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## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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**Date Issued:** April 10, 2008

**IBA Report Number:** 08-37

**Redevelopment Agency Meeting Date:** April 15, 2008

**Item Number:** 2

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# Redevelopment Agency Organization and Structure

## OVERVIEW

In December 2007, following the November discussion of Agency restructuring at the Land Use and Housing Committee, the Redevelopment Agency directed the Executive Director to return to the Agency with more information on costs and benefits of a potential new Agency structure, including a comparison to the current structure.

On April 15, the Redevelopment Agency will consider the Agency's organization and structure. At this time, although no formal action is required, staff is requesting direction associated with moving forward with the assessment and possible implementation of the "Agency-Employee Model". Instead of contracting with the City to manage eleven-redevelopment project areas, the Agency is able, under California Community Redevelopment Law, to hire staff that directly reports to them.

## FISCAL/POLICY DISCUSSION

In the staff report, 08-07, the "Agency-Employee Model" has been identified as the most effective organizational structure that will enable the Agency to improve staffing flexibility, contracting processes, decision-making and public accountability, management efficiency and cost, integration with planning, and the role of the Mayor.

Approving the actions before the Agency will provide specific direction to staff that an "Agency-Employee Model" is preferred. The ability to make this decision is made

difficult by the lack of a detailed, comprehensive cost analysis and comparison with the existing structure. Following the Agency direction, work would begin to more fully develop the actual configuration of the new structure, including associated costs. The IBA understands staff's difficulty and hesitancy in developing this information prior to receiving specific direction from the Agency and given the amount of resources it will take to develop these specifics.

The IBA recommends that if the requested direction is given, staff should return with the following information as part of their cost analysis:

- Salary information. Will the current pay scale be continued or is it anticipated that changes will be made to encourage retention and increase recruitment? What is the additional cost for the new, proposed positions?
- Meet and Confer requirements. What is the status of meet and confer? Are any existing employees electing to stay with the City?
- Retirement Package. Will the employees be able to remain in the San Diego City Employee's Retirement System (SDCERS) or will the California Public Employee's Retirement System (CalPERS) be a more viable option. What will the retirement package encompass and cost? How does this compare to the existing package/cost?
- Benefit Package for Health Care. What will the proposed benefit package include and how does this compare to the City's existing plans? Similar to retirement package, a comparison should be made that communicates the differences/similarities between plan components and costs.
- Implementation Plan. If the decision is made to direct staff with preparing the necessary documents to implement the "Agency-Employee Model", what are the next steps and how long will it take to accomplish this change? When will the Agency have an opportunity to provide further input? An implementation plan should identify these steps (including future Agency actions), the timeline, and milestones.

Staff should return quickly enough to provide the Agency the opportunity discuss this more detailed information (and any obstacles or challenges that may come to light) before the Agency has done anything to irreversibly commit to this model.

Also, the staff report recommends that "the Mayor appoint the Agency Executive Director, subject to confirmation by the Agency Board; the Executive Director report to the Mayor on an operational basis; and that the Agency Board have the power to remove the Executive Director with a 2/3 majority vote." The IBA believes that the Agency could consider an alternative to the hiring process, in that the Agency members or representatives of the Agency appoint the Executive Director in conjunction with the Mayor. This would enable the Agency an opportunity to provide input on selection of the Executive Director.

## CONCLUSION

If the requested direction is given, the IBA recommends that staff return in six months with a detailed business plan that incorporates the items discussed in this report. Also, the IBA recommends an alternative to the hiring process of the Executive Director, in which, the Agency (or representatives of the Agency) appoints the Executive Director, in conjunction with the Mayor.

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