

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 3/1/05
Department Name: Auditor & CEO
Department No.: 061 & 012
Agenda Date: 4/12/05
Placement: Departmental
Estimate Time: 60 mins.
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Robert W. Geis, Auditor-Controller
Michael F. Brown, County Executive Officer

STAFF CONTACT: Robert W. Geis, 568-2100
Michael F. Brown, 568-3404

SUBJECT: Recommendations for Administration of the Redevelopment Agency

Recommendations:

That the Board of Supervisors:

- A. Conduct a hearing on April 12, 2005, and adopt recommendations of the Auditor-Controller and County Executive Officer with respect to the management of the Redevelopment Agency as follows:
1. Distinguish between Board of Supervisors meetings and Redevelopment Agency Board meetings. This would be similar to how the Board recesses its own meeting and reconvenes as the In Home Supportive Services Public Authority.
 2. That the County Executive Officer, Auditor-Controller, Housing and Community Development Department, Planning and Development Department, Public Works Department, Fire Department, Sheriff, County Parks, and Debt Advisory Committee be included in the execution of the Isla Vista Redevelopment Project.
 3. That the County hire an experienced redevelopment executive to oversee implementation of the project. This official could also assist in the coordination of activities of other departments and public agencies and service delivery to the Isla Vista area.
 4. That the Board as Redevelopment Agency Board work with the Isla Vista RDA PAC to coordinate project implementation.
 5. That the Auditor-Controller and affected departments make improvements in the Annual Financial Statement of the Redevelopment Agency.
- B. Transfer the Redevelopment Program from the Comprehensive Planning Division of the Planning and Development Department to the Developing Programs Division of the County Executive's Office effective July 1, 2005.

- C. Receive and file the Annual Redevelopment Agency Financial Report for the fiscal year ending June 30, 2004.
- D. Authorize the County Executive Officer and Planning and Development to develop an additional Draft EIR alternative which encompasses a strong economic foundation for the redevelopment project.

Alignment with Board Strategic Plan:

The recommendations are primarily aligned with Goal No. 1. An Efficient Government Able to Respond Effectively to the Needs of the Community.

Executive Summary and Discussion:

The Auditor-Controller has prepared an overview of the current status of the Isla Vista Redevelopment Project. This report was prepared at the request of the chairperson of the Project Area Committee. It is included as Attachment A of this communication. Recommendations A. 1-5 summarized above are explained in detail in this attachment.

Back in March of 2001, the County Executive Officer submitted a recommendation to the Board of Supervisors which ultimately resulted in the consolidation of certain housing functions and economic development functions into the Department of Housing and Community Development. At that time, inclusion of the Redevelopment Program in the new department was postponed because the Board wanted to determine whether or not the new City of Goleta would be approved since there was a second redevelopment project in Old Town Goleta. Subsequently, the Board indicated that the Redevelopment Agency should be transferred when planning for the redevelopment project was completed and it was entering the implementation stage. This will happen during the upcoming fiscal year 2005-06. Since the County Executive Officer is the legal Executive Director of the Redevelopment Agency and the Auditor-Controller is the legal Chief Financial Officer of the agency it is recommended that the program be transferred to the Developing Programs Organization of the County Executive's Office so that direct supervision of implementation start-up can be provided by the legally cognizant officials. A copy of the 2001 report on Housing and Community Development is included in this communication as Attachment B.

Discussion:

A. The Promise of Isla Vista

The urban Village of Isla Vista and its neighboring university sit in one of the most stunningly beautiful locations of any university in America and perhaps the world. Situated on a point extending into the Santa Barbara Channel it provides one of the most inspirational locations conceivable for the pursuit of higher knowledge and the transmission of intellectual rigor and human understanding to future generations. The University of California at Santa Barbara is becoming one of the foremost research institutions in the country and many of its academic departments are considered to be in the highest tier of university rankings. Its prospective undergraduate students must achieve the highest grade point averages and scholastic test scores in order to be admitted. The University with its 18,000 students and 9,600 faculty and support employees constitutes a major economic driver and support, not only for Isla Vista but for the entire County. Moreover, its highly talented students and faculty create new inventions which result in the development of new industries and products which further stimulate the economy.

This fortuitous combination of climate, location and competence presents a tremendous opportunity to develop and nurture an exciting and vibrant physical environment which could provide a variety of housing opportunities, engaging entertainment and recreational activities, and more sophisticated retail experiences for the students, university staff, and visitors. Redevelopment is one tool available to the community to help fulfill such a vision. Other tools include public infrastructure improvements, incentives for private investment, and public/private partnerships which support improved economic and social conditions, efficient transportation, and a safe cosmopolitan environment.

B. How Redevelopment Works

The concept of redevelopment is simple. The government freezes property taxes to the various taxing agencies (the County, Special Districts, School Districts, etc.) at a particular time and then allocates part of the new growth in property taxes to be invested in the redevelopment area. These funds are then used to make investments which stimulate further growth in property taxes which stimulate further development. The Auditor-Controller's report in Attachment A, on page 11 explicates this process clearly. The City of Santa Barbara's downtown redevelopment project is a very good example of a successful effort. Anyone who remembers Santa Barbara in the 50's and 60's and the 70's can recall when lower State Street and some of the side streets were a depressed area and people stayed away. Now beautiful stores, great restaurants, entertainment venues and sidewalk cafes attract residents and visitors day and night. Recently a variety of infill housing has also begun to establish itself on the periphery of this exciting area bringing further sophistication.

On a smaller scale, the same opportunity now presents itself for Isla Vista. The recommendations in this report are simply designed to focus the County's efforts structurally and procedurally to optimize the situation as it now exists.

C. Implementation Phase and Transfer of the Program

As indicated above it was recommended back in 2001 that the redevelopment program ultimately become part of the Department of Housing and Community Development. Such an organizational assignment is typical of most medium size city and county organizations. In some cases and in particular where there are many large redevelopment projects within a larger jurisdiction, the redevelopment agency may be a free standing department. This is not recommended here because it is a relatively small program. In any case and as indicated above, the Board determined to postpone transfer of the Redevelopment Agency into Housing and Community Development until the implementation phase which will begin to occur in fiscal year 2005-06. At this point it is recommended that for the near term the program be transferred to the Developing Programs Division of the County Executive's Office and that at some subsequent time it be transferred to the Housing and Community Development Department. Current considerations include:

1. The planning phase should end as soon as possible. As indicated in the Auditor-Controller's report (Attachment A) except for initial park land purchases, mandated debt service payments and mandated housing activities, most of the redevelopment budget has been spent on a very extensive master plan process, Planning Department staff and services and supplies. It is now time to cap off planning activities and focus on project execution.
2. Planning and Development is primarily a regulatory agency. Its mission, staff training, and orientation are directed at regulating, analyzing, and constraining development. On the other hand, implementation

of redevelopment projects is oriented towards assisting the private sector to jump-start new development which reinforces the goals of the redevelopment project to eliminate blight, provide new housing opportunities, and more interesting and sophisticated retail and commercial development. This requires different staff skills and a different mindset than that possessed by those schooled in regulation. The ability to analyze complex project financial opportunities, negotiate agreements, develop and analyze project performance, market the area, facilitate real estate transactions, and secure additional resources are critical skills.

3. A key role for the redevelopment professional is to actually shepherd projects through regulatory agencies and assist in overcoming obstacles generated by regulators, interveners, and others. In fact, and on this account there needs to be a separation organizationally of redevelopment implementation from the regulatory environment to forestall inherent conflict which occurs when the roles are commingled.
4. The County Executive Officer is legally the Executive Director of the Redevelopment Agency. It is a normal axiom of good public administration that the official with the responsibility should also be provided with the authority to execute that responsibility. Likewise, the Chief Fiscal Officer of the Redevelopment Agency is the Auditor-Controller. The Auditor-Controller's Office currently employs an individual with significant expertise in the financial management of a successful redevelopment project. Moreover, the Auditor-Controller legally bears the responsibility for the fiscal affairs of the agency.

D. Isla Vista Master Plan Options

Separately but relatedly, there is one substantive recommendation with respect to project content which involves master plan adoption options. The chart on the next page entitled IV Master Plan Adoptions illustrates three fiscal scenarios with respect to the future of the project. Option one would be to discontinue work and let natural forces shape the future of the community. It is not recommended as it does not generate enough revenue to stimulate the improvements which would support the overall vision. It would also mean that the efforts of the past 15 years and particularly the broad based community planning efforts of recent years would have been wasted. The second scenario (continue IV MP adoption) would proceed on the path which is contained in current draft plan. The Auditor-Controller and County Executive Officer believe that while this plan is better than not doing anything, it is somewhat anemic and is not calculated to achieve the goals of the community and the County. Accordingly, Planning staff has developed option three to create a new EIR alternative which provides for stronger fiscal performance as well as greater variety of housing choices. This requires a little more planning but much greater benefits. This third alternative is recommended at this time. It has been discussed informally with representatives of the Isla Vista Park and Recreation District, and some PAC members. It has been discussed with the University Chancellor's Office. It is requested that direction be given to the County Executive Officer and staff to undertake the requisite analysis in order to determine if this alternative is environmentally and operationally feasible. It would then be returned to the Board for formal consideration once the staff work and analysis is completed.

It should be noted that many public and quasi public projects have been included in the Isla Vista Redevelopment Plan. The actual ability to finance and construct these projects is in large part dependent on a robust growth in property tax and perhaps subsequently in sales taxes and transient occupancy taxes. Thus, examination of alternative three is critical to the success of the project.

Mandates and Service Levels:

There are no legal mandates or service levels related to the consideration and approval of these matters. However, it should be noted that failure to make structural and economic improvements in Isla Vista will likely result in the area continuing to be a huge user of safety, justice and human social safety net services which must be funded by other parts of the County. These services are mandated by law.

Fiscal and Facilities Impacts:

These recommendations would result in internal reallocation of Redevelopment Funds and adoption option three would cost \$40,000 more in staff work on the plan and the EIR than adoption option two. These expenditures are covered within the current 2004-05 Redevelopment Budget and the Proposed 2005-06 Redevelopment Budget.