



**Date:** June 9, 2003  
**To:** Redevelopment Agency Board Members  
**From:** Melanie S. Fallon, Executive Director  
**Subject:** Staff Recommendations Regarding the Redevelopment Reports, Expansion of Project Areas, the Merger of Project Areas and a Redevelopment Strategy

**RECOMMENDED ACTION**

It is recommended that the Redevelopment Agency Board:

- Receive and file the Redevelopment Reports;
- Recommend to the City Council that they request the Redevelopment Agency to initiate the process of adding new territory to existing redevelopment project areas;
- Recommend to the City Council that they request the Redevelopment Agency initiate the process of merging all seven redevelopment project areas; and
- Recommend to the City Council that they request the Redevelopment Agency prepare a Redevelopment Strategy.

**BACKGROUND**

**Redevelopment Reports**

On August 20, 2002, the City Council directed the City Manager to prepare a report evaluating which portions of the City would be appropriate to include in redevelopment. On August 20, 2002, the City Council also directed the City Manager, the City Attorney and the City Auditor to prepare a report containing:

1. A study of redevelopment in Long Beach.
2. A description of the process for involving the City Planning Commission, the Project Area Committees (PACs) and the communities of Long Beach within the Redevelopment areas in a project area merger process.
3. An evaluation of potential merger parameters.

Staff completed the Redevelopment Reports and provided copies to the City Council, Redevelopment Agency Board and members of the three Project Area Committees. The Redevelopment Agency Board held a study session on the Redevelopment Reports, discussed its contents and heard public testimony.

Staff recommends that the Redevelopment Agency receive and file the Redevelopment Reports.

### **Adding Territory to Existing Redevelopment Project Areas**

At the request of the City Council, Volume I of the Redevelopment Reports contains a survey of the City of Long Beach that identifies areas that could be included in redevelopment. The most viable candidate areas are small and unlikely to generate significant amounts of tax increment. Therefore, staff recommends that new areas be added to the North and Central Redevelopment Project Areas.

New territory can be added to existing redevelopment project areas by amending their redevelopment plans. This process is the same process that is used to adopt new redevelopment project areas. The process of adding territory would take at least one year and cost approximately \$300,000.

Staff recommends that the Agency send a recommendation to the City Council that they request the Redevelopment Agency to initiate the process of adding new territory to existing redevelopment project areas. The specific new territory is not identified at this time. Staff would need to prepare a Survey Area identifying all eligible areas for inclusion and this will take several months to complete.

### **Merging Redevelopment Project Areas**

The Redevelopment Reports were prepared at the request of the City Council and staff intends to give the City Council a presentation on June 17. The Redevelopment Reports provided the requested information, but did not contain a staff recommendation. The public, Agency Board and members of the City Council have been actively debating the advantages and disadvantages of merging the project areas for nearly a year. During those debates, staff provided information, but did not provide a recommendation. However, after careful consideration, staff is recommending that all seven redevelopment project areas be merged.

The benefits to be gained from a merger are substantial. The Redevelopment Agency Board could combine all project area revenues and spend them on the projects it considers most important for the City as a whole. Also, due to economies of scale and diversification, after a merger the Redevelopment Agency could raise more money, at lower interest rates, with its bond issues. The completion of a project area merger, in the summer of 2004, would provide an immediate increase of \$21 million in the Agency's capacity to issue bonds. As tax increment revenues grow over time, the gain in bond capacity allowed by a merger also grows. After a merger, the Redevelopment Agency could also

release approximately \$7.4 million now held in individual project area reserves. The funds released from the project area reserves after a merger could be spent in any redevelopment project area.

The seven redevelopment project areas can be merged by amending each project area's redevelopment plan. The process is the same as the process used to adopt new redevelopment project areas. This process would take 12 to 16 months and cost approximately \$300,000. Staff is recommending that the Redevelopment Agency provide the City Council with a recommendation that the project areas be merged and if the City Council agrees, they would request that the Redevelopment Agency begin the merger process.

### **Redevelopment Strategy**

The ability to pool all revenues from all project areas is the heart of the controversy over the proposed merger. In every community, whether on a national, state or local level, there is a competition for government resources. The City Council and the Redevelopment Agency should be allowed to pool Agency resources, balance the competing needs of the various neighborhoods and determine where those funds should best be spent. However, this is a very divisive issue. This divisiveness arises from the public's lack of trust in staff, the Redevelopment Agency and the City Council to fairly distribute Agency funds. Citizens have expressed their fear that after a merger Agency funds will be redirected to support parochial political interests rather than the needs of the community. Staff recommends that a Redevelopment Strategy be prepared as part of an effort to rebuild public trust.

The Redevelopment Reports contain a lengthy analysis of the proposed project area merger. The Project Area Committees (PACs) have requested an additional Independent Study of Redevelopment that would examine some basic questions about how the Redevelopment Agency of the City of Long Beach carries out its mission. Staff recommends that the Redevelopment Agency answer the questions posed by the PACs in the Redevelopment Strategy. The Redevelopment Strategy would include the following components:

1. Guiding Principles to be used in preparing the strategy.
2. Best practices of redevelopment agencies.
3. Allocation of Redevelopment Agency resources after a merger.
4. Communications between and roles of the Agency Board, staff, City Council, PACs and the Public.
5. The Redevelopment Agency's effort to solicit the views of the diverse population of its redevelopment project areas.

The creation of a Redevelopment Strategy would necessitate the hiring of consultants to prepare the study and a public consultation process to ensure that all views are considered and concerns addressed. If the Agency and City Council approve the preparation of a Redevelopment Strategy, staff would prepare a plan for consultant selection and public input. This plan would be distributed to the PACs, public, City Council and a final draft approved by the Redevelopment Agency. A redevelopment consultant, environmental consultant, and redevelopment attorney would also be needed to assist staff with the process of adding new territory to the existing project areas. Staff will recommend that separate teams of consultants be used for the addition of new territory and the creation of a Redevelopment Strategy.

It is recommended that the Redevelopment Agency Board:

- Receive and file the Redevelopment Reports;
- Recommend to the City Council that they request the Redevelopment Agency to initiate the process of adding new territory to existing redevelopment project areas;
- Recommend to the City Council that they request the Redevelopment Agency initiate the process of merging all seven redevelopment project areas; and
- Recommend to the City Council that they request the Redevelopment Agency prepare a Redevelopment Strategy.

Respectfully submitted,



MELANIE S. FALLON  
EXECUTIVE DIRECTOR

APPROVED:



GERALD R. MILLER  
CITY MANAGER