



Southeastern  
Economic  
Development  
Corporation

T 619.527.7345  
F 619.262.9845  
www.sedcinc.com

## Memorandum

Date issued: April 16, 2010 Item No. 7b – Report No. 10-005

Meeting of: April 21, 2010

To: Chair and Members of the SEDC Budget & Finance Committee

From: Terry Darden, Chief Financial Officer

**Subject: *Southeastern Economic Development Corporation's Proposed Fiscal Year 2011 Budget***

---

### SUMMARY

Requested Action: The Southeastern Economic Development Corporation (SEDC) Budget & Finance Committee recommends that the SEDC Board of Directors approve the FY 2011 Budget for projects administered by SEDC and SEDC's FY 2011 Administrative Budget.

Staff Recommendations: That the SEDC Budget & Finance Committee recommends that the SEDC Board of Directors approve the Fiscal Year 2011 budget for the San Diego Redevelopment Agency projects administered by SEDC and SEDC's Administrative Budget.

Fiscal Considerations: The Proposed FY 2011 Budget totals \$10.7 million and is financed with tax increment, bond proceeds, and other income.

This report combined with Attachment A, represents the Proposed FY 2011 budget for the Central Imperial, Southcrest, Mt Hope, and Gateway Redevelopment Projects. The proposed budget totals \$10.7 million.

### BACKGROUND

SEDC is a not-for-profit public benefit corporation organized in 1981 to administer economic development projects within the community of Southeast San Diego and provide redevelopment services to the Redevelopment Agency of the City of San Diego.

### DISCUSSION

The proposed FY 2011 budget consists of several components: Affordable housing budgets, non-housing, or capital project budgets, appropriations for debt service on bonds, tax sharing payments, ERAF payments, county administrative and service fees, city services' payments, and SEDC's administrative budget. The components of the budget have funding sources derived from tax increment, bond proceeds, and other income.

**Project Budgets (\$1.7 million):** Project budgets are developed consistent with the SEDC Five Year Strategic Plan, the Five Year Implementation Plans for the Redevelopment Project Areas, the SEDC Operating and Agreement and the Agency Board direction. The project budgets contain multiyear projects and therefore the budget includes adjustments to existing project activities and provisions for new activities. The proposed budget contains a total of \$1.7 million of new appropriation for projects and related soft costs. In Southcrest, the current industrial zoning, or rezoning, for development around the Keeler Court area could potentially allow additional generation of jobs and tax increment funding. Residential development at the Agency-owned sites near 40<sup>th</sup> & Alpha will provide for sustainable affordable housing and a model of future residential development in the area. Capital projects in Southcrest include design and development of Southcrest Trails Park, installation of streetlights, and utilizing the SDG&E mitigation funds in partnership with the Storm Water Department to further enhance Las Chollas Creek while providing storm water and model 'green' alley improvements adjacent to Southcrest Trails Park and Chavez Elementary School. Commercial development in the Central Imperial Redevelopment project area includes the development of Valencia Business Park, along with the commercial mixed use development within the Village Center at Euclid and Market. Residential development efforts will focus on the Hilltop and Euclid site, the Village Center at Euclid and Market, and rehabilitation of the Vista Grande Apartments. Residential developments include very low, low and moderate income housing. Amendments to the Redevelopment Plans to merge project areas for financial purposes will be processed. Plan amendments to expand redevelopment into the Dells Imperial Study Area and other areas suggested by the community are being initiated, along with the formation of a Project Area Committee formed through a community election process. Catalyst project efforts include the Commercial and 22<sup>nd</sup> Street site in partnership with CCDC and the San Diego Housing Commission. Additional low and moderate income housing efforts include administration of the SEDC funds provided for the Housing Enhancement Loan Program and the SEDC Lead Safe San Diego Program in the SEDC Area of Influence in coordination with the San Diego Housing Commission.

**Affordable Housing (\$2.3 million):** The proposed budget provides funding for affordable housing in the amount of \$2.3 million to be used for various affordable housing projects.

**Tax Sharing Payments (\$.6 million):** The proposed budget includes funding for tax sharing agreements of \$.6 million.

**City Services and County Fees (\$.6 million):** The proposed budget includes appropriations of \$.5 million for City Services and \$.1 million for County Administrative and Service Fees.

**ERAF Payments (\$.5 million):** The proposed budget includes funding the State's ERAF shift of \$.5 million.

**CDBG Payments (\$.3 million):** The proposed budget includes an allocation of \$.3 million for the yet-to-be approved CDBG repayment plan.

**SEDC Administrative Budget (\$1.5 million):** The total administrative budget is \$1.5 million, which includes \$96 thousand for low- and moderate-income housing planning and administration. The administrative budget represents a decrease of \$.8 million, or 34%, from the current year's overall budget. The decrease consists of reductions in salaries and benefits of \$566,900, and \$231,700 in non-personnel costs from the original FY 2010 budget, and reductions in salaries and benefits of \$245,100 and \$553,500 in non-personnel costs from the amended FY 2010 budget.

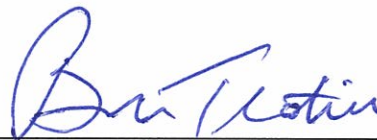
**Debt Service (\$3.3 million):** The debt service payments for FY 2011 total \$3.3 million.

### CONCLUSION

This memorandum, combined with the attachment, represents a proposed FY 2011 budget for the Central Imperial, Southcrest, Mt Hope, and Gateway Redevelopment Projects and the administration budget. The proposed FY 2011 budget consists of several components: Affordable housing budgets, non-housing, or capital project budgets, appropriations for debt service on bonds, tax sharing payments, ERAF payments, county administrative and service fees, city services' payments, and SEDC's administrative budget. The components of the budget have funding sources derived from tax increment, bond proceeds, and other income.



Submitted by  
Terry Darden  
Chief Financial Officer



Approved by  
Brian L. Trotier  
Acting President/Chief Executive Officer

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO  
ADMINISTERED BY SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION  
PROPOSED CAPITAL AND OPERATING BUDGET  
FISCAL YEAR 2011

	PROPOSED FY 2011 BUDGET					(OVER (UNDER) FY 2010 AMENDED BUDGET
	FY 2010 AMENDED BUDGET*	CENTRAL IMPERIAL	SOUTHCREST	MOUNT HOPE	GATEWAY CENTER	
<b>REVENUE</b>						
Tax Increment						
Capital Projects - 80%	\$ 4,714,947	\$ 1,610,954	\$ 1,506,329	\$ 1,100,019	\$ 261,897	\$ 4,479,199
Affordable Housing Projects - 20%	1,178,736	402,738	376,582	275,005	65,474	1,119,799
Total Tax Increment	5,893,683	2,013,692	1,882,911	1,375,024	327,371	5,598,998
Other Revenue						
Old Globe Disposition Proceeds	25,706					25,706
Bond Proceeds and Carryover	8,464,258	1,986,009	2,464,839	184,935	444,734	5,080,517
Total Other Revenue	8,489,964	2,011,715	2,464,839	184,935	444,734	5,106,223
<b>Total Revenue</b>	<b>\$ 14,383,647</b>	<b>\$ 4,025,407</b>	<b>\$ 4,347,750</b>	<b>\$ 1,559,959</b>	<b>\$ 772,105</b>	<b>\$ 10,705,221</b>
<b>EXPENSES</b>						
Tax Sharing	\$ 678,932	\$ 243,612	\$ 188,291	\$ 123,752	\$ -	\$ 555,655
ERAF	2,313,520	164,461	168,491	120,178	23,183	476,313
Debt Service	2,990,917	1,046,366	1,241,096	611,305	391,091	3,289,858
CDBG Repayments	100,000	110,000	50,000	33,000	119,000	312,000
SEDC Administration Costs	2,345,600	508,744	672,039	334,909	31,308	1,547,000
City Services	444,221	144,134	213,528	105,715	3,023	466,400
County Administrative and Service Fees	54,030	48,000	35,000	25,000	12,000	120,000
Capital Projects - 80%	1,613,009	965,536	454,751	103,600	149,500	1,673,387
Affordable Housing Projects - 20%	3,843,418	794,554	1,324,554	102,500	43,000	2,264,608
<b>Total Expenses FY 2011 Budget</b>	<b>\$ 14,383,647</b>	<b>\$ 4,025,407</b>	<b>\$ 4,347,750</b>	<b>\$ 1,559,959</b>	<b>\$ 772,105</b>	<b>\$ 10,705,221</b>
<b>FY 2010 Amended Budget by Project Area</b>	<b>4,552,505</b>	<b>5,417,855</b>	<b>3,878,993</b>	<b>534,294</b>	<b>14,383,647</b>	
<b>Over (Under) FY 2010 Amended Budget by Project</b>	<b>\$ (527,098)</b>	<b>\$ (1,070,105)</b>	<b>\$ (2,319,034)</b>	<b>\$ 237,811</b>	<b>\$ (3,678,426)</b>	

\* Budget amendment approved September 30, 2009