

City of San Diego

Request for Committee Action

To: Public Safety & Livable Neighborhoods Committee

From: Council District 9

Date: 03/09/15

Primary Contact: Tim Taylor (619) 533-4774

Secondary Contact: Ricardo Flores

Subject: Council Resolutions regarding the Transparency, Accountability and Oversight of Civic San Diego.

Council District(s): Citywide

Specific Actions: Adoption of three Council Resolutions, regarding 1) the composition of the Board of Directors of Civic San Diego's Economic Growth and Neighborhood Investment Fund, 2), revisions to the Purposes of Civic San Diego, as stated in their bylaws and 3) requiring the approval of the San Diego City Council for certain agreements entered into by Civic San Diego.

Environmental Impact: The Resolutions are not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15060(c)(3), in that it is not a Project as defined by CEQA Guidelines Section 15378. The actions do not have the potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Specific projects subject to the resolutions may require a discretionary permit and CEQA review, and will be analyzed at the appropriate time in accordance with CEQA.

Staff Recommendation: Recommend that the City Council approve the three proposed City Council Resolutions.

Executive Summary

EXECUTIVE SUMMARY OF ITEM BACKGROUND:

Civic San Diego is a city-owned non-profit organization that has succeeded the City's redevelopment arms, Civic Center Development Corporation and Southeast Development Corporation. Civic assists the City in the process of winding down Redevelopment, as required by State law. They also have specific land use and project management roles in the downtown area. Civic is exploring the idea of expanding these land use functions to targeted areas in challenged neighborhoods, such as City Heights and Encanto.

Civic San Diego has formed a subsidiary, the Civic San Diego Economic Growth and Neighborhood Investment Fund, which can be labeled a Municipal Sponsored Community Development Entity (CDE).

City Councilmember Marti Emerald has heard concerns from her constituents regarding the potential for Civic to be active in redeveloping areas of Council District 9, as well as elsewhere in the City. In exploring ways to address these concerns, the Councilmember has learned that nearly all jurisdictions throughout California and the nation handle accountability and oversight of CDEs differently than the City of San Diego (see Attachment A). The Councilmember believes that the methods of these other jurisdictions have merit, and recommends that the City modify the composition of the Board of Directors of the Civic San Diego Economic Growth and Neighborhood Investment Fund. One of the proposed resolutions would add the City's Independent Budget Analyst.

Councilmember Emerald has been informed that there may be potential liability issues for the City with regard to the oversight of contracts entered into by Civic San Diego. This issue is anticipated to be brought up during the Committee meeting. One potential method of addressing this issue could involve requiring that contracts Civic enters into have a Release of Liability clause.

While Civic San Diego is engaged in promoting affordable housing and creating well paying jobs, the Councilmember believes that these goals are so important so as to merit inclusion within Civic's "Purpose," as stated in its Bylaws. Therefore, one proposed resolution would revise the official Purpose of Civic San Diego, to add these goals.

In order to increase the City's oversight of Civic San Diego, the final resolution would stipulate that all agreements entered into by Civic San Diego involving either the transfer of City money or the disposition of City owned land valued at \$500,000 or more would require the approval of the San Diego City Council. These provisions would not apply to the Civic San Diego Economic Growth and Neighborhood Investment Fund.

FISCAL CONSIDERATIONS: N/A.

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE): N/A

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee): None.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: N/A

KEY STAKEHOLDERS AND PROJECTED IMPACTS: N/A

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO REGARDING THE COMPOSITION OF THE BOARD
OF DIRECTORS OF THE CIVIC SAN DIEGO ECONOMIC
GROWTH AND NEIGHBORHOOD INVESTMENT FUND

WHEREAS, Civic San Diego is a non-profit organization whose sole member is the City of San Diego; AND

WHEREAS, Civic San Diego has formed a subsidiary, Civic San Diego Economic Growth and Neighborhood Investment Fund, that is a Municipal Sponsored Community Development Entity (CDE), AND

WHEREAS, the San Diego City Council desires that the makeup of the Board of Directors of the Civic San Diego Economic Growth and Neighborhood Investment Fund have City oversight and that such oversight resemble that of other Municipal Sponsored CDEs throughout California and the nation. Specifically, such CDEs typically have one or more municipal employees on their Board of Directors; NOW THEREFORE

BE IT RESOLVED, by the City Council of the City of San Diego that the Council hereby directs Civic San Diego to revise the Bylaws of the Board of Directors of the Civic San Diego Economic Growth and Neighborhood Investment Fund; such that the board includes the City of San Diego Independent Budget Analyst or his/her designee.

APPROVED: JAN I. GOLDSMITH, City Attorney

By _____

Deputy City Attorney

03/09/15
Or.Dept: PS&LN Committee

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO AMENDING THE BYLAWS OF CIVIC SAN
DIEGO REGARDING THE PURPOSE OF THE CORPORATION
AND RESPONSIBILITIES OF ITS DIRECTORS

WHEREAS, Civic San Diego is a non-profit organization whose sole member is the City of San Diego; AND

WHEREAS, the San Diego City Council desires to amend the bylaws of Civic San Diego to strengthen the stated purpose of the Corporation and responsibilities of its Directors; NOW THEREFORE

BE IT RESOLVED, by the City Council of the City of San Diego that the Council hereby approves the Amended and Restated Bylaws of Civic San Diego attached as Exhibit A and directs that the Civic San Diego Board of Directors adopt the bylaws as soon as possible.

APPROVED: JAN I. GOLDSMITH, City Attorney

By _____

Deputy City Attorney

03/09/15
Or.Dept: PS&LN Committee
Doc.No:___

EXHIBIT A

PROPOSED AMENDMENTS TO BYLAWS OF CIVIC SAN DIEGO STRIKEOUT/UNDERLINE FORMAT (TRUNCATED AS NOTED)

AMENDED AND RESTATED BYLAWS OF CIVIC SAN DIEGO

ARTICLE 1 ORGANIZATION

1.1 Name. The name of this Corporation is Civic SAN DIEGO (“Corporation”), formerly known as Centre City Development Corporation, Inc.

1.2 Purposes. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes. The specific purposes of this corporation are to:

- (i) engage in economic development and the creation of quality jobs, the creation of affordable housing, land use permitting and project management services which under California law, can be done by contract with or delegated by the City, or the City solely in its capacity as the designated successor agency to the Redevelopment Agency of the City of San Diego (“Successor Agency”);
- (ii) enter into agreements, contracts or memoranda of understanding with any public or corporate entity, including the City, in furtherance of the purposes for which the Corporation is formed;
- (iii) engage in any other activities in furtherance of the purposes for which the Corporation is formed; and
- (iv) receive, invest and utilize for the purposes for which the Corporation is formed (a) gross receipts from activities related to the Corporation’s exempt functions, and (b) funds and property acquired through solicitation of contributions, donations, grants, gifts, bequests and the like.

[intervening sections omitted]

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SAN DIEGO REGARDING CIVIC SAN DIEGO
APPROVED AGREEMENTS

WHEREAS, Civic San Diego is a non-profit organization whose sole member is the City of San Diego; AND

WHEREAS, the Civic San Diego Board of Directors has sole approval authority over agreements by Civic San Diego that involve the transfer of public money or the disposition of publicly owned land; AND

WHEREAS, the San Diego City Council desires that any significant agreement by Civic San Diego involving the transfer of City money or the disposition of City owned land obtain final approval by the City Council; NOW THEREFORE

BE IT RESOLVED, by the City Council of the City of San Diego that the Council hereby directs Civic San Diego to take all necessary steps to enact rules stipulating that all agreements entered into by Civic San Diego involving either the transfer of City money of \$500,000 or more, or the disposition of City owned land valued at \$500,000 or more, require the approval of the San Diego City Council. These provisions would not be applicable to the Civic San Diego Economic Growth and Neighborhood Investment Fund.

APPROVED: JAN I. GOLDSMITH, City Attorney

By _____

Deputy City Attorney

03/09/15

Or.Dept: PS&LN Committee

ATTACHMENT A



Councilmember Marti Emerald City of San Diego, District Nine

TO: Marti
FROM: Ricardo
DATE: Dec 2014
RE: Comparing the Governing Boards of Municipal Sponsored Community Development Entities (CDEs) in the United States to Civic San Diego

To understand the oversight and accountability that a municipal government has over its municipal sponsored CDE one needs to examine the municipality's level of influence on the CDE governing board.

The goal of this report is twofold: 1) identify all the municipal sponsored Community Development Entities (CDEs), like Civic San Diego, within the United States and 2) compare the governing boards of each municipal sponsored CDE located in the United States to the governing board of Civic San Diego. This report will show that the Civic San Diego CDE governing board is unique in that no elected official or an employee from the City of San Diego is seated on its board. Please note, most municipal employees seated on the governing boards of municipal CDEs are department or agency directors.

Staff has identified a total of 19 municipal sponsored Community Development Entities (CDEs) that operate in the United States (Civic San Diego not included). To ascertain the number of municipal sponsored CDEs, staff contacted the United States Department of Treasury's Community Development Financial Institution Fund (CDFI). CDFI administers the New Market Tax Credit (NMTC) program. CDFI recommended that staff review the list of NMTC allocations since 2002 and contact each of the awardees.

The following is a brief summary of the information provided in this report:

- Of the 4 cities with municipal sponsored CDEs in California – every city has oversight and accountability of their CDE; with the exception of the City of San Diego.
- Of the 10 largest cities in the United States 5 of them have municipal sponsored CDEs – each of those cities has oversight and accountability of their CDE; with the exception of the City of San Diego.
- Of the 19 municipal sponsored CDEs within the United States– 95% of the cities have oversight and accountability of their CDE.

Please note: The term "civilian" used in this report refers to municipal sponsored CDE governing board members who are not elected officials and/or employees of a municipal government.

California

California has 4 municipal sponsored CDEs: **Los Angeles, San Francisco, San Diego, and Oakland**. Each city has oversight and accountability of its CDE; with the exception of San Diego. The CDEs in **Los Angeles** (5 governing board members), **San Francisco** (5 governing board members), and **Oakland** (5 governing board members) contain only municipal employees on their governing boards. In Oakland, the City Council also votes on each NMTC allocation.

Los Angeles:

5 governing board members
(All municipal employees)

San Francisco:

5 governing board members
(All municipal employees)

Oakland:

5 governing board members
(All municipal employees)

*In addition, Oakland City Council votes on each NMTC allocation

10 Largest Cities in the United States

Of the 10 largest cities in the United States, 5 have municipal sponsored CDEs: **Los Angeles, Chicago, Phoenix, San Diego, and Dallas**. Each city has oversight and accountability of its CDE; with the exception of San Diego. The CDEs in **Los Angeles** (5 governing board members) and **Chicago** (7 governing board members, 3 of which are elected officials) contain only municipal employees on their governing boards. The CDE governing board in **Phoenix** (7 board members) is comprised of 3 municipal employees and 4 civilians. Meanwhile, the CDE governing board in **Dallas** (7 board members) is comprised of civilians; however the Dallas City Council votes on each NMTC allocation.

Los Angeles:

5 governing board members
(All municipal employees)

Chicago:

7 governing board members
(All municipal employees)
*3 board members are elected officials

Phoenix:

7 board members
(3 municipal employees and 4 civilians)

Dallas:

7 board members

(All civilians)

*In addition, the Dallas City Council votes on each NMTC allocation.

United States

Of the 19 municipal sponsored CDEs operating in the United States (Civic San Diego not included) 95% have oversight and accountability by their sponsoring city. In 6 of the municipal sponsored CDEs: **Las Vegas, Chicago, Oakland, San Francisco, Los Angeles, and the City of Everett**, have governing boards that contain only elected officials and/or municipal employees. In 3 of the municipal sponsored CDEs: **Memphis, Detroit, and Fort Wayne**, have governing boards in which municipal employees contain the majority of the seats on the governing board. Finally, in 8 of the municipal sponsored CDEs: **Pittsburgh, St. Louis (County), Denver, West Allis, Phoenix, St. Louis (City), Atlanta, and Town of French Lick** have governing boards in which municipal employees are in the minority on the governing board.

Boards with all Municipal Employee/Elected Officials:

- *Las Vegas*
- *Chicago*
- *Oakland*
- *San Francisco*
- *Los Angeles*
- *City of Everett, WA*

Boards with Majority Municipal Employees:

- *Memphis*
- *Detroit*
- *Fort Wayne, IN*

Boards with Minority Municipal Employees:

- *Pittsburgh*
- *St. Louis*
- *Denver*
- *West Allis, WI*
- *Phoenix*
- *St. Louis (County)*
- *St. Louis (City)*
- *Atlanta*
- *Town of French Lick*

List of Municipal Sponsored CDEs in US

Las Vegas Community Investment Corporation
Bill Arent
702.229.6856
barent@lasvegasnevada.gov

Dallas Development Fund
Heather Lepaska
214.670.1222
heather.lepaska@dallascityhall.com

Chicago Development Fund
Anthony Smith
312.424.4254
tsmith@friedmanco.com

Oakland Renaissance NMTTC Inc
Patrick Lane
510.238.7362
PLane@oaklandnet.com

San Francisco Community Investment Fund
Anthony Ababon
415.554.6902
anthony.ababon@sfgov.org

Los Angeles Development Fund
Sandra Rahimi
213.808.8959
sandra.rahimi@lacity.org

City of Everett LLC (Everett, WA)
Richard Tarry
425.257.8922
RTarry@everettwa.gov

Indianapolis Redevelopment CDE LLC
George Courtney
317.327.5854
george.courtney@indy.gov

TMA Development Corporation (Memphis, TN)
Brandon Wellford
901.886.1464
bwellford@memphisbioworks.org

Wayne County – Detroit CDE
B. Kelley
313.224.6025
bkelly@waynecounty.com

Fort Wayne New Market Revitalization Fund, LLC (Ft. Wayne, IN)
Sharon Feasel
260.427.2107
Sharon.feasel@cityoffortwayne.org

Pittsburgh Urban Initiatives LLC
Rebecca Davidson-Wagner
412.255.6588
RWagner@URA.ORG

Heartland Regional Investment Fund LLC (St. Louis, MO)
Alison Engelhardt
314.615.7663
AEngelhardt@stlpartnership.com

Colorado Growth and Revitalization Fund LLC
John Plakorus
303.297.7494
jplakorus@chfainfo.com

First-Ring Industrial Redevelopment Enterprise Inc. (West Allis, WI)
Patrick Schloss
414.302.8468
pschloss@westalliswi.gov

Phoenix Community Development and Investment Corporation
Roberto Franco
602.495.5247
roberto.franco@phoenix.gov

St. Louis Development Corporation
Bill Seddon
314.657.3705
seddonb@stlouis-mo.gov

Atlanta Emerging Markets, Inc.
Dale Royal
404.614.8336
droyal@investatlanta.com

French Lick Redevelopment CDE LLC (Town of French Lick)
Dave Umpleby
317.238.6324
dumpleby@kdlegal.com