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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



August 22, 1989

Budget and Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Amendments to the 1989 Agency Budget

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.

RECOMMENDATION

The staff recommends approval of the amendments to the 1989 Agency Budget.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



August 29, 1989

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

Honorable Members in Session:

SUBJECT: Amendments to the 1989 Agency Budget

SUMMARY

This report amends the 1989 Agency Budget as adopted by the Governing Boards in December 1988. The proposed amendments are necessary to correct problems that have been discovered recently or to make changes in the Budget necessary for continued efficient operations.

BACKGROUND INFORMATION

The 1989 Agency Budget was adopted in December 1988. A "technical corrections" amendment was adopted by the Governing Boards in May 1989 to correct errors and omissions in the original Budget. Numerous other amendments have been processed during the year as a result of staff reports approved by Governing Boards or by approval of the Executive Director in those instances where the amount was less than \$20,000. Budgetary staff has been collecting assorted items of a general nature since the May amendment and now is coming before you asking for approval of several items necessary for the continued effective operation of the Agency. Exhibit "A" lists each item and briefly describes the proposed action, including the reason for such action.

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FINANCIAL DATA

The originally adopted 1989 Agency Operating Budget totalled \$57,562,168 and the Capital Improvement Budget totalled \$63,187,017. The technical corrections amendment of May 1989 added \$2,728,069 to the Operating Budget and decreased the Capital Improvement Budget by \$122,940. This report's proposed amendments increases the Operating Budget by \$1,459,744 and has no impact on the Capital Improvement Budget.

MBE/WBE

Not Applicable to this item.

POLICY CONSIDERATIONS

The recommended action is consistent with the Agency policies and procedures.

ENVIRONMENTAL IMPACT

CEQA: Not a project per Section 15378(b)(3)

NEPA: Exempt per 24CFR Part 58.34(a)(3).

VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of August 21, 1989, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

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RECOMMENDATION

The staff recommends adoption of resolution(s) amending the 1989 Agency Budget.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact person: Terry L. Wolford, 440-1340

RESOLUTION NO.

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF _____

AMENDMENTS TO THE 1989 BUDGET

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

Section 1: The 1989 Agency Budget is amended to reflect the changes set forth in Exhibit A attached and incorporated by reference.

Section 2: The proposed expenditure under the 1989 Housing Operating Budgets are necessary in the efficient and economical operation of the Housing Authority for the purpose of serving low income families. This will revise the Housing Operating Budgets in the amount of \$125,982 for the City of Sacramento and \$71,459 for the County of Sacramento.

Section 3: The housing financial plan is reasonable in that:

- a. It indicates a source of funding adequate to cover all proposed expenditures.
- b. It does not provide for use of Federal funding in excess of that payable under the provisions of these regulations.

Section 4: All proposed rental charges and expenditures will be consistent with provisions of law and the Annual Contribution Contract.

CHAIR

ATTEST:

SECRETARY

429-1100WPP2

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

AMENDMENTS TO THE 1989 BUDGET

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

Section 1: The 1989 Agency Budget is amended to reflect the changes set forth in Exhibit A attached and incorporated by reference.

CHAIR

ATTEST:

SECRETARY

429-1100WPP2

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

MID-YEAR BUDGET REVISIONS

1. Various Employee Service Schedules in the 1989 Budget indicated that some positions would be studied for possible reclassification during 1989. The following staffing changes are requested as a result of those classification studies and discussions with applicable labor organizations and management staff. These changes will result in an increased cost of \$13,856 for the remainder of the year.

Finance - Accounting Systems:

Delete one System Specialist

Delete two Accountant III's

Add three Supervising Accountants at the level of the Systems Specialist.

Rehabilitation

Delete one Property Rehabilitation Specialist II

Add one Technical Specialist III

Housing Development

Delete one Program Analyst

Add one Senior Program Analyst

Housing Management

Delete one Housing Management Clerk II

Add one Housing Management Clerk III at the level of the Housing Services Clerk III

Footnote reference to Housing Manager classification:

The Housing Manager assigned the supervisory responsibility over the Agency custodians shall receive an additional 7% above the base salary of the Housing Manager.

Maintenance - CIAP

Delete one Technical Specialist II

Add one Technical Specialist III

FGP/SCP/RSVP

Delete one Community Services Specialist II

Add one Community Services Coordinator at the level of the Nutrition Services Coordinator

CIAHS/Gateway I & II

Delete two Community Services Specialist II

Delete one Housing and Redevelopment Assistant

Add three Community Service Coordinators at the level of the Nutrition Services Coordinator

2. In response to a Maintenance/Utilities Review conducted by the Department of Housing and Urban Development (DHUD) in March 1989, the Agency developed an "Action Plan" to address the findings including performance goals and schedules. One of the major concerns was the vacancy turnover time. The DHUD is of the opinion that the average time is excessive. After analyzing all available data, the Agency's response is to add an additional specialist carpenter position and utilize that position to reduce contract service requirements related to vacancies. This will decrease the time presently required for repairs, with the net result of reduced turnover time. Therefore, one Maintenance Specialist (carpenter) position is requested for the Housing Maintenance budget at an increased cost of \$14,319 for salary and benefits for the remainder of the year.

3. The 1989 Overhead Budget needs to be revised for potential growth in the administration budget and the 1988 shortage identified when the general fund and payroll fund workpapers were completed. This increase in overhead allows for the cumulative under recovery of overhead and/or paid actual time off for the years 1986, 1987 and 1988, totalling \$322,000. The remaining difference allows for approximately 6% growth in administration's overall budget. This estimated 6% growth in less than the 10% growth of 1988. In some instances, the additional funding required for Housing and Community Services will require cuts in the current budget due to the limits on their funding sources. The following overhead budget changes are required.

Organization	Increase/(Decrease)
Downtown Development	\$210,000
Economic Development	(108,000)
Rehabilitation	(25,000)
Neighborhood Development - CDBG	6,000
Neighborhood Development - T.I.	77,000
Construction Monitoring	(10,000)
Housing Development	161,000
Homeless Programs	0
Housing Management	207,000
Central Tenant Selection	20,000
Site Maintenance	28,000
Maintenance	(34,000)
Leased Housing	44,000
Community Services Administration	0
Elderly Nutrition	6,000
FGP/SCP/RSVP	3,000
Tenant Services/Gateway III	6,000
Child Development/Gateway III	6,000
CIAHS/Gateway I & II	<u>51,000</u>
TOTAL	\$648,000

4. In 1985, the Oak Park Redevelopment Plan was amended and as a result a greater emphasis was placed on the commercial revitalization of the project area. Since that time approximately \$881,000 has been awarded in the Oak Park Commercial Revitalization Target Area through the Oak Park Commercial Loan and Grant Program. This influx of tax increment funds has leveraged over \$1.4 million of private investment in commercial enterprises in Oak Park. As a result of the increased activity of the Commercial Loan and Grant program there are no funds available for any new activity. In order to continue the progress and interest generated in the economic growth of Oak Park, staff is recommending that a major portion, \$288,769.62 of the Oak Park Unallocated Tax Increment Fund Balance of \$293,568.62 be transferred to the Oak Park Commercial Loan and Grant Program. The remaining Unallocated Fund Balance funds of \$4,799 and \$70,201 from Oak Park Paint and Beautification will be reallocated to the Oak Park Neighborhood Housing Services. (See Chart #1) These funds will fulfill a three year funding commitment to Neighborhood Housing Services that was made in 1987.

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5. The Agency's investment activities are performed by the Treasurer of the City of Sacramento. These services are provided for a fee based on actual costs of the Treasurer's operations and these costs are then distributed to each Agency fund based on investment activity. Ideally, these investment costs should be charged on a regular basis during the year. For some reason, this has not happened and the Agency has not been charged for investment services since late 1987, with no charges in 1988. As a result of this lack of activity, staff neglected to budget Investment Cost Recovery fees for investment services in 1989. The Agency recently received an invoice from the Treasurer in the amount of \$116,927 for services rendered during the last months of 1987, the entire 1988 year, and the first quarter of 1989. Projecting the 1989 quarterly costs for the remainder of 1989, an additional cost of approximately \$60,000 can be anticipated. Staff is therefore requesting a Budget amendment of \$180,000 for Investment Cost Recovery Fees for the current year. Subsequent Agency Budgets will include this item on an annual basis.
 6. Prior to the 1989 year, the Technical Services unit maintained all Agency owned properties throughout the Redevelopment Areas. This maintenance included weed abatement, cleanup, fencing, garbage collection, etc. With the reorganization of the Community Development Department in 1989, Technical Services was merged with Housing Production to form the new Construction Monitoring unit and the property maintenance duties were transferred to the Site Maintenance Division within the Housing Department.

This transfer of duties has been successful and Agency properties are being maintained in an efficient and effective manner. Funding for these activities has been provided from tax increment funds from the Downtown area as well as the neighborhood areas of Del Paso Heights, Alkali Flat, and Oak Park. Some unforeseen costs have materialized in the Downtown area and an additional \$10,000 is now needed to cover estimated costs for the remainder of the year. Staff is therefore requesting a Budget Amendment of \$10,000 from Downtown tax increments to fund property maintenance efforts of the Site Maintenance Division.

7. The Alkali Flat Redevelopment Area has recently completed two projects that now have funds remaining. The Sidewalk Reconstruction Project has \$59,389 in unneeded funds and the Ownership Site Project has \$600,000 in unused funds. Two new projects are in need of funds (Alley Reconstruction at a cost of \$150,000 and Traffic Signal Construction at a cost of \$30,000) and a CDBG project (12th Street Entrance/Exit Signs) needs an additional \$6,000 so that it can be completed. In addition, the Developer Assistance Program is in need of funds (\$773,389) to implement the 12th Street Commercial Revitalization Strategy. The Alkali Flat unallocated Fund Balance contains \$407,652 and \$300,000 of this amount needs to be transferred to the above mentioned projects in need of funds. (See Chart #2). Staff is therefore requesting a Budget Amendment of \$959,389 to complete the described activities.

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CHART #1
OAK PARK BUDGET ADJUSTMENTS AND REALLOCATION

YEAR/COST CENTER	PROJECT	CURRENT ALLOCATION	RECOMMENDED ALLOCATION	NET CHANGE	COMMENTS
1. <u>SURPLUS FUNDS</u>					
1986/A01704	O.P Paint and Beautification	\$70,201.00	-0-	(\$ 70,201.00)	Project Complete
1989	Unallocated Fund Balance	\$293,568.62	-0-	<u>(\$293,568.62)</u>	Unallocated funds available to continue existing projects
		TOTAL SURPLUS		<u>(\$363,769.62)</u>	
3. <u>REALLOCATION OF SURPLUS FUNDS</u>					
1987/A00703	O.P. Commercial Loans and Grants	-0-	\$288,769.62	+\$288,769.62	Funds will be utilized to continue economic development activities along the Broadway Commercial Strip.
1986/A01703	O.P. Neighborhood Housing Services	\$ 68,736.00	\$143,736.00	+\$ 75,000.00	Funds needed to fulfill final year of a three year funding commitment.
		TOTAL REALLOCATION		<u>+\$363,769.62</u>	

CHART OF RECOMMENDED REPROGRAMMING ACTIONS

R/COST CENTER	PROJECT	CURRENT ALLOCATION	RECOMMENDED ALLOCATION	NET CHANGE	COMMENT
ROJECTS COMPLETE - SURPLUS FUNDS					
4/A00680	A.F. Sidewalk Reconstruction	59,389.00	0	-\$ 59,389.00	Project complete.
5/A01607	A.F. Ownership Sites	763,754.00	163,754.00	-\$ 600,000.00	Project complete.
989	Unallocated Fund Balance	407,652.00	107,652.00	<u>-\$ 300,000.00</u> \$ 959,389.00	
ROJECTS TO RECEIVE SURPLUS FUNDS					
989	Entrance/Exit Signs 12th Street	0	6,000.00	+\$ 6,000.00	Preliminary cost estimates indicate additional funds are necessary to complete project.
9/A00679	A.F. Alley Reconstruction	0	150,000.00	+\$ 150,000.00	Preliminary cost estimates indicate this amount is needed to reconstruct two substandard alleys.
989	Traffic Signal Construction 10th & E Streets	0	30,000.00	+\$ 30,000.00	Preliminary cost estimates indicate this amount is needed to construct a traffic signal at this site.
9/A00688	Developer Assistance Program	350,000.00	1,123,389.00	<u>+ 773,389.00</u> \$ 959,389.00	Funds necessary to implement 12th Street Commercial Revitalization Strategy.