



October 16, 2009

City Council, Housing Authority and  
Redevelopment Agency of the City of Sacramento  
Board of Supervisors, Housing Authority and  
Redevelopment Agency of the County of Sacramento  
Sacramento Housing and Redevelopment Commission

Honorable Members in Session:

I am pleased to transmit to you the Proposed 2010 Sacramento Housing and Redevelopment Agency Budget, including an outline of commitments to help improve communities throughout the City and County of Sacramento. The budget is balanced at \$269 million and reflects a decline in appropriations of nearly nine percent when compared with 2009.

The Agency received \$31.8 million in stimulus funding for the Neighborhood Stabilization Program (NSP) in 2009. The absence of this one time funding, combined with a projected 13% decline in tax increment revenues are the primary reasons for the year to year decline in appropriations. The decline in tax increment is exacerbated by the State-mandated contribution of redevelopment funds to the Supplemental Education Revenue Augmentation Fund (SERAF) to close the State budget deficit. As a result of this legislation, the Agency is required to pay \$19.6 million in 2010 and \$4 million in 2011.

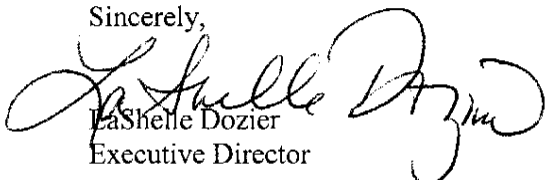
While the general decline in tax increment revenues and the State SERAF shift will significantly limit the near term ability of the Agency to implement many planned redevelopment activities, the Agency has implemented several strategies to help ensure that critical redevelopment projects continue to move forward and that we adapt to the changing times to maximize our benefit to the community. Among these strategies are a variety of measures to reduce operational costs impacting tax increment including: 1) unfunding of vacant positions, 2) reducing services and supplies, 3) implementing a year end Agency closure and reduced work week, 4) foregoing of management COLA and health benefit increases and 5) shifting staff resources to ensure the efficient and timely delivery of stimulus funded projects.

During 2010, the Agency is tasked with moving \$57 million in stimulus funds. These one time funds have short deadlines for both commitment and expenditure, and will require a focused effort on the part of staff to ensure these monies are used in a manner that maximizes the opportunity for stabilization and economic recovery of communities.

Given the economic uncertainties in the coming year, we will continue to manage the organization with a focus on fiscal conservatism by actively monitoring revenue trends and overall resource utilization throughout the organization.

With your leadership and support of the Agency's efforts, we will continue to bring forward award-winning projects and to invest in community revitalization activities through effective partnerships that improve Sacramento's quality of life.

Sincerely,

  
LaShelle Dozier  
Executive Director