



Options for Structuring the Redevelopment Agency

Redevelopment Ad-Hoc Committee
January 31, 2011



Redevelopment Agency

- Created by City Council in 1958 to alleviate condition of urban blight
- Separate legal entity from City, governed by State law
- City Council serves as Board of Directors
- 17 Project areas, 3 operating entities
 - City Redevelopment, CCDC & SEDC



Redevelopment Agency

- Under Council-Manager, Mayor was chair of the Agency Board
- With transition to Strong Mayor/Council in Jan. 2006, Mayor removed from Council
 - No longer served as chair of Agency Board
- Mayor appointed as Executive Director for 6 months while alternative structures were evaluated



Redevelopment Agency

- From 2005-08, options for restructuring were studied extensively
 - Reports, studies, public workshops, Committee meeting, etc.
- In 2008, Agency Board directed staff to proceed with Agency-Employee model
- Since then, restructuring efforts have stalled & Mayor has been designated ED eight times on a temporary basis



Options for Agency Structure

- IBA Report provides high-level review of following 6 options for Agency structure:
 - City Redevelopment Structure
 - Agency-Employee Model
 - Redevelopment Commission
 - Non-Profit Corporation
 - Merge w/Housing Commission
 - Independent Agency Board
- Also discusses potential roles for Mayor



Options for Agency Structure

- For simplicity, models described in their most basic form to highlight differences
 - Many variations & hybrids to consider
- Not intended to be a comprehensive evaluation; rather, to note key aspects and possible advantages/disadvantages
- Goal is to provide foundation for more thorough and focused evaluation



Options for Agency Structure

- Evaluation criteria in previous analyses
 - Staffing flexibility
 - Contracting flexibility
 - Decision-making accountability
 - Management efficiency & cost savings
 - Integration with planning policy
 - Role of Mayor
- Likely to be natural tension between some desired outcomes



Options for Agency Structure

- Does not assume whether restructuring will extend to CCDC and SEDC
 - Previous efforts focused solely on City Redevelopment Division
- Any of the structural options presented can exist with or without corporations
- Further analysis necessary to determine how models impact & interact with Corps.

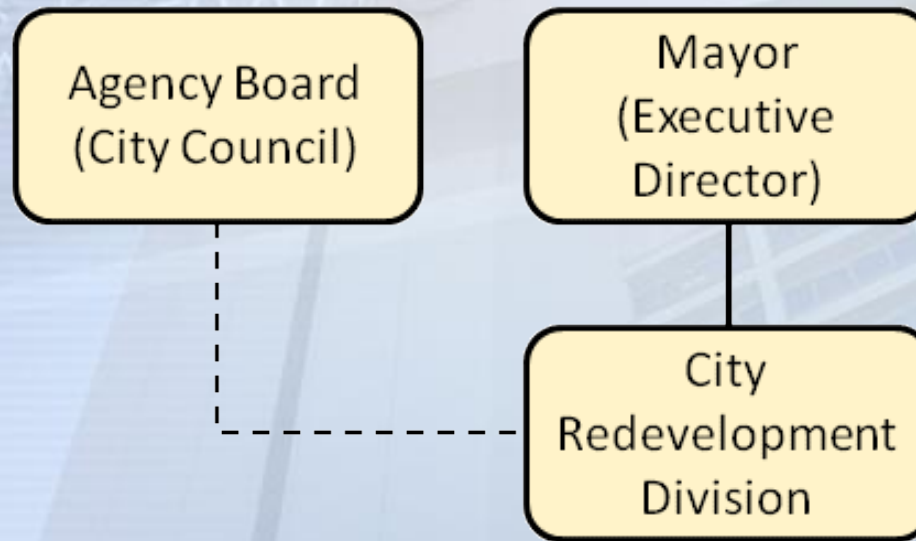


City Redevelopment Structure

- City Council continues to serve as Agency Board
- City staff continue to serve as staff to Agency through Operating Agreement
 - Manage 11 project areas
- Mayor appointed as Executive Director on more permanent basis



City Redevelopment Structure





City Redevelopment Structure

- Subject to Civil Service, City policies and procedures
 - Could result in rigid personnel structure, budgetary constraints
- Maintains strong integration with Planning and other City functions
- Executive Director (Mayor) would not be accountable to Agency Board

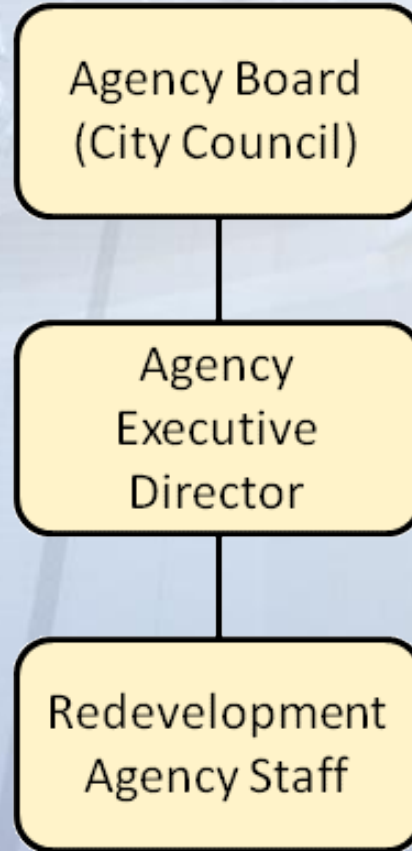


Agency-Employee Model

- City Council continues to serve as Agency Board
- Redevelopment staff employed directly by the Agency
- Executive Director appointed by, and reports directly to, Agency Board



Agency-Employee Model





Agency-Employee Model

- Outside Civil Service, City policies & procedures
 - More nimble, better positioned to respond to market opportunities
- Could be less integration with City departments
 - May lead to divergence between redevelopment and planning policy



Agency-Employee Model

- Results in a number of transition issues:
 - Create new compensation packages
 - Establish administrative support functions
 - Develop policies and procedures
 - Prepare transition plans for existing City Redevelopment employees, including meet & confer
- These transition issues apply to all structural options outside City organization

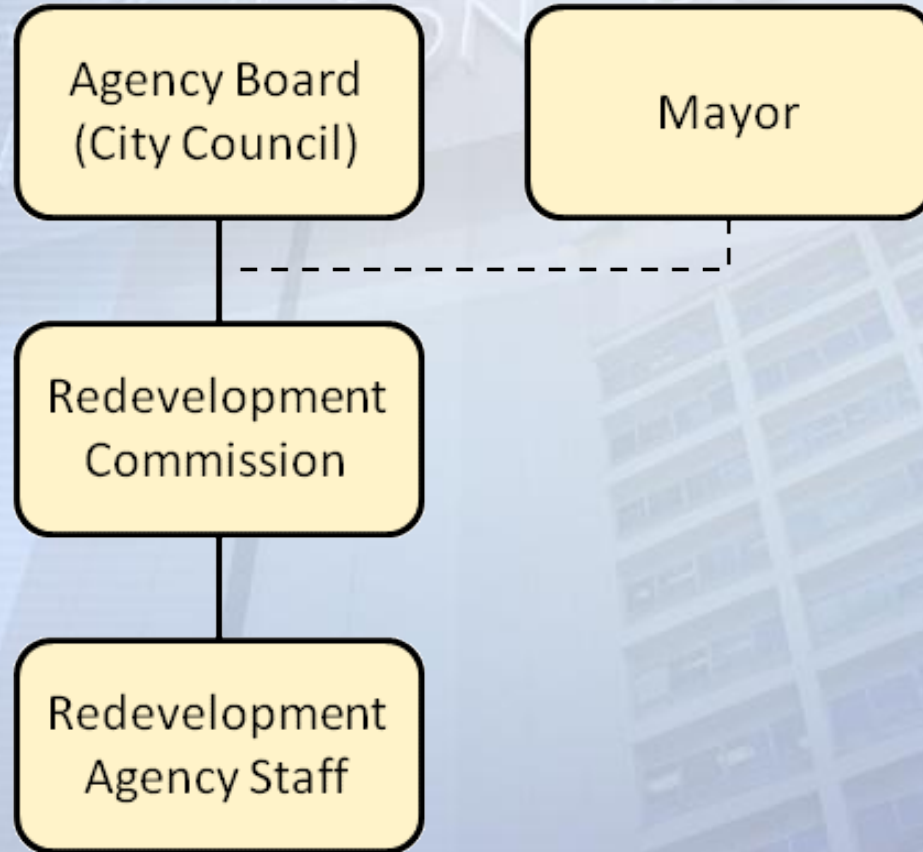


Redevelopment Commission

- Redevelopment Commission established to serve as advisory body, manage day-to-day operations
- Executive Director appointed by Agency or Commission, and report to Commission or jointly to Agency
- Would be analogous to the Housing Commission



Redevelopment Commission





Redevelopment Commission

- Many same characteristics as Agency-Employee model
 - Greater staffing flexibility
 - Fewer constraints from City policies
 - Transition issues
- Main difference is the creation of a new level of review & approval
 - Advantage: More thorough review & vetting
 - Disadvantage: Longer review time

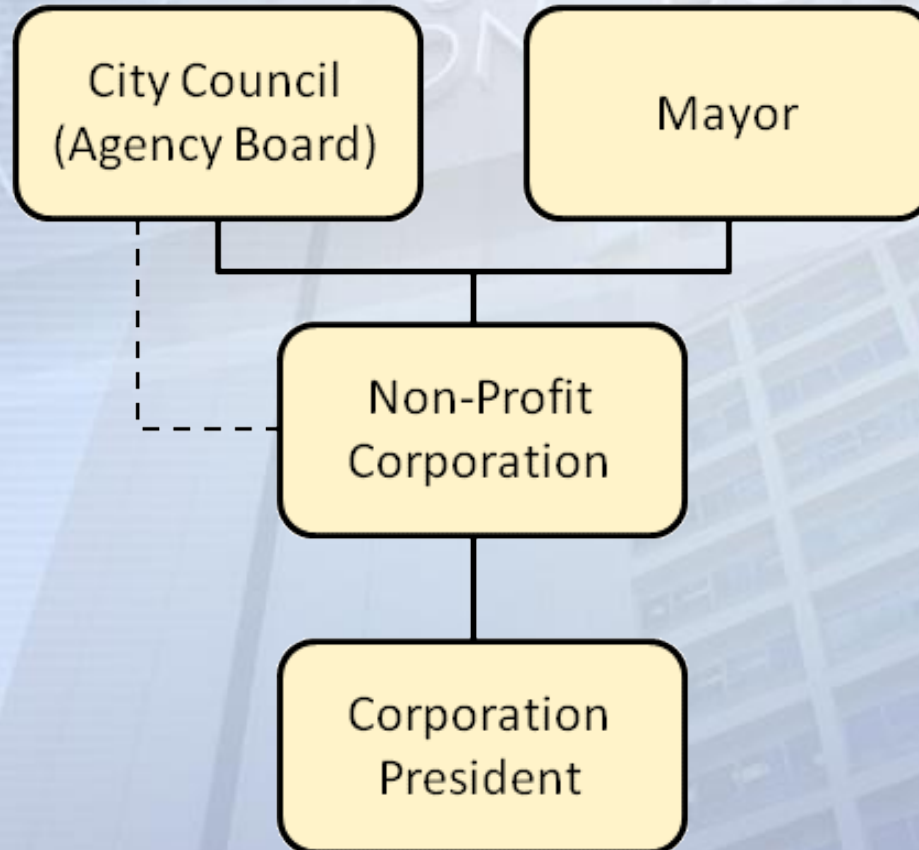


Non-Profit Corporation

- Create a third non-profit corporation to manage 11 project areas on behalf of Agency
- Established and function in same manner as CCDC and SEDC
- Governed by Operating Agreement with Agency & corporation bylaws



Non-Profit Corporation





Non-Profit Corporation

- Similar to Commission Model
 - Outside Civil Service
 - Transition issues
 - New level of review & approval
- No centralized Agency Executive Director
 - 3 corporations, each with own management and board of directors
 - Duplication of administrative functions



Non-Profit Corporation

- Several variations are possible:
 - Appoint Agency Executive Director to oversee corps. and coordinate redevelopment activity
 - Merge all three corporations to create a single redevelopment corporation
- Benefit of corporation model is business approach and orientation
- May be concerns with accountability, public participation

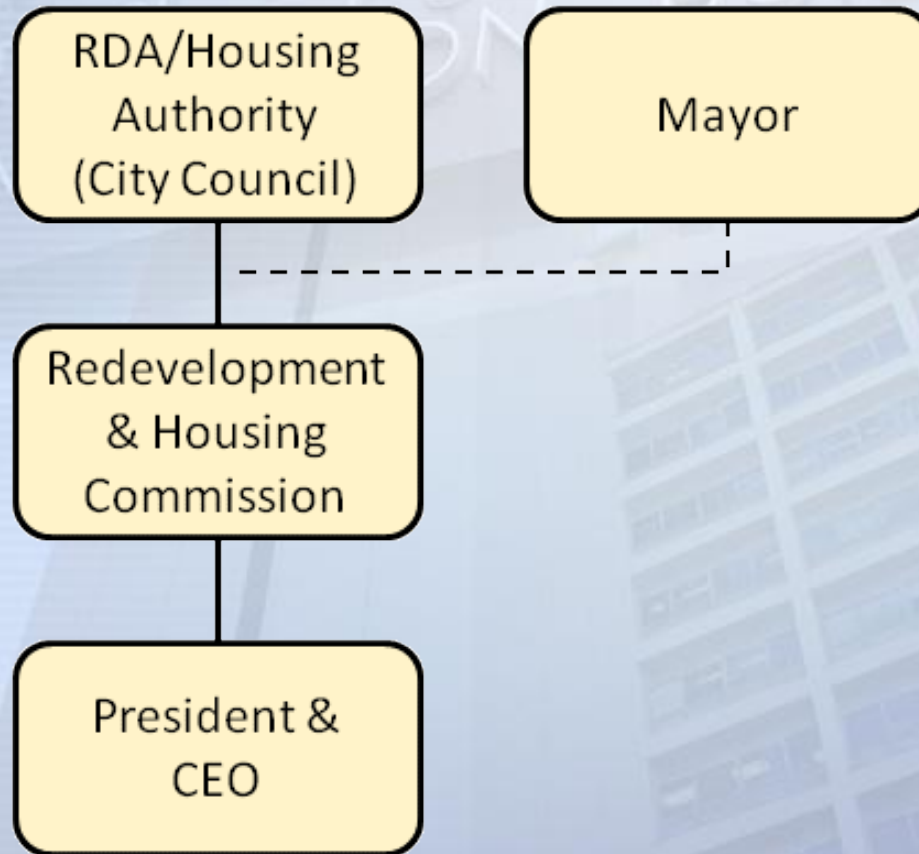


Merge w/Housing Commission

- Option 1: Appoint board to serve as both Housing Commission and Redevelopment Commission
- Both commissions remain separate legal entities, but single board serves as both
- Single Executive Director and staff for both commissions



Merge w/Housing Commission



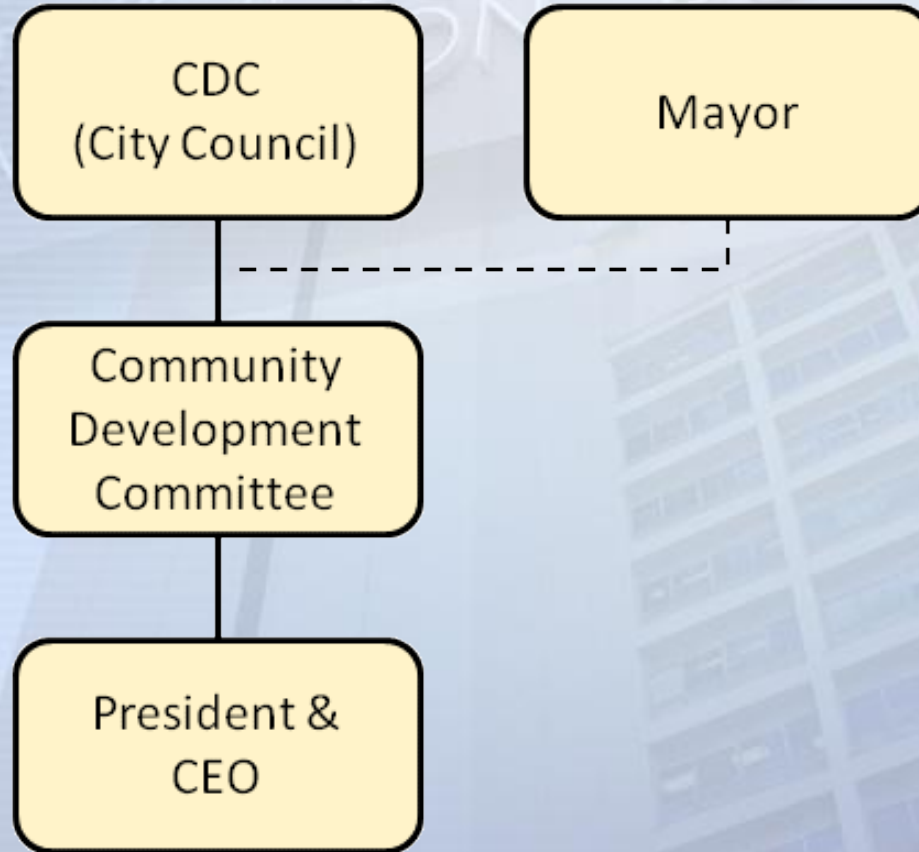


Merge w/Housing Commission

- Option 2: Create *Community Development Commission* (CDC) pursuant to State law
- Council may serve as CDC Board, create *Community Development Committee*
- Separate legal entity; HA and RDA would continue to exist, but sit dormant
- Often have additional authority related to community and economic development



Merge w/Housing Commission





Merge w/Housing Commission

- Would have many same characteristics as other models outside the City organization
- Transition may be easier because needed administrative & organizational structure already exists within Housing Commission
- May also eliminate redundancies and benefit from economies of scale



Merge w/Housing Commission

- May be benefit in consolidating similar housing functions
 - Better coordination & prioritization of projects
 - Stronger nexus between redev. and housing
- However, could be disadvantage if housing goals of Agency and SDHC differ
- May be perception that redevelopment would get less attention than housing

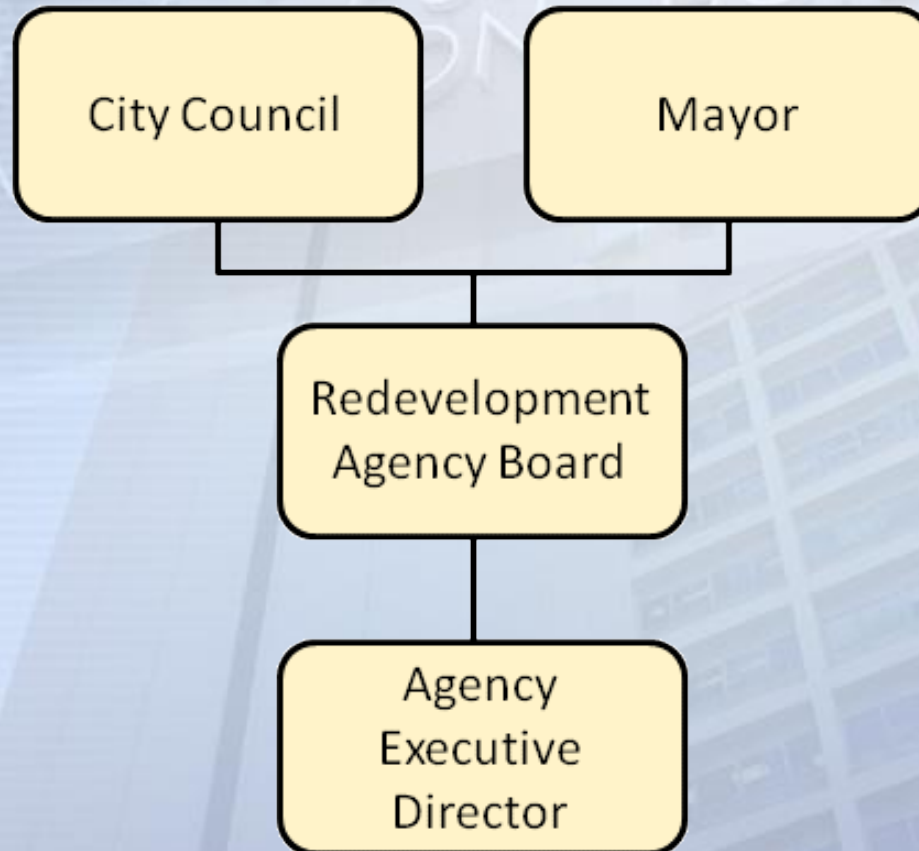


Independent Agency

- Under state law, Council could appoint an independent board to serve as Agency Board
- Appointed Agency Board would then appoint Executive Director
- Redevelopment staff would be employed directly by the Agency



Independent Agency





Independent Agency

- Council would maintain role in setting redevelopment policy
 - Adopt redevelopment plans & amendments
 - Approve sale of Agency-owned property, public improvements
- Other actions within purview of appointed Agency board
 - Adopting implementation plans
 - Entering into contracts



Independent Agency

- Several large CA cities use this model, such as LA and SF
- Could have more technical expertise on Board, reduce Council workload, separate redevelopment from City political process
- However, could create conflict between City and Agency priorities or perception of less accountability



Role of Mayor

- One of most critical elements in discussion of redevelopment structuring
- Neither CRL, City Charter provide role for Strong Mayor in redevelopment
- However, as citywide elected official and chief executive of City, Mayor should play a role in redevelopment issues



Role of Mayor

- Most significant question: should Mayor serve as Agency Executive Director?
- Parallels Strong Mayor-Strong Council, consistent with role envisioned by voters
- However, Mayor accountable to voters, not to Agency Board
- May raise issues of incompatibility of office if City and Agency interests diverge



Role of Mayor

- Even if not Executive Director, other ways Mayor can have meaningful role:
 - “Ex Officio” member of Agency Board
 - Appointment of Board/Corp. members
 - Selection of Executive Director/President
 - Review Agency Actions
- Not intended to be all inclusive, additional ideas & options likely to be identified



Conclusion

- IBA report provides a high-level overview of the basic options for structuring Agency
- Identifies number of potential roles for the Mayor in redevelopment issues
- Intended to be a first step, and provide foundation for more focused analysis



Options for Structuring the Redevelopment Agency

Redevelopment Ad-Hoc Committee
January 31, 2011