

Redevelopment Agency Board:
Chair Steven Veres
Vice-Chair Mario F. Hernández
Member Ernesto Rubio Hernández
Member Maribel De La Torre
Member Nury Martinez



NOTICE AND AGENDA OF SPECIAL MEETING

SAN FERNANDO REDEVELOPMENT AGENCY

Monday, March 30, 2009
6:00 p.m.

NOTICE IS HEREBY GIVEN that the San Fernando Redevelopment Agency will hold a Special Meeting on **Monday, March 30, 2009, at 6:00 p.m.** in the Council Chamber, located at 117 Macneil Street, San Fernando, California.

The **AGENDA** for this meeting is as follows:

CALL TO ORDER/ROLL CALL

APPROVAL OF AGENDA

PUBLIC STATEMENTS

There will be a three (3) minute limitation per each member of the audience who wishes to make comments in order to provide a full opportunity to every person who desires to address the Agency Board. Only matters contained in this notice may be considered.

CONTINUED BUSINESS

- 1) PRESENTATION OF VARIOUS OPTIONS PERTAINING TO THE AGENCY'S FEASIBILITY ASSESSMENT OF AMENDING BOUNDARIES AND LIMITS OF EXISTING PROJECT AREAS

Recommend that the Redevelopment Agency:

- a) Receive a presentation of various options pertaining to the Agency's feasibility assessment of amending boundaries and limits of existing project areas;
- b) Provide staff with direction on which options to pursue; and

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- c) Authorize the Executive Director to negotiate professional service contracts that set in motion the complex legal processes required to pursue the Agency Board's preferred option(s).

ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the City Hall bulletin board not less than 24 hours prior to the meeting.



Elena G. Chávez, Secretary

Signed and Posted: March 26, 2009 (11:00 a.m.)

Agendas and complete Agenda Packets (including staff reports and exhibits related to each item) are posted on the City's Internet Web site (www.sfcity.org). These are also available for public reviewing prior to a meeting in the City Clerk's Office.

Any public writings distributed by the City Council to at least a majority of the City Council regarding any item on this special meeting agenda will also be made available at the City Clerk's Office at City Hall located at 117 Macneil Street, San Fernando, CA, 91340 during normal business hours. In addition, the City may also post such documents on the City's Web Site at www.sfcity.org.


In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services please call the City Clerk's Office at (818) 898-1204 at least 24 hours prior to the meeting.

San Fernando Redevelopment Agency

CITY ADMINISTRATION

MEMORANDUM

TO: Chair Steven Veres and Agency Board Members

FROM: José E. Pulido, Executive Director 

DATE: March 30, 2009

SUBJECT: Presentation of Various Options Pertaining to the Agency's Feasibility Assessment of Amending Boundaries and Limits of Existing Project Areas

RECOMMENDATION:

It is recommended that the Redevelopment Agency:

- a. Receive a presentation of various options pertaining to the Agency's feasibility assessment of amending boundaries and limits of existing project areas;
- b. Provide staff with direction on which options to pursue, thereby allowing more flexibility, time and financial resources to move forward the Agency's redevelopment program; and
- c. Authorize the Executive Director to negotiate professional service contracts that set in motion the complex legal processes required to pursue the Agency Board's preferred option(s).

BACKGROUND:

1. On November 5, 2007, the Agency approved professional service contracts with Seifel Consulting, Inc. ("Seifel") and Northcross, Hill and Ach ("NHA"). Their scopes of work were to determine the structural and financial implications of amending boundaries and limits of the Agency's redevelopment project areas, and the possible adoption of new areas. Their services would specifically allow the Agency to understand the terms and limits involved in amending its project areas before they expire.
2. On December 11, 2007, Agency staff kicked-off the project with Seifel and NHA representatives. A work program was finalized, a windshield assessment of blighting conditions was conducted, and a list of document and data needs was presented to staff for further research and compilation.
3. On February 11, 2008, Seifel submitted its initial draft assessment to the Executive Director and Assistant to the City Administrator. It was determined by all parties that the assessment

would require additional and detailed information from the City to properly complete the task in accordance with the strict requirements of California Redevelopment Law.

4. From March 2008 to July 2008, staff focused its efforts to significantly complete the following required activities: the Local Update of Census Addresses, the Agency's Implementation Plan Mid-Term Review, and the City's draft Housing Element Update. The analyses required of these efforts would provide the data needed by Seifel and NHA to complete their assessments.
5. On June 30, 2008, the Agency approved one-year time extensions to the professional services contracts with Seifel and NHA (the first amendments to their contracts). The extensions allowed both firms to complete their initial assessments by using data from LUCA/Census 2010, the Agency's Implementation Plan Mid-Term Review, and the City's draft Housing Element Update.
6. On October 14, 2008, Seifel and NHA representatives held the first of two Agency Board workshops (as required by their scopes of work). That workshop provided: (1) a primer on redevelopment law and financing; and (2) the implications of the Agency's three soon-to-expire project areas. The presentation concluded with some preliminary options for further discussion and Agency direction at the subsequent workshop.
7. On December 8, 2008, Seifel and NHA representatives held the second Agency Board workshop. That workshop presented "building block" options for consideration, all of which were based on providing more flexibility, time and financial resources to move forward the Agency's redevelopment program. Four Agency Board members were present; however that workshop lost a quorum due to the departure of two Agency Board members.
8. In February 2009, Chair Steven Veres directed staff to follow-up with the completion of the unfinished December 2008 Agency Board item.
9. On March 16, 2009, the Agency approved second amendments to the professional services contracts with Seifel and NHA. The amendments allow both firms to re-present the two Agency Board workshops conducted last year. The workshops have been scheduled for March 30, 2009.

ANALYSIS:

Tonight's presentation represents a strategic evaluation of the Agency's six redevelopment project areas. Specifically, it shows:

1. What the Agency will lose if it doesn't amend the time and fiscal limits of its redevelopment project areas. The Agency's six redevelopment project areas provide a steady stream of tax increment revenue, which generates \$9.7 million annually and comprises nearly 20% of the City's operating budget (based on 2008 figures). Three of the Agency's project areas are set

to expire within the next three years, the first starting in August 2010. Without amending at least the time limits of its project areas, the Agency would begin losing revenue in 2020.

2. What the Agency can do to keep and grow its redevelopment program, especially with the recent passage of SB 1206. This legislation amended California Redevelopment Law by introducing new provisions that tightened blight definitions, increased reporting requirements, and added financial implications to amending project areas and their associated redevelopment plans. The Agency's redevelopment team – comprised of staff, and Seifel and NHA representatives – will discuss how this legislation could play into future Agency Board decisions (i.e., the advantages and disadvantages of amending time and fiscal limits to the Agency's existing project areas, extending the life of those redevelopment plans, merging project areas to allow shared tax increment revenue, and recommendations on whether adding new redevelopment areas is currently feasible).

The presentation will also focus on three options the Agency Board needs to consider in maintaining and growing the Agency's redevelopment program, and the funding that supports it.

As summarized below, the following three options (structured as "building blocks") will be vetted with the Agency Board for further consideration and possible direction.

Option 1: This option provides the Agency with additional flexibility, time and financial resources to more effectively alleviate blight within its project areas. This would be done by extending time limits on receipt of tax increment and plan effectiveness for eligible project areas. A fiscal merger is also proposed; this would allow all project areas to share tax increment revenue while increasing the Agency's flexibility to focus tax increment expenditures in targeted areas.

Option 2: This option provides the Agency with an additional 10 years to collect tax increment and implement redevelopment activities within blighted portions of eligible project areas. The time extension would significantly improve the Agency's ability to issue bonds secured by tax increment over the additional 10-year time period. Increased bonding capacity would allow the Agency to fund capital improvement or special projects as desired by the Agency Board.

Option 3: This option provides the Agency with the ability to alleviate blight in areas of the City that are not within project areas. Proposed locations include the northern Maclay corridor, the City's southwest quadrant, and the Hagar/Library and Griswold/Newton CAPP areas. These locations would be added to the Agency's existing project areas, thereby allowing the Agency Board to expend tax increment monies within these new locations.

An analysis of each option – including findings and recommendations from Seifel, NHA and the City's Attorney's office – was provided to the Agency Board (under separate cover) on March 27, 2009.

Should the Agency Board pursue any or a hybrid of the options, time is of the essence to direct staff in negotiating professional service contracts that move forward the complex legal processes required of formal amendment proceedings. These proceedings should be completed before August 21, 2010, which is the expiration date of Project Area 2 – the first of three project areas set to expire over the next three years. Formal amendment proceedings take at least 12 months to complete.

If the Agency Board decides to move forward with any or a hybrid of the three options, staff will come back before the Agency Board on May 5, 2009. At that time, a strategy will be presented to include the execution of required professional service contracts, a project timeline, and the required allocation of budgetary and staff resources.

CONCLUSION:

The presentation of these three options demonstrates a continued and proactive direction for the Agency. It creates the dialogue needed by the Agency Board to make informed decisions regarding the Agency's short- and long-term viability, and the direction to make it expeditiously happen.

BUDGET IMPACT:

There is no budget impact associated with receiving the presentation or directing staff to bring back a strategy for formal amendment proceedings. However, there will be a budget impact associated with pursuing any or a hybrid of the three options given the need to retain consultant and legal services.

Should the Agency Board decide not to proceed with any amendment proceeding, the Agency could eventually cease to exist with the future inability to generate tax increment revenue.

ATTACHMENTS:

NOTE: Detailed analyses of the proposed options were provided to the Agency Board under separate cover on March 27, 2009.