

REDONDO BEACH REDEVELOPMENT AGENCY

Adopted Budget

For Fiscal Year 2011-2012

CHAIRMAN
Steven Diels

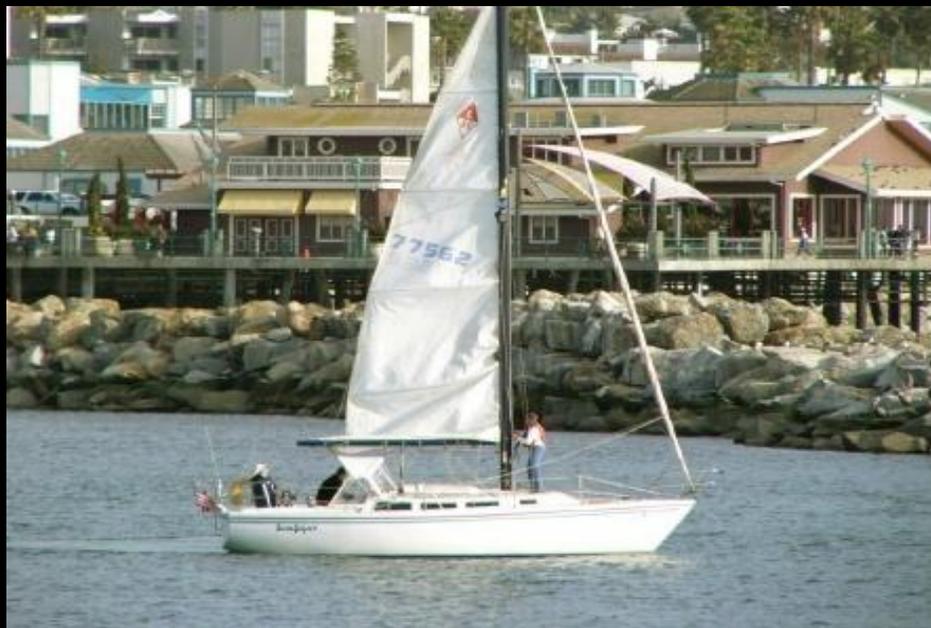
VICE-CHAIRMAN
Steve Aspel

MEMBERS
Michael A. Gin
Bill Brand
Pat Aust
Matt Kilroy

EXECUTIVE DIRECTOR
William P. Workman

AGENCY GENERAL COUNSEL
Michael Webb

AGENCY TREASURER
Ernie O'Dell



THIS PAGE LEFT INTENTIONALLY BLANK



Redevelopment Agency

415 Diamond Street, P.O. Box 270
Redondo Beach, California 90277-0270
www.redondo.org

tel 310 372-1171
fax 310 379-9268

May 16, 2011

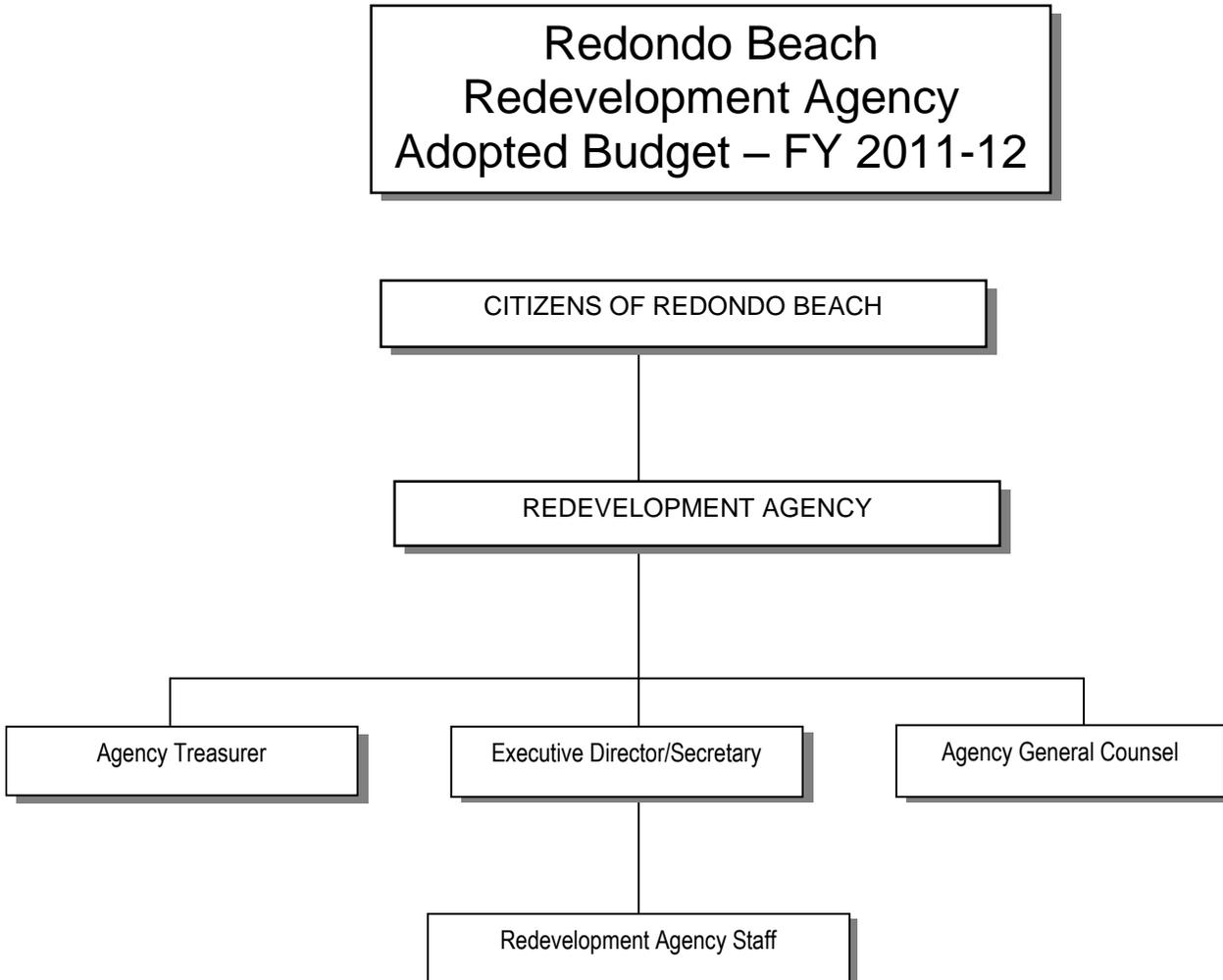
Chair and Members of the Redevelopment Agency
Redondo Beach Redevelopment Agency

Subject: Adopted Budget for Fiscal Year 2011-2012

In accordance with Section 33606 of the California Health and Safety Code, I respectfully submit the Redevelopment Agency Proposed Budget for Fiscal Year 2011-2012 which also includes the budget of the Public Financing Authority, a component unit of the Redevelopment Agency.

The budget includes my recommendations as submitted to the Mayor and City Council in the City's proposed budget. It also incorporates the Redevelopment Agency's AB 1290 Implementation Plan and debt service requirements.

William P. Workman
Executive Director



STATISTICAL PROFILE

Redondo Plaza Project Area

Adopted November 9, 1964
Amendment #1 March 11, 1970
Amendment #2 October 26, 1970
Amendment #3 October 4, 1971
Amendment #4 October 17, 1989
Termination November 9, 2004
Incur Indebtedness by January 1, 2004
Pay Indebtedness by November 9, 2014

South Bay Center Project Area

Adopted November 21, 1983
Termination November 21, 2023
Incur Indebtedness by November 21, 2003
Pay Indebtedness by November 21, 2033

Aviation High School Project Area

Adopted February 27, 1984
Termination February 27, 2024
Incur Indebtedness by February 27, 2004
Pay Indebtedness by February 27, 2034

Harbor Center Project Area

Adopted December 1, 1980
Amendment #1 August 1, 1989
Termination December 1, 2020
Incur Indebtedness by December 1, 2000
Pay Indebtedness by December 1, 2030

SUMMARY OF ESTIMATED REVENUES & APPROPRIATIONS AND
ESTIMATED CHANGES IN FUND BALANCES

| <i>Fund</i> | Estimated Fund Balances July 1, 2011 | + | Adopted Revenues 2011-12 | - | Adopted Appropriations 2011-12 | + | Other Financing Source (Uses) | = | Estimated Fund Balances June 30, 2012 |
|----------------------------|--|---|--------------------------------|---|--------------------------------------|---|----------------------------------|---|---|
| General Funds: | | | | | | | | | |
| South Bay Center | 48,627 | | 2,115,433 | | 1,268,946 | | (835,468) | | 59,646 |
| Aviation High School | 934,739 | | 869,289 | | 460,017 | | 183,250 | | 1,527,261 |
| Harbor Center | 1,000,601 | | 411,715 | | 899,886 | | 29,256 | | 541,686 |
| Sub-total | 1,983,967 | | 3,396,437 | | 2,628,849 | | (622,962) | | 2,128,593 |
| Housing Funds: | | | | | | | | | |
| Redondo Plaza | 3,795,346 | | 85,825 | | 452,386 | | - | | 3,428,785 |
| South Bay Center | 6,475,158 | | 652,377 | | 751,422 | | - | | 6,376,113 |
| Aviation High School | 1,775,639 | | 262,686 | | 100,279 | | 264,767 | | 2,202,813 |
| Harbor Center | 1,533,188 | | 141,327 | | 1,400 | | - | | 1,673,115 |
| Sub-total | 13,579,331 | | 1,142,215 | | 1,305,487 | | 264,767 | | 13,680,826 |
| Debt Service Funds: | | | | | | | | | |
| South Bay Center | 12,394 | | 455 | | 830,089 | | 835,468 | | 18,228 |
| Public Financing Authority | 7,668,385 | | 487,411 | | 1,201,725 | | 141,188 | | 7,095,259 |
| Sub-total | 7,680,779 | | 487,866 | | 2,031,814 | | 976,656 | | 7,113,487 |
| Grand Total | 23,244,077 | | 5,026,518 | | 5,966,149 | | 618,461 | | 22,922,906 |

**SCHEDULE OF INTERFUND TRANSFERS
FISCAL YEAR 2011-12**

| | Transfer In | Transfer Out |
|----------------------------|---------------------|---------------------|
| General Funds: | | |
| South Bay Center | - | 835,468 |
| Aviation High School | - | 264,767 |
| Harbor Center | - | 141,188 |
| Housing Funds: | | |
| Aviation High School | 264,767 | - |
| Debt Service Funds: | | |
| South Bay Center | 835,468 | - |
| Public Financing Authority | 141,188 | - |
| TOTAL | \$ 1,241,423 | \$ 1,241,423 |

Notes:

- Transfers to the Debt Service Funds are for the payment of principal and interest on the South Bay Center and Pier Reconstruction bond issues.
- Transfer to the Housing Funds is for the Supplemental Education Revenue Augmentation Fund loan repayment.

**SUMMARY OF PERSONNEL
Adopted Budget - FY 2011-12**

Redevelopment Agency

City Attorney

0.30 Assistant City Attorney
0.30

City Manager

0.50 Assistant City Manager
0.50

Financial Services

0.50 Budget, Revenue and Payroll Manager
0.50

Recreation and Community Services

0.46 Director of Recreation and Community Services
0.30 Recreation and Youth Services Manager
0.80 Analyst
0.20 Housing Manager
1.00 Housing Coordinator
0.10 Rehabilitation Inspector Estimator
2.86

Harbor, Business and Transit

0.20 Harbor Business and Transit Director
0.50 Harbor Facilities Manager
0.70

TOTAL PERSONNEL: 4.86

OVERVIEW OF ESTIMATED REVENUES

The Redevelopment Agency’s primary revenue sources are tax increment and the investment earnings from the cash held by the Agency. Below is a summary of the FY 2011-12 estimated revenues by revenue source as compared with the midyear budget of FY 2010-11 as well as brief descriptions of the changes:

| <i>Revenue Source</i> | Midyear FY 2010-11 | Adopted FY 2011-12 | Increase/ (Decrease) | |
|----------------------------|-------------------------------|-------------------------------|---------------------------------|----------------|
| Tax Increment | \$4,068,281 | \$4,003,000 | \$(65,281) | (1.6) % |
| Investment Earnings | 635,461 | 571,915 | (63,546) | (10.0)% |
| Developer Payments | 137,007 | 141,145 | 4,138 | 3.0% |
| Rental Income | 320,678 | 310,458 | (10,220) | (3.2)% |
| Total Revenues | \$5,161,427 | \$5,026,518 | \$(134,909) | (2.6)% |

Tax Increment - The tax increment revenue estimates reflect a decrease in assessed valuations in each of the project areas. The continuation of tax increment revenue in the Aviation High School project area beyond the life of the bonds is based on the need to fund the loan from the Housing Funds for the Supplemental Education Revenue Augmentation Fund (SERAF) payment to the State.

Investment Earnings - Investment earnings are projected to decline in FY 2011-12. This decline is attributable to lower interest rates available within the investment marketplace resulting from the slowing economy. However, the majority of the investment earnings are pursuant to the South Bay Center bond agreements between the Redevelopment Agency and the Public Financing Authority.

Developer Payments – The estimates for developer payments are based upon the payment schedule included in the South Bay Galleria agreement. The developer payments from the Crowne Plaza terminated in November 2010 with the expiration of the 20-year Disposition and Development Agreement.

Rental Income – The rental income estimate includes the minimum rent, percentage rent and Pier Association reimbursement from Kincaid’s Restaurant.

TWO-YEAR COMPARISON OF ESTIMATED REVENUES BY FUND

| <i>Fund</i> | Midyear 2010-11 | Adopted 2011-12 | Increase/ (Decrease) | |
|----------------------------|--------------------|--------------------|-------------------------|----------------|
| General Funds: | | | | |
| South Bay Center | 2,193,404 | 2,115,433 | (77,971) | (3.6%) |
| Aviation High School | 781,195 | 869,289 | 88,094 | 11.3% |
| Harbor Center | 423,174 | 411,715 | (11,459) | (2.7%) |
| Sub-total | 3,397,773 | 3,396,437 | (1,336) | (0.0%) |
| Housing Funds: | | | | |
| Redondo Plaza | 94,922 | 85,825 | (9,097) | (9.6%) |
| South Bay Center | 675,125 | 652,377 | (22,748) | (3.4%) |
| Aviation High School | 303,142 | 262,686 | (40,456) | (13.3%) |
| Harbor Center | 140,870 | 141,327 | 457 | 0.3% |
| Sub-total | 1,214,059 | 1,142,215 | (71,844) | (5.9%) |
| Debt Service Funds: | | | | |
| South Bay Center | 1,120 | 455 | (665) | (59.4%) |
| Public Financing Authority | 548,475 | 487,411 | (61,064) | (11.1%) |
| Sub-total | 549,595 | 487,866 | (61,729) | (11.2%) |
| Grand Total | 5,161,427 | 5,026,518 | (134,909) | (2.6%) |

TAX INCREMENT

DESCRIPTION

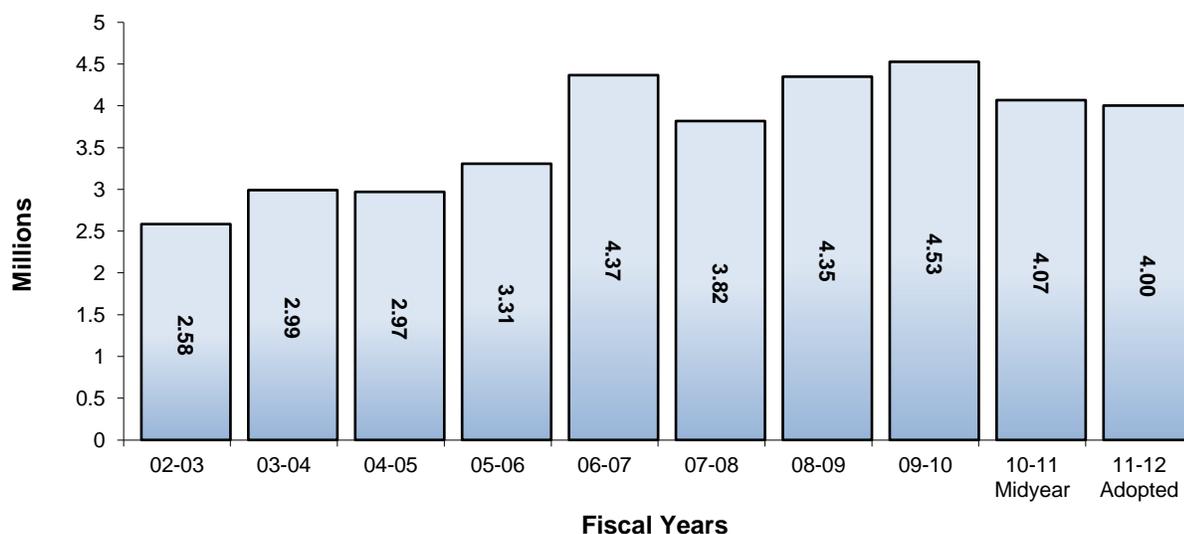
Tax increment is based upon an allocation of taxes equalized prior to adoption of the redevelopment plan (the "base roll"). Taxes collected on any increase in taxable valuation over the base roll are allocated to the Redevelopment agency.

BACKGROUND

Growth of tax increment is realized from the two percent (2%) annual increase allowed by Proposition 13, as well as increased valuations occurring when property is sold or improved and subsequently reassessed. Reductions are realized with property owners seeking downward reassessments in the taxable value of the properties in the project area and subsequent devaluations. The Redondo Plaza project area ceased to generate tax increment during fiscal year 1999-00 with receipt of its lifetime allocation of \$25,000,000 called for in the amended redevelopment plan. The property tax revenue has reverted back to the taxing agencies, including the City.

OUTLOOK

The tax increment revenue estimates reflect a decrease in assessed valuations in each of the project areas. The continuation of tax increment revenue in the Aviation High School project area beyond the life of the bonds is based on the need to fund the loan from the Housing Funds for the Supplemental Education Revenue Augmentation Fund (SERAF) payment to the State.



INVESTMENT EARNINGS

DESCRIPTION

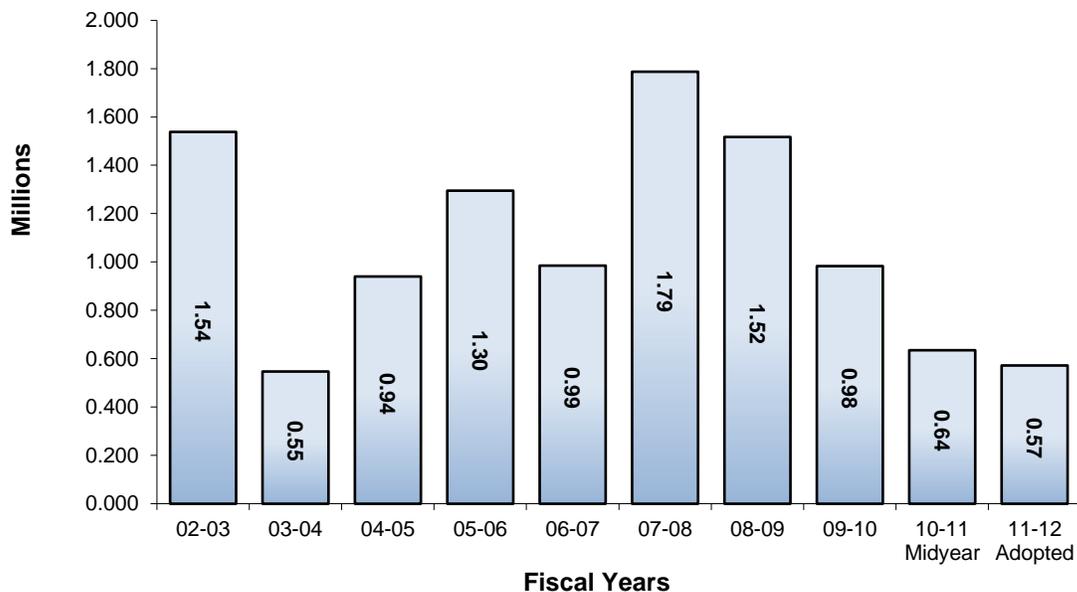
Revenue from investment earnings comes from the prudent investment of the Redevelopment Agency's idle funds.

BACKGROUND

All investments held by the Redevelopment Agency have been authorized by the City of Redondo Beach's Statement of Investment Policy. The policy covers the investments of the City and its component units, including the Redevelopment Agency. Debt issue proceeds are invested through trustees in accordance with the associated trust indentures.

OUTLOOK

Investment earnings are projected to decline in FY 2011-12. This decline is attributable to lower interest rates available within the investment marketplace resulting from the slowing economy. However, the majority of the investment earnings are pursuant to the South Bay Center bond agreements between the Redevelopment Agency and the Public Financing Authority.



DEVELOPER PAYMENTS / RENTAL INCOME

DESCRIPTION

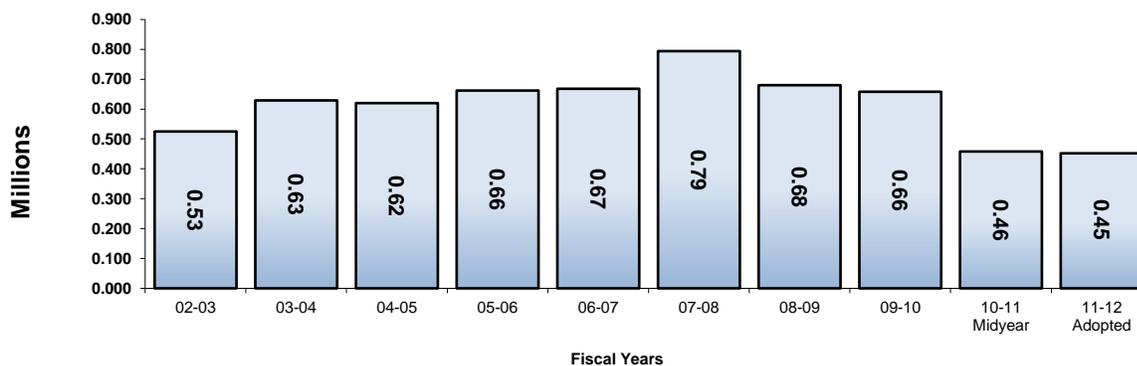
Developer payments are received from the South Bay Galleria pursuant to the June 18, 1984 Owner Participation Agreement (OPA). In addition, the Public Financing Authority receives payments from the RUI One Corp (Kincaid's Restaurant) pursuant to a leasehold agreement dated October 7, 1997. Payments from the Holiday Inn/Crowne Plaza terminated in November 2010 when the 1983 Disposition and Development Agreement (DDA) expired.

BACKGROUND

The OPA obligated the Redevelopment Agency to, among other things, provide public financing to allow the construction of a public parking facility which would be leased to the Owner. In return, among other things, the Owner was obligated to make rental payments for a term of 40 years. The financing arrangement with Kincaid's provided for RUI One Corp to construct the restaurant building. The Public Financing Authority purchased the building using a take-out loan repaid from income generated by the lease.

OUTLOOK

The fixed portion of the OPA include scheduled payment increases. The variable portion of the OPA is based in part upon the extent to which available space is leased in the South Bay Galleria. Space is anticipated to be substantially leased. The Public Financing Authority receives a percentage of gross sales which are expected to decline slightly in FY 2011-12.



REVENUE DETAIL
FISCAL YEARS 2007-08 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|-----------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| General Funds: | | | | | |
| Tax Increment: | | | | | |
| South Bay Center | 1,897,311 | 2,056,339 | 2,127,962 | 2,052,800 | 1,972,800 |
| Aviation High School | 953,712 | 1,020,713 | 1,098,033 | 1,032,000 | 831,200 |
| Harbor Center | 203,484 | 401,877 | 395,681 | 400,800 | 398,400 |
| Investment Earnings: | | | | | |
| South Bay Center | 1,083 | 2,645 | 6 | 3,597 | 1,488 |
| Aviation High School | 28,387 | 23,535 | 23,249 | 37,914 | 38,089 |
| Harbor Center | 51,667 | 35,258 | 42,109 | 22,374 | 13,315 |
| Developer Payments: | | | | | |
| South Bay Center | 214,307 | 144,862 | 148,631 | 137,007 | 141,145 |
| Harbor Center | 175,911 | 195,350 | 203,650 | - | - |
| Miscellaneous: | | | | | |
| Harbor Center | - | 2,000 | (1,402,005) | (288,719) | - |
| Sub-total | 3,525,862 | 3,882,580 | 2,637,314 | 3,397,773 | 3,396,437 |
| Housing Funds: | | | | | |
| Tax Increment: | | | | | |
| South Bay Center | 474,328 | 514,085 | 531,990 | 513,200 | 493,200 |
| Aviation High School | 238,428 | 255,178 | 274,508 | 258,000 | 207,800 |
| Harbor Center | 50,871 | 100,469 | 98,920 | 100,200 | 99,600 |
| Investment Earnings: | | | | | |
| Redondo Plaza | 133,061 | 119,978 | 115,452 | 94,922 | 85,825 |
| South Bay Center | 201,973 | 182,559 | 194,139 | 161,925 | 159,177 |
| Aviation High School | 24,351 | 25,457 | 34,231 | 45,142 | 54,886 |
| Harbor Center | 47,598 | 41,062 | 45,515 | 40,670 | 41,727 |
| Miscellaneous: | | | | | |
| Redondo Plaza | 24,719 | 477,242 | 88,866 | - | - |
| South Bay Center | 24,719 | 477,242 | 88,866 | - | - |
| Sub-total | 1,220,048 | 2,193,273 | 1,472,488 | 1,214,059 | 1,142,215 |

REVENUE DETAIL
FISCAL YEARS 2007-08 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|-----------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <i>Debt Service Funds:</i> | | | | | |
| Investment Earnings: | | | | | |
| South Bay Center | 48,032 | 32 | - | 1,120 | 455 |
| Public Financing Authority | 1,217,952 | 1,174,226 | 738,730 | 227,797 | 176,953 |
| Bond Proceeds | | | | | |
| Aviation High School | - | 700,000 | - | - | - |
| Public Financing Authority | 7,820,972 | 165,712 | - | - | - |
| Rental Income: | | | | | |
| Public Financing Authority | 403,864 | 339,686 | 305,630 | 320,678 | 310,458 |
| Sub-total | 9,490,820 | 2,379,655 | 1,044,360 | 549,595 | 487,866 |
| TOTAL REDEVELOPMENT AGENCY | 14,236,730 | 8,455,508 | 5,154,162 | 5,161,427 | 5,026,518 |

OVERVIEW OF APPROPRIATIONS

The appropriations for fiscal year 2011-2012 reflect the following selected programs and activities:

SOUTH BAY CENTER

Galleria Security – In June 1993, the Redevelopment Agency first entered into an agreement with the City to fund security at the Galleria South Bay. The City has a cost sharing agreement with the Galleria at South Bay whereby off-duty Redondo Beach police officers are hired as mall security. The agreement has fixed the costs at \$108,000 annually.

Administration – The administration costs include the County's \$28,800 administrative fee.

Pass Through Payments – In November 1983, the Redevelopment Agency and the County of Los Angeles entered into an agreement for reimbursement of tax increment funds. It was recognized that the South Bay Center project area needed to utilize a substantial portion of the annual tax increment reimbursement in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Redevelopment Agency. With the issuance of the South Bay Center 1996 tax allocation bonds, the deferral process was revised. Pursuant to the agreement reached with the County revising the deferral process, the pass through payments are only deferred to the extent that sufficient revenue is received by the Agency to make its debt service payments required by the bond issue.

Tax Allocation Bonds – In July 1996, the Redevelopment Agency issued \$8,660,000 in tax allocation bonds for the purpose of financing improvements within the project area. The principal and interest payments funded from tax increment revenues are paid to the Public Financing Authority (the holder of the bonds).

AVIATION HIGH SCHOOL

Administration – The administration costs represent the \$12,000 County administrative fee.

Pass Through Payments – In February 1984, the Redevelopment Agency and the County of Los Angeles entered into an agreement for reimbursement of tax increment funds. It was recognized that the Aviation High School project area needed to utilize a substantial portion of the annual tax increment in the early years to finance its redevelopment activities. Therefore, the County taxing entities agreed to defer receipt of tax increment reimbursement from the Redevelopment Agency. This agreement remained unchanged with the refinance of tax allocation bonds in 2001 and again with the refinance of the tax allocation bonds in 2008. The pass through payments and proceeds of long-term debt reflect the amounts to be deferred.

OVERVIEW OF APPROPRIATIONS

Supplemental Education Revenue Augmentation Fund (SERAF) - In July 2009, the State Legislature passed and the Governor signed ABX4-26, as part of the budget package, a devastating \$2.05 billion raid of redevelopment funds for FY 2009-10 and FY 2010-11. The California Redevelopment Association (CRA) filed a lawsuit challenging the bill's constitutionality. The court upheld the bill, and although the CRA has filed an appeal, both payments had to be made from the Aviation High project area's tax increment funded by a loan from the housing funds. The FY 2011-12 budget includes a repayment of the loan.

HARBOR CENTER

Administration – The administration costs include the \$5,600 County administrative fee. In addition, the accumulated developer payment revenue serves as a portion of the “General Fund” of the Agency for funding administration costs of \$182,633 in personnel expenditures and \$283,997 in maintenance and operations including internal service fund allocations.

City Advance – In June 1990, the Redevelopment Agency entered into an agreement with the City to repay amounts advanced by the City for land acquisition in connection with the Harbor Center project area. Per the agreement, interest accrued on the outstanding balance at the current rate of the Local Agency Investment Fund (LAIF). Beginning in FY 2007-08, the Redevelopment Agency resumed repayments on the advance based on available revenue and is committed to continue such repayments as revenue is available.

Pier Reconstruction Bond Issue – In October 2001, the Public Financing Authority issued Pier Reconstruction refunding revenue bonds. These bonds were issued to refund the Redevelopment Agency's 1993 tax allocation bonds. They are secured by tax increment from the Harbor Center project area. Therefore, the transfer of tax increment is reflected in the Harbor Center project area while the principal and interest expenses on the bond issue are reflected in the Public Financing Authority.

HOUSING

Administration – The administration costs include personnel expenditures of \$267,191. The maintenance and operations expenditures include the County's \$11,600 administrative fee.

Handyperson Program – The handyperson program provides eligible low-income homeowners with exterior improvements and certain interior repairs to their homes and properties. The work is completed by a contracted handyperson crew at no cost to the homeowner.

OVERVIEW OF APPROPRIATIONS

Owner Rehabilitation Loan Program – A program which provides loans of up to approximately \$20,000 for rehabilitation to low-income households was previously funded by the Community Development Block Grant (CDBG). The Agency has reinstated the program and will receive the deferred interest and principal payments upon the sale or refinance of the home.

Inclusionary Housing Program – In FY 2008-09, the Redevelopment Agency began providing counseling and assistance to homebuyers and developers with the inclusionary housing program. The program performs monitoring tasks associated with units that are “set-aside” for rent or purchase by low and moderate income persons. It also enhances the livability of neighborhoods and promotes economic growth in the community.

PUBLIC FINANCING AUTHORITY

Administration – The October 1997 agreement referred to above also states that the Public Financing Authority is responsible for the restaurant’s water utility, sewer user fee, and possessory interest payments. These payments are reflected in the administration costs. In addition, on-going consultant fees in connection with the bond issues are included.

Revenue Bonds – In July 1996, the Public Financing Authority issued \$10,330,000 in revenue bonds to acquire the South Bay Center tax allocation bonds and to finance certain public capital improvements within the City. In February 2008, those bonds were refinanced to secure a lower interest rate, shorten the length of the debt, and strengthen the ability to make debt service payments. The bonds are secured by the investment earnings received from the principal and interest payments of the South Bay Center tax allocation bonds.

Refunding Revenue Bonds – In October 2001, the Public Financing Authority issued \$3,500,000 in refunding revenue bonds to refinance the Redevelopment Agency’s 1993 Pier Reconstruction tax allocation and revenue bonds and to finance certain redevelopment activities within or of benefit to the Harbor Center project area.

City Note – In April 1999, the Public Financing Authority entered into a \$1,750,000 loan agreement with First California Bank (formerly South Bay Bank) which was amortized at a variable interest rate. Proceeds of the loan were used to purchase the building on the Redondo Beach Municipal Pier Deck leased by Kincaid’s Restaurant. The loan was refinanced in 2002 to extend the term until May 2009 which was later extended again by resolution to August 2009. In August 2009, before the maturity date, an internal refinancing with the City to repay First California Bank was executed.

Kincaid’s Pass-Through – In October 1997, a leasehold agreement with RUI One Corp (Kincaid’s Restaurant) was signed. Pursuant to the agreement, any rental income received from Kincaid’s that is not needed for the Public Financing Authority’s financial obligations is to be “passed through” to the City.

TWO-YEAR COMPARISON OF APPROPRIATIONS BY FUND

| <i>Fund</i> | Midyear 2010-11 | Adopted 2011-12 | Increase/ (Decrease) | |
|----------------------------|--------------------|--------------------|-------------------------|----------------|
| <i>General Funds:</i> | | | | |
| South Bay Center | 1,241,659 | 1,268,946 | 27,287 | 2.2% |
| Aviation High School | 569,848 | 460,017 | (109,831) | (19.3%) |
| Harbor Center | 799,811 | 899,886 | 100,075 | 12.5% |
| Sub-total | 2,611,318 | 2,628,849 | 17,531 | 0.7% |
| <i>Housing Funds:</i> | | | | |
| Redondo Plaza | 498,284 | 452,386 | (45,898) | (9.2%) |
| South Bay Center | 815,294 | 751,422 | (63,872) | (7.8%) |
| Aviation High School | 106,803 | 100,279 | (6,524) | (6.1%) |
| Harbor Center | 1,400 | 1,400 | - | 0.0% |
| Sub-total | 1,421,781 | 1,305,487 | (116,294) | (8.2%) |
| <i>Debt Service Funds:</i> | | | | |
| South Bay Center | 828,436 | 830,089 | 1,653 | 0.2% |
| Public Financing Authority | 1,479,438 | 1,201,725 | (277,713) | (18.8%) |
| Sub-total | 2,307,874 | 2,031,814 | (276,060) | (12.0%) |
| Grand Total | 6,340,973 | 5,966,149 | (374,824) | (5.9%) |

APPROPRIATIONS SUMMARY BY FUND / BY EXPENDITURE TYPE
FISCAL YEAR 2011-2012

| <i>Fund</i> | Personnel | Maintenance & Operations | Capital Outlay | Total |
|----------------------------|----------------|-----------------------------|-------------------|------------------|
| <i>General Funds:</i> | | | | |
| South Bay Center | - | 1,268,946 | - | 1,268,946 |
| Aviation High School | - | 460,017 | - | 460,017 |
| Harbor Center | 182,633 | 717,253 | - | 899,886 |
| Sub-total | 182,633 | 2,446,216 | - | 2,628,849 |
| <i>Housing Funds:</i> | | | | |
| Redondo Plaza | 158,812 | 293,574 | - | 452,386 |
| South Bay Center | 359,205 | 392,217 | - | 751,422 |
| Aviation High School | 66,798 | 33,481 | - | 100,279 |
| Harbor Center | - | 1,400 | - | 1,400 |
| Sub-total | 584,815 | 720,672 | - | 1,305,487 |
| <i>Debt Service Funds:</i> | | | | |
| South Bay Center | - | 830,089 | - | 830,089 |
| Public Financing Authority | - | 1,201,725 | - | 1,201,725 |
| Sub-total | - | 2,031,814 | - | 2,031,814 |
| Grand Total | 767,448 | 5,198,701 | - | 5,966,149 |

FIVE-YEAR OVERVIEW OF APPROPRIATIONS
FISCAL YEARS 2007-2008 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|-------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| General Funds: | | | | | |
| Galleria Security: | | | | | |
| South Bay Center | 108,000 | 197,406 | 153,002 | 108,000 | 108,000 |
| Administration: | | | | | |
| Redondo Plaza | - | - | - | - | - |
| South Bay Center | 25,961 | 33,064 | 30,895 | 27,200 | 97,607 |
| Aviation High School | 15,120 | 41,324 | 19,624 | 13,600 | 12,000 |
| Harbor Center | 337,671 | 593,869 | 358,232 | 462,297 | 472,230 |
| Pass Through Payments: | | | | | |
| South Bay Center | 1,067,558 | 1,103,678 | 1,140,974 | 1,106,459 | 1,063,339 |
| Aviation High School | 511,641 | 547,788 | 589,314 | 556,248 | 448,017 |
| Principal Payments: | | | | | |
| South Bay Center | - | 122,005 | 156,770 | - | - |
| Aviation High School | 945,383 | - | - | - | - |
| Harbor Center | 750,218 | - | - | 200,241 | 257,212 |
| Interest Expense: | | | | | |
| Aviation High School | 90,017 | 391,284 | - | - | - |
| Harbor Center | 475,703 | 251,905 | 66,154 | 110,243 | 170,444 |
| Sub-total | 4,327,272 | 3,282,323 | 2,514,965 | 2,584,288 | 2,628,849 |

FIVE-YEAR OVERVIEW OF APPROPRIATIONS
FISCAL YEARS 2007-2008 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|---|-------------------|-------------------|-------------------|--------------------|--------------------|
| <i>Housing Funds:</i> | | | | | |
| Administration: | | | | | |
| South Bay Center | 304,042 | 292,423 | 207,176 | 304,149 | 299,036 |
| Aviation High School | 104,163 | 98,787 | 70,317 | 102,516 | 100,279 |
| Harbor Center | 1,711 | 1,420 | 1,565 | 1,400 | 1,400 |
| Inclusionary Housing: | | | | | |
| Redondo Plaza | - | 32,282 | 76,331 | 86,428 | 95,628 |
| South Bay Center | - | 32,282 | 76,331 | 86,428 | 95,628 |
| Handyperson Program: | | | | | |
| Redondo Plaza | 97,378 | 191,665 | 132,472 | 277,061 | 231,758 |
| South Bay Center | 97,378 | 191,916 | 132,220 | 277,061 | 231,758 |
| Owner Rehabilitation Loan Program: | | | | | |
| Redondo Plaza | 158,957 | 73,447 | 100,488 | 125,000 | 125,000 |
| South Bay Center | 158,957 | 73,447 | 100,488 | 125,000 | 125,000 |
| Sub-total | 922,585 | 987,669 | 897,388 | 1,385,043 | 1,305,487 |

FIVE-YEAR OVERVIEW OF APPROPRIATIONS
FISCAL YEARS 2007-2008 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|-----------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <i>Debt Service Funds:</i> | | | | | |
| Administration: | | | | | |
| Aviation High School | - | 399 | - | - | - |
| Public Financing Authority | 140,395 | 124,491 | 105,188 | 111,457 | 114,269 |
| Interest Expense: | | | | | |
| Aviation High School | - | 9,687 | 4,751 | - | - |
| South Bay Center | 1,016,273 | 665,657 | 642,163 | 633,436 | 615,089 |
| Public Financing Authority | 1,020,362 | 420,000 | 350,716 | 801,850 | 305,739 |
| Debt Issuance: | | | | | |
| Public Financing Authority | 163,018 | - | - | - | - |
| Principal Payments: | | | | | |
| Aviation High School | - | 525,000 | 175,000 | - | - |
| South Bay Center | 315,000 | 180,000 | 195,000 | 195,000 | 215,000 |
| Public Financing Authority | 9,070,452 | 3,501,824 | 695,000 | 461,535 | 688,264 |
| Kincaid's Pass-Through: | | | | | |
| Public Financing Authority | 175,561 | 127,525 | 110,995 | 104,596 | 93,453 |
| Sub-total | 11,901,061 | 5,554,583 | 2,278,813 | 2,307,874 | 2,031,814 |
| TOTAL REDEVELOPMENT AGENCY | 17,150,918 | 9,824,575 | 5,691,166 | 6,277,205 | 5,966,149 |

FIVE-YEAR OVERVIEW OF OTHER FINANCING SOURCES (USES)
FISCAL YEARS 2007-2008 TO 2011-2012

| <i>Fund</i> | Actual 2007-08 | Actual 2008-09 | Actual 2009-10 | Midyear 2010-11 | Adopted 2011-12 |
|--|-------------------|-------------------|-------------------|--------------------|--------------------|
| <i>General Funds:</i> | | | | | |
| Proceeds of Long-term Debt: | | | | | |
| South Bay Center | - | 180,000 | 195,000 | - | - |
| Aviation High School | 511,641 | 547,788 | 589,314 | 556,248 | 448,017 |
| Harbor Center | 407,415 | - | - | 110,243 | 170,444 |
| Transfer from Debt Service Funds: | | | | | |
| Harbor Center | 676,147 | - | - | - | - |
| Aviation Bond Debt Service: | | | | | |
| Aviation High School | - | 17,279 | (179,751) | - | - |
| Pier Bond Debt Service: | | | | | |
| Harbor Center | - | - | - | (200,559) | (141,188) |
| South Bay Center Bond Debt Service: | | | | | |
| South Bay Center | (838,040) | (838,273) | (837,163) | (839,710) | (835,468) |
| SERAF Loan Repayment: | | | | | |
| Aviation High School | - | - | - | (529,238) | (264,767) |
| Sub-total | 757,163 | (93,205) | (232,600) | (373,778) | (622,962) |
| <i>Housing Funds:</i> | | | | | |
| SERAF Loan Repayment: | | | | | |
| Aviation High School | - | - | - | 529,238 | 264,767 |
| Sub-total | - | - | - | - | 264,767 |
| <i>Debt Service Funds:</i> | | | | | |
| Debt Service: | | | | | |
| Aviation High School | - | 534,687 | 179,751 | - | - |
| South Bay Center | 9,597,831 | 838,273 | 837,163 | 839,710 | 835,468 |
| Public Financing Authority | 10,562,275 | - | - | 200,559 | 141,188 |
| Transfer to General Funds: | | | | | |
| Aviation High School | - | (700,000) | - | - | - |
| South Bay Center | (10,562,275) | - | - | - | - |
| Public Financing Authority | (9,435,937) | - | - | - | - |
| Sub-total | 161,893 | 138,273 | 1,016,914 | 1,040,269 | 976,656 |
| TOTAL REDEVELOPMENT AGENCY | 919,057 | 45,067 | 784,314 | 666,491 | 618,461 |

ANNUAL GENERAL FUNDS BUDGET
FISCAL YEAR 2011-2012

| | REDONDO PLAZA | SOUTH BAY CENTER | AVIATION HIGH SCHOOL | HARBOR CENTER | TOTAL |
|---|------------------|---------------------|-------------------------|------------------|------------------|
| ESTIMATED FUND BALANCE - July 1, 2011 | - | 48,627 | 934,739 | 1,000,601 | 1,983,967 |
| Revenues | | | | | |
| Tax Increment | - | 1,972,800 | 831,200 | 398,400 | 3,202,400 |
| Investment Earnings | - | 1,488 | 38,089 | 13,315 | 52,892 |
| Developer Payments | - | 141,145 | - | - | 141,145 |
| Total Revenues | - | 2,115,433 | 869,289 | 411,715 | 3,396,437 |
| Expenditures | | | | | |
| Galleria Security | - | 108,000 | - | - | 108,000 |
| Administration | - | 97,607 | 12,000 | 472,230 | 581,837 |
| Pass Through Payments | - | 1,063,339 | 448,017 | - | 1,511,356 |
| Harbor Debt Interest Expense | - | - | - | 170,444 | 170,444 |
| Harbor Debt Repayment | - | - | - | 257,212 | 257,212 |
| Total Expenditures | - | 1,268,946 | 460,017 | 899,886 | 2,628,849 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds of Long-term Debt | - | - | 448,017 | 170,444 | 618,461 |
| Pier Bond Debt Service | - | - | - | (141,188) | (141,188) |
| South Bay Center Bond Debt Service | - | (835,468) | - | - | (835,468) |
| SERAF Loan Repayment | - | - | (264,767) | - | (264,767) |
| Total Other Financing Sources (Uses) | - | (835,468) | 183,250 | 29,256 | (622,962) |
| ESTIMATED FUND BALANCE - June 30, 2012 | - | 59,646 | 1,527,261 | 541,686 | 2,128,593 |

ANNUAL HOUSING FUNDS BUDGET
FISCAL YEAR 2011-2012

| | REDONDO PLAZA | SOUTH BAY CENTER | AVIATION HIGH SCHOOL | HARBOR CENTER | TOTAL |
|---|------------------|---------------------|-------------------------|------------------|-------------------|
| ESTIMATED FUND BALANCE - July 1, 2011 | 3,795,346 | 6,475,158 | 1,775,639 | 1,533,188 | 13,579,331 |
| Revenues | | | | | |
| Tax Increment | - | 493,200 | 207,800 | 99,600 | 800,600 |
| Investment Earnings | 85,825 | 159,177 | 54,886 | 41,727 | 341,615 |
| Total Revenues | 85,825 | 652,377 | 262,686 | 141,327 | 1,142,215 |
| Expenditures | | | | | |
| Administration | - | 299,036 | 100,279 | 1,400 | 400,715 |
| Handyperson Program | 231,758 | 231,758 | - | - | 463,516 |
| Owner Rehabilitation Loan Program | 125,000 | 125,000 | - | - | 250,000 |
| Inclusionary Housing Program | 95,628 | 95,628 | - | - | 191,256 |
| Total Expenditures | 452,386 | 751,422 | 100,279 | 1,400 | 1,305,487 |
| Other Financing Sources (Uses) | | | | | |
| SERAF Loan Repayment | - | - | 264,767 | - | 264,767 |
| Total Other Financing Sources (Uses) | - | - | 264,767 | - | 264,767 |
| ESTIMATED FUND BALANCE - June 30, 2012 | 3,428,785 | 6,376,113 | 2,202,813 | 1,673,115 | 13,680,826 |

ANNUAL DEBT SERVICE FUNDS BUDGET
FISCAL YEAR 2011-2012

| | SOUTH BAY CENTER | PUBLIC FINANCING AUTHORITY | TOTAL |
|---|---------------------|-------------------------------|------------------|
| ESTIMATED FUND BALANCE - July 1, 2011 | 12,394 | 7,668,385 | 7,680,779 |
| Revenues | | | |
| Investment Earnings | 455 | 176,953 | 177,408 |
| Rental Income | - | 310,458 | 310,458 |
| Total Revenues | 455 | 487,411 | 487,866 |
| Expenditures | | | |
| Administration | - | 114,269 | 114,269 |
| Interest Expense | 615,089 | 305,739 | 920,827 |
| Principal Payments | 215,000 | 688,264 | 903,264 |
| Kincaid's Pass-Through | - | 93,453 | 93,453 |
| Total Expenditures | 830,089 | 1,201,725 | 2,031,814 |
| Other Financing Sources (Uses) | | | |
| South Bay Center Bond Debt Service | 835,468 | - | 835,468 |
| Pier Bond Debt Service | - | 141,188 | 141,188 |
| Total Other Financing Sources (Uses) | 835,468 | 141,188 | 976,656 |
| ESTIMATED FUND BALANCE - June 30, 2012 | 18,228 | 7,095,259 | 7,113,487 |

REDEVELOPMENT AGENCY

Core Service Activities

- The Mayor and City Council will conduct approximately 12 meetings of the Public Finance Authority and the Redevelopment Agency.
- The City Treasurer will prepare monthly and quarterly management reports detailing cash and investment positions within the Public Financing Authority and the Redevelopment Agency.
- The City Treasurer will conduct an annual review of the Redevelopment Agency Comprehensive Statement of Investment Policy and maintain policy's professional certification.
- The Recreation and Community Services Department will provide \$250,000 in deferred payment loans for housing rehabilitation projects to three or four low-income homeowners through the City's CDBG program.
- The Recreation and Community Services Department will administer CDBG mobility access projects and provide handyperson improvements for 35 low income homeowners.
- The Recreation and Community Services Department will administer the City's Inclusionary Housing Program by reviewing qualifications of prospective homebuyers and monitoring five residential developments.
- The Harbor, Business and Transit Department will fund approximately \$700,000 to the Handyperson, Commercial Rehabilitation, and Deferred Loan programs.

Key Projects and Assignments

- The Planning Department will complete necessary revisions to achieve certification of the Housing Element of the General Plan (following review by the California Department of Housing and Community Development) by July 2011.
- The Recreation and Community Services Department will continue to develop policies and procedures, including a comprehensive manual, for administration of the City's Inclusionary Housing Program by December 2011.