

RESOLUTION NO. 2011-05

A RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ROHNERT PARK APPROVING AND ADOPTING THE COMMUNITY DEVELOPMENT COMMISSION BUDGET FOR FISCAL YEAR 2011-2012

WHEREAS, the Executive Director of the Community Development Commission of the City of Rohnert Park (CDC) has heretofore prepared and submitted to the CDC a proposed budget for fiscal year 2011-2012; and

WHEREAS, on June 14, 2011, the CDC extensively considered the budget submitted by the Executive Director and has made such corrections, additions, and deletions as it deemed necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Community Development Commission of the City of Rohnert Park (CDC) that that certain budget submitted by the Executive Director, a copy of which is attached hereto and by reference made a part of this resolution, is hereby approved and adopted as the budget for the CDC for the Fiscal Year 2011-2012.

BE IT FURTHER RESOLVED by the CDC that the use of Redevelopment Low and Moderate Income Housing Fund revenue for planning and administrative expense is necessary for the production, improvement or preservation of low- and moderate-income housing.

BE IT FURTHER RESOLVED by the CDC that the housing fund monies spent for planning and general administrative activities associated with the development, improvement and preservation of that housing is not disproportionate to the amount actually spent for the cost of production, improvements or preservation of that housing.

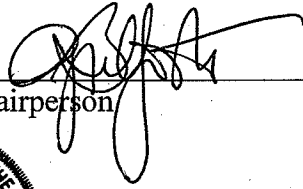
BE IT FURTHER RESOLVED by the CDC that the expenditures are reasonable and will further the goals and objectives of the Redevelopment Plan.

BE IT FURTHER RESOLVED that all funds designated in said budget, and all transfers of funds designated in said budget, and all expenditures designated for the purposes indicated herein are authorized and directed to be made. The Executive Director is authorized and directed to create and accomplish all programs and projects indicated therein and to approve and charge all expenditures as hereby approved.

BE IT FURTHER RESOLVED, that the Executive Director is authorized to execute any agreements necessary to implement the programs or authorizations as outlined in this budget for the Community Development Commission of the City of Rohnert Park for fiscal year 2011-2012.

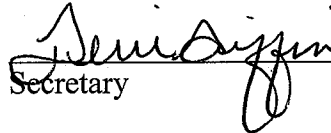
DULY AND REGULARLY ADOPTED this 28th day of June, 2010.

COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF ROHNERT PARK

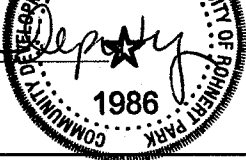


Chairperson

ATTEST



Secretary



AHANOTU: <u>AYE</u> CALLINAN: <u>AYE</u> MACKENZIE: <u>AYE</u> STAFFORD: <u>AYE</u> BELFORTE: <u>AYE</u> AYES: (5) NOES: (0) ABSENT: (0) ABSTAIN: (0)
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REDEVELOPMENT FUND

	2009-10 ACTUAL	2010-11 ADOPTED BUDGET	2011-12 PROPOSED BUDGET	\$ INCREASE/ (DECREASE)
REVENUE				
Property Taxes	\$ 7,680,271	\$ 7,357,920	\$ 6,808,828	\$ (549,092)
Housing set-aside	(2,329,705)	(2,225,384)	(1,361,766)	863,618
Interest earnings	43,731	973,918	226,082	(747,836)
	<u>\$ 5,394,297</u>	<u>\$ 6,106,454</u>	<u>\$ 5,673,144</u>	<u>\$ (433,310)</u>
TOTAL REVENUE				
EXPENSE				
Dues & Subscriptions	\$ 3,670	\$ 3,600	\$ 3,600	\$ -
Advertising/Publications	-	5,000	5,000	-
Travel & Meetings	1,091	1,000	1,000	-
Utilities	291	-	688	688
Contract Services	269,214	229,000	289,000	60,000
Payments to City of Rohnert Park	1,252,060	1,247,021	1,147,426	(99,595)
Debt Service	3,545,267	2,585,868	3,052,402	466,534
ERAF Shift to State	4,108,698	894,000	-	(894,000)
	<u>\$ 9,180,291</u>	<u>\$ 4,965,489</u>	<u>\$ 4,499,116</u>	<u>\$ (466,373)</u>
TOTAL EXPENSE				
CHANGE IN FUND BALANCE	<u>\$ (3,785,994)</u>	<u>\$ 1,140,965</u>	<u>\$ 1,174,028</u>	<u>\$ 33,063</u>

LOW & MODERATE HOUSING FUND

	2009-10 ACTUAL	2010-11 ADOPTED BUDGET	2011-12 PROPOSED BUDGET	\$ INCREASE/ (DECREASE)
REVENUE				
Housing set-aside	2,329,705	2,225,384	1,361,766	(863,618)
Interest earnings	825,299	100,000	-	(100,000)
Housing Trust Fund (Transfer In)	-	-	374,281	374,281
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUE	<u>\$ 3,155,004</u>	<u>\$ 2,325,384</u>	<u>\$ 1,361,766</u>	<u>\$ (963,618)</u>
 EXPENSE				
Dues & Subscriptions	\$ 3,430	\$ 4,500	\$ 4,500	\$ -
Advertising/Publications	-	-	-	-
Travel & Meetings	155	5,000	5,000	-
Utilities	12,698	-	9,992	9,992
Contract Services	537,215	139,194	503,475	364,281
Payments to City of Rohnert Park	576,000	579,801	508,994	(70,807)
Debt Service	922,492	1,049,428	1,166,476	117,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSE	<u>\$ 2,051,990</u>	<u>\$ 1,777,923</u>	<u>\$ 2,198,437</u>	<u>\$ 420,514</u>
 CHANGE IN FUND BALANCE				
	<u>\$ 1,103,014</u>	<u>\$ 547,461</u>	<u>\$ (836,671)</u>	<u>\$ (1,384,132)</u>

**COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF ROHNERT PARK
CASH FLOW STATEMENT**

	Redevelopment Fund			Low and Moderate Housing Fund		
	FY 2010/11	FY 2011/12	\$ Increase/ (Decrease)	FY 2010/11	FY 2011/12	\$ Increase/ (Decrease)
	Redevelopment Fund (Adopted)	Redevelopment Fund (Proposed)		Low & Moderate Housing Fund (Adopted)	Low & Moderate Housing Fund (Proposed)	
Cash Balance, July 1						
Cash from tax increment	\$1,831,596	\$930,862	(\$900,734)	\$91,218		(\$91,218)
Interest earned cash - tax increment	\$568,134		(\$568,134)			
Housing Trust Fund (Transfer In)					\$374,281	\$374,281
ANTICIPATED SOURCES OF CASH						
Property Tax Increment	\$7,357,920	6,808,828	(\$549,092)			
Housing set-aside	(\$2,225,384)	(1,361,766)	(863,618)	\$2,225,384	1,361,766	(\$863,618)
Operating Reserve (5%)	(\$379,000)		(379,000)			
Interest from investments						
Interest from loan repayments						
2007R TABs interest earnings for debt service	\$973,918	226,082	(\$747,836)			
2007H TABs interest earnings for debt service				\$100,000	\$0	(\$100,000)
Loan payoffs						
Principal payments						
Total Anticipated Sources of Cash	\$8,127,184	\$6,604,006	(\$1,523,178)	\$2,416,602	\$1,736,047	(\$680,555)
ANTICIPATED USES OF CASH						
Dues & Subscriptions	\$3,600	3,600	\$0	\$4,500	4,500	\$0
Advertising/Publications	\$5,000	5,000	\$0			
Travel & Meetings	\$1,000	1,000	\$0	\$5,000	5,000	\$0
Utilities		688	\$688	\$0	9,992	\$9,992
Contractual services:						
Trustee fees/bond issues	\$5,000	5,000	\$0	\$3,000	3,000	\$0
County property tax admin fee	\$130,000	130,000	\$0	\$30,000	30,000	\$0
Auditing Fees	\$4,000	4,000	\$0	\$4,000	4,000	\$0
Legal expense	\$20,000	20,000	\$0	\$40,000	40,000	\$0
Chamber of Commerce		10,000	\$10,000			
Consultant Fees	\$50,000	50,000	\$0	\$50,000	50,000	\$0
Sonoma County Tourism Bureau	\$0	50,000	\$50,000			
Homeless Services						
SCAYD				\$0	130,000	\$130,000
SCCDC - Homless Count				\$2,194	2,194	\$0
Preservation of Housing						
Rebuilding Together				\$0	70,000	\$70,000
Shared Living Homes						
COTS Support Services Shared Living Homes				\$0	85,281	\$85,281
COTS HUD-Funded Shared House				\$0	4,000	\$4,000
COTS Vida Nueva				\$0	75,000	\$75,000
COTS Emergency Repairs/Maintenance				\$10,000	10,000	\$0
Proposed Housing Programs (non-bond)						
Proposed Capital Improvement Projects (non-bond)						
Golf Course CIP Fund Contribution	\$20,000	20,000	\$0			
Payments to City of Rohnert Park:						
Administration fee-City general fund	\$675,000	574,000	(\$101,000)	\$526,000	453,318	(\$72,682)
Allocation for Housing & Redevelopment Salaries	\$53,801	55,676	\$1,875	\$53,801	55,676	\$1,875
Debt Service Payments:						
GF loan interest payments	\$194,220	186,750	(\$7,470)			
GF loan principal payments	\$83,000	90,000	\$7,000			
Land lease payments (Community Ctr Complex)	\$241,000	241,000	\$0			
1991 TARBs	\$464,000	464,000	\$0	\$116,000	116,000	\$0
1999 TABs	\$395,000	395,000	\$0			
2001 TARBs	\$310,934	775,574	\$464,640	\$77,734	193,894	\$116,160
2003 LRBs	\$442,016	443,910	\$1,894			
2007R TABs	\$973,918	973,918	\$0			
2007H TABs				\$855,694	856,582	\$888
Shift of RDA Funds to ERAF	\$894,000	\$0	(\$894,000)			
Total Anticipated Uses of Cash	\$4,965,489	4,499,116	(\$466,373)	\$1,777,923	2,198,437	\$420,514
Cash Balance, June 30	\$3,161,695	\$2,104,890	(\$1,056,805)	\$638,679	(\$462,390)	(\$1,101,069)

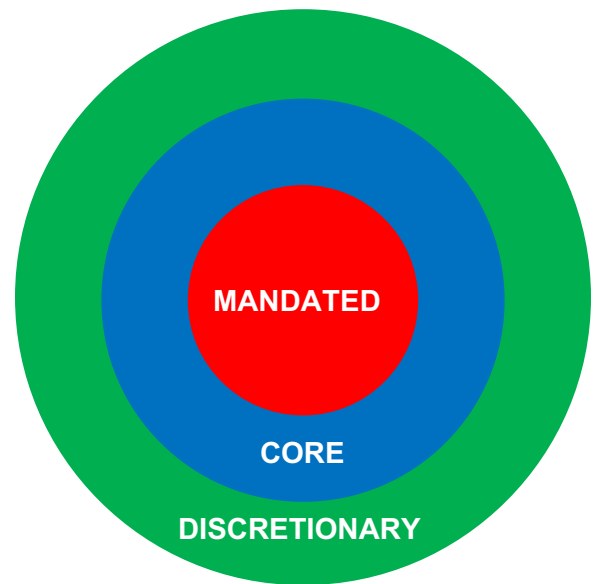
COMMUNITY DEVELOPMENT COMMISSION
HOUSING & REDEVELOPMENT

DIVISION SERVICES MODEL

- ◆ **MANDATED**
 - Prepare annual California Department of Housing & Community Development Report
 - Prepare & implement Community Development Commission Five Year Implementation Plan
 - Maintain affordable housing database
 - Submit annual reports for programs funded through state and federal resources
 - Staff Rohnert Park Rent Appeals Board

- ◆ **CORE**
 - Assist organizations that promote economic development
 - Act as Project Manager on Housing and Redevelopment projects
 - Work with community service organizations serving Rohnert Park's low income residents
 - Make affordable housing rehabilitation loans available to income qualified residents
 - Work with potential buyers and real estate agents to preserve affordable units
 - Monitor compliance with contractual obligations to provide affordable units
 - Staff Sonoma County Community Development Commission Technical Advisory Committee
 - Provide referrals for housing, food and shelter
 - Administer budget and bond portfolio
 - Search for and obtain grant funding
 - Produce annual affordable housing income and maximum rent guidelines

- ◆ **DISCRETIONARY**
 - Facilitate acquisition of properties for redevelopment and the creation of affordable housing
 - Assist underwriter and bond counsel with issuing bonds to fund projects and programs
 - Provide financial assistance to assist in the development of affordable housing
 - Develop & launch new programs that promote economic development and affordable housing
 - Participate in annual homeless count administered by the Sonoma County Community Development Commission



ALTERNATIVE SERVICES DELIVERY OPTIONS

- Enter into a service agreement with the County of Sonoma to administer a new Façade Improvement and Commercial Rehabilitation Loan Program
- Look for opportunities to partner with other jurisdictions to provide for other CDC programs and services
- Outsource low-moderate income housing monitoring

REVENUE OPPORTUNITIES

- Implementation of a Façade Improvement and Commercial Rehabilitation Loan Program will generate sales tax and other City revenues

MAJOR TASKS COMPLETED IN FISCAL YEAR 2010/2011

- ✓ Commercial Area Improvement Pilot Project
- ✓ Grant for \$888,000 to the Sonoma Mountain Business Cluster
- ✓ Agreement with the Sonoma County Tourism Bureau for exclusive marketing services
- ✓ Agreement with the Rohnert Park Chamber of Commerce for Professional Services associated with Chamber operations
- ✓ Initiated Feasibility Study for Avram/Southwest properties
- ✓ Amended and Restated Lease with the City of Rohnert Park for 6800 Hunter Drive
- ✓ Public Improvements and Affordable Housing Reimbursement Agreement with City of Rohnert Park
- ✓ Real Property Transfer and Cooperative Agreement with City of Rohnert Park for certain real property owned by the CDC

MAJOR GOALS FOR FISCAL YEAR 2011/2012

Goal 1: Promote Economic Development and Create Jobs through Implementation of CDC Programs

A) Assist the City Manager and Economic Development Manager in the implementation of the City/CDC Economic Development/Job Creation Action Plan.

- Determine creative ways for CDC programs and funding to assist in these efforts.
- Use elements of the CDC Five Year Implementation Plan to strengthen City's economic development.

B) Administration of the Façade Improvement and Commercial Rehabilitation Loan Program.

The CDC will offer below market interest rate loans to business and commercial property owners in the Redevelopment Project Area in order to:

- Increase business retention, expansion or attraction efforts
- Decrease vacancies or increase jobs
- Eliminate physical blight or improve economic conditions in the Redevelopment Project Area

Goal 2: Complete Redevelopment Feasibility Study of Avram and Southwest Sites

The CDC is exploring options to develop two sites. The first site is comprised of the former City Hall (6750 Commerce Boulevard) and 100 and 120 Avram Avenue. The second site is located at 435 Southwest Boulevard, the former Southwest fire station.

Goal 3: Engage in Competitive Bid Process and Award Contract to Redevelop Avram and Southwest Sites

Following completion of the Redevelopment Feasibility Study, staff will develop a Request for Proposals and initiate a competitive bid process for the purpose of selecting a qualified developer and awarding a contract to develop the aforementioned sites.

Goal 4: Initiate & Complete Recreational and Community Facilities Feasibility Study

The CDC wishes to explore opportunities to improve recreational and community facilities serving the Rohnert Park Redevelopment Project Area.

Goal 5: Initiate Request for Qualifications to solicit qualified developers for Recreational & Community Facility Improvements

The CDC will seek qualified developers to develop recreational and community facility improvements.

PROPOSED FY 2012 BUDGET ANALYSIS

1. REVENUES

The economic crisis has led to a record number of foreclosures and reassessments which has negatively impacted tax increment revenues. In FY 2010/11, tax increment revenues decreased by 2%. The latest prediction by the Sonoma County Auditor-Controller indicates that tax increment revenues are expected to continue their downward spiral and fall another 2% in FY 2011/12.

1.1 State Take of Redevelopment Funds

The effect of the loss of revenues has been intensified by the state take of redevelopment funds that was mandated by legislation (AB 26 4x) and passed as part of the 2009/10 State budget. This legislation called for a state take of redevelopment funds over the course of two fiscal years. In FY 2009/10, the Community Development Commission paid \$4,108,698 to the State and in FY 2010/11 paid another \$845,908 for a total of \$4,954,606. The state take eliminated a large portion of unexpended tax increment revenues (i.e., reserves) that could otherwise have been utilized to promote economic growth, create jobs, facilitate critical revitalization projects, and provide affordable housing.

1.2 Tax Allocation Bonds

The Community Development Commission is required, through bond covenants (i.e., agreements), to fund its annual bond debt obligation in advance of scheduled debt service payments which occur in February and August of each year. The State take of \$4.1 million in redevelopment funds in FY 2009/10 created a serious cash flow problem which forced the Commission to delay funding its August 2010 debt service payment. As a result, the Commission funded the August 2010, February 2011 and August 2011 debt service payments in FY 2010/11.

1.3 Interest

The amount of interest earnings on invested tax increment revenues and unexpended bond proceeds will abruptly decline in FY 2011/12. This is the result of four contributing factors;

- The ongoing deterioration of tax increment revenues;
- The necessity of making an additional debt service payment while setting aside funds for the Commission's annual bond debt obligation;
- The State take of redevelopment funds for two consecutive years; and
- The defeasance of \$12.4 million dollars in bond proceeds in the later part of FY 2009/10 to reduce debt service payments and generate cash flow.

2. EXPENDITURES

In FY 2010/11, the Commission utilized a portion of its 2007 Tax Allocation Bond proceeds to fund a number of expenditures. This was a temporary, albeit necessary measure that was taken in order to preserve tax increment revenues for approaching debt service payments and other mandatory obligations. The bond proceeds were used to fund Rohnert Park's community service organizations, the Chamber of Commerce, the Sonoma County Tourism Bureau; a portion of the Commission's debt, and its funding commitment to the Sonoma Mountain Business Cluster.

1.1 Contractual Services and Obligations

In FY 2011/12, the Commission will fund the Chamber of Commerce and Sonoma County Tourism Bureau from tax increment revenues. Funding for Rohnert Park's community service organizations will come from the use of the City's Housing Trust Fund monies. The use of these funds for this purpose is consistent with the ordinance that established the Housing Trust Fund (Ordinance No. 695) and its amendment (Ordinance No. 826). Utilizing these funds in FY 2011/12 will preserve tax increment revenues for other purposes such as rebuilding the Commission's reserves. The Commission's funding commitment to the Sonoma Mountain Business Cluster will be funded from the 2007 tax allocation bond proceeds.

1.2 Administration Fee

The Commission makes certain payments to the City of Rohnert Park. One such payment is the Administration Fee. This fee represents the cost to the General Fund for support of redevelopment activities/functions. Given the significant reduction in General Fund costs, the FY 2011/12 Administration Fee has been reduced.

1.3 State Take of Redevelopment Funds

The Commission's obligation to remit funds to the State under AB 26 4X is complete. State take of redevelopment funds that was mandated by legislation (AB 26 4x) and passed as part of the 2009/10 State budget, has been fulfilled.

1.4 Debt Service Payments

In FY 2011/12, the annual debt service for the 2001 Tax Allocation Refunding Bonds ("2001 TARBS") is increasing by \$464,640 over the prior fiscal year. The FY 2012/13 annual debt service for the 2001 TARBS is approximately 2 ½ times greater than the prior fiscal year. The debt service payments are structured so that as bonds mature, principal payments on the remaining outstanding bonds accelerate. The August 2012 debt service payment is funded in advance, per the bond covenants, and included in the FY 2011/12 budget.