

DATE ISSUED: September 16, 2005 REPORT NO. 05-197

ATTENTION: Public Safety & Neighborhood Services Committee  
Agenda of September 21, 2005

SUBJECT: Redevelopment Division Restructure Update

REFERENCE: Managers Report 05-160, Redevelopment Agency Organization  
Assessment Work Plan

#### SUMMARY

THIS IS AN INFORMATION ITEM ONLY. NO ACTION IS REQUIRED ON THE PART OF THE COMMITTEE OR THE CITY COUNCIL

#### BACKGROUND

At the July 20, 2005 Public Safety & Neighborhood Services Committee meeting, Redevelopment Division staff presented a draft work plan, in response to City Council direction during the budget process, regarding restructuring options. The plan was accepted and the Manager was directed to move forward. An activity in the plan is to provide periodic informational progress reports to the Committee. This report provides an update on the activities completed to date, describes the existing Redevelopment Agency and division structures and presents three primary restructuring options to focus on as we continue to conduct our analysis.

#### DISCUSSION

A summary of the existing structure of each entity of the City's Redevelopment Agency is provided below.

### **City of San Diego Redevelopment Agency**

The activities of the Redevelopment Agency of the City of San Diego are coordinated through the Redevelopment Division of the City's Community & Economic Development Department (C&ED). The City Council is the Board of Directors of the Redevelopment Agency and the City Manager is the Executive Director. The Agency has no employees. Project implementation and administration for the Agency are provided by three organizations: Centre City Development Corporation (CCDC), Southeastern Economic Development Corporation (SEDC), and the Redevelopment Division of the City's Community and Economic Development Department. The corporations are public non-profit entities established by the City Council, with the City of San Diego as the sole member of each corporation. The Agency contracts with CCDC and SEDC to implement redevelopment projects in the downtown area and southeastern community, respectively. The Agency contracts with the Redevelopment Division to implement redevelopment projects in several of the City's older urban communities.

### **Centre City Development Corporation (CCDC)**

CCDC was created by City Council to staff and implement Downtown redevelopment projects and programs. Formed in 1975, the corporation serves on behalf of the Agency as the catalyst for public-private partnerships to facilitate redevelopment projects in two project areas, Horton Plaza and Centre City, pursuant to redevelopment law. Each of the Corporation's seven-member board of directors is appointed by the Mayor and City Council for three year terms. The President of CCDC is appointed by the board of directors and is responsible for the direction and control of the day-to-day business and management of the corporation. CCDC has a staff of 49 employees and is responsible for planning and limited permitting and processing for development in the Downtown area pursuant to the Centre City Planned District Ordinance and the City's General Plan.

CCDC staff process conditional use permits, variances and site development permits for the downtown area. A designated Hearing Officer on its staff conducts Process 3 hearings. Reports are prepared and presented to the Planning Commission and City Council for Process 4 and 5 applications. Generally, City staff takes the lead on discretionary actions for Downtown projects involving the designation of Historic Resources and Tentative Maps. The applicants also submit plans for preliminary review with the Development Services Department (DSD), since all building permits are issued by DSD.

### **Southeastern Economic Development Corporation (SEDC)**

SEDC is a public, non-profit corporation created by City Council to staff and implement redevelopment projects and programs in the 7-square-mile area adjacent to downtown in the southeastern community of San Diego. Formed in 1981, the corporation serves on behalf of the Agency to facilitate redevelopment and economic development to produce a wide array of opportunities for local residents and business owners through the provision of affordable

housing, commercial development and redevelopment financing in four project areas: Central Imperial, Gateway Center West, Mount Hope and Southcrest and the Dells Imperial Study Area. SEDC has a nine-member board of directors appointed by the Mayor and City Council and a 14 member staff. The President of SEDC is appointed by the board of directors and is responsible for the direction and control of the day-to-day business and management of the corporation. SEDC is not responsible for planning and permitting for development within its sphere of influence. All SEDC project plans are submitted to DSD for permits.

### **Redevelopment Division**

The City's Redevelopment Division staff implements redevelopment projects in the older urban communities on behalf of the Agency pursuant to an operating agreement between the City and the Agency. The City Council maintains its position as the Board of Directors of the Agency with the City Manager as the Executive Director. The Community & Economic Development Department Director also serves as the Assistant Executive Director with the Redevelopment Division Deputy Director serving as the Deputy Executive Director of the Agency.

The Redevelopment Division has a staff of 25 to manage eleven project areas: Barrio Logan, City Heights, College Community, College Grove, Crossroads, Grantville, Linda Vista, Naval Training Center, North Bay, North Park and San Ysidro. The Division works in partnership with various City Departments (i.e. Development Services, Financial Management, Park & Recreation, Planning, and Real Estate Assets, etc.) to implement the redevelopment plans established in these project areas.

As independent corporations, CCDC and SEDC have the ability to hire staff as revenues permit and project activity requires. As city staff on loan to the Redevelopment Agency, the Redevelopment Division, follows the Civil Service rules and regulations.

### **Work plan Update**

We have completed the following activities of the work plan.

- Isolate expenditures and revenues associated with the Agency (A.1)
- Identify preliminary categories of alternative models (C.1).

We have also reviewed the Independent Study of Redevelopment in Long Beach report prepared by Clarion Associates, LLC, Waranzof Associates, Inc. & Consensus Planning, Inc. As a result, we determined a need to develop a general scope of options on which to focus prior to proceeding with the remaining activities. The three options that have been developed include:

#### **1. Enhance the Existing Structure of the Redevelopment Division**

Identify, and recommend improvements to the existing structure based on "best practices" identified in the Long Beach Redevelopment Agency Study, California Redevelopment

Association's "Policy Making and Politics in Redevelopment" document and interviews with CCDC and SEDC. Improvements to be considered include, but are not limited to: identify adequate staffing levels; strengthen interdepartmental cooperation and communication; establish and implement measures to improve the efficiency of project management, data collection, project design review, selection and financing; and implement measures for effective communication with the community.

The Community & Economic Development Department has operated as a three division department for several years. The divisions of Economic Development, Community Services and Redevelopment contain functions in the realm of business assistance, commercial revitalization, community development, human services, disability services, child care and redevelopment. It is common in other cities to bring together these community oriented functions into a single department as their respective programs often work collaboratively to benefit blighted, lower income and/or older communities.

## **2. Create an Independent City Agency**

Continue to identify and analyze both the benefits and challenges associated with restructuring the existing division into an independent agency utilizing the "best practices" identified in the Long Beach Redevelopment Agency Study, California Redevelopment Association's "Policy Making and Politics in Redevelopment" document and the existing structures of CCDC, SEDC Housing Commission, as well as, the cities of San Jose, Oakland, Sacramento, Los Angeles, San Francisco and Portland, Oregon. Identify potential solutions and recommend a course of action with estimated timeframes.

Should the Redevelopment Division become an independent agency, it would continue to be organizationally effective to keep the functions of the Economic Development and Community Services Divisions together. Options to be analyzed may include: incorporating the two divisions with the Agency spin-off through an operating agreement and/or MOU, merging them with another department with a similar mission of community development, or creating a separate Department consisting of both divisions as an Office of Community Development. All potential options will also go through the public input process.

## **3. Merge with the Housing Commission**

Identify the benefits and challenges associated with merging with the Housing Commission. This particular option would provide the Agency with an opportunity to capitalize on an existing structure with complementary goals and provides an opportunity to capitalize on mutual funding sources to meet those goals. Both the state and federal governments have identified the preservation and expansion of the supply of housing affordable to low and moderated income households as a priority. This option could assist the City, Agency and Division with making a significant contribution to the affordable housing stock, as well as, offers the potential of leveraging our opportunities for additional federal and state funds. Sacramento, Santa Rosa and LA County have this type of organizational structure. It also impacts the Community Services

and Economic Development Divisions that are part of the Community & Economic Development Department. The same steps will be taken regarding these divisions as mentioned in #2 above.

### **Discussion of Options**

The City Attorney's Office has provided general guidance regarding the three options mentioned above as it relates to impacts on bond issuance, labor and existing MOUs.

Bond Issuance: The Agency, subject to City Council approval, may issue bonds for any of its corporate purposes. The Agency may also issue refunding bonds for the purpose of paying or retiring bonds previously issued by it. Bonds may be payable from income and revenues of redevelopment projects and the Agency's tax increment allocation. As long as Agency Bonds are not issued based in any way upon the credit worthiness of the City, there are no significant issues related to any of the above options.

Labor: Because Options 2 and 3 have a potential impact on MEA represented employees, they would need to be discussed and/or negotiated with the union.

MOUs: The City currently provides staffing and services to the Agency via an Operating Agreement. The Agency has an MOU with both CCDC, and SEDC. Depending upon the extent of restructuring, the Operating Agreement and MOUs may be impacted and thus require modification or termination. Consequently, the City Attorney's Office will review the Operating Agreement and MOUs once the restructuring options are further refined.

### **Next Steps**

Public input is an important part of our process. The most recent venue where we heard public comment on the restructuring analysis was at the September 12, 2005 Government Efficiency and Openness Committee where the issue of eminent domain was discussed. Members of the public requested the opportunity to provide input on the proposed restructure options.

Some of our next steps include scheduling an evening meeting for public input, obtain a more detailed legal analysis of the three options, continue requesting input from the Project Area Committee (PAC) chairs and related community groups on a monthly basis, develop potential organizational structures for each option, provide options for the remaining Divisions of C&ED should the Redevelopment Division move outside of the City organization and continue to implement the other elements of the work plan as adopted. We will also develop suggested organizational charts once decisions are made regarding the Mayor's role in redevelopment, and the reporting relationship of the Executive Director of the Agency fits in the Transition to the strong mayor form of government.

Respectfully submitted,

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Community & Economic Development  
Department

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Approved: Ellen Oppenheim  
Deputy City Manager

Attachment 1: [Organizational charts](#)