

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 15, 2012

CAO File No. 0220-04729-0000

Council File No. 12-0014-S4

Council District:

To: The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Council Motion (C.F. No. 12-0014-S4, Huizar-Reyes) dated June 29, 2012; referred to the Housing, Community & Economic Development and Planning & Land Use Management Committees

Subject: **REQUEST TO TRANSITION REDEVELOPMENT LAND-USE AUTHORITY TO THE PLANNING DEPARTMENT**

SUMMARY

Assembly Bill (AB) 1x26 dissolved all redevelopment agencies in California as of February 1, 2012. Consequently, Council (C.F. 11-0086, Amending Motion 57D) instructed the Planning Department (DCP) to prepare an Ordinance that would transfer and preserve the land-use powers of the Community Redevelopment Agency (CRA/LA) through a policy adopted by the City.

In response to the Council's direction, DCP transmitted a report (C.F. 11-0086-S4) to the Planning and Land Use Management Committee (PLUM) dated February 21, 2012, subsequently revised on March 30, 2012, containing transition scenarios about how, if directed to do so, DCP could absorb responsibilities for the planning, land-use and zoning activities then managed by the CRA/LA. The reports were heard in PLUM and then referred to the Budget and Finance (B&F) and Personnel Committees. The PLUM Committee also requested the Office of the City Administrative Officer (CAO) to prepare a report on the fiscal impact of the transfer of the CRA/LA land-use authority to DCP.

This report includes recommendations for staffing and funding for the Planning Department. The report also addresses questions resulting from prior reports, Council discussions about the proposal to transition the CRA/LA land-use positions and authorities to DCP, and the Motions in C.F. 12-0014-S4 and 12-0600-S75, especially regarding the fiscal impact of the proposed transfer of responsibilities.

It is in the best interest of the City to move forward with the transfer of the CRA/LA land-use authority to ensure that City economic development goals can be achieved. The City is preparing a new model for economic development that may include the creation of a new department and nonprofit entity. For economic development to be successful, it is important for the City to control land-use responsibilities for the entire City.

If the City does not act to transfer the CRA/LA land-use authority to DCP, then the Designated Local Authority (DLA) will retain oversight of the CRA/LA planning and land-use functions. The Planning Department states that the City may be at risk economically and legally without the authority and resources to manage the CRA/LA land-use activities. Jobs, tax revenues and development could be affected if the DLA retains oversight of the CRA/LA land-use powers.

Funding

Funding for the positions requested by DCP was not provided in the 2012-13 Adopted Budget. In addition, the anticipated CRA/LA Tax Increment has been incorporated as general revenue in the Budget. Given the City's limited resources, the CAO recommends using the Unappropriated Balance, Layoff Avoidance line item, to pay for new positions in DCP. As an alternative to the General Fund, Council could use their current year AB 1290 funds for this purpose with ongoing funding to be identified during the 2013-14 budget process.

The Planning Department states that it would be willing to explore the support of the CRA/LA land-use functions through new fees. To determine whether or not the fees are legal and to estimate the fee rate, Planning would need to complete a fee study, which would take about three months and cost approximately \$25,000. If found to be legal and feasible, the new fees would most likely be phased in during 2012-13 and would not be immediately available to support the new staff positions. Therefore, funds would need to be found to supplement the staff through 2012-13. The fee study could be funded by DCP through its Contractual Services Account.

If funding is needed for moving expenses, furniture or computers, DCP should also identify those costs and include them as part of the budget for this project.

Staffing

In the February 21 and March 30, 2012 reports, DCP identified three options to transition land-use authority from the CRA/LA to Planning. Planning recommended the scenario that included the addition of 11 positions to perform the anticipated increase in workload. It is not clear how many CRA/LA planners were assigned to support land-use functions, although some estimates show approximately 15 employees performing those services. As listed in the table below, the cost of the 11 new Planning positions would be approximately \$1.4 million annually including related costs. This amount does not take into account funding that may be needed for computers, furniture or supplies.

Proposed Additional Planning Staff for CRA/LA Planning and Land-use Responsibilities

| | Number | Annual Salary | Subtotal | Related Costs | Total |
|--------------------------------------|-----------|---------------|--------------------|------------------|--------------------|
| Senior City Planner | 1 | \$122,607 | \$122,607 | \$42,033 | \$164,640 |
| City Planner | 2 | 103,750 | 207,500 | 74,397 | 281,897 |
| City Planning Associate | 6 | 88,406 | 530,436 | 199,586 | 730,022 |
| Architectural Associate III | 1 | 91,000 | 91,000 | 33,929 | 124,929 |
| GIS Information Systems Supervisor I | 1 | 89,930 | 89,930 | 33,655 | 123,585 |
| Total | 11 | | \$1,041,473 | \$383,600 | \$1,425,073 |

Under this staffing proposal, DCP would create a new group to manage CRA/LA activities with the Senior City Planner overseeing the work of the two City Planners, who would, in turn, supervise three City Planning Associates each. The Architectural Associate III and GIS Information Systems Supervisor I would be assigned to support the Planners. The staff would review and approve applications, projects and permits for consistency with the Redevelopment Area plans, the Zoning Code and other applicable regulations. They would also prepare the necessary supporting materials, including recommendations, environmental clearances, Negative Declarations, Mitigated Negative Declarations, appeals, and maps, and would present reports to the Director of Planning, City Planning Commission or Council.

In a June 25, 2012 report, DCP recommended hiring six positions first and the remaining five positions at a later date. The CAO concurs with this phased-in approach to staffing, which would include hiring one Senior City Planner, one City Planner, two City Planning Associates, one Architectural Associate III and one GIS Information Systems Supervisor I by December 2012. The cost of the positions for seven months would be \$465,176, including related costs. The Personnel Department and the CAO's Employee Relations Division will provide input regarding the classifications and pay grades. The Planning Department, with assistance from the CAO, would evaluate the employment levels and work program and then determine when to request the additional staff, if needed. In the future, as the Redevelopment Areas expire, DCP will be expected to examine and justify the allocation of the staff for this work program as part of the annual budget process.

Recommended Additional Planning Staff for CRA/LA Planning and Land-use Responsibilities

| | Number | Annual Salary | Annual Subtotal | Annual Related Costs | Annual Total | Seven Month Total |
|--------------------------------------|----------|---------------|------------------|----------------------|------------------|-------------------|
| Senior City Planner | 1 | \$122,607 | \$122,607 | \$42,033 | \$164,640 | \$96,041 |
| City Planner | 1 | 103,750 | 103,750 | 37,199 | 140,949 | 82,220 |
| City Planning Associate | 2 | 88,406 | 176,812 | 66,529 | 243,341 | 141,949 |
| Architectural Associate III | 1 | 91,000 | 91,000 | 33,929 | 124,929 | 72,875 |
| GIS Information Systems Supervisor I | 1 | 89,930 | 89,930 | 33,655 | 123,585 | 72,091 |
| Total | 6 | | \$584,099 | \$213,345 | \$797,444 | \$465,176 |

The possibility of transferring CRA/LA staff to City departments has been raised during discussions about the dissolution of the CRA/LA. As previously reported by the CAO on January 31, 2012 (C.F. 12-0049), "Consistent with advice from the City Attorney, it is clear that the language in the Retention of Existing Benefits Article in the CRA/LA MOUs does not require that any employees be included when a function is transferred from the CRA/LA. The City is free to employ or not employ CRA/LA employees, but that freedom is constrained by the City's Charter, Administrative Code and labor contracts." It should be noted that union representation, where applicable, will be under existing City bargaining unit representation. In addition, the Personnel Department is notifying the CRA/LA whenever a City civil service exam opens that some of their employees are likely to qualify

for. Recent examples include Senior Housing Inspector, Real Estate Officer, Housing Investigator, and Senior Housing Investigator.

Redevelopment Areas

The former CRA/LA oversaw 32 Redevelopment Areas which were created as a result of a process to assess whether or not an area was in need of revitalization. The process included CRA/LA staff, residents and businesses which would identify the changes that would benefit the affected community. After the review by staff and stakeholders, the CRA/LA Board would present a proposed Redevelopment Area to the Council, who had final approval authority. Once adopted, the Redevelopment Areas were to remain active as long as there were economic conditions that warranted their existence. The specific timeframe for individual Redevelopment Areas would depend on which laws were in effect at the time it was adopted, but the typical timeframe would be 30 to 40 years from the adoption date. Redevelopment Areas cease to exist on their expiration date.

The Central Business Redevelopment District project area expired in 2010. The next six Redevelopment Areas are due to expire in 2013 followed by seven more through 2018. The remaining 18 Redevelopment Areas will expire between 2021 and 2033. A list of the 31 current CRA/LA Redevelopment Areas is included in Attachment A.

Ordinances

The Los Angeles Municipal Code (LAMC) contains hundreds of references to the CRA/LA and also refers to Redevelopment Plan boundaries. To effectuate the transition, Code Studies staff in the Planning Department has been working on two draft ordinances. One of the ordinances clarifies or removes references to the Community Redevelopment Agency, Redevelopment Agency Board, Redevelopment Plans or the Redevelopment Project Areas throughout the LAMC. A draft ordinance removing the references to the CRA/LA has been prepared in collaboration with the City Attorney and will be submitted to the City Planning Commission once DCP received direction regarding the proposed staffing request. The second ordinance enables adoption of a new overlay zoning district for the Redevelopment Project Areas, and according to DCP, its adoption is entirely dependent on the availability of the requested new staff.

Transfer of Authority

The Governor approved Assembly Bill 1484 on June 27, 2012, which includes the following language:

SEC. 7. Section 34173 of the Health and Safety Code is amended to read:

i) At the request of the city, county, or city and county, notwithstanding Section 33205, all land use related plans and functions of the former redevelopment agency are hereby transferred to the city, county, or city and county that authorized the creation of a redevelopment agency; provided, however, that the city, county, or city and county shall not create a new project area, add territory to, or expand

or change the boundaries of a project area, or take any action that would increase the amount of obligated property tax (formerly tax increment) necessary to fulfill any existing enforceable obligation beyond what was authorized as of June 27, 2011.

This section of AB 1484 states that the CRA/LA land-use functions may be transferred to DCP "at the request of the city." In C.F. 12-0014-S4, Councilmembers Huizar and Reyes have asked the City Council to request that all of the CRA/LA land-use plans and functions be transferred to the City of Los Angeles. If the Council adopts this part of the Motion, then according to AB 1484, the City would become responsible for the CRA/LA land-use activities, regardless of the resources available to support those activities. The Planning Department states that it will not be able to perform the CRA/LA work without the new staff. The DCP and the CAO request that the Council and Mayor confirm the funding and that the Planning Department is able to hire the staff before the Council makes the formal request to transfer the CRA/LA land-use functions to the Planning Department. Due to the language in Assembly Bill 1484, if the Council acts before the staff is hired, the City will be authorized and obligated to provide CRA/LA services immediately but without adequate resources.

Transition Plan

If the Council approves the transfer of CRA/LA land-use functions to the City, DCP will need to develop a plan to relocate any paper files, maps, records of decisions, electronic records, GIS data, and other systems or equipment. In addition, DCP will need to decide how to integrate these records into existing manual and electronic systems and processes.

RECOMMENDATIONS

That the Council, with the approval of the Mayor, take the following actions:

1. Approve the addition of resolution authorities through the end of this fiscal year for one Senior City Planner, one City Planner, two City Planning Associates, one Architectural Associate III and one GIS Information Systems Supervisor I, subject to review and approval by the Personnel Department as to classification, the CAO Employee Relations Division as to pay grade determination, and the Managed Hiring Committee;
2. Provide seven months of interim funding in the amount of \$465,176 for the requested resolution authorities and direct the Controller to appropriate the funds from the Unappropriated Balance Fund 100/58, Account 000137 Layoff Avoidance, to the Planning Department, Fund 100/68, Account 001010 Salaries General;
3. Consider the formal request in C.F. 12-0014-S4 to transfer the CRA/LA land-use functions to the City once the staff has been hired; and,
4. Direct the Planning Department to:

- a. Work with the CAO to evaluate the staffing levels and work program for the CRA/LA land-use responsibilities to determine if and when it is necessary to request additional staff;
- b. Conduct a fee study to determine whether or not fees could support the new employees;
- c. Provide a timeline that details tasks required to implement the transition; and,
- d. Identify costs for the transition, such as space requirements, moving costs and computers.

FISCAL IMPACT STATEMENT

If the Recommendations in this report are adopted, there is a potential additional impact to the General Fund of at least \$465,176 for 2012-13 and possibly \$1,425,073 annually thereafter for salaries and related costs for new positions. Funding for the positions was not included in the 2012-13 Adopted Budget. The recommendations in this report do not comply with City Financial Policies in that one-time funding is being used to fund ongoing expenditures. Funding to continue the work program beyond the current fiscal year will depend on the possibility of imposing new fees and the priorities and funding sources identified by Council and the Mayor for the 2013-14 Budget.

MAS:MMR:02130027C

Attachment

Attachment A

Community Redevelopment Agency Project Areas

| By Project Area Name | By Expiration Date |
|---|---|
| <p>Adelante Eastside: March 2031 Bunker Hill: January 2013 Broadway Manchester: December 2026 Beacon Street: April 2013 Chinatown: January 2022 Central Industrial: November 2033 Crenshaw Amended: December 2026 Crenshaw Slauson: October 2027 City Center: May 2033 Council District Nine Corridors: December 2027 East Hollywood/Beverly-Normandie: December 2012 Hollywood: May 2028 Exposition/University Park: Portions expire in 2013, 2027 and 2030 Laurel Canyon: December 2028 Los Angeles Harbor Industrial: July 2018 Little Tokyo: February 2014 Mid-City Corridors: May 2028 Monterey Hills: July 2015 North Hollywood: February 2021 Normandie 5: October 2013 Pacific Corridor: May 2033 Pacoima/Panorama City: December 2015 Pico Union: February 2014 Pico Union 2: November 2017 Reseda/Canoga Park: December 2015 Vermont Manchester: May 2028 Watts: January 2013 Westlake/MacArthur Park: May 2030 Watts Corridors: November 2027 Wilshire Center/Koreatown: December 2025 Western Slauson: May 2028</p> | <p>East Hollywood/Beverly-Normandie: December 2012 Bunker Hill: January 2013 Watts: January 2013 Beacon Street: April 2013 Normandie 5: October 2013 Exposition/University Park: Portions expire in 2013, 2027 and 2030 Little Tokyo: February 2014 Pico Union: February 2014 Monterey Hills: July 2015 Reseda/Canoga Park: December 2015 Pacoima/Panorama City: December 2015 Pico Union 2: November 2017 Los Angeles Harbor Industrial: July 2018 North Hollywood: February 2021 Chinatown: January 2022 Wilshire Center/Koreatown: December 2025 Broadway Manchester: December 2026 Crenshaw Amended: December 2026 Crenshaw Slauson: October 2027 Watts Corridors: November 2027 Council District Nine Corridors: December 2027 Hollywood: May 2028 Mid-City Corridors: May 2028 Vermont Manchester: May 2028 Western Slauson: May 2028 Laurel Canyon: December 2028 Westlake/MacArthur Park: May 2030 Adelante Eastside: March 2031 City Center: May 2033 Pacific Corridor: May 2033 Central Industrial: November 2033</p> |