

Agenda Report

DATE: MAY 21, 2007
TO: CITY COUNCIL
FROM: CYNTHIA J. KURTZ, CITY MANAGER
SUBJECT: APPROVAL OF FINAL ENVIRONMENTAL IMPACT REPORT (EIR)
FOR FINAL ENTERPRISE ZONE DESIGNATION

RECOMMENDATION:

It is requested that the City Council:

1. Adopt a resolution to certify the Pasadena Enterprise Zone Designation Final EIR; and
2. Direct the City Clerk to file the Notice of Determination (NOD) and the Department of Fish and Game No Effect Determination Form with the Los Angeles County Recorder; and
3. Acknowledge the approval of the Enterprise Zone boundaries; and
4. Authorize staff to enter into negotiation with The Department of Housing and Community Development to develop the Memorandum of Understanding (MOU) and prepare any documents required for submittal to the State of California to receive final designation as an Enterprise Zone; and
5. Authorize the City Manager to execute the MOU and any documents required for submittal to the State of California for final approval; and
6. Adopt a resolution designating and formally approving the census tracts that will compose the Targeted Employment Area for the Enterprise Zone and such other action as set forth in this agenda report, as required by State Law.

EXECUTIVE SUMMARY

In 2006 the City applied for a new Enterprise Zone to replace the existing zone that would expire in April 2007 and requested to expand the boundaries by 20%, increasing the coverage area to 3.45 square mile, as shown in Attachment A of this report. The State Department of Housing and Community Development (HCD) awarded conditional approval and required the City to prepare an EIR. The actions included in this report represent final action in response to the conditions of approval, expansion of boundaries, and the requirement for an EIR. Following submittal of the Final EIR, the City will enter into negotiations with HCD to develop and execute a Memorandum of Understanding (MOU) that will govern the implementation of the 15-year Enterprise Zone Designation.

BACKGROUND

On July 17, 2006 an Initial Environmental Study was adopted for the Enterprise Zone application that resulted in a Negative Declaration based on the determination that the proposed Enterprise Zone Designation will not result in any significant environmental impacts. The public review period for the Negative Declaration was from July 12, 2006 to July 31, 2006. An addendum to the Negative Declaration has been prepared pursuant to CEQA guidelines Section 15162(b) to reflect the changes in the proposed Enterprise Zone boundaries. On January 29, 2007 the City Council acknowledged both the Initial Study and adopted the Negative Declaration.

On February 23, 2007 a Draft EIR was prepared and circulated for comment. The public review period for the Draft EIR was from February 23rd to April 11, 2007. The EIR covers the entire 3.454 square miles, which includes both the conditionally approved boundaries and proposed expanded boundaries.

During the public comment period of the Draft EIR, four letters were received from the Southern California Association of Governments (SCAG), the State of California Native American Heritage Commission (NAHC), the California Department of Transportation (CalTrans), and the Office of Planning and Research (OPR). A summary of their comments are as follows:

- SCAG – The Enterprise Zone Designation is not regionally significant per SCAG Intergovernmental Review Criteria. Therefore the Final EIR does not warrant comment due to its findings of “no significant impacts.”
- NAHC – The Enterprise Zone Designation by itself does not impact known Native American tribal land. Individual development projects, occurring within the Enterprise Zone boundaries, are subject to site specific review from NAHC. Thus there no significant impacts directly related to the Enterprise Zone Designation.
- CalTrans – The Enterprise Zone Designation by itself does not change the land use designations or propose specific developments. As future development projects are proposed, each will require project-specific analysis to gauge impacts to transportation.
- OPR – The Final EIR was reviewed by ten state agencies from February 26, 2007 to April 11, 2007. No comments were submitted from the reviewing state agencies.

Based on the Initial Study and the Notice of Preparation, the Final EIR analyzed three areas that were determined to be potentially significant. The three areas addressed in the Final EIR are Land Use, Air Quality, and Cultural Resources. A summary of their impacts are as follows:

- Land Use – The Final EIR evaluated the impacts to land use compatibility, conflicts to zoning policies and regulations, and future growth in vehicular trips associated with land use changes and new development. Final analysis concluded that the Enterprise Zone Designation is consistent with the goals

and policies set forth in the 2004 Land Use and Mobility Elements, Zoning Code Revisions, and Central District Specific Plan. No significant impact will result and no mitigation is necessary.

- **Air Quality** – The Final EIR evaluated the impacts to applicable air quality plans, increased pollutants and risk of exposing sensitive receptors to harmful pollutants. Final analysis concluded that the Enterprise Zone Designation does not cause any significant impacts to air quality. Any future developments that occur within Pasadena are subject to their individual evaluation processes. No mitigation is necessary.
- **Cultural Resources** – The Enterprise Zone Designation by itself does not cause a direct affect on cultural resources in Pasadena. However with that being said the goal of the program is to stimulate future development projects that may have an affect on historical sites. Each future development is subject to project-specific effects on historical resources at the time of consideration, thus subjecting the project itself to its own CEQA threshold levels. Thus there are no significant impacts identified with the Enterprise Zone Designation and no mitigation is necessary.

Prior to receiving final designation, the EIR and resolution must be adopted by the Pasadena City Council and submitted to the State for approval, as shown in Attachment B of this report. Once approved the City of Pasadena will enter into negotiation with HCD to develop a MOU that will govern how the City will implement the Enterprise Zone Program. Once the MOU is executed by both HCD and the City, Pasadena will receive final designation.

Targeted Employment Area

On March 19, 2007, HCD issued a memo stating that once the new enterprise zones achieve final designation, they must formally apply to the Department if they choose to establish a Targeted Employment Area. Targeted Employment Area (TEA) encourages businesses in the Enterprise Zone to hire eligible residents from geographic areas that need targeted employment benefits.

Pursuant to Chapter 12.8, Section 7072(h) of the Government Code, a "Targeted Employment Area" consists of eligible census tracts "designated by the United States Department of Housing and Urban Development (HUD) as having at least 51 percent of its residents of low- or moderate- income levels using either the most recent United States Department of Census data available at the time of the original enterprise zone application or the most recent census data available at the time the targeted employment area is designated to determine eligibility." The original application was submitted to HCD in August 2006, thus 2000 census data was used to identify and designate the eligible TEA census tracts. The eligible TEA census tracts correspond to the zip codes in the Northwest Area of Pasadena: 91101, 91103, and 91104.

To meet the Government Code requirement in Section 7072(h), the City Council will need to approve the TEA resolution, found in Attachment C of this report, which identifies the census tracts that will be designated as the TEA. With State approval,

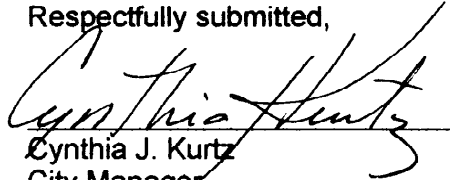
the City will submit additional documents or modify the TEA, if requested by the State.

Once the City of Pasadena receives final designation by HCD, the City would have already formally applied for a new TEA, thus expediting the TEA application process and work to eliminate any impacts to Pasadena residents during the transition between conditional and final designation by the State.

FISCAL IMPACT

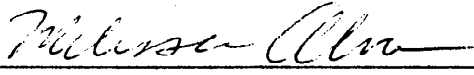
Consistent with filing costs with the Los Angeles County Recorder, the NOD, when filed with an exemption from the Department of Fish and Game, the filing fee is \$50.00. The City of Pasadena received the No Effect Determination Form on April 25, 2007 from the Department of Fish and Game.

Respectfully submitted,



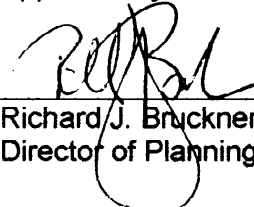
Cynthia J. Kurtz
City Manager

Prepared by:



Melissa Alva
Enterprise Zone Manager

Approved by:



Richard J. Bruckner
Director of Planning and Development

Attachments:

- Attachment A - 2007 Enterprise Zone Boundary Map
- Attachment B – Pasadena Enterprise Zone Final Environmental Impact Report & Final EIR Resolution
- Attachment C - Enterprise Zone TEA Resolution