



THE CITY OF SAN DIEGO

DATE ISSUED: October 31, 2007 REPORT NO: 07-178

ATTENTION: Committee on Land Use and Housing
Agenda of November 7, 2007

SUBJECT: Redevelopment Agency Organization and Structure

STAFF CONTACT: Janice Weinrick, Deputy Executive Director
San Diego Redevelopment Agency

REFERENCE: Restructuring Options Report – November 2006 “Final Draft”
prepared by Clarion Associates

REQUESTED ACTION: Provide guidance as to the recommended structure for the management of the eleven-(11) redevelopment project areas currently managed by the Redevelopment Division of the City Planning & Community Investment Department (“CPCI”).

STAFF RECOMMENDATION: With concurrence from the Agency Executive Director (Mayor), staff recommends that the Redevelopment Division continue to manage the eleven (11) project areas, and institute focused management and implementation measures to improve delivery of services and effectiveness.

SUMMARY: The City has studied and considered the structure of the governance of Redevelopment Agency activities managed by the City’s Redevelopment Division for over two years to improve the City’s redevelopment practices. Previous studies have identified concerns regarding strategic planning, staffing, contracting, and decision-making under the existing structure. Since adoption of the Strong-Mayor form of government, the long-term role of the Mayor in the City’s redevelopment activities has not been resolved. No formal decision has been made as to a permanent structure for delivery of redevelopment services. Council member Madaffer has scheduled this item for action at the Council committee on Land Use & Housing and has requested a recommendation from the Mayor and City staff.

BACKGROUND:

Pursuant to the Agency Bylaws (modified November 15, 2005), the City Council members are the Board Members of the Redevelopment Agency, and the Agency Executive Director or Directors is to be the Mayor or such person or persons as may be designated by the Agency. The Agency currently has designated the Mayor as the Executive Director through December 2007. The Agency has seventeen (17) redevelopment project areas, of which the City directly manages eleven (11). The Centre City Development Corporation



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 56D • San Diego, CA 92101-4110
Tel (619) 236-6700 Fax (619) 533-3219



(CCDC) and the Southeastern Economic Development Corporation (SEDC) manage the remaining project areas.

The Agency has no direct employees. The Agency contracts with the City to provide management and administrative services. Services include redevelopment staff, accounting, investment, purchasing, building inspection, legal, or other services required by the Agency. The City's Redevelopment Division of City Planning & Community Investment ("CPCI") provides overall management and administrative services for the Agency as a whole (including oversight of CCDC and SEDC), and implements redevelopment activities directly within the eleven project areas (Barrio Logan, City Heights, College Community, College Grove, Crossroads, Linda Vista, Grantville, Naval Training Center, North Bay, North Park and San Ysidro), and the Barrio Logan Expansion Area. The Redevelopment Division FY2008 administrative budget includes 28 staff members.

The Agency has an operating agreement with Centre City Development Corporation ("CCDC") to provide certain staff services and advice for the implementation of redevelopment projects in the Centre City area (Centre City and Horton). The City is the sole member of CCDC and created the corporation for the specific and primary purpose of providing redevelopment services downtown. The CCDC FY2008 administrative budget includes 55 staff members.

The Agency has an operating agreement with Southeastern Economic Development Corporation ("SEDC") to provide certain staff services and advice for the implementation of economic and redevelopment projects within a described geographic area that includes four redevelopment project areas (Central Imperial, Gateway Center West, Mount Hope and Southcrest), and the Dells Imperial Redevelopment Project Study Area. SEDC's geographic area of responsibility is larger than the redevelopment project area boundaries due to the SEDC's economic development focus. The City is the sole member of SEDC and created the corporation for the specific and primary purpose of providing economic and redevelopment services in these areas. The SEDC FY2008 administrative budget includes 14.5 staff members.

HISTORY

In May 2005, the City Manager's FY 2006 budget included a recommendation that the City administrative portion of redevelopment be transferred to an agency outside of the City, thereby reducing City staff workforce and eliminating this line item in the City's budget.

In response to the City Manager's budget recommendation, Council members Atkins and Young requested that the Council direct the City Manager to work with the City Council, through the Council Committee for Public Services and

Neighborhood Services ("PS&NS"), to guide a planning process for Redevelopment and Economic Development to include a range of stakeholders with the goal of developing a mission-focused plan for the restructure of the City Redevelopment and Economic Development functions. This new structure was to be implemented in January 2006 together with other Proposition F triggered organizational changes.

Since that time, other City Council committees have reviewed and discussed potential options regarding organizational structures for delivering redevelopment services to the eleven (11) project areas that are currently staffed by the Redevelopment Division of CPCI. As part of this effort, the Agency contracted with the consultant team of Clarion Associates and Waranzof Associates to analyze the operation and management of the San Diego's Redevelopment Division as it was organized at the time. Clarion Associates was later contracted to prepare a study of governance options and associated advantages and disadvantages. Clarion's governance findings were gleaned from 7 case studies of redevelopment structures in the cities of Chula Vista, Los Angeles, Long Beach, Oakland, Sacramento, San Francisco and San Jose.

The following provides a chronology of many of the studies and reports that have been prepared and meetings that have taken place regarding redevelopment organizational issues during the past two and a half years:

- July 2005 PS&NS approved a draft work plan to accomplish a public process toward better management and implementation of the City managed redevelopment function.
- Sept 2005 PS&NS received a report by the Community & Economic Department that included summaries, issues and options relating to the following three restructure options:
- Enhancement of the then existing Agency structure
 - Creation of an independent corporation
 - Merger with the Housing Commission.
- Sept 2005 The City Attorney presented a report to the Council Committee on Mayor-Council Transition relating to the Mayor's role in the operation of the City Redevelopment Agency and Redevelopment Agency board voting procedures.
- Sept/Oct 2005 Community workshops regarding redevelopment restructuring were held. Clarion and Waranzof were hired to review the operations of the Redevelopment Division, suggest "best practices" to improve the business practices of the Division and conduct case studies on the Metro Center Project in City Heights and the Las Americas Project in San Ysidro.

- Jan 2006 Proposition F Charter Amendment for Strong Mayor became effective.
- Feb 2006 Clarion and Waronzof completed the "Focused Study of Redevelopment Practices and Case Study Evaluation."
- March 2006 The Council Committee on Land Use & Housing ("LU&H") discussed redevelopment in relation to the strong mayor form of governance.
- April 2006 Councilmember Madaffer requested that the Office of Independent Budget Analyst ("IBA") provide a feasibility report on alternative structures for redevelopment outside of the City department structure.
- July 2006 The Clarion and Waronzof March 2006 "Best Management Practices & Recommendations for Action" report was received by the Redevelopment Agency.
- Aug 2006 The July 2006 IBA report was presented to LU&H.
- Sept 2006 The City Planning & Community Investment Department ("CPCI") was formed to merge and create a collaborative team consisting of Planning, Economic Development and Redevelopment. A new Division of Urban Form (urban design, historic resources, and parks and open space planning) was added to CPCI.
- Nov 2006 LU&H received a presentation regarding the best practice measures that have been implemented. Clarion Associates presented the "Focused Study of Redevelopment Practices and the Restructuring Options Report" to LU&H.
- Feb 2007 The new Agency Deputy Executive Director to manage the Redevelopment Division of CPCI (also serving as Assistant Director of CPCI) started.
- April 2007 Redevelopment and Economic Development divisions of CPCI moved to office space in Civic Center Plaza in closer proximity to City Hall and the balance of the CPCI team.

DISCUSSION

Considerations

There are six primary reasons optional Redevelopment organizational structures are under consideration:

□ ***Staffing Flexibility***

The current structure employs City staff subject to the City's civil service rules and recruitment procedures. Staffing policies are sometimes constrained by City General Fund staffing policies, such as limitations on positions to balance the General Fund budget or the City's salary structure, even though Redevelopment is funded separately by tax increment. These restrictions, the argument goes, potentially limit the Agency's ability to recruit personnel with the necessary financial expertise and entrepreneurial experience necessary, from the private sector or from other redevelopment agencies necessary, at competitive salaries.

□ ***Contracting Flexibility***

The current structure sometimes is constrained by existing procurement and contracting procedures practiced by the City. Alternative forms, such as a separate corporation or commission, or an organization that is specifically the Redevelopment Agency, could have the flexibility to enter into procurement agreements for professional services, or contracts for transactions, faster. This is potentially important for completing transactions in a timely way.

□ ***Decision-Making Accountability***

Currently, the City Council, sitting as Redevelopment Agency, has direct involvement and authority over redevelopment activities in the City's eleven project areas outside of Centre City or Southeastern San Diego. One question raised is if a separate board or commission of appointed persons with particular expertise would better serve redevelopment efforts, such as CCDC's or SEDC's boards or the Housing Commission. There has been concern raised that creating a separate board or commission would add another layer between the ultimate decision-makers, the City Council sitting as Agency, and the communities in which redevelopment is occurring, and that this would extend the project review process rather than expedite it. The redevelopment project areas under the City's direct oversight are neighborhood redevelopment efforts, as opposed to downtown's redevelopment which is managed by CCDC. Council members elected by district may not want to have the additional layer of another agency. This has been the case in Los Angeles where a separate commission was formed, but Council took back decision-making

due to various disputes, resulting in a two-stage decision-making process rather than one.

□ ***Management Efficiency and Costs Savings***

Some argue that a separate corporation, commission, or redevelopment agency department provides more efficient management because the structure is removed from the larger city bureaucracy. Others argue that forming a separate management structure for redevelopment results in redundant overhead expenses, such as management, legal services, financial and budgeting services, etc., resulting in higher costs and less money for redevelopment projects.

□ ***Integration with Planning Policy***

Under State Law, redevelopment activities must be consistent with adopted land use plans. Some consider that redevelopment is a tool to implement planning policies. The City's current structure operates from this premise. Redevelopment is an important division within CPCI. Although not as directly as the current structure, planning and redevelopment can be coordinated and integrated under alternative structures such as memorandums of understanding, contracts, or operating agreements between the Agency and the City, or Council policies. In practice, however, some cities see redevelopment activities driving planning policy rather than the other way around. A redevelopment project is conceived, and the adopted land use plan is amended to accommodate the project; rather than formulating a planning policy and land use plan and using redevelopment powers to implement the plan.

□ ***Role of the Mayor***

The voter approved a Strong Mayor/Council form of City Government created an executive branch run by an elected official, the Mayor, and a legislative branch, the Council, to carry out the voters' will, as expressed through their elected representatives. The Redevelopment Agency is technically a State agency established by the local legislative body. The Mayor's role as Redevelopment Executive Director is currently at the Council/Agency's will. This is in contrast to the Mayor's role as an independent executive serving at the will of the voters. A question associated with the alternative organizational structures is what should be the role of the Mayoral position regarding redevelopment efforts in the future – a more indirect role appointing a board or commission, or a direct role as the Agency's Executive Director implementing redevelopment in the City of San Diego.

Structural Options

Much has transpired since the initial discussions in 2005 relating to the City Manager's budget proposal. Today, the primary issue to be resolved can be distilled down to one of two choices.

- 1) Should a structure that enables the Agency to operate outside of the City civil service system be initiated; or,
- 2) Should the current structure continue to be enhanced to increase effectiveness and efficiency?

Both concepts are summarized below as well as brief discussions as to the advantages and disadvantages.

1) Operate Outside the City Structure: Create a Redevelopment Commission, a Redevelopment Corporation, or a Redevelopment Agency with its own Employees

Corporation/commission and direct Agency governance models are believed to have the potential to attract experienced redevelopment professionals through competitive compensation packages, streamlined hiring processes, and private sector management practices. These models have the ability to adjust staffing and consultant services in response to workload, need and demand; and the capacity to react and move swiftly to capture development opportunities. These special purpose organizations are often perceived as working outside the normal confines of government. The following briefly describes the potential structure if implemented in San Diego.

Commission Model

Under a commission model, the Agency would relinquish most of its power to the Commission, but still retain oversight. The Mayor would appoint the Commission board members, subject to confirmation by the Council/Agency. Commission members would serve without compensation and review and recommend actions related to the eleven redevelopment project areas citywide. The Commission board would hire an Executive Director who in turn would hire staff, all of whom would be employees of the Commission. The Agency could amend its' contract with the City to provide City staff for overall coordination of the Commission, CCDC, and SEDC and manage the administrative functions of the Agency. The Commission could enter into an agreement with the City to provide planning, engineering, legal, and other services. Alternatively, the Agency could delegate that responsibility to the Commission. The Agency could also consider amending CCDC's and SEDC's operating agreements to be between the corporations and the Commission. Depending on the

nuances of the structure, certain items would come to the City Council as Agency companion items, while other types of agreements would go before the Commission only.

501 (c) (3) Corporation Model

The corporation model is already in place in Centre City and in Southeastern San Diego. CCDC and SEDC are 501(c)(3) corporation models. In this same way, the City Council would create a corporation with the expressed purpose of managing redevelopment in the other eleven redevelopment project areas. The Agency would enter into an agreement with the Corporation to manage certain aspects of overall redevelopment administration and project area management. The Mayor would appoint the board of directors, subject to confirmation by the Council/Agency. Corporation Board members would serve without compensation. The corporation board would hire a President-Chief Executive Officer who in turn would hire staff. The corporation would make recommendations to the Redevelopment Agency and have the power to take actions relating to redevelopment planning and implementation. The Agency could amend its' contract with the City to retain City staff for overall coordination and oversight of the three corporations (CCDC, SEDC, and the new corporation) and manage the administrative functions of the Agency. Again, the Agency and/or Corporation would enter into a contract or agreement with the City to provide planning, engineering, legal, and other services.

Agency Employee Model

California Community Redevelopment Law provides that "An Agency may select, appoint, and employ such permanent and temporary officers, agents, counsel and employees as it requires." The Agency could amend its' contract with the City and hire staff as necessary, limiting the City's role to perhaps planning, engineering, legal, and other services pursuant to an operating agreement. The Mayor's role, if any, in redevelopment would be limited unless the Agency continued with the appointment of the Mayor as the Executive Director who in turn would hire appropriate staff.

While the commission and corporation models have merit, the creation of another layer or buffer between the public and the elected officials was a frequent concern expressed at the public meetings held in 2005. The Mayor and City Council have made great strides in ensuring an open, transparent public process. The commission and corporation models would create boards of appointees to oversee redevelopment instead of the Mayor and Council. Although a public review process would continue, the formation of such a corporation could be perceived as erosion of the transparent public process. Clarion's research and subsequent conversations with other cities that have

these structures, such as Los Angeles, San Jose, and Portland, indicates that it is not uncommon for special purpose redevelopment organizations to operate at odds with other city objectives and departments, sometimes creating their own duplicative functions and divisions, particularly at neighborhood level redevelopment efforts, versus downtown redevelopment efforts. These conflicts ultimately are resolved at the Mayoral or Council level through their oversight, but sometimes after instituting redundant review processes that can diminish the original intent for a special purpose board or commission.

In each of these models, the new entity would need to create compensation programs, fringe benefit plans and health and retirement benefits. The new entity would face the same challenges as other small companies, not benefiting from the economies of scale of a large employer.

These three models all present challenges relating to the disposition of the current City staff. All could impact represented employees and therefore all appropriate personnel procedures would need to be explored and followed. Approximately 35% of the positions within the Redevelopment Division are classified/represented. Only one position is unclassified/unrepresented. Approximately 93% of the current employees are vested in all or some parts of the City's benefit program. It is uncertain as to how many employees would be willing to move out of the current City benefit plan to assume a position with a newly formed organization with a new benefit program and retirement benefits outside of the City's retirement program. A structure could be explored relating to retirement benefits under the commission and Agency-employee models to allow a reciprocal arrangement with the City's pension system, similar to the City's arrangement with other local and state agencies.

Formation of any of these independent agencies would create the need for a greater number of staff in order to conduct the business of the entity as well as the Agency. Positions such as President, Vice President, Chief Financial Officer, planner, contract administrator, human resources manager, administrative assistant, urban design professional, marketing and communication professionals, entity counsel would be necessary to hire in addition to filling positions currently provided by the City Redevelopment Division. However, some of these functions, such as planner and urban design professional, could be contracted with the City to avoid duplication and maintain stronger links between the Redevelopment entity and the City.

Creation of an independent agency does not guarantee the ability to hire seasoned redevelopment professionals. Redevelopment is a "niche" profession with limited opportunities. Cities serve as the training ground and primary employer. The City corporations and Redevelopment Division have

trained many professionals who have gone on to work for other municipalities, redevelopment organizations, and private sector companies. The ability to move-up in the redevelopment field is limited as the profession is project management based. Promotion often occurs by moving to a higher position with another governmental agency.

Not all of the eleven (11) redevelopment project areas would be able to absorb their fare-share of these administrative expenses. Project activities would suffer until the new governance resulted in greater tax increment than would otherwise be produced. This is even a greater challenge in a "down" real estate market.

In summation, these alternative models have the following potential attributes and shortcomings regarding the major issues discussed:

□ ***Staff Flexibility***

The commission, corporation, and Agency-employee models could provide greater staffing flexibility by removing staff from civil service and the City's personnel procedures. During the transition, however, existing staff may be lost if their vesting in the public pension system is threatened.

□ ***Contracting Flexibility***

The commission, corporation, and Agency-employee models could have greater contracting flexibility by not working under the City's adopted policies for contracting and procurement, and City contracting and procurement procedures.

□ ***Decision-Making Accountability***

The commission and corporation models would add an additional layer of decision-making between the Council as Agency Board, and the redevelopment project areas. This could enhance decision-making, if the commission or board is populated by appointees chosen for their technical expertise, but would add another step and time to the decision-making process. The Agency-employee model would not add this layer.

□ ***Management Efficiency and Cost Savings***

The commission, corporation, and Agency-employee models would likely create new management structures that would not benefit from the economies of scale of the larger City organization. This extra overhead cost would have to be offset by faster management decision-making and efficiencies to make the investment worthwhile.

□ ***Integration with Planning and Land Use Policies***

Based on the past experience of other cities, there is some risk that the commission, corporation, and Agency-employee models might develop

conflicts overtime with Planning and other city policies and departments; whereby, redevelopment projects drive land use and community planning policy through the amendment process, rather than redevelopment projects implementing adopted land use and community planning policies. Sometimes this results in redundant services and positions in the redevelopment organization that also exists in the City. Integration, however, can be clarified, maintained and strengthened through a memorandum of understanding or operating agreement between the Agency, Commission or Board, and the City.

□ ***Role of Mayor***

Under the Commission or Board models, the Mayor's role is limited, primarily to making appointments to the Commission or Board, subject to confirmation. If the Agency retains the City to provide administrative oversight of the City's three redevelopment entities (CCDC, SEDC, and the Commission or Board of the new entity) the Mayor could be designated Executive Director of the Agency and maintain some limited administrative oversight. Under the Agency-employee model the Mayor could still be designated Executive Director of the Agency and have more direct oversight of Agency staffing and redevelopment implementation.

2) Retain the Current Structure with Enhancements

Retention of the existing structure, with the City Council as the Redevelopment Agency board, the Mayor as the Agency Executive Director, and a contract with the City to provide redevelopment staff as a division within the City Planning & Community Investment department, would continue efforts to integrate planning, urban design, and economic development with redevelopment, though management enhancements are necessary

The Redevelopment Division has instituted a number of best management practices brought forward in conjunction with the Clarion Focused Study and more are underway to improve reporting and accountability and increase project management and project area performance, professional knowledge and growth.

There have been a considerable number of changes in staffing since February. Some individuals have left the Redevelopment team due to retirement, job change or other life circumstances. Strategic hires and promotions are strengthening the team with a diversity of skill sets and experience. Changes in staffing and management responsibilities have been made to match skill sets with assignments and provide staff with a challenging and rewarding work environment. We are working diligently to fill the balance of vacant positions with the aptitude and attitude that will contribute to our collective success.

Successful redevelopment professionals have a mix of skills, have an entrepreneurial attitude, and exhibit enthusiasm. The Redevelopment Division is working with the City's Personnel Department to refine job titles that are specific to Redevelopment, job announcements, qualifications and experience levels, and target recruitment outreach and advertising to attract individuals with appropriate skill sets, aptitude and attitude to strengthen and enhance the team. The Division's finance team is currently conducting a salary survey to assure that we are staying competitive in the market place.

Staff members at all levels are participating in professional training made available through the California Redevelopment Association and Urban Land Institute. Collaboration between project managers on problem solving and bi-weekly project updates has enhanced the collegial atmosphere of the team. A number of the team members recently participated in an intensive 3-Day Charrette Training course and increased their skills conducting effective results based community participation processes. Individuals representing the various disciplines of CPCI participated resulting in increasing the collective strength and bond of the department.

The Redevelopment Division has already seen positive results from the collaboration with the other disciplines of CPCI at the earliest stages of looking at new development opportunities and redevelopment activities. We are refining our developer solicitation and proposal review and analysis processes and practices through this collaboration.

The Redevelopment Division is also enhancing the channels of communication and collaboration with the Agency's two independent corporations SEDC and CCDC. The Agency and the corporations are currently working together on such things as standardization of processes, loan criteria, documentation, and budget formatting. This type of collaboration began with the affordable housing collaborative and is expanding into many other areas of the implementing success redevelopment in San Diego.

The FY2008 budget proposal will include additional unclassified positions to bring special technical skills to the Redevelopment Division's senior team, such as in the area of Real Estate Finance, and perhaps public finance, market analysis, and acquisitions and relocations. The approach to the FY2008 budget will be based upon the implementation of strategic catalytic projects and activities to advance project area goals and objectives.

The Redevelopment Division team is playing a very active role in each of the Community Plan updates that contain redevelopment project areas. All of the disciplines represented in CPCI are teaming together to work with the communities to result in realistic, feasible and achievable community plans.

All participants are expanding their knowledge and understanding through this approach. This type of collaboration will continue as plans are adopted and implementation is initiated.

The Division intends to roll out an aggressive marketing campaign and host Agency wide programs, in collaboration with the other CPCI divisions, highlighting the positive attributes of investing and developing with the City's Redevelopment project areas. Our goal is to make San Diego redevelopment areas the preferred place to do business in San Diego.

In summation, continuing to improve the existing basic structure, with management and personnel enhancements, have the following potential attributes and shortcomings regarding the major issues discussed:

□ ***Staffing Flexibility***

A majority of Redevelopment Division staff would still be Civil Service employees, so there would be less staffing flexibility than under the alternatives. However, creating new job classifications specific to Redevelopment and increasing the number of unclassified positions for specific areas of expertise could maintain key positions that would be competitive with agencies statewide and the private sector.

□ ***Contracting Flexibility***

Currently contracting and procurement is under existing Council Policies and City procedures. This could continue. However, the Agency could choose to establish its own set of procedures, even under the existing structure, that the Redevelopment Division and the City would have to follow. Therefore, it may be possible to establish a process that is as flexible as the alternative operating structures.

□ ***Decision-Making Accountability***

Under the current structure, the City Council sitting as the Agency would continue to have direct decision-making authority on redevelopment projects and issues within the eleven, neighborhood-focused redevelopment project areas, without another layer of decision-making between them, staff, and PACs. While the potential expertise that a board or commission selected for their technical backgrounds would not be provided, the Redevelopment Division could form an investment review committee of private and public representatives with technical backgrounds to review and advise the Agency on transactional decisions. This type of investment committee is something that CPCI and the Redevelopment Division are already contemplating.

□ ***Management Efficiency and Cost Savings***

The current structure avoids some of the management overhead expenses that a stand-alone structure may incur by taking advantage of the City's management services and economies-of-scale, such as Personnel, Contracting and Procurement, Benefits, Ethics & Integrity, Customer Service, and Legal services. Under the existing structure, Redevelopment management is free to focus most of their time on redevelopment activities.

□ ***Integration with Planning and Land Use Policies***

The current structure is fully integrated with Community Planning, Economic Development, Urban Design, Historic Resources, Parks Planning, Mobility Planning, and Facilities Financing within CPCI. CPCI was specifically formed to integrate planning with implementation tools, such as redevelopment and economic development. Through this integration, redevelopment's role is to implement community planning policies in redevelopment project areas, including the provision of public facilities, which is a major issue in the eleven redevelopment project areas under the Redevelopment Division's management. Progress is being made to make this integration seamless. Also, the Redevelopment Division, within CPCI, is also in the same business group as DSD and Real Estate Assets, which facilitates strategy development, decision-making and conflict resolution.

□ ***Role of the Mayor***

Under the current structure, the Mayor serves as the Executive Director of the Redevelopment Agency subject to appointment by the Agency. He is also head of the Executive Branch of the City and its departments. Holding both roles, and maintaining redevelopment management within the City structure, directly involves the Mayor's position and his designees in redevelopment decision-making in San Diego. The Mayor, as Redevelopment Agency Executive Director, is still subject to the Redevelopment Agency's policies, direction, and contracting commitments, as approved by the Agency Board (Council). If the current structure, with management enhancements, is maintained, the role or position of the Mayor in Redevelopment does need a more permanent commitment rather than the current process of periodically continuing the agreement to designate the Mayor's position as Executive Director.

The Project Area Committee's ("PAC's") were engaged in discussions relating to the restructuring options through community forums, presentations to the specific PACs, and PAC Chairs meetings. The PAC's have received periodic updates since discussion began in 2005. The retention of the current structure would

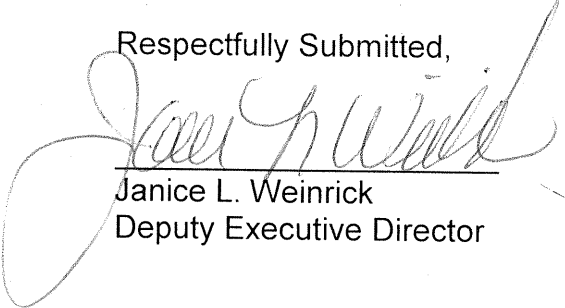
satisfy PAC concerns about the creation of another layer of authority between them and their elected representatives.

The Redevelopment Division is stabilizing after a number of years of structural change and leadership. The Division is making strides and coming together as a strong team. Clarion Associates noted that studies of agencies have concluded that the relative success or failure of individual redevelopment agencies does not appear to relate as closely to specific governance structures as it does to other factors affecting performance.

CONCLUSION

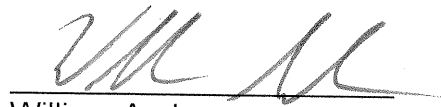
With concurrence from the Agency Executive Director (Mayor), staff recommends that the Redevelopment Division continue to provide general administrative services to the Agency and manage the eleven (11) project areas while instituting greater management, implementation practices, marketing, and hiring to improve delivery of services and effectiveness.

Respectfully Submitted,



Janice L. Weinrick
Deputy Executive Director

Concurred by:



William Anderson
Assistant Executive Director