

From: Laurie Angel <langel@csulb.edu>
Date: 03/08/2011 04:00PM
Subject: City Council Special Meeting - Redevelopment

=====

Mr. Herrera,

Please include this e-mail with the formal communication for today's special council agenda meeting, item R-1 (11-01268). The formal request I am making below is for the primary purpose of ensuring transparency, accountability and reducing the chance of legal issues / concerns and the likelihood of adverse audit findings in the future relative to the proposed action on this agenda item.

Honorable Councilmembers,

Tonight you are preparing to transfer significant assets of property, cash, equipment and contractual agreements, etc. from the Redevelopment Agency to the City. This is an action of historic proportions.

Given the magnitude of these actions and considering all of the funding, budgetary and legal issues that the state, city and redevelopment agencies throughout the state will likely have, it is absolutely critical an accounting and restriction of assets be constituted immediately before any assets may be sold or disbursed or otherwise contracted.

The funds that are being transferred from the agency have a specific and predetermined purpose and have been budgeted accordingly, as approved by the city and redevelopment agency board. If the funds include bond proceeds they are committed to be spent within the project areas and debt service must be set aside in reserve as required by bond documents. As the agenda item states, numerous and specific projects are in process or will be contracted for in the near future according to budgets and redevelopment planning documents.

An independent oversight board must be set up immediately to oversee and account for any transfer of assets from the Redevelopment Agency to the City and any transfer or change in use by the City thereafter. In the interest of good faith and as a vested and critical stakeholder in redevelopment, my suggestion would be the membership of such a board would be:

- 1) the City Auditor, who would chair such a board
- 2) representation of two or more members of the city council, that have the majority of active redevelopment agreements and projects proposed and in process in their areas, (since that is where the primary commitment lies)
- 3) the redevelopment agency board,
- 4) the chairs of each of the project area committees,
- 5) a representative from the City Attorney's Office and
- 5) a representative from the City Manager's Office, Development Services and the Budget Office.

The public and critical stakeholders have not been informed of what the \$50 million and \$100 million transfers are specifically for and how the funds are committed or otherwise distinguished before the transfer. Tax increment must be spent within the specific project areas according to the tenants of redevelopment and state law and in good faith those dollars should not lose their "color" defining how they are to be spent in redeveloping the City, no matter the agency or organization performing those duties.

These funds did come directly out of the pockets of property owners in the project areas for the promise of redevelopment. Creating project areas and implementing redevelopment in those areas influenced personal and business life decisions for those within the project areas, as determined over the years (decades) in strategic plans and guidelines and in multiple and monthly public meetings.

The agenda item refers to a 'Second Amendment to the Amended and Restated Agreement for Services Between the City of Long Beach and the Long Beach Redevelopment Agency.' The reference is meaningless, without being publically reviewed and should require a careful analysis by the city auditor to determine what funds are being transferred, how they are to be used (specifically) and how they will be applied relative to each project area and in accordance with state redevelopment requirements. These funds should be held until the purpose and specific use is identified and verified by the aforementioned oversight board.

There must also be a formal process to return assets to the Redevelopment Agency after a compromise is reached with the state. Until a final disposition of assets is determined they should be held in restricted funds specifying their purpose and place as they were predetermined.

In conclusion, the assets of the redevelopment agency must be protected to ensure that the funds are used in accordance with their intent in redevelopment. Once transferred and before any assets are moved or disbursed they must be specifically and publically accounted for and the original intent of these funds for redevelopment maintained according to state law and verified by the oversight committee.

The magnitude of this agenda is too significant to begin utilizing assets without assurances to the public that these funds are being used according to their intended purpose in redevelopment and according to the extensive study of redevelopment done a few years ago which has allowed the City and Redevelopment Agency to enjoy positive and remarkable praise for their efforts, particularly at this time, by such advocacy groups as the League of Cities and the California Redevelopment Association. The public's role in ensuring that redevelopment is done properly can not be overstated.

The Independent Study of Redevelopment permitted a good, healthy discussion on redevelopment and, identified the roles of critical stakeholders in the process and permitted the successful improvement of redevelopment after a year and a half analysis. This study may serve as

the investment it was and may allow the City Councilmembers to take responsibility for further improving and developing a model for redevelopment for the future with greater accountability, transparency and necessary metrics to satisfy the interests of taxpayers, and the state. Long Beach can absolutely be guaranteed a premier position in the state and perhaps the nation depending upon how you move forward and handle this increased responsibility and these assets. Many people will be watching.

Respectfully,

Laurie C. Angel
Chair, North Long Beach Project Area Committee
Office: 562-985-8929