

**LONG BEACH REDEVELOPMENT AGENCY**

333 WEST OCEAN BOULEVARD, THIRD FLOOR • LONG BEACH, CA 90802 • (562) 570-6615 • FAX (562) 570-6215

August 8, 2005

REDEVELOPMENT AGENCY BOARD MEMBERS  
City of Long Beach  
California

**RECOMMENDATION:**

Receive and file the attached report discussing implementation of the Independent Study recommendations.

**DISCUSSION**

The final report on the Independent Study of Redevelopment in Long Beach was completed on May 31, 2005, and was the culmination of months of public outreach and communication with City Council members, Agency Board members, the Project Area Committees (PACs) and other community stakeholders. On June 7, 2005, the study team of Clarion/Waronzof/Consensus delivered a presentation on the final report at a joint meeting of the City Council and the Redevelopment Agency Board. Included as part of the final report was an Action Plan which provides a road map for implementing many of the recommendations of the study (Exhibit A).

During the month of June 2005, both the City Council and the Redevelopment Agency asked staff to prepare reports on the implementation of the Independent Study. A single Implementation Report has been prepared and is attached as Exhibit B. The sequence of events leading up to the report was as follows:

- May 31, 2005                      Independent Study of Redevelopment completed.
- June 7, 2005                      Consultant team presented Independent Study findings to a joint meeting of the Redevelopment Agency and City Council.
- June 14, 2005                      City Council held continued public hearing on Redevelopment Agency governance. The City Council asked the City Manager to prepare a report in 45 days on implementing the recommendations of the Independent Study.

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- June 27, 2005            The Redevelopment Agency Board directed staff to identify those recommendations that should be implemented immediately, without the need for a more detailed implementation plan.

### **Clarion Action Plan**

The Independent Study of Redevelopment contains 60 recommendations for improving Redevelopment Agency policies, programs and operations. The recommendations are part of a lengthy, more than 400 page report, prepared for the Redevelopment Agency. Some of the recommendations should be implemented quickly by merely changing the Redevelopment Agency's operational procedures. Other recommendations would require extensive consultation with the public or the creation of new systems for analyzing Agency projects and programs.

Clarion Associates, Waronzof Associates and Consensus Planning, the authors of the Independent Study, included the four page Action Plan in their Report. The Action Plan focuses on 25 recommendations that the authors felt should be undertaken soon. The Action Plan is divided into Category I Recommendations that should be completed within one year and Category II Recommendations, which are steps that should be taken after the implementation of Category I Recommendations. The Action Plan divides its recommendations into five categories:

1. Project Selection and Prioritization
2. Project Financing
3. Project Timing and Phasing
4. Public Involvement and Communications
5. Internal Management and Evaluation

### **Initial Staff Implementation Plan**

Some of the recommendations contained in Clarion's Action Plan and the rest of their report should be implemented quickly, while others would require additional study. The attached Implementation Report contains staff's initial recommendations for those items listed in Category I of the Action Plan.

The Implementation Report also provides recommendations on two subjects that were not fully addressed in the Action Plan, but were discussed in other portions of the Independent Study (primarily in the Task 4 Report). Recommendations for these additional two items are also included in Exhibit B:

- Effective Governance Structure for the Long Beach Redevelopment Agency (LBRA)
- The Need to Spread the Wealth

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It is staff's intention to continue to review the Independent Study and conduct additional research. Additional time and work will be required to fully develop a list of staff recommendations to address all of the Clarion Action Plan. We anticipate providing a report with additional recommendations for the Category II items from the Action Plan in approximately six months as well as a progress report on Category I items.

**SUGGESTED ACTION:**

Adopt recommendation.

Respectfully submitted,

BARBARA A. KAISER  
EXECUTIVE DIRECTOR

APPROVED:

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GERALD R. MILLER  
CITY MANAGER

BAK:JMV:jmv

Attachment: Exhibit A - Action Plan from the Independent Study Final Report  
Exhibit B - Independent Study of Redevelopment Implementation Plan

# EXHIBIT A

goals and objectives, regarding preservation and adaptive reuse of historic and cultural resources in redevelopment projects.

- **Contain Administrative Expenses**  
Resource constraints require that all public and quasi-public agencies be increasingly vigilant about controlling costs, particularly “soft” costs that are more within the Agency’s control. While the LBRA’s overall 16.0% administrative expense ratio between 1999 and 2003 is not unreasonable *per se*, comparison with other cities suggest that improvements are possible.

## IV. Action Plan

This Action Plan prioritizes implementation of the recommendations listed in Part III. Out of more than 60 recommendations, we have chosen to focus on 25 that should be undertaken soon. The action plan is designed to encourage the LBRA to make significant forward progress in improving its performance in key areas in as short a time as possible to build credibility with the public for its efforts and to create momentum for both fundamental and continued changes.

Provoking significant changes from past practices is challenging in any large institution. Different approaches work well in different institutions, and in the same institution at different times. Based on the Independent Study of the LBRA, we recommend that the Agency’s approach to change at this time be based on the following three principles:

- **Think Big:** The LBRA should identify at least one of the five focus areas (for example, Project Selection and Prioritization, or Public Involvement and the PACs) to make a dramatic (and visible) push for strategic reform and improvement over the next year. The identification of this key area may need to await the arrival of the incoming new Community Development Director.
- **Build Early Success:** Identify, implement, and publicize some changes in each of the five focus areas over the next year, in order to achieve some early successes, to establish an expectation of change, and to ensure that no key area is ignored. This approach is embedded in the table of Category I and Category II changes below.
- **Publicize Success:** Begin immediately to publicize activities and projects that the LBRA is doing well, as well as the Agency’s long track record of successful projects. Greater public understanding of the LBRA and its role and history will result in greater support both inside and outside the City.

The Action Plan below creates a two-tiered strategy for action, but leaves the identification of a major strategic reform topic for arrival of the new director.

“**Category I Recommendations**” are concrete steps the Agency can reasonably complete within one year. The Category I designation is not based on how important these recommendations are to achieving fundamental changes in the LBRA’s performance (i.e., they do not represent the most important changes that should be made). Rather, the Category I designation indicates steps that can effect positive change quickly and begin to respond to long-standing public criticisms without the need for further studies, while also building momentum towards more fundamental changes possible over the longer run.

**“Category II Recommendations”** are those steps the Agency should take after it implements several of the Category I recommendations. Some of these steps may require more focused study and evaluation before they can be fully implemented, or may require more significant Agency investments of time and financial resources. The Category II recommendations are not simply the “left over” Part III actions that were not included in Category I. They are a smaller subset of the Part III recommendations prioritized as appropriate for the next round of action.

Within both categories of recommendations, the LBRA Board and senior management should have the freedom and flexibility to prioritize which the specific actions are taken to accommodate competing Agency demands and available staff resources. In addition, Long Beach is about to hire a new Community Development Director, and that individual should have the flexibility to revise this Action Plan. We fully expect the City and the LBRA to provide the new Director the fullest opportunity to respond to this Independent Study and proposed Action Plan with his or her own perspectives and suggestions about which steps to take first and which to take later.

We strongly suggest that the LBRA board and staff begin by establishing specific benchmarks for what they believe is achievable within Category I during the first year of implementation, and then during subsequent years for the remainder of Category I and Category II actions, and to distribute those expectations to City Council, the PACs, and the public. In this way, the LBRA will create the opportunity not only for objective self-evaluation but also greater public accountability.

<b>ACTION PLAN FOR IMPLEMENTING THE INDEPENDENT STUDY RECOMMENDATIONS</b>	
Category I: Implement in 1 Year Category II: Implement After Category I	PAGE #
<b>PROJECT SELECTION AND PRIORITIZATION</b>	
<b>CATEGORY I RECOMMENDATIONS</b>	
<i>Strengthen the shared vision guiding redevelopment agency and elected officials:</i> <ul style="list-style-type: none"> <li>▪ Identify and address discrete areas where the shared vision has broken down, and</li> <li>▪ Conduct more frequent joint City Council/LBRA board work sessions; and</li> <li>▪ Expand communications with Council offices about district priorities.</li> </ul>	p. 15
<i>Select projects of strategic importance to blight removal and economic development, while balancing strategic and neighborhood-serving projects:</i> <ul style="list-style-type: none"> <li>▪ Clarify criteria for funding infrastructure and public facility projects.</li> </ul>	p. 16
<b>CATEGORY II RECOMMENDATIONS</b>	
<i>Strengthen the shared vision guiding redevelopment agency and elected officials:</i> <ul style="list-style-type: none"> <li>▪ Conduct joint public hearings on key plans and amendments.</li> </ul>	p. 16
<b>PROJECT FINANCING</b>	
<b>CATEGORY I RECOMMENDATIONS</b>	
<i>Adopt project templates to improve accuracy of cost estimates.</i>	p. 18
<b>CATEGORY II RECOMMENDATIONS</b>	
<i>Enhance financial and information systems to allow project-level reporting and evaluation</i>	pp. 17-18
<i>Implement a project-level investment policy.</i>	pp. 18-19
<b>PROJECT TIMING AND PHASING</b>	
<b>CATEGORY I RECOMMENDATIONS</b>	
<i>Manage pro-actively to avoid time delays:</i> <ul style="list-style-type: none"> <li>▪ Learn from past project delays;</li> <li>▪ Communicate responses to timing delays; and</li> <li>▪ Adjust future project timelines.</li> </ul>	p. 20
<b>CATEGORY II RECOMMENDATIONS</b>	
<i>Select developers with proven track records:</i> <ul style="list-style-type: none"> <li>▪ Be rigorous in selecting developers and contractors; and</li> <li>▪ Conduct market studies early to inform developer selection.</li> </ul>	p. 21
<b>PUBLIC INVOLVEMENT AND COMMUNICATIONS</b>	
<b>CATEGORY I RECOMMENDATIONS</b>	
<i>Maintain strong relationships between the PACs and LBRA board:</i> <ul style="list-style-type: none"> <li>▪ Encourage PAC membership to be as inclusive and representative as possible.</li> </ul>	p. 22
<i>Seek broad public involvement beyond the PACs:</i> <ul style="list-style-type: none"> <li>▪ Implement expanded public notification.</li> </ul>	p. 23
<b>CATEGORY II RECOMMENDATIONS</b>	
<i>Create a wide-ranging public information and education program:</i> <ul style="list-style-type: none"> <li>▪ Dedicate staff time to public information;</li> <li>▪ Ensure a broad array of public information/education initiatives; and</li> <li>▪ Provide targeted training and education to PAC leadership and members.</li> </ul>	pp. 23-24

<b>ACTION PLAN FOR IMPLEMENTING THE INDEPENDENT STUDY RECOMMENDATIONS</b>	
<b>Category I: Implement in 1 Year</b>	<b>PAGE #</b>
<b>Category II: Implement After Category I</b>	
<b>INTERNAL MANAGEMENT AND EVALUATION</b>	
<b>CATEGORY I RECOMMENDATIONS</b>	
<i>Maintain clear statements of roles and responsibilities</i> <ul style="list-style-type: none"> <li>▪ Develop overall role and responsibility statements; and</li> <li>▪ Communicate project roles and responsibilities.</li> </ul>	p. 27
<i>Conduct Cost-Benefit Analysis</i> <ul style="list-style-type: none"> <li>▪ Institute a program of post completion project assessments</li> <li>▪ Require reporting of job number and quality data</li> </ul>	p. 26
<i>Integrate urban design review based on objective standards with clear timetables:</i> <ul style="list-style-type: none"> <li>▪ Employ a City urban designer/architect</li> </ul>	pp. 28
<b>CATEGORY II RECOMMENDATIONS</b>	
<i>Evaluate project and program performance</i> <ul style="list-style-type: none"> <li>▪ Evaluate and document blight and distress impacts of past projects.</li> </ul>	p. 26
<i>Integrate urban design review based on objective standards with clear timetables:</i> <ul style="list-style-type: none"> <li>▪ Adopt objective design standards to reduce uncertainty.</li> </ul>	p. 28

**Exhibit B**

**Independent Study of Redevelopment**

**Initial Staff  
Implementation Recommendations  
Category I**

**August 8, 2005**

# 1. Project Selection and Prioritization

## Clarion Action Plan Recommendations:

### Category I Recommendations

A) *Strengthen the shared vision guiding Redevelopment Agency and elected officials.*

- Identify and address discrete areas where the shared vision has broken down;
- Conduct more frequent joint City Council/LBRA board work sessions; and
- Expand communications with Council offices about district priorities.

B) *Select projects of strategic importance to blight removal and economic development, while balancing strategic and neighborhood projects.*

- Clarify criteria for funding infrastructure and public safety projects.

## Initial Staff Recommendations:

### **i) Facilitate a Shared Vision (1-A):**

Over the last ten years, the City Council and Redevelopment Agency have rarely held joint meetings or joint study sessions. The opportunities for direct communication between members of the City Council and Redevelopment Agency Board have been limited. Staff meets frequently with members of both bodies and attempts to negotiate a consensus on important redevelopment matters. This method of creating a shared vision has not been entirely successful and, therefore, staff recommends that there be more opportunities for members of the City Council, Redevelopment Agency Board and Project Area Committees (PACs) to communicate directly.

City Council staff has been attending Redevelopment Agency Board meetings with increasing frequency. This practice is beneficial to Redevelopment Agency and City Council communication and should continue.

### **ii) Monthly Briefings (1-A):**

Many City Council members now have monthly or more frequent briefings with staff regarding the progress of projects in their districts. Staff recommends that the relevant PAC Chairs and the Agency Chair and/or Vice Chair also attend these meetings.

### **iii) City Council Budget Priority Meetings (1-A):**

To improve communication between the City Council and the Redevelopment Agency, the Agency Board invited individual members of the City Council to meet and discuss Council District budget priorities prior to the Agency Board adopting its budget on June 27, 2005. This procedure should continue in the future. As the Agency begins its annual budget approval process (usually in January), City Council members and Project Area Committee chairs should be invited to meet with the Agency Board to review

district priorities before staff prepares the first draft of the Redevelopment Agency Fiscal Year 2006-2007 Budget.

City Council priorities are currently reflected in the Fiscal Year 2005-2006 (FY 06) budget adopted by the Agency Board on June 27, 2005. City Council input is also reflected in the project list for the Central Long Beach and North Long Beach 2005 Bonds approved by the Agency Board on June 27, 2005. This project list will be considered by the City Council as part of the City budget process in August 2005.

**iv) Agendas to City Council (1-A):**

Redevelopment Agenda packets are currently distributed to each City Council member, and City Council members now attend Agency study sessions as appropriate regarding the progress of redevelopment activities in their districts. This process should be continued.

**v) Balance Project Needs (1-B):**

Staff recommends the development of a system to distribute annual funds (tax increment and bond proceeds) by category of need. At the beginning of each budget cycle, staff would ask the Redevelopment Agency Board to approve percent spending allocations for each project area by category. For example, a project area's resources might be divided as follows: X% commercial development, X% public infrastructure, X% market rate housing, X% public facilities and open space. Staff recommends using these allocations to create the proposed budget.

**vi) Project Selection Process (1-B):**

Clarion recommended the development of criteria that would be approved by the Agency Board and used by staff to determine what projects should be funded by the Redevelopment Agency. Staff proposes to work with the Agency Board to help prepare such criteria and develop a process to compare proposals using the criteria.

## 2. Project Financing

Clarion Action Plan Recommendations:

Category I Recommendations

A) *Adopt project templates to improve accuracy of cost estimates.*

Initial Staff Recommendations:

**i) Cost Estimation Templates (2-A):**

The Redevelopment Agency and staff should prepare cost estimation templates to improve cost projections. Templates would include costs for acquisition, relocation and public improvements. The template should include cost escalators and projections of total project cost over time if delays should occur. Cost estimates would be revised as projects progressed and be part of a cost variance reporting system.

### 3. Project Timing and Phasing

Clarion Action Plan Recommendations:

Category I Recommendations

A) *Manage pro-actively to avoid time delays.*

- Learn from past project delays;
- Communicate responses to timing delays; and
- Adjust future project timelines.

Initial Staff Recommendations:

**i) Transfer of Project Implementation (3-A):**

Staff recommends the preparation of a system to document transfer of project implementation from the Redevelopment Bureau to other City departments such as Public Works or Parks, Recreation and Marine when appropriate. Quarterly reports should be requested from the appropriate departments to monitor timelines and progress in implementation. If instances occur in which a project is seriously delayed, staff will communicate the instance to the City Manager who's responsibility it will be to address the issues affecting the delay and to convey the fact that there is a delay to the City Council.

**ii) Project Timelines (3-A):**

Staff will begin preparing timelines as soon as a project is initiated showing milestones completed and dates for future milestones. The timelines would be periodically adjusted and shared with Agency Board members and PACs. The reasons for major changes in project timelines would be noted.

**iii) Communicate Responses to Timing Delays (3-A):**

Projects are often delayed when one of the stakeholders requests more time to review the project at a particular stage. Staff should review project timelines when delivering progress reports to the public and Agency Board so that all will be cognizant of the tradeoff between careful consideration and the time it takes to complete a project.

## 4. Public Involvement and Communications

### Clarion Action Plan Recommendations:

#### Category I Recommendations

##### A) *Maintain strong relationships between the PACs and LBRA Board.*

- Encourage PAC membership to be as inclusive and representative as possible.

##### B) *Seek broad public involvement beyond the PACs.*

- Implement expanded public notification.

### Initial Staff Recommendations:

#### **i) Encourage Broader Public Participation in PAC Meetings (4-A):**

Methods that may help PACs become more inclusive and open would be as follows:

- Modify PAC rules to allow non-PAC community members to more easily speak on individual items.
- Post PAC agendas and minutes on Agency website.
- A code of ethics for PAC members.
- The City Council determines which community organizations are members of each PAC. The City Council should periodically review and adjust the list of community organizations in each PAC to facilitate broader public participation.

#### **ii) List PAC Openings and Meetings (4-B):**

Openings for membership on the PACs should be posted on the Agency website. Staff should continue posting the time, place and dates of PAC meetings on the Agency website. Additionally, PAC meeting agendas should be posted on the Agency website.

#### **iii) Neighborhood Resource Center (4-B):**

The Neighborhood Resource Center should be utilized to distribute information on important projects to community organizations.

#### **iv) Broadcast Redevelopment Agency Board Meetings (Other):**

Redevelopment Agency Board Meetings should be broadcast in the same way as City Council Meetings, which can be viewed over cable television.

## 5. Internal Management and Evaluation

### Clarion Action Plan Recommendations:

#### Category I Recommendations

##### A) *Maintain clear statements of roles and responsibilities.*

- Develop overall role and responsibility statements; and
- Communicate project roles and responsibilities.

##### B) *Conduct Cost-benefit Analysis.*

- Institute a program of post completion project assessments.
- Require reporting of job number and quality data.

##### C) *Integrate urban design review based on objective standards with clear timetables.*

- Employ a City urban designer/architect.

### Staff Implementation Recommendations:

#### **i) Role and Responsibility Statements (5-A):**

Staff should draft role and responsibility statements for Agency Board, staff, PACs and City Council. Statements should be reviewed and approved by all organizations and distributed to new members as they join each organization.

#### **ii) Performance Based Budgeting (5-B):**

In an effort to better track project costs and provide more detailed project level analysis of Agency projects, the Redevelopment Bureau and all other City Departments have begun the process of implementing Performance Based Budgeting. This process requires departments and bureaus to plan and budget for results by identifying performance measures such as output, efficiency, demand and outcomes. These measures are then tracked, reported and evaluated as part of the budget process. The Department of Community Development, of which the Redevelopment Bureau is a part, began the adoption of performance based budgeting for its FY 06 budget.

#### **iii) Economic and Social Benefit Analysis (5-B):**

Staff currently prepares a report, called the 33433 Report, for each disposition and development agreement that describes the direct economic impact of a project. This report should be expanded to include additional measures of social and economic costs and benefits not now considered. Additional project analysis should include, jobs created, provision of services to the community, elimination of blighted structures, potential to stimulate new development on surrounding sites, loss of affordable housing, demographic change, provision of recreational opportunities and the cost to deliver additional city services.

**iv) Reporting Requirement (5-B):**

Future development agreements with the Redevelopment Agency should include a section requiring that developers report job numbers and quality data for Agency funded projects.

**v) Urban Design Officer (5-C):**

The Redevelopment Agency directed staff to fund an Urban Design Officer for the City. The City Manager and Civil Service Department have approved the position, and a position description has been prepared. CPS Executive Search will begin recruitment in September. This position will address issues of improving design quality and streamlining the development process.

**vi) Streamline Entitlements Process (Other):**

The City Manager asked the recently hired Director of Planning and Building to examine and streamline the City's development entitlements process and recommend changes. She has assembled a task force to assist her in this process.

## 6. Effective Governance Structure for the Redevelopment Agency

Clarion Recommendation:

The Independent Study described the pros and cons of different forms of redevelopment agency governance, but did not make a recommendation.

Staff Implementation Recommendations:

**i) Defer Further Consideration**

Staff recommends that the City Council defer consideration of a change in Redevelopment Agency governance at this time and allow the Redevelopment Agency the opportunity to institute the reforms described in the Independent Study. The City Council should request from the Redevelopment Agency a six-month report on its implementation of the recommendations in the Independent Study at a joint meeting to be held in Spring of 2006. The City Council should assess the progress of the Redevelopment Agency and decide at that time whether further consideration of Redevelopment Agency governance is warranted.

**ii) Code of Ethics:**

Similar to that adopted by the City Council, staff recommends that the Redevelopment Agency adopt a code of ethics. Due to the nature of the Redevelopment Agency's acquisition of property and financial assistance to developers and organizations, there is a high potential for the appearance of a conflict of interest. The Redevelopment Agency should adopt a code of ethics that is much more stringent than required by State Law.

## 7. The Need to Spread the Wealth

### Clarion Independent Study Recommendations:

Clarion Associates was asked to determine the desirability of a project area merger as part of the Independent Study. Clarion's recommendations regarding a project area merger are on pages 103-105 of the Task 4 Report. Staff has included selected portions here:

"LBRA should work to ensure that all redevelopment areas benefit from available TIF streams and redevelopment investments, to the extent permitted by California law. The Agency should continue to search for ways to make available revenue streams generate benefits over disadvantaged areas of the city."

"We believe that the LBRA and the City Council should try to reduce the "Balkanization" of redevelopment funds in order to use them in areas where they are most needed to reduce blight and to promote economic development, as permitted by California law."

"If the PACs are to remain fundamental to the public involvement process (as recommended in subsection B above), then the mandates of the PACs need to work within a structure that reflects both local and city-wide interests."

"...we also believe that any proposal to 'spread the wealth' of redevelopment that involves elimination of any of the PACs would create a serious distraction from more pressing redevelopment priorities."

"...we believe that any system to spread the wealth in Long Beach is likely to fail (and to create long-standing animosity) if it does not guarantee to each project area not only the revenues necessary to satisfy debts and obligations, but also a portion of the remaining revenues."

"...we believe that past decisions to issue bonds secured by tax revenues should be honored by allowing the areas for which they were issued to retain the bond proceeds."

"The inequities generated by having the revenue potential of one of the city's major assets [the Port] directed to only two portions of the city [North and WLBI Project Areas] has been the cause of significant tension over the role of the PACs, as well as the role of the LBRA board, in the redevelopment process."

"If the approaches to restricted project area mergers above cannot be implemented, then we recommend that the non-merger options be pursued (such as payments of other project areas' housing set-aside obligations and repayment of existing loans to the city)."

Staff Implementation Recommendation:

**i) Port Tax Increment Sharing**

The Redevelopment Agency should consider the sharing of the North Long Beach Project Area Port tax increment. Port tax increment is expected to make up approximately 15% of North Long Beach Project Area tax increment in future years. The Port tax increment should be moved from one project area to another by using it to pay housing set-aside or ERAF. The sharing of West Long Beach Industrial Project Area tax increment would be more difficult as 75% of that project area's tax increment is from the Port.