

**PLACER COUNTY**  
**REDEVELOPMENT AGENCY**

**MEMORANDUM**

**TO:** Honorable Members of the Redevelopment Agency Board  
**FROM:** Thomas M. Miller, Director  
 James LoBue, Deputy Director   
**DATE:** November 23, 2010  
**SUBJECT:** Redevelopment Agency's Fiscal Year 2010-2011 Final Budget in the Amount of \$45,965,170

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**ACTION REQUESTED**

Adopt a resolution approving the Redevelopment Agency's Fiscal Year 2010-2011 Final Budget in the amount of \$45,965,170.

**BACKGROUND**

At the June 8, 2010 meeting, your Board approved the Redevelopment Agency (Agency) Work Program and Proposed Budget for FY 2010-2011 in the amount of \$33,472,626. Since that time the Agency has received updated information on revenues, expenditures, and fund carryovers, and has taken action on some significant new program initiatives. As a result, there are a number of notable changes in the Final Budget.

**Revenues**

In September the Agency received final property tax information for the current year from the County Assessor and Auditor. This information indicates that, for the first time in its history, year-to-year gross tax increment revenue for the Agency has declined.

<u>FUND</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>% CHANGE</u>
North Tahoe Housing	\$ 1,342,831	\$ 1,288,994	- 4.0
North Auburn Housing	321,493	301,564	- 6.2
Sunset Housing	487,881	336,150	- 31.1
North Tahoe Commercial	3,493,585	3,391,132	- 2.9
North Auburn Commercial	841,452	803,140	- 4.5
Sunset Commercial	1,359,212	935,289	- 31.2

The net tax increment revenue available to the Agency is greater in FY 2010-2011 than in the previous year because the State Supplemental Education Revenue Augmentation Fund (SERAF) taking for this year - \$656,822 - is significantly below the FY 2009-2010 SERAF taking of \$3,193,331, and this change more than offsets the tax increment gross revenue decline. In addition, the recent voter approval of California Proposition 22 makes it unlikely that the State will be able to do a similar taking in future years.

Tax increment is the primary source of revenue for the Agency, but the Final Budget also includes other revenue from multiple sources – interest earnings, proceeds from tax allocation bond issuances, State and Federal grants and loans, program income from Agency loans to private parties, private bank loans, and developer contributions. The Agency will continue to seek out opportunities to apply for grants and leveraging of other outside funds in support of Agency projects and programs.

#### Program Changes

Since adoption of the Proposed Budget, the Agency has taken action on some key projects that have significantly changed the numbers in certain areas of the Final Budget. Notable among these projects is the closing of the Kings Beach Scattered Sites Housing Project. In October 2010, the Agency, developer, and other lenders closed on the project, which resulted in: a) the commitment of funding from multiple private lenders; b) the transfer of title for the land from the Agency to the developer; and c) the establishment of a new Agency loan to the developer of \$7,618,300, which represents all of the funding and land value conveyed by the Agency to the developer. Per the approved Disposition, Development, and Loan Agreement between the Agency and developer, the Agency is scheduled to convey another \$300,000 in funding assistance to the project in December 2010, and the amount of the loan will increase accordingly.

On October 19, 2010, your Board approved a Loan Purchase Agreement of \$1,450,000 plus closing costs with Central Pacific Bank. The loan purchase closing has occurred. The Agency took this action to assist the BB, LLC Kings Beach Town Center Mixed Use Project. It is proposed that the Agency carry out another loan purchase of \$2,800,000 plus closing costs with Umpqua Bank in order for the Agency to become the first mortgage loan holder for the entire BB, LLC project. A proposed Agency action to authorize carrying out this transaction is included on your Board's November 23, 2010 agenda and the Final Budget has been prepared assuming that this transaction will take place during the fiscal year.

#### Fiscal Adjustments

For the past two years the Agency has pursued a frugal approach to its administration and operations. The Agency has left two staff positions vacant and has pursued a number of other steps to save on expenses, such as the use of staff to perform functions that used to be performed at greater expense by outside consultants.

In Fiscal Year 2009-2010, the \$3,193,331 SERAF payment to the State was made using North Lake Tahoe Project Area and Sunset Industrial Project Area commercial tax increment funds. No North Auburn Project Area funds were used because of the projected lack of reserves in the North Auburn Project Area budget at that time. The North Auburn Project Area finances have since stabilized and significant projects, including the Bowman-North Auburn Sewer Siphon Project and the Rock Creek Plaza Shopping Center Public Improvements Project have been successfully completed under budget. It is now proposed that the North Auburn Project Area reimburse the Sunset Industrial and North Lake Tahoe Project Areas for North Auburn's proportionate share of the FY 2009-2010 SERAF payment. The Final Budget includes this adjustment as well as each of the three Project Areas paying its proportionate share of the FY 2010-2011 SERAF payment.

In order to carry out the above described loan purchases for the BB, LLC Kings Beach Town Center Mixed Use Project, the Final Budget includes a transfer of \$3,000,000 of commercial tax increment funds from the Sunset Industrial Project Area to the North Lake Tahoe Project Area. The transfer is in the form of a loan with a term of five years and also includes interest charges comparable to other Agency investments.

Budget Adjustments and Remaining Reserves

The Final Budget contains the same projects and programs listed in the Proposed Budget with the following exceptions. In the North Auburn Project Area an additional \$200,000 is budgeted for the Miner’s Ridge Housing Project to increase that total to \$2,196,829 and the Commercial Loan Program allocation is reduced from \$409,054 to \$101,726. In the Sunset Industrial Project Area a \$1,000,000 allocation for the Commercial Loan Program is eliminated. However, the Final Budget indicates an end of year fund balance of \$359,973 and those funds could be made available for commercial loans or other uses as determined by the Agency. In the North Lake Tahoe Project Area the BB, LLC project allocation is increased by \$4,300,000 to reflect the Agency acquisition of mortgage loans from two banks.

With these adjustments, the Final Budget continues the projects and programs included in the Proposed Budget. At the end of the fiscal year it is projected that reserve balances will remain in the three redevelopment project areas as follows:

North Tahoe Housing	\$ 706,746	-- reserved for payoff of CalHFA loan in 2012
North Auburn Housing	376,119	-- reserved for payoff of CalHFA loan in 2012
Sunset Housing	0	
North Tahoe Commercial	1,083,309	
N. Tahoe Commercial Bond	4,442,859	-- \$1,000,000 reserved for Kings Beach Commercial Core Improvement Project and \$500,000 reserved for payoff of Wells Fargo loan
North Auburn Commercial	0	
N. Auburn Commercial Bond	108,448	-- reserved for Highway 49 Streetscape Improvements
Sunset Commercial	359,973	

Cash Flow

In all project areas the Final Budget balances projected expenditures with projected revenues and in most areas significant reserves are projected to occur at the end of the fiscal year. However, the Agency’s dependence on tax increment financing means that it must receive most of these funds at the standard times of property tax collection – April and December – and there are lag times in between the collection dates. The Agency is not always able to control its expenditures to coincide with the revenue collection schedule. The Agency has conducted an analysis of projected future cash flow and concluded that within the next two years there may be times of temporary cash shortfalls in the ‘dry’ periods between major tax increment collection dates. As discussed at your Board meeting of October 18, 2010, it is being considered to apply through the County Treasurer-Tax Collector for temporary dry period financing, as needed, in order to prevent any temporary budget shortfalls or significant delays of key Agency projects and programs. The County previously provided dry period financing of this nature for the first several years of the Agency’s operation. Those funds were paid off in full and the steady

increase in tax increment revenue up until the current fiscal year made that practice unnecessary in recent years.

**ENVIRONMENTAL STATUS**

The proposed action is an administrative action and does not constitute a project and is exempt from environmental review per California Environmental Quality Act Guidelines section 15178(b)(5).

**FISCAL IMPACT**

The Agency's Final 2010-2011 Final Budget includes \$45,965,170 from a combination of tax increment, bond proceeds, state and federal grants and loans, program income, interest earnings, and private contributions.

Attachments: Resolution  
Final Budget Summary Table

cc: Karin Schwab, Agency Counsel

**Before the Placer County  
Redevelopment Agency Board of Directors  
County of Placer, State of California**

**In the matter of:**

**Approving the Redevelopment Agency Fiscal Year 2010-  
2011 Final Budget in the amount of \$45,965,170**

**Resol. No:.....**

**Ord. No:.....**

**First Reading: .....**

**The following Resolution was duly passed by the Redevelopment Agency Board  
of the County of Placer at a regular meeting held \_\_\_\_\_,**

**by the following vote on roll call:**

**Ayes:**

**Noes:**

**Absent:**

**Signed and approved by me after its passage.**

**Attest:  
Clerk of said Board**

\_\_\_\_\_  
**Chair, Agency Board**

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WHEREAS, pursuant to California Health and Safety Code Section 33606, a Final Budget for Fiscal Year 2010-2011 is submitted to the Redevelopment Agency (Agency) by the Redevelopment Director and is attached as "Final Budget Summary";

261

WHEREAS, Agency staff reviewed the Final Budget and recommends its adoption;

WHEREAS, the deposit of twenty per cent (20%) of the net tax increment is budgeted in Fund 504, Housing Set-aside in the amount of \$1,926,708;

WHEREAS, the public improvements set forth in the Agency Fiscal Year 2010-2011 Final Budget are of benefit to the respective Redevelopment Project Areas in and near where such improvements will be constructed;

WHEREAS, the payment of the costs of such improvements is consistent with the Agency's adopted Implementation Plans;

WHEREAS, to the benefit of the Agency, Placer County staff provide valuable program management, planning, and financial management for the Agency in the sum of \$1,823,078;

WHEREAS, all designated reserves are released for designated projects or re-budgeted due to the payment to the State and termination of projects. The result is an estimated \$7,077,454 remaining in the reserves for individual Project Areas and bond funds detailed in the attached Fiscal Year 2010-2011 Final Budget Summary;

WHEREAS, the proposed planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing during the Fiscal Year 2010-2011 Agency budget year; and

WHEREAS, the Agency subsidizes State and Federal Grant programs in the Housing Set-aside Fund such as the Community Development Block Grant and Neighborhood Stabilization Programs, in the amount of \$214,218;

WHEREAS, pursuant to California Health and Safety Code section 33334.2(g), the use of monies from the Housing Set-aside Fund to fund housing projects outside any Redevelopment Project Area will be of benefit to each Redevelopment Project Area within the County.

NOW, THEREFORE, BE IT RESOLVED by the Redevelopment Agency of the County of Placer that the Fiscal Year 2010-2011 Agency Final Budget is hereby adopted.

PLACER COUNTY REDEVELOPMENT AGENCY

FY 2010-11

FINAL BUDGET SUMMARY

Revenues	N. Tahoe 504-100	N. Auburn 504-200	Sunset 504-300	General 504-400	CW Hsg Bond 504-500	Total Housing	N. Tahoe 505-100	N. Auburn 505-200	Sunset 505-300	NT Bond 505-600	NA Bond 505-700	Total Capital Projects	FY'10-11 Final Budget
Available Fund Balance (Unreserved/Undesignated)	274,740	202,246	458,533	-	1,654,805	2,590,324	1,084,113	417,659	695,829	2,141,287	908,448	5,247,336	7,837,660
Cancel Reserves	2,144,808	441,503	-	-	-	2,586,311	714,501	299,053	2,019,864	9,815,394	344,353	13,193,165	15,779,476
Tax Increment	1,288,994	301,564	336,150	-	-	1,926,708	2,956,909	700,301	815,529	-	-	4,472,739	6,399,447
Long-Term Debt Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenues	8,959,733	-	-	214,218	542,024	9,715,975	4,118,585	1,746,745	142,286	224,996	-	6,232,612	15,948,587
<b>Total FY10-11 Revenue</b>	<b>10,248,727</b>	<b>301,564</b>	<b>336,150</b>	<b>214,218</b>	<b>542,024</b>	<b>11,642,683</b>	<b>7,075,494</b>	<b>2,447,046</b>	<b>957,815</b>	<b>224,996</b>	<b>-</b>	<b>10,705,351</b>	<b>22,348,034</b>
<b>FY10-11 Available Revenues</b>	<b>12,668,275</b>	<b>945,313</b>	<b>794,683</b>	<b>214,218</b>	<b>2,196,829</b>	<b>16,819,318</b>	<b>8,874,108</b>	<b>3,163,758</b>	<b>3,673,508</b>	<b>12,181,677</b>	<b>1,252,801</b>	<b>29,145,852</b>	<b>45,965,170</b>
Expenditures	N. Tahoe 504- 100	N. Auburn 504-200	Sunset 504- 300	General 504- 400	CW Hsg Bond 504-500	Total Housing	N. Tahoe 505- 100	N. Auburn 505- 200	Sunset 505-300	NT Bond 505- 600	NA Bond 505- 700	Total Capital Projects	FY'10-11 Final Budget
Salaries & Employee Benefits	400,112	90,777	114,603	214,218	52,876	872,586	571,824	169,844	149,856	53,433	5,535	950,492	1,823,078
Services & Supplies	221,048	44,711	95,767	-	43,953	405,479	1,186,928	2,148,370	163,679	6,135,835	1,138,818	10,773,630	11,179,109
Other Charges	11,340,369	433,706	584,313	-	2,100,000	14,458,388	6,032,047	845,544	3,000,000	1,549,550	-	11,427,141	25,885,529
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal FY10-11 Expenditures</b>	<b>11,961,529</b>	<b>569,194</b>	<b>794,683</b>	<b>214,218</b>	<b>2,196,829</b>	<b>15,736,453</b>	<b>7,790,799</b>	<b>3,163,758</b>	<b>3,313,535</b>	<b>7,738,818</b>	<b>1,144,353</b>	<b>23,151,263</b>	<b>38,887,716</b>
<b>**FY10-11 Designated Reserves</b>	<b>706,746</b>	<b>376,119</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,082,865</b>	<b>1,083,309</b>	<b>-</b>	<b>359,973</b>	<b>4,442,859</b>	<b>108,448</b>	<b>5,994,589</b>	<b>7,077,454</b>
<b>Grand Total Budget</b>	<b>12,668,275</b>	<b>945,313</b>	<b>794,683</b>	<b>214,218</b>	<b>2,196,829</b>	<b>16,819,318</b>	<b>8,874,108</b>	<b>3,163,758</b>	<b>3,673,508</b>	<b>12,181,677</b>	<b>1,252,801</b>	<b>29,145,852</b>	<b>45,965,170</b>

2163

264