

Agenda Report

DATE: July 21, 2003

TO: Pasadena Community Development Commission and City Council
THROUGH: Economic Development and Technology Committee (July 16, 2003)

FROM: Chief Executive and Officer/City Manager

SUBJECT: Proposed Merger of Northwest Redevelopment Project Areas

RECOMMENDATION

It is recommended that the Pasadena Community Development Commission and the City Council direct staff to commence with the amendment/merger process to combine the five existing redevelopment project areas in Northwest Pasadena in accordance with the provisions and requirements of California Redevelopment Law- Health and Safety Code 33000 et seq. It is further recommended that formation of a new 17 member Merged Area Advisory Body be commenced with as described in Exhibit 1.

RECOMMENDATIONS OF ADVISORY BODIES

Community Development Committee - On June 12, 2003 the CDC recommended approval of a 17 member Merged Area Advisory Body which would be subject to evaluation in the future to determine if the number of representatives from each redevelopment area benefits the merged redevelopment area. They also recommended approval of staff's recommendation for the allocation concept for the use of pooled funds with some minor changes (Exhibit 1).

Northwest Commission - On April 2, 2003 the Northwest Commission confirmed their previous recommendation to approve the merger of the five redevelopment areas, staff's recommendation for the allocation of the funds and the formation of a Merged Area Advisory Body which would consists of 17 members from the five redevelopment areas (Exhibit 1).

Fair Oaks Project Area Committee - On April 2, 2003 the Fair Oaks PAC confirmed their previous recommendation to oppose the merger, but if approved by the City Council recommended a Merged Area Advisory Body of 53 members which would keep the existing PAC's together and allow for the inclusion of representation from the other redevelopment areas. It was also recommended to approve staff's recommendation for the allocation of funds (Exhibit 1).

Lincoln Avenue Committee – On April 2, 2003 the Lincoln Avenue PAC recommended against the proposed merger, but if approved by the City Council there was a unanimous vote to recommend a proposed resolution regarding the merger, the formation of a Merged Area Advisory Body and the allocation of funds in Exhibit 2.

BACKGROUND

On February 10, 2003, the City Council unanimously approved the repeal of the debt time limits in accordance with the provision of Senate Bill 211. Council directed staff to hold a community meeting to receive input from stakeholders on the recommendations for the proposed merger of the five redevelopment areas, the proposed formation of a Merged Area Advisory body, and the allocation of the combined funds.

Merger of the Project Areas

A merger of the five Northwest redevelopment project areas would provide the Commission with the ability to share tax increment funds within the merged project area, thereby achieving greater leveraging of tax increment resources. For example, the proposed merger would allow tax increment revenues from the Orange Grove area, which has met its redevelopment goals, to be invested in other areas that have a continued need for blight removal. The separate redevelopment plans, as amended, would continue to govern the individual project areas with respect to all matters other than the pooling of tax increment revenue.

Currently, each of the five-redevelopment project areas is generating tax increment funds. As shown in Exhibit 3, the Fair Oaks Project carries a substantial debt, while the other project areas generate modest amounts of tax increments. After repaying current debt obligations, the combined tax increments could provide significant financial assistance to potential projects. With the exception of Fair Oaks Avenue, revenues would be available in the first year of the merger to be allocated throughout the merged project area.

The estimated timeframe for merging the redevelopment areas is approximately nine months. The major steps in the process include preparation of an amendment to each plan, preparation and circulation of the appropriate environmental analysis for the merger; review of the amendments by advisory bodies and the community; and a public hearing on the proposed amendments (noticed to all residents and businesses within the project area). Finally, the State Department of Housing and Community Development must be notified of the intent to merge project areas before reading of the ordinance providing for the merger.

As part of the merger process, staff will initiate a community participation process through the Northwest advisory bodies to provide the opportunity for affected residents, businesses and community organizations to discuss how the merger would impact the existing Project Area Committees as well as how the funds would be allocated to potential projects in the merged area.

If the merger is approved, the tax increment revenues generated by the five redevelopment areas will be pooled into one funding source for the purpose of eliminating remaining blight throughout the merged area in accordance with the recommended Proposed Allocation Concept outlined in Exhibit 4.

Committee Meetings:

There were three joint meetings scheduled at various locations in the Northwest. These meetings were attended by the Fair Oaks and Lincoln Avenue Project Area Committees and the Northwest Commission. Notices in English and Spanish were sent through Neighborhood Connections and they were also posted along the commercial corridors and residential streets within each Redevelopment Area to invite the Northwest community.

The first meeting was scheduled on March 6th; however, the meeting was cancelled due to the lack of quorums for the Lincoln Avenue and Fair Oaks Project Area Committees.

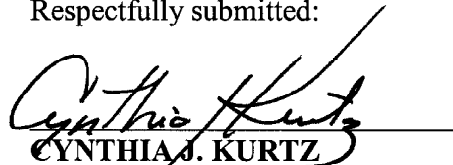
The second meeting was held on March 20th at Madison Elementary School. This meeting was set up as a workshop to seek input on the proposed merger from the community. There were six people in attendance who provided their input as residents and business owners within the redevelopment areas. There were three key questions asked of each of the participants; do they support the merger, who should comprise the advisory body, and the method to allocate the pooled funds. There was concurrence amongst the six people regarding the formation of a Joint Advisory Body that would keep the original PAC members together and include representatives from the other redevelopment areas. There were individual comments regarding the allocation of funds which ranged from requiring a two year freeze on funds for each redevelopment area to the first project that is submitted should receive the funds. The final question regarding their thoughts on the merger was acknowledged as a positive step towards improving the Northwest to requests for additional information. A summary of the comments is provided in Exhibit 5.

The last meeting was held on April 2, 2003 at Jackie Robinson Center. This meeting also included a question and answer session with the consultant from Keyser, Marston and Associates who was hired by the City to assist staff with the merger process, and the Deputy City Attorney from the City Attorney's office. The PAC members and Commissioners had specific questions regarding the merger process and the legality of recommended Merged Area Advisory Body formation. At the conclusion of the question and answer session, the chairs asked their respective bodies to confirm their previous recommendations on the merger, Merged Area Advisory Body formation and allocation of funds or make a motion for a different recommendation.

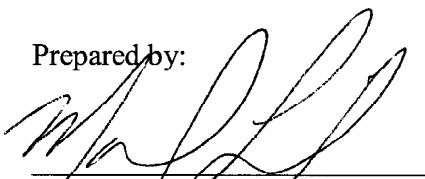
FISCAL IMPACT

A total of \$125,000 has been appropriated from the fund balances for each of the redevelopment areas to cover the cost for processing the merger.

Respectfully submitted:


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