

ADMINISTRATION DEPARTMENT

MEMORANDUM

TO: Mayor Steven Veres and City Council Members
Chair Steven Veres and Redevelopment Agency Board Members

FROM: Mary Strenn, Redevelopment Agency Executive Director
Brian Haworth, Assistant to the City Administrator

DATE: March 1, 2010

SUBJECT: Required Actions for the Proposed 2010 Amendments

RECOMMENDATION:

It is recommended that:

- a. The **Redevelopment Agency** (“Agency”) adopt a Resolution taking certain actions in connection with the proposed amendments to the Redevelopment Plans for Project Areas 1, 1A, 2, 3, 3A and 4, collectively the “2010 Amendments” (Attachment “A”). The subject actions will allow Agency staff and consultants to transmit documents and undertake proceedings for the 2010 Amendments as may be appropriate or legally required, i.e.:
 - i. Circulate the Negative Declaration for public review for not less than a 20 day period.
 - ii. Make the draft Amended Plan, Negative Declaration and Preliminary Report available for inspection in the City Clerk’s Office.
 - iii. Transmit the draft Amended Plan, Negative Declaration and Preliminary Report to affected taxing entities and the San Fernando Planning and Preservation Commission.
 - iv. Consult with affected taxing entities regarding the allocation of taxes pursuant to Section 33670 of the California Redevelopment Law.
 - v. Conduct a community information meeting on the proposed 2010 Amendments.
 - vi. Notice a joint public hearing of the San Fernando City Council (“City Council”) and Agency on June 7, 2010 to receive public testimony, and to consider approving and adopting the 2010 Amendments.
 - vii. Transmit the Preliminary Report, and notice of the joint public hearing date to the State Departments of Finance and Housing and Community Development.

- b. The **City Council** adopt a Resolution authorizing and consenting to holding a June 7, 2010 joint public hearing with the Agency on the proposed 2010 Amendments (Attachment “B”).

BACKGROUND:

1. On March 23, 2009, the Agency Board received a presentation of various options pertaining to amending the boundaries and limits of the Agency’s redevelopment project areas. Staff was directed to pursue formal amendment proceedings for the 2010 Amendments that: (1) extend time limits on the Agency’s redevelopment plans to the maximum allowed under AB 1290; and (2) fiscally merge the project areas to focus tax increment expenditures in targeted locations.^{1,2}
2. The recommendations contained in this memorandum represent the Agency’s first and legally required actions to pursuing and possibly adopting the proposed 2010 Amendments.

OVERVIEW:

As proposed by the 2010 Amendments, the Agency is considering the following modifications to its redevelopment plans for Project Areas 1, 1A, 2, 3, 3A and 4:

- Fiscally merge the Project Areas. A fiscal merger would provide the Agency with greater financial capacity to carry out its redevelopment program by pooling together the Agency’s tax increment revenue. It would also allow the Agency to shift tax increment revenue among its project areas, giving the Agency an opportunity to strategically allocate resources for specific projects and programs.³
- Replace and combine fiscal limits. The 2010 Amendments would also allow the Agency to replace individual limits on the amount of tax increment revenue that can be collected, and the amount of tax allocation bonded indebtedness that can be outstanding at one time. Individual limits provided by each of the redevelopment plans for the project areas would be consolidated to a \$267 million limit for the Agency’s tax increment collection, and increase to an \$80 million limit for the Agency’s outstanding bonded indebtedness. These changes would ultimately strengthen the Agency’s bonding capacity for long-term and large-scale redevelopment projects and programs as resources allow.⁴
- Extend time limits. These modifications would extend the life of certain project areas, and their ability to collect tax increment revenue and repay indebtedness to the maximum time limits allowed under AB 1290. The changes are critical as they would allow the Agency to continue its operations past current provisions, especially in collecting tax

¹ The AB 1290 amendments maximize what the Agency is currently allowed to do under redevelopment law, thereby providing additional revenue and time for redevelopment programs and administration.

² Note: Staff was also directed to further assess the feasibility of undertaking SB 211 plan amendments for Project Areas 1 and 3; those findings will be brought before the Agency Board at a later date.

³ As it generally stands, tax increment revenue generated by a project area can only be used in that area.

⁴ Example: Combining the tax increment revenue limits is critical for Project Area 3A; without the fiscal merger, the project area would likely reach the limits in 2019, at which time it could no longer generate revenue.

increment revenue to fund new projects.⁵ In addition, the modifications would extend by 10 years the time limit to incur indebtedness for Project Area 4.⁶

- Consolidate individual redevelopment plans. Consolidating the Agency's individual redevelopment plans into a single Amended Plan would efficiently coordinate redevelopment activities across the Agency's six project areas. Specifically, the Amended Plan would allow for one broad-based policy document that: (1) updates land uses permitted in the project areas (i.e., the proposed "Merged Project Area") as allowed by the City's General Plan and Zoning Ordinance (as amended time to time); and (2) makes clarifying changes that keeps this document in line with redevelopment law.⁷

The discussion below summarizes the recommended key actions of this memorandum, which would move forth the appropriate and legally required process to ultimately adopt the 2010 Amendments.

DESCRIPTION OF KEY ACTIONS:

Key Action 1: Agency Board to authorize circulation and review of the draft Amended Plan.

The draft Amended Plan is essentially a legal document (rather than a "plan") that presents a basic framework within which the proposed projects under the 2010 Amendments will be presented and prioritized by the Agency. The draft Amended Plan consolidates and updates the provisions contained in the Agency's existing redevelopment plans to provide the Agency with more flexibility in responding to market conditions, redevelopment opportunities, and the desires and abilities of local stakeholders.

As part of the process to consider the 2010 Amendments, Agency staff will transmit upon completion the draft Amended Plan to the San Fernando Planning and Preservation Commission ("Commission").⁸ The Commission will have an opportunity to review the document and make a determination that it complies with the City's General Plan.⁹

Key Action 2: Agency Board to authorize public circulation and review of the draft Negative Declaration.

Staff has prepared a draft Negative Declaration that addresses the potential for any direct, indirect, and cumulative environmental impacts associated with the proposed 2010 Amendments. It is staff's assessment that since the proposed amendments are strictly administrative, they will not create any environmental impacts.¹⁰

The Negative Declaration will be circulated for no less than 20 days during which time all affected taxing entities, property owners, residents and other interested parties can comment.

⁵ A summary of the proposed time extensions can be found on Table I-1, pg. I-4 of the Preliminary Report.

⁶ Such time limits have previously been eliminated for the other project areas.

⁷ Health and Safety Code Section 33000 et seq.

⁸ Upon completion of the draft Amended Plan, copies will be provided to the Agency.

⁹ As required by Health and Safety Code Section 33325.

¹⁰ Note: All future development in the Merged Project Area assisted and/or approved by the Agency will be analyzed on a project-by-project basis to determine any short- or long-term impacts associated with proposed construction or operational uses.

After the circulation period ends, all comments will be responded to by staff and integrated into the final Negative Declaration for Commission recommendation, and action by the Agency Board and City Council.¹¹

Key Action 3: Agency Board to authorize circulation and review of the Preliminary Report.

The Preliminary Report identifies the reasons for the 2010 Amendments, and describes the proposed projects and funding sources to alleviate remaining blight within the project areas (i.e. the proposed Merged Project Area). The document is provided as Attachment "C".

It is important to note that this action will require the Agency to transmit the Preliminary Report to those taxing entities which receive property taxes within the project areas. This is to provide them with information on the proposed 2010 Amendments, so that they may assess any potential impacts.¹²

Key Action 4: Agency Board and City Council to authorize and consent to a June 7, 2010 joint public hearing on the proposed 2010 Amendments and Negative Declaration.

The Agency, along with the City Council, is required to conduct a public hearing on the proposed 2010 Plan Amendments before the City Council considers approving an ordinance that adopts the amendments. The law permits the Agency Board and City Council to conduct a joint hearing.

If this action is authorized by the Agency Board, staff will commence notice of a June 7, 2010 hearing. Agency staff will also conduct a community meeting prior to the hearing (sometime in May) to provide the public and other interested parties an opportunity to learn more about the proposed 2010 Plan Amendments.

The attached Resolutions authorize the aforementioned actions and represent the first of several mandated procedures to consider future adoption of the 2010 Amendments.

FISCAL IMPACT:

These actions have no immediate impact. If the 2010 Amendments receive all required approvals and are adopted, the Agency will receive more tax increment revenue under provisions of the Amended Plan.¹³

ATTACHMENTS:

- A. Agency Resolution
- B. City Council Resolution
- C. Preliminary Report

¹¹ Upon completion and public noticing of the draft Negative Declaration, copies will be provided to the Agency.

¹² The intent is to provide those entities with information on the proposed 2010 Amendments as early in the process as possible.

¹³ A fiscal analysis of the 2010 Amendments will be presented prior to adoption of the Amended Plan.

RESOLUTION NO. _____

**RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE
CITY OF SAN FERNANDO TAKING CERTAIN ACTIONS IN
CONNECTION WITH PROPOSED AMENDMENTS TO THE
REDEVELOPMENT PLANS FOR PROJECT AREA NOS. 1, 1A, 2, 3,
3A AND 4**

WHEREAS, the City Council of the City of San Fernando (the "City Council") adopted its Ordinance No. 918 on May 26, 1966, approving and adopting the Redevelopment Plan for Redevelopment Project No. 1 ("Project Area No. 1"). The Redevelopment Plan for Project Area No. 1 was amended on October 18, 1971, by Ordinance No. 1018, on November 19, 1984, by Ordinance No. 1260, on December 15, 1986, by Ordinance No. 1294, on June 27, 1988, by Ordinance No. 1316 (the "Third Amendment"), on October 17, 1994, by Ordinance No. 1450, on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575. The Third Amendment added territory to Project Area No. 1, which added territory is herein referred to as "Project Area No. 1A."

WHEREAS, the City Council adopted its Ordinance No. 1032 on August 14, 1972, approving and adopting the Redevelopment Plan for the San Fernando Redevelopment Project No. 2 ("Project Area No. 2"). The Redevelopment Plan for Project Area No. 2 was amended on December 15, 1986, by Ordinance No. 1295, on October 17, 1994, by Ordinance No. 1450 on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575.

WHEREAS, the City Council adopted its Ordinance No. 1050 on June 18, 1973, approving and adopting the Redevelopment Plan for the Civic Center Redevelopment Project ("Project Area No. 3"). The Redevelopment Plan for Project Area No. 3 was amended on April 1983, by Ordinance No. 1219 (the "First Amendment"), on December 15, 1986, by Ordinance No. 1296, on October 17, 1994, by Ordinance No. 1450, on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575. The First Amendment added territory to Project Area No. 3, which added territory is herein referred to as "Project Area No. 3A."

WHEREAS, the City Council adopted its Ordinance No. 1447 on July 18, 1994, approving and adopting the Redevelopment Plan for Redevelopment Project Area No. 4 ("Project Area No. 4"). The Redevelopment Plan for Project Area No. 4 was amended on February 2, 2004, by Ordinance No. 1548, and on October 16, 2006, by Ordinance No. 1575.

WHEREAS, the City Council and the Redevelopment Agency of the City of San Fernando (the "Agency") are undertaking proceedings pursuant to the Community

Redevelopment Law (Health and Safety Code Section 33000 *et seq.*) (the “Redevelopment Law”) to approve and adopt further amendments (the proposed “2010 Amendments”) to the Redevelopment Plans for Project Area Nos. 1, 1A, 2, 3, 3A, and 4. The purposes of the 2010 Amendments are to:

- (i) merge Project Area Nos. 1, 1A, 2, 3, 3A and 4 (collectively, the “Constituent Project Areas”) which together will comprise the San Fernando Merged Redevelopment Project Area (the “Merged Project Area”);
- (ii) amend, restate, and consolidate the Redevelopment Plans for the Constituent Project Areas into a single consolidated redevelopment plan for the Merged Project Area (the “Amended Plan”);
- (iii) replace the individual limits on the number of dollars of taxes that may be divided and allocated to the Agency from Constituent Project Area Nos. 1, 1A, 2, 3 and 3A with a single aggregate limit;
- (iv) replace the individual limits on the amount of bonded indebtedness, payable in whole or in part from tax increment revenues, that can be outstanding at one time for the Constituent Project Areas with a single, increased aggregate limit;
- (v) extend the time limits for the effectiveness of the Amended Plan with respect to Constituent Project Area Nos. 1A, 2, 3 and 3A to June 27, 2029, August 21, 2015, June 18, 2016, and April 4, 2026, respectively;
- (vi) extend the time limits for the repayment of indebtedness and the receipt of tax increment revenues with respect to Constituent Project Area Nos. 1A, 2, 3 and 3A to June 27, 2039, August 21, 2025, June 18, 2026, and April 4, 2036, respectively;
- (vii) extend the time limit for establishing loans, advances and indebtedness to be paid with the proceeds of tax increment revenues derived from Constituent Project Area No. 4 to July 18, 2024;
- (viii) provide that the land uses permitted by the Amended Plan for the Merged Project Area shall be those land uses permitted by the City’s General Plan and Zoning Ordinance, as amended from time to time; and
- (ix) make technical or clarifying changes, including changes to update various provisions of the Amended Plan to conform to the current requirements of the Redevelopment Law.

WHEREAS, in connection with the proposed 2010 Amendments, the Agency has hired Seifel Consulting Inc. (the “Consultant”) to assist the Agency and City Council in undertaking the proceedings required under the Redevelopment Law.

WHEREAS, the Consultant and staff of the Agency have prepared a Preliminary Report on the proposed 2010 Amendments pursuant to Section 33344.5 of the Redevelopment Law. The Preliminary Report has been presented to the Agency at this meeting and is on file in the office of the City Clerk.

WHEREAS, the staff of the Agency is preparing the draft Amended Plan.

WHEREAS, in connection with the proposed 2010 Amendments, pursuant to the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*) (“CEQA”) and the CEQA Guidelines (Title 14 of the California Code of Regulations, Section 15000 *et seq.*), the staff of the Agency has prepared an Initial Study to evaluate the potential for adverse environmental impacts resulting from implementation of the proposed 2010 Amendments, and, based on the Initial Study, has prepared a Negative Declaration of Environmental Impact (the “Negative Declaration”).

NOW, THEREFORE, THE REDEVELOPMENT AGENCY OF THE CITY OF SAN FERNANDO HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and this Agency hereby so finds and determines.

Section 2. The Agency hereby authorizes and consents to holding a joint public hearing (the “Joint Public Hearing”) with the City Council of the City of San Fernando on the proposed 2010 Amendments and Negative Declaration on June 7, 2010, at 6:00 p.m., or as soon thereafter as possible, in the City Council Chambers, or on such other date as may be selected by the City Clerk at the time and place as may be selected by the City Clerk.

Section 3. The Agency hereby approves the Preliminary Report substantially in the form and content presented to the Agency at this meeting.

Section 4. The Agency hereby authorizes and directs the Agency staff and Consultant, in accordance with the provisions of the Redevelopment Law, CEQA and the CEQA Guidelines to prepare and transmit documents and to undertake all proceedings as may be appropriate or legally required in connection with the proposed 2010 Amendments, including (i) circulating the Negative Declaration for public review for not less than a 20-day review period; (ii) making the draft Amended Plan, Negative Declaration, and Preliminary Report available for inspection in the office of the City Clerk; (iii) transmitting the draft Amended Plan, the Negative Declaration, and the Preliminary Report to the Planning Commission of the City of San Fernando and the affected taxing entities (being those taxing agencies that levy property taxes within the Constituent Project Areas); (iv) transmitting the Preliminary Report, and notice of the date of the Joint Public Hearing to the Department of Finance and the Department of Housing and Community Development; (v) consulting with affected taxing entities with respect to the proposed 2010 Amendments and the allocation of taxes pursuant to Section

33670 of the Redevelopment Law; and (vi) conducting a community information meeting(s) on the proposed 2010 Amendments.

Section 5. The Agency hereby authorizes and directs the City Clerk to give notice of the Joint Public Hearing in the form and manner required by the Redevelopment Law, with notice of the Joint Public Hearing to be published in The San Fernando Valley Sun.

PASSED, APPROVED AND ADOPTED this _____ day of 2010.

Steven Veres, Chairman

ATTEST:

Elena G. Chavez, Secretary

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the Agency held on the ____ day of _____, 2010, by the following vote to wit:

AYES:

NOES:

ABSENT:

Elena G. Chavez, Secretary

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO AUTHORIZING AND CONSENTING TO A JOINT PUBLIC HEARING WITH THE REDEVELOPMENT AGENCY OF THE CITY OF SAN FERNANDO WITH RESPECT TO PROPOSED AMENDMENTS TO THE REDEVELOPMENT PLANS FOR PROJECT AREA NOS. 1, 1A, 2, 3, 3A AND 4

WHEREAS, the City Council of the City of San Fernando (the “City Council”) adopted its Ordinance No. 918 on May 26, 1966, approving and adopting the Redevelopment Plan for Redevelopment Project No. 1 (“Project Area No. 1”). The Redevelopment Plan for Project Area No. 1 was amended on October 18, 1971, by Ordinance No. 1018, on November 19, 1984, by Ordinance No. 1260, on December 15, 1986, by Ordinance No. 1294, on June 27, 1988, by Ordinance No. 1316 (the “Third Amendment”), on October 17, 1994, by Ordinance No. 1450, on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575. The Third Amendment added territory to Project Area No. 1, which added territory is herein referred to as “Project Area No. 1A.”

WHEREAS, the City Council adopted its Ordinance No. 1032 on August 14, 1972, approving and adopting the Redevelopment Plan for the San Fernando Redevelopment Project No. 2 (“Project Area No. 2”). The Redevelopment Plan for Project Area No. 2 was amended on December 15, 1986, by Ordinance No. 1295, on October 17, 1994, by Ordinance No. 1450 on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575.

WHEREAS, the City Council adopted its Ordinance No. 1050 on June 18, 1973, approving and adopting the Redevelopment Plan for the Civic Center Redevelopment Project (“Project Area No. 3”). The Redevelopment Plan for Project Area No. 3 was amended on April 1983, by Ordinance No. 1219 (the “First Amendment”), on December 15, 1986, by Ordinance No. 1296, on October 17, 1994, by Ordinance No. 1450, on November 16, 1998, by Ordinance No. 1494, on February 2, 2004, by Ordinance No. 1548, on August 21, 2006, by Ordinance No. 1573, and on October 16, 2006, by Ordinance No. 1575. The First Amendment added territory to Project Area No. 3, which added territory is herein referred to as “Project Area No. 3A.”

WHEREAS, the City Council adopted its Ordinance No. 1447 on July 18, 1994, approving and adopting the Redevelopment Plan for Redevelopment Project Area No. 4 (“Project Area No. 4”). The Redevelopment Plan for Project Area No. 4 was amended on February 2, 2004, by Ordinance No. 1548, and on October 16, 2006, by Ordinance No. 1575.

WHEREAS, the City Council and the San Fernando Redevelopment Agency (the “Agency”) are undertaking proceedings pursuant to the Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.* (the “Redevelopment Law”) to approve and adopt further amendments (the proposed “2010 Amendments”) to the Redevelopment Plans for Project Area Nos. 1, 1A, 2, 3, 3A, and 4. The purposes of the 2010 Amendments are to:

- (i) merge Project Area Nos. 1, 1A, 2, 3, 3A and 4 (collectively, the “Constituent Project Areas”) which together will comprise the San Fernando Merged Redevelopment Project Area (the “Merged Project Area”);
- (ii) amend, restate, and consolidate the Redevelopment Plans for the Constituent Project Areas into a single consolidated redevelopment plan for the Merged Project Area (the “Amended Plan”);
- (iii) replace the individual limits on the number of dollars of taxes that may be divided and allocated to the Agency from Constituent Project Area Nos. 1, 1A, 2, 3 and 3A with a single aggregate limit;
- (iv) replace the individual limits on the amount of bonded indebtedness, payable in whole or in part from tax increment revenues, that can be outstanding at one time for the Constituent Project Areas with a single, increased aggregate limit;
- (v) extend the time limits for the effectiveness of the Amended Plan with respect to Constituent Project Area Nos. 1A, 2, 3 and 3A to June 27, 2029, August 21, 2015, June 18, 2016, and April 4, 2026, respectively;
- (vi) extend the time limits for the repayment of indebtedness and the receipt of tax increment revenues with respect to Constituent Project Area Nos. 1A, 2, 3 and 3A to June 27, 2039, August 21, 2025, June 18, 2026, and April 4, 2036, respectively;
- (vii) extend the time limit for establishing loans, advances and indebtedness to be paid with the proceeds of tax increment revenues derived from Constituent Project Area No. 4 to July 18, 2024;
- (viii) provide that the land uses permitted by the Amended Plan for the Merged Project Area shall be those land uses permitted by the City’s General Plan and Zoning Ordinance, as amended from time to time; and
- (ix) make technical or clarifying changes, including changes to update various provisions of the Amended Plan to conform to the current requirements of the Redevelopment Law.

WHEREAS, in connection with the proposed 2010 Amendments, pursuant to the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.) (“CEQA”) and the CEQA Guidelines (Title 14 of the California Code of Regulations, Section 15000 et seq.), the staff of the Agency has prepared an Initial Study to evaluate the potential for adverse environmental impacts resulting from implementation of the proposed 2010 Amendments, and, based on the Initial Study, has prepared a Negative Declaration of Environmental Impact (the “Negative Declaration”).

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN FERNANDO HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The foregoing recitals are true and correct and this City Council hereby so finds and determines.

Section 2. The City Council hereby authorizes and consents to holding a joint public hearing (the “Joint Public Hearing”) with the Agency on the proposed 2010 Amendments and Negative Declaration on June 7, 2010, at 6:00 p.m., or as soon thereafter as possible, in the City Council Chambers, or on such other date as may be selected by the City Clerk at the time and place as may be selected by the City Clerk.

Section 3. The City Council hereby authorizes and directs the City Clerk to give notice of the Joint Public Hearing in the form and manner required by the Redevelopment Law, with notice of the Joint Public Hearing to be published in The San Fernando Valley Sun.

PASSED, APPROVED AND ADOPTED this ____ day of 2010.

Steven Veres, Mayor

ATTEST:

Elena G. Chavez, City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss
CITY OF SAN FERNANDO)

I HEREBY CERTIFY that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the ____ day of _____, 2010, by the following vote to wit:

AYES:

NOES:

ABSENT:

Elena G. Chavez, City Clerk