

**City of Culver City, California
Agenda Item Report**

Meeting Date: <u>05/23/11</u>		Item Number: <u>J-3</u>	
JOINT CITY COUNCIL/REDEVELOPMENT AGENCY BOARD AGENDA ITEM: Adoption of a Position to Support SB 286 and any Subsequent Legislation that is Essentially Similar to SB 286, Relating to Redevelopment Reforms.			
Contact Person/Dept.: Shelly Wolfberg/City Manager's Office		Phone Number: (310) 253-6008	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: Meetings and Agendas-City Council and Redevelopment Agency (05/19/11); Senator Rod Wright (D-25); Senator Curren D. Price (D-26); Assemblymember Holly Mitchell (D-47); Assemblymember Luis Alejo (D-28); John Shirey, California Redevelopment Association; and Jeff Kiernan, League of California Cities (05/19/11).			
Department Approval: Martin R. Cole (05/19/11)		City Attorney Approval: Carol A. Schwab (by H. Baker) (05/19/11) Agency General Counsel: Murray Kane (05/19/11)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (05/19/11)		City Manager/Executive Director Approval: John M. Nachbar (05/19/11)	
<u>RECOMMENDATION:</u> Staff recommends the City Council and Redevelopment Agency Board (Agency Board) adopt a motion supporting SB 286 and any subsequent legislation that is essentially similar to SB 286 relating to redevelopment reforms. <u>BACKGROUND:</u> Redevelopment works to eliminate blight, thereby improving existing properties and attracting new development throughout Culver City to help ensure properties reach their highest and best use and to establish a balanced and prosperous community. Redevelopment efforts in Culver City have been effective in stimulating private reinvestment into areas by increasing public safety and creating opportunities for business growth, jobs, and affordable housing. The Governor's 2011/12 May Revise version of the state budget reiterates his proposal to abolish redevelopment agencies statewide in order to address the State's historic budget deficit. Over 400 redevelopment agencies in California would be impacted.			

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In Fiscal Year 2009/2010 the State of California “redirected” over \$10.9 million of redevelopment funds from the Culver City Redevelopment Agency and, under current legislation, an additional \$2.25 million was “redirected” in Fiscal Year 2010/2011. “Redirected” funds are no longer available for local redevelopment efforts and have been applied by the State to address its past budget deficits.

On March 7, 2011, the City Council and Agency Board adopted Joint Resolution No. 2011-R017 opposing all proposals to abolish redevelopment agencies. On April 27, 2011, State Senator Rod Wright introduced his amended SB 286, which outlines various reforms related to redevelopment agencies in California. On May 2, 2011, the League of California Cities took a support position on SB 286. On May 4, 2011, SB 286 stalled in the Senate Governance and Finance Committee; and it has now become a two year bill. On May 16, 2011, Governor Brown’s May Revise was released and maintains the Governor’s proposal to eliminate redevelopment agencies. On May 19, 2011, staff learned via League of California Cities staff, that Assemblymember Alejo (D-28) is considering introducing legislation that is similar if not identical to the language found in SB 286.

DISCUSSION:

Staff has reviewed the current version of SB 286. This bill (attached), according to the summary provided: “1) prohibits the legislative body of a city, county, or city and county from adopting an ordinance to adopt or amend a redevelopment plan; 2) imposes new requirements on the redevelopment agency with respect to implementation plans and evidentiary standards; 3) expands existing prohibits (prohibitions) on agency direct assistance to certain projects; 4) requires the State Auditor to conduct audits of selected agencies to ensure compliance; and 5) requires each agency to deposit a percentage of tax increment into the agency audit fund.”

Senator Wright drafted SB 286 as a “Strong reform package (that) will increase accountability and effectiveness of Redevelopment in California”. The author’s office indicates that SB 286 is “a bill that would impose tough new reforms to increase accountability and limit the size and scope of redevelopment in California. SB 286 would ensure redevelopment is being used responsibly to maximize job-creation, revitalize rundown communities, clean up contaminated properties, finance infrastructure improvements, and build affordable housing. It would also institute tough new reporting and accountability standards.”

According to the author’s office SB 286, if approved, will:

1. Tighten the definition of blight to stop inappropriate uses of Redevelopment and ensure it focuses on areas most in need;
2. Limit Redevelopment size;

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3. Provide for school districts to retain all property taxes and tax increment in new Redevelopment project areas, increasing school funding and/or providing State General Fund relief;
4. Implement strict, performance-based standards focused on State priorities and increase oversight by local citizens committees;
5. Increase accountability with stringent reporting and performance standards;
6. Institute Annual Performance Audits by the State Auditor;
7. Prohibit the use of funds for Non-Redevelopment expenses; and
8. Reduce Redevelopment's footprint in California.

Staff believes that while there may be some minor, less than favorable impacts to the Culver City Redevelopment Agency if SB 286 is adopted or components of it are incorporated into the State Budget, the implementation of Redevelopment reform measures are preferable to the complete elimination of Redevelopment. It is possible that legislators may feel that redevelopment reform is also a constructive, preferred approach as the governor and the legislature struggle to close the State's budget deficit.

The City Council and Agency Board are being asked to consider taking a position of support of SB 286 as it is written and any subsequent legislation that is essentially similar to SB 286. If the bill language changes, staff will notify the City Council immediately with an analysis of the changes and whether or not the changes negatively impact the Culver City Redevelopment Agency or the City of Culver City. Agency General Counsel Murray Kane will be available at the Council Meeting to provide additional information and answer specific questions.

FISCAL ANALYSIS:

There is no fiscal impact to a take a position of support of SB 286. The Community Development Director and Chief Financial Officer are currently analyzing potential impacts to the Redevelopment Agency and City budgets if Redevelopment were to be completely eliminated through the Governor's budget. As SB 286 moves through the legislature and any potential new information is announced about the Governor's Budget, the Chief Financial Officer will analyze new information accordingly. It is certain that any potential negative fiscal impacts of SB 286 are favorable to the complete elimination of redevelopment.

ATTACHMENTS:

SB 286

MOTION:

That the City Council and Agency Board:

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1. Adopt a position of support for SB 286 and any subsequent legislation that is essentially similar to SB 286 and direct the City Manager/Executive Director to transmit the City's/Agency's position letter to Culver City's state representatives, the California Redevelopment Association, the League of California Cities, and others as appropriate;

and/or

2. Provide other direction to staff.