RDA FUNCTIONS 12/01/09 THRU 01/07/10	80-105-0000-4270	\$2,109.37	
		82-105-0000-4270	\$2,109.37	
		92-105-0000-4270	\$4,218.75	
		94-105-0000-4270	\$4,218.75	
		95-105-0000-4270	\$4,218.76	
THALES CONSULTING INC.	ANNUAL REDEVELOPMENT REPORT	91-190-0000-4270	\$2,000.00	
		<i>SUB-TOTAL</i>		<i>\$43,677.05</i>
FUND SUMMARY:				
	80 CAPITAL PROJECTS		\$19,255.52	
	81 PROJECT 1 - TAX ALLOCATION		\$0.00	
	82 PROJECT 1 - PROJECT FUND		\$19,169.91	
	83 PROJECT 1A - DEBT SERVICE		\$0.00	
	85 PROJECT 2 - TAX ALLOCATION		\$0.00	
	86 PROJECT 2 - TAX ALLOCATION		\$4,334.68	
	88 PROJECT 3 - TAX ALLOCATION		\$0.00	
	89 PROJECT 3 - PROJECT		\$1,560.88	
	91 PROJECT 3A - TAX ALLOCATION		\$20,944.00	
	92 PROJECT 3A - PROJECT FUND		\$10,698.39	
	93 SFRA AREA 4-DEBT SERVICE		\$0.00	
	94 LOW INCOME HOUSING FUND		\$87,083.28	
	95 SFRA AREA 4-PROJECT FUND		\$21,589.93	
	TOTAL		\$184,636.59	

Approved by the Agency Board on: January 19, 2010

AYES:
 NOES:
 ABSENT:

 REDEVELOPMENT AGENCY CHAIR
 CITY OF SAN FERNANDO

FINANCE DEPARTMENT

MEMORANDUM

TO: Chair Steven Veres and Agencymembers

FROM: Mary Strenn, Executive Director
By: Andrea Mevik, Senior Accountant

DATE: January 19, 2010

SUBJECT: Redevelopment Agency (RDA) Annual Financial Reports

RECOMMENDATION:

It is recommended that the Redevelopment Agency receive and file the following annual reports for Fiscal Year (FY) 2008-2009:

- a. Redevelopment Agency Independent Audit Report;
- b. Financial Transactions Report for the Agency;
- c. RDA Statement of Indebtedness; and
- d. Housing Activity Report covering activities of the Low and Moderate Income Housing Fund, as prepared by the Community Development and Finance Departments.

BACKGROUND:

1. The Redevelopment Agency is required under the State Health and Safety Code Section 33080 and 33080.1 to file annual reports with the State Controller, the Department of Housing and Community Development, and the local legislative body (i.e., City Council).
2. On September 29, 2009, the RDA Statement of Indebtedness was filed with the Los Angeles County Auditor Controller's Office.
3. On December 30, 2009, the "Redevelopment Agencies Financial Transactions Report" was filed with the State Controller's Office.
4. On December 24, 2009, a copy of the RDA statements was filed with the bond trustee.
5. On December 30, 2009, copies of the Financial Statements for the Redevelopment Agency were provided to the City Council, City Administrator, City Treasurer, and City Clerk. A copy was also mailed to the State Controller's Office.

Redevelopment Agency (RDA) Annual Financial Reports

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6. On December 23, 2009, the Housing Activity Report covering activities of the Low and Moderate Income Housing Fund was filed electronically with the State of California.

ATTACHMENTS:

All of the above mentioned items, “a” through “d”, are available for review in both the Finance Department and in the City Clerk’s Office.

CITY ADMINISTRATION**MEMORANDUM**

TO: Chair Steven Veres and Agency Board Members

FROM: Mary Strenn, Executive Director
Brian Haworth, Assistant to the Executive Director

DATE: January 19, 2010

SUBJECT: FY 2009-10 Mid-Year Budget Review Report and Approval of Related Actions

RECOMMENDATION:

It is recommended that the Agency Board:

- a. Receive and file the FY 2009-10 Mid-Year Budget Review Report;
- b. Authorize adjustments to FY 2009-10 budget revenues and expenditures, and adopt a Resolution amending the FY 2009-10 Adopted Budget (Attachment “D”);
- c. Approve an inter project area investment through the Public Financing Authority from Project Areas 2 (\$259,951) and 4 (\$238,541) into Project Area 1 subject to final approval of documents by the Agency and Public Financing Authority;
- d. Approve an investment of \$463,100 from the City’s Sewer Enterprise Fund into Project Area 2 and 4 subject to final approval of documents by the City, Agency and Public Financing Authority; and
- e. Adopt a Resolution approving a loan of \$2,063,811 from the Housing Fund to make the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) required by ABx4 26 (Attachment “E”).

OVERVIEW:

The mid-year budget review is designed to provide an examination of the Agency’s budgeted revenue and expenditure projections at a midpoint of the fiscal year. However, this year an in-depth examination was required due to several issues: During discussions with the Auditors in preparation for our annual Audit, it was brought to light that the beginning fund balance for project areas was really land and not cash (approximately \$1.5 million). Also, the totaling of the Housing Fund with the Project Area Funds provided a positive balance forward that was not actual due to restrictions on spending housing funds. In addition to these accounting issues, the State has mandated that all redevelopment agencies provide a substantial amount of their

FY 2009-10 Mid-Year Budget Review Report and Approval of Related Actions

Page 2

revenues in the first of a two-year payment to aid the State's dire financial condition. Those payments are \$2,063,811 this year and \$424,494 for FY 2010-11. It should be noted that the California Redevelopment Association (CRA) has brought a lawsuit against the State on grounds that this is an unconstitutional demand.

ANALYSIS:

The budget format has been altered from the original budget presented in July, 2009 for the purpose of separating the budget for the Project Area Funds, and the budget for the Housing Fund. The purpose in this separation is to ensure that restricted housing funds are not inadvertently used for non-housing purposes. Some line items have also been rearranged to more appropriately fit in categories; an example of this is a pass-through that is deducted by the County of Los Angeles before the Agency receives funds versus payments for which staff writes a check some time within the year.

Due to the degree of research necessary for this budget balancing process, there are many more changes than a typical revised budget because it is important that the document be accurate. All changes are summarized in the attached spreadsheets (Attachments "A" and "B"). There are the two budgets, and columns in each budget for the adopted versus the proposed revised, as well as footnotes describing the reasoning. The following sections highlight the most significant changes:

Project Area Funds Budget

1. *Adjusted Beginning Balance* - The funds that the Agency started the year with in July 1, 2009 have been changed due to the Auditors' more recent analysis. There is also an update of Restricted Cash held by the fiscal agent who is the bonds' Trustee.

The most significant change is that part of the fund balance is land, not cash. Further, two of the three parcels in that figure have been removed because the parcels have been sold or leased for 99 years. This results in the Adjusted Beginning Balance changing from a positive \$614,712 to a negative (\$944,120) to start the fiscal year.

2. *Revenues* - Now that we are half way into the fiscal year, projections are more solid. Agency Consultant, HdL, has revised projections on tax increment over staffs' conservative original numbers. That triggered altered pass-through obligations such as the 20% housing set-aside and County shares of taxes. In Other Income, inter Project Area loans will be deferred (as in the past) due to deficits. Revenues in the revised budget have new line items for the inter Project Area investment of \$498,492, the Sewer Fund investment of \$463,100 and a loan from the Housing Fund of \$2,063,811 to pay the SERAF obligation to the State. Total Revenues result in the revised budget of \$7,071,711.
3. *Expenditures* - During the research, it was learned that some of the items that had been approved in the City budget had not been carried over to the Agency budget as required. Although most of the line items were in the Community Development Department, there were also approved contracts such as Buxton that were not put in the Agency budget. One

FY 2009-10 Mid-Year Budget Review Report and Approval of Related Actions

Page 3

new item is a \$10,000 budget for the Agency's financial consultant, Mark Northcross of NHA, Inc., to do the preliminary analysis of bond potential after the fiscal merger.

It is clear that project line items have been drastically reduced for budget balancing purposes. Some projects have retained partial funding to at least get started or preserve grants such as the Lopez Adobe Retrofit and the PBID feasibility assessment. But public works projects such as Truman Street and Park Avenue will have to look for new funding sources for they are beyond the financial capability of the Agency's tax increment flow.

Loan payments have been deferred wherever it would not cause a deficit to the City budget. A substantial line item added is the AB1389 pass-through to other taxing entities. This mandated obligation was paid last year but inadvertently not budgeted in FY 2009-10. Expenditures also show the SERAF payment of \$2,063,811.

The June 30, 2010 Estimated Balance for the Project Area Funds budget is \$0. This was accomplished because of the budget balancing measures of the Sewer Fund investment through the City's Public Financing Authority into the Project Area Funds, and then the redistribution of surplus Project Area Funds into those with deficits. To implement these measures, it will be necessary for the Agency, the City and the Public Financing Authority to approve investment documents that will be agendized for the February 15, 2010 meetings. It should be noted that the Sewer Fund investment will have a term of 5 years with interest indexed to LAIF.¹ The inter Project Area Funds investment will have a term of 10 years with no interest.

Housing Fund Budget

1. *Adjusted Beginning Balance* - The Adjusted Balance is revised downward by the Auditors' newer estimates to \$2,207,563.
2. *Revenues* - The hike in the previous tax increment results in a positive \$320,782 to the Revenues.
3. *Expenditures* - The major change is the increase to administrative expenses, partly due to the aforementioned Community Development Department salary oversight but also due to overhead shifting from the Project Area Funds budget, representative of where staff resources and activities are occurring. The CAPP overtime funds are being reduced so inspections will increasingly have to be done during regular shifts. The Kalisher Street project reduction is just an appropriate adjustment considering the number of units possible on that site. The CHFA loan payments are being deferred as in the past.

The most significant change is the \$2,063,811 loan to the Project Area Funds for the Agency's SERAF payment. The result to Expenditures is a change of negative (\$1,558,886).

¹ Interest would be based on the City's average rate earned on its funds deposited into the Local Agency Investment Fund (LAIF).

FY 2009-10 Mid-Year Budget Review Report and Approval of Related Actions

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The June 30, 2010 Estimated Balance is a positive \$177,893 due to improved revenues and budget cuts. The positive balance is approximately 42% of next year's SERAF payment.

Attachment "C" provides further background on the SERAF obligation.

CONCLUSION:

For a number of years, the load of Agency debt and staffing expenditures has been increasing faster than the tax increment revenues. This fundamental problem became more difficult this year with the realization that a substantial portion of the July 1, 2009 Balance was, in fact, land rather than cash. In addition, there are State mandated programs from the past that have not been accurately budgeted. But the most critical issue is one that is facing every California redevelopment agency – the State's takeaway of two-thirds of Agency funds through SERAF. Few organizations, public or private, could cope with such a loss without eliminating projects and furthering the debt load.

ATTACHMENTS:

- A. Revised FY 2009-10 Agency Budget: Project Area Funds
- B. Revised FY 2009-10 Agency Budget: Housing Fund
- C. Background on the SERAF Obligation
- D. Resolution Amending the FY 2009-10 Agency Budget
- E. Resolution Approving Housing Fund Use for the SERAF Payment

REVISED FY 2009-10 AGENCY BUDGET PROJECT AREA FUNDS			
	TOTAL		NOTES RE: REVISED FIGURES
	ADOPTED	REVISED	
July 1, 2009 Beginning Balance	2,296,501	1,908,105	Based on actual receipts; adjusted for Agency-held land (222 Jessie and 1328 Celis). Accounts for Agency-owned land at 1320 San Fernando Rd. Confirmed by fiscal agent; line item relates to the Agency's bonded debt.
Land Held for Resale	-	(1,000,000)	
Restricted Cash	(1,681,789)	(1,852,225)	
ADJUSTED BEGINNING BALANCE	\$ 614,712	\$ (944,120)	
REVENUES			
Net Tax Increment	3,321,926	3,902,600	Based on HdL projections, Jan. 2010.
Other Income	143,708	143,708	
Loan and Investment Proceeds			Reflects deferral of loan proceeds from Project Area 1. Upon final approval of loan documents by the Agency and Public Financing Authority (PFA). Upon final approval of loan documents by the City, Agency and PFA. Reflects the Agency's FY 2009-10 SERAF obligation.
PFA Inter Project Area Loan (2002) 1/	158,653	-	
PFA Inter Project Area Investment (2010) 2/	-	498,492	
PFA Sewer Fund Investment (2010) 3/	-	463,100	
Housing Fund Loan: SERAF (2010) 4/	-	2,063,811	
TOTAL REVENUES	\$ 3,624,287	\$ 7,071,711	
TOTAL FUNDS AVAILABLE	\$ 4,238,999	\$ 6,127,591	
EXPENDITURES			
Administrative Expenses			
Salaries and Benefits	492,611	457,341	Shifts net costs to the Agency's housing fund (where projects are being done). Shifts costs to the Agency's housing fund (where projects are being done).
Cost Allocation and Overhead	533,196	333,196	
Tuition Reimbursement	1,600	1,600	
Supplies and Training	11,000	11,000	
Public Noticing	-	11,000	Represents accounting oversight; will fund required noticing activities for the plan amendments.
Subtotal: Administrative Expenses	\$ 1,038,407	\$ 814,137	
Professional Services			
Advisory: Technical 5/	130,200	245,163	Represents accounting oversight; also includes encumbered contracts and budget resolutions. Represents financial advisory services related to bond potential analyses.
Advisory: Financial 6/	4,900	14,900	
Auditing and Accounting 7/	4,500	4,500	
Legal Counsel 8/	72,000	57,000	Shifts costs to the Agency's housing fund (where projects are being done).
Other 9/	17,424	17,424	
Subtotal: Professional Services	\$ 229,024	\$ 338,987	
Neighborhood Preservation			
Lopez Adobe Retrofit	150,550	30,000	Reduces allocation to cover construction observation costs for architect.
Truman Streetscape	200,000	-	
PBID/BID Feasibility Assessment	40,000	20,000	Reduces allocation and proposes the shifting of cost balance to FY 2010-11.
Park Ave. Improvements	550,000	-	
Lot Reuse: 4th and Park	45,000	-	
Subtotal: Projects	\$ 985,550	\$ 50,000	
Neighborhood Services			
Graffiti Abatement 10/	55,000	12,000	Covers encumbered contract services through February 2010.
Tree Trimming	35,000	-	
Street and Sidewalk Improvements	440,000	-	
Subtotal: Neighborhood Services	\$ 530,000	\$ 12,000	
Loan Payments and Transfers			
Bonded Debt 11/	1,681,789	1,681,789	Includes deferral of PFA Inter-Project Area Loan (2002) payment; see footnote 1. Includes unbudgeted SB 1389 pass-throughs. Represents actions related to the PFA Inter Project Area Investment (2010); see footnote 2.
Loans and Notes	634,417	518,898	
Other Payments	37,377	149,477	
Fund Transfers	-	498,492	
SERAF Payment	-	2,063,811	
Subtotal: Loan Payments and Transfers	\$ 2,353,583	\$ 4,912,467	
TOTAL EXPENDITURES	\$ 5,136,564	\$ 6,127,591	
JUNE 30, 2010 EST. BALANCE	\$ (897,565)	\$ -	

FOOTNOTES:

1/ Reflects \$475K loan related to Rydell and Starbucks. Payment deferred this year. Due: 2013.

2/ Reflects proposed \$498.5K investment from Project Areas 2 and 4. Proposed terms: 10 years, no interest, with payments from Project Area 1 starting FY 2010-11.

3/ Reflects proposed \$463.1K Sewer Fund Investment. Proposed terms: 5 years, annual interest based on LAIF, with payments from Project Areas 2 and 4 starting FY 2010-11.

4/ By law, this loan is required to be paid in full (with no interest) by Project Area funds no later than June 30, 2015.

5/ Includes services for the retail strategy, plan amendments and Executive Director.

6/ Also includes services for a revised cost allocation plan.

7/ Includes required services for annual audits and bond arbitrage.

8/ Provided by Richards, Watson and Gershon.

9/ Funds partial costs for the City's new website; contractor is Vision Internet.

10/ Abatement services will be assumed by Public Works starting March 2010.

11/ Accounts for bonded debt service from the Agency's 1998 and 2006 tax allocation bonds.

**REVISED FY 2009-10 AGENCY BUDGET
HOUSING FUND**

	TOTAL		NOTES RE: REVISED FIGURES
	ADOPTED	REVISED	
July 1, 2009 Beginning Balance	2,222,943	2,207,563	Based on actual receipts.
REVENUES			
Tax Increment 1/	1,175,225	1,410,400	Based on HdL projections, Jan. 2010.
Other Income 2/	23,648	109,255	Reflects increased activity from loan payoffs.
Proceeds from FY 09-10 SERAF Loan	-	-	Required by ABx4 26; first payment to be made from Project Area funds in FY 2010-11.
TOTAL REVENUES	\$ 1,198,873	\$ 1,519,655	
TOTAL FUNDS AVAILABLE	\$ 3,421,816	\$ 3,727,218	
EXPENDITURES			
Administrative Expenses			
Salaries and Benefits	469,997	537,907	Absorbs costs from the Agency's project area funds.
Cost Allocation and Overhead	209,490	409,490	Absorbs costs from the Agency's project area funds.
Tuition Reimbursement	-	3,500	Represents accounting oversight.
Vehicle Allowances	-	1,400	Represents accounting oversight.
Public Noticing	-	10,000	Represents accounting oversight; will fund required noticing activities for the plan amendments.
Supplies and Training	11,195	11,195	
Subtotal: Administrative Expenses	\$ 690,682	\$ 973,492	
Professional Services			
Advisory: Technical 3/	72,000	104,157	Represents budget amendment resolutions.
Advisory: Housing 4/	29,878	19,878	Accounts for half-year savings from delayed contracts.
Advertising 5/	5,879	5,879	
Legal Counsel 6/	-	15,000	Absorbs budgeted costs from the Agency's project area funds.
Subtotal: Professional Services	\$ 107,757	\$ 144,914	
Neighborhood Preservation			
CAPP: Prosecutor Services 7/	67,000	39,500	Reduces budget to meet SERAF obligation.
CAPP: Staff Overtime	33,000	32,500	Reduces budget to meet SERAF obligation.
Subtotal: Neighborhood Preservation	\$ 100,000	\$ 72,000	
Housing Programs			
Rehabilitation Loans 8/	210,000	30,000	Reduces budget to meet SERAF obligation; revised figure accounts for one pending loan.
Rehabilitation Grants 9/	10,000	-	Reduces budget to meet SERAF obligation.
First Time Homebuyers 10/	300,000	-	Eliminates program temporarily; shifts consumer focus to other government programs.
Subtotal: Housing Programs	\$ 520,000	\$ 30,000	
Housing Projects			
Project Assistance: Kalisher St. 11/	250,000	90,000	Reduces Agency subsidy.
Project Assistance: Ganqi Senior Housing 12/	167,000	160,000	
Subtotal: Housing Projects	\$ 417,000	\$ 250,000	
Payments and Transfers			
Loan Payments	\$ 155,000	\$ 15,108	Defers CHFA loan payment for the scattered senior housing projects.
SERAF Loan (T/O to Project Area Funds)	-	2,063,811	
SUBTOTAL: Payments and Transfers	\$ 155,000	\$ 2,078,919	
TOTAL EXPENDITURES	\$ 1,990,439	\$ 3,549,325	
JUNE 30, 2010 EST. BALANCE	\$ 1,431,377	\$ 177,893	

FOOTNOTES:

- 1/ Based on 20% of gross tax increment revenue generated by the Agency's project areas.
- 2/ Represents loan repayments and equity share proceeds from Agency housing programs; also includes interest earnings from bank investments
- 3/ Includes services for the plan amendments and Executive Director.
- 4/ Includes contracted housing inspection services and partial costs for the Agency's required five-year housing and implementation plan.
- 5/ Contracted services to be defined on an as-needed basis.
- 6/ Provided by Richards, Watson and Gershon.
- 7/ Provided by Dapeer, Rosenblit and Litvak.
- 8/ Offers low-interest loans (up to \$21,000) for home improvements; limited to low-income residents.
- 9/ Offers a grant for critical home repairs; limited to very-low income residents.
- 10/ Provides funding assistance to eligible first-time homebuyers through a "silent" second mortgage; amounts vary based on market conditions.
- 11/ Reflects Agency land "write-down" for future housing development at 551 Kalisher St
- 12/ Project under State funding consideration; allocation to cover costs for an updated Environmental Impact Report (EIR)

Background on the SERAF Obligation

In August 2009, the State legislature passed ABx4 26 authorizing a \$2.05 billion take-away from local redevelopment funds to assist in balancing the State's budget. Commonly known as a SERAF payment, the Agency's share for this fiscal year is \$2,063,811.

As previously discussed in the mid-year budget review report, the Agency has no other funds (from its Project Area Funds) to make the payment after fulfilling its obligations. The legislation, however, does allow the Agency to make the payment by borrowing monies from its Housing Fund. This stipulation is conditioned upon the Agency repaying the full amount to the Housing Fund with no interest by June 30, 2015.

At this time, staff is recommending that the Agency use its Housing Fund to make its SERAF payment, which is due to the County of Los Angeles by May 10, 2010.¹ The consequences of not making the payment are dire, and have been termed as a "death penalty" for redevelopment agencies. This means that among other things, the Agency could not move forward in: (1) adopting or amending its redevelopment plans; (2) issue bonds or refinance debt; and (3) expend any monies to pay pre-existing debt and contractual obligations.² In effect, this would shut down the Agency's operations until the payment is made.³

The California Redevelopment Association (CRA) has filed a lawsuit challenging the constitutionality of ABx4 26, and it hopes to have a decision prior to the May 10, 2010 payment due date. While the CRA is confident that the State's action of diverting redevelopment funds is illegal, and therefore the Agency will not have to allocate such funds, the Agency must also be prepared to meet this potential obligation. Accordingly, adoption of the Resolution (Attachment "E") authorizing the SERAF payment is recommended as a prudent measure, which may or may not need to be exercised.⁴

¹ This staff report will notify the County on how the Agency will fund this year's SERAF payment. Notification deadline: March 1, 2010.

² Pursuant to Section 33690 of the Health and Safety Code.

³ The penalty lasts until the SERAF payment is made but the Agency must then permanently increase its contribution to the Housing Fund from 20 to 25 percent.

⁴ The CRA has recommended that redevelopment agencies set aside funds for the SERAF obligation, but not immediately make the payment due to pending litigation. As such, the requested loan for the SERAF payment is contingent upon outcome of the CRA's lawsuit.

RESOLUTION NO. _____**A RESOLUTION OF THE SAN FERNANDO REDEVELOPMENT
AGENCY AMENDING THE BUDGET FOR FISCAL YEAR 2009-10
ADOPTED ON JULY 20, 2009**

WHEREAS, the San Fernando Redevelopment Agency (“Agency”) has received and considered proposed budget adjustments to its Fiscal Year 2009-10 Adopted Budget (“Budget”), commencing July 1, 2009 and ending June 30, 2010; and

WHEREAS, the Agency has determined that it is necessary to adjust revenues and expenditures of the Budget; and

WHEREAS, the Budget has been adopted on July 20, 2009, a copy of which is on file in the City Clerk’s Office.

NOW, THEREFORE, BE IT RESOLVED, that the Redevelopment Agency of the City of San Fernando hereby approve an amendment to the Budget, as set forth in the Staff Report dated January 19, 2010 and the mid-year budget adjustments attached thereto and summarized by the attached Exhibit “A”.

PASSED, APPROVED AND ADOPTED this 19th day of January 2010.

Steven Veres, Chairman

ATTEST:

Elena G. Chávez, Secretary

**STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)**

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Redevelopment Agency of the City of San Fernando held on the 19th day of January 2010, by the following vote to wit:

AYES:

NOES:

ABSENT:

Elena G. Chávez, Secretary

CITY OF SAN FERNANDO REDEVELOPMENT AGENCY FUNDS Summary of FY 2009-2010 Revised Budget Increase and Decreases							
FUND NO #	FUND NAME	Revenues			Expenditures		
		Adopted Budget 2009-2010	Mid-Year Revised Budget	Increase / Decrease 2009-2010	Adopted Budget 2009-2010	Mid-Year Revised Budget	Increase / Decrease 2009-2010
RDA Funds:							
	Project 1	\$ 595,760	\$ 1,645,007	\$ 1,049,247	\$ 1,220,781	\$ 1,141,910	\$ (78,871)
	Project 2	\$ 401,958	\$ 822,224	\$ 420,266	\$ 258,798	\$ 665,166	\$ 406,368
	Project 3	\$ 2,282,154	\$ 3,943,846	\$ 1,661,692	\$ 2,815,519	\$ 3,256,411	\$ 440,892
	Project 4	\$ 344,415	\$ 660,634	\$ 316,219	\$ 841,466	\$ 1,064,104	\$ 222,638
	Subtotal:	\$ 3,624,287	\$ 7,071,711	\$ 3,447,424	\$ 5,136,564	\$ 6,127,591	\$ 991,027
	Low Mod Housing	\$ 1,198,873	\$ 1,519,655	\$ 320,782	\$ 1,990,439	\$ 3,549,325	\$ 1,558,886
	Total Redevelopment Funds:	\$ 4,823,160	\$ 8,591,366	\$ 3,768,206	\$ 7,127,003	\$ 9,676,916	\$ 2,549,913

RESOLUTION NO. _____**A RESOLUTION OF THE SAN FERNANDO REDEVELOPMENT AGENCY
AUTHORIZING A LOAN FROM THE LOW AND MODERATE INCOME HOUSING
FUND TO MAKE THE REQUIRED FISCAL YEAR 2009/10 SUPPLEMENTAL
EDUCATIONAL REVENUE AUGMENTATION FUND PAYMENT, AND MAKING
DETERMINATIONS IN CONNECTION THEREWITH**

The San Fernando Redevelopment Agency (the "Agency") hereby finds, determines, and resolves as follows:

Section 1. AB X4 26 added Section 33690 to the California Health and Safety Code, effective January 1, 2010, which requires redevelopment agencies to make remittances to county auditors for deposit in the county supplemental educational revenue augmentation funds (SERAF) for the 2009/2010 fiscal year.

Section 2. Health and Safety Code Section 33690(a)(1) provides that the Agency must, prior to May 10, 2010, remit to the Los Angeles County Auditor for deposit in the Los Angeles County SERAF an amount equal to the amount determined for the Agency by the State Director of Finance.

Section 3. The amount of the Agency's required SERAF remittance for the 2009/2010 fiscal year is \$2,063,811.

Section 4. Pursuant to Health and Safety Code Section 33690(c)(1), to make the full SERAF remittance required by Section 33690, the Agency, notwithstanding any other law, may borrow from either: (1) the amount required to be allocated to the Low and Moderate Income Housing Fund, pursuant to Health and Safety Code Sections 33334.2, 33334.3, and 33334.6, or (2) any moneys in that fund, or (3) both, unless such borrowing would impair existing executed contracts.

Section 5. Health and Safety Code Section 33690(c)(2) provides that as a condition of borrowing pursuant to Health and Safety Code Section 33690(c)(1), the Agency must make a finding that there are insufficient other moneys to meet the requirements of Health and Safety Code Section 33690(a).

Section 6. As set forth in the agenda report for this item, the total estimated payments on existing indebtedness required to be made in the 2009/10 fiscal year leaves insufficient funds to make the required SERAF payment.

Section 7. Based on the foregoing, the Agency hereby finds that there are insufficient funds to meet the requirements of Health and Safety Code Section 33690(a). Specifically, the Agency finds that: (a) the amount allocated to the Agency in the 2009/2010 fiscal year is needed to make payments on the Agency's existing indebtedness that are due or required to be committed, set aside, or reserved by the Agency during the 2009/2010 fiscal year and will be used by the Agency for such purpose, and the Agency has no other funds that can be used to pay this existing indebtedness and no other feasible method to reduce or avoid such indebtedness;

and (b) the Agency has no other funds that can be used to make the allocation required by Health and Safety Code Section 33690(a).

Section 8. The Agency hereby declares its intent to make the full SERAF remittance for the 2009/2010 fiscal year required by Section 33690 by borrowing from (1) the amount required to be allocated to the Low and Moderate Income Housing Fund pursuant to Health and Safety Code Sections 33334.2, 33334.3, and 33334.6, and (2) any moneys in that fund as of June 30, 2010.

Section 9. The Agency hereby finds that no existing executed contracts will be impaired if, in accordance with this resolution, the Agency reduces the amount allocated to the Low and Moderate Income Housing Fund or the amount of moneys in the fund, or both.

Section 10. The Agency hereby declares that funds borrowed pursuant to Section 33690(c) shall be repaid in full on or before June 30, 2015.

Section 11. The Executive Director, being the chief fiscal officer of the Agency, has reviewed the information set forth in this Resolution for accuracy.

PASSED, APPROVED, and ADOPTED this 19th day of January 2010.

Steven Veres, Chairman

ATTEST:

Elena G. Chávez, Secretary

APPROVED AS TO FORM:

Michael Estrada, Agency Counsel

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the San Fernando Redevelopment Agency held on the 19th day of January 2010, by the following vote to wit:

AYES:

NOES:

ABSENT:

Elena G. Chávez, Secretary