

October 1, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**POLICY AND PROCEDURES - CITY COMMUNITY REDEVELOPMENT ACTIVITIES
(ALL DISTRICTS AFFECTED) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve policies to guide the County's review and response to redevelopment activities pursued by cities and to assist in reducing inappropriate redevelopment activities.
2. Approve as general operating guidelines the procedures establishing how the County shall review, monitor, and respond to proposed redevelopment projects and/or amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the proposed policies and procedures is to protect the County's interest, and provide guidance to County departments interacting with redevelopment agencies including:

- Establishing policy goals for review of, and negotiations with, community redevelopment agencies (CRAs);
- Defining the role of the Chief Administrative Office (CAO), in conjunction with County Counsel and Auditor-Controller, in monitoring CRAs for your Board;
- Establishing a procedure for the review and/or negotiation of proposed CRA projects and/or amendments.

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While appropriate redevelopment activities merit County support because they return areas which are a serious physical and economic burden on the community to safe and productive neighborhoods, unjustified redevelopment activity should be opposed by the County because it funnels property taxes to un-blighted areas that would otherwise go to the County general fund to pay for general County services, including critical public health and safety services.

Most of the County's 88 cities currently have, or are proposing, redevelopment projects; there are currently over 300 such projects in the County. The economic impact of these activities on the County is significant; currently, an estimated \$270 million is annually diverted from the General Fund to city redevelopment agencies in the County. There is a clear potential for greater negative impact on County resources if inappropriate redevelopment activities are left unchecked. No formal local or State authority exists to monitor the activities of CRAs. Over the last couple of years, the CAO has increased its scrutiny of proposed redevelopment projects and/or amendments that appear not to reflect blight conditions consistent with legal requirements.

Currently, your Board does not have a formal adopted policy regarding the County's monitoring of proposed redevelopment projects and/or amendments. Rather, the CAO has been guided by the following Legislative Policy adopted by your Board:

Support legislation which continues or extends the redevelopment law reforms accomplished in AB 1290 (Isenberg), and oppose any redevelopment legislation which would cause the County to lose revenues or which would limit or repeal provisions of AB 1290.

On January 8, 2002, your Board adopted additional redevelopment policy goals as part of the updated goals and policies for the second year of the Fiscal Year 2001-02 State Legislative Session (see Legislative CRA Policies, below).

In addition, based on a February 4, 1997 Board instruction, the CAO provides notice to the Board of new redevelopment projects and/or amendments at two key stages in their progress: 1) Notice of Preparation of Draft Environmental Impact Report (EIR), and 2) Preliminary Report.

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In order to provide the County's cities an opportunity to provide input on the CRA policy proposed for your Board's consideration, CAO staff have conducted briefings on the proposed policies before four city manager groups representing subregional councils of government, and individually contacted those cities which have redevelopment agencies but do not belong to a city manager group.

Implementation of Strategic Plan Goals

The proposed policies and procedures are consistent with the following Strategic Plan Goals and Strategies:

Goal: **Organizational Effectiveness:** Ensure that service delivery systems are efficient, effective, and goal-oriented.

Strategy: Improve internal operations.

Goal: **Fiscal Responsibility:** Strengthen the County's fiscal capacity.

Strategy: Manage effectively the resources we have.

By adopting the proposed policy, your Board will define the CAO's role, in conjunction with that of the County Counsel and Auditor-Controller, to ensure that all proposed redevelopment projects and/or amendments are adequately monitored, reviewed, and addressed. In addition, a policy directing County staff to challenge, when appropriate, all projects and/or amendments that appear not to meet blighting requirements will strengthen the County's fiscal capacity by keeping tax revenue from being diverted from the County General Fund and Special Districts.

FISCAL IMPACT/FINANCING

As noted, it is estimated that each year approximately \$270 million of property tax increment is diverted from the County General Fund to CRAs. This amount is certain to grow if cities continue to propose new projects and/or amend existing projects. Based

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on statutory pass-through payments stipulated in AB 1290 for new redevelopment projects and/or amendments, the County receives only approximately 12 percent of tax increment in a project area over the life of a project, compared to 24.5 percent in non-CRA areas.

We should also note that conformance with these recommended policies will depend on available staff and related resources, and adequate time frames in which to act. Depending on the volume of redevelopment activity pursued in the County, it may become necessary to recommend that your Board allocate additional resources to these efforts to ensure adequate protection of the County's interests.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The attached report provides additional information on the following:

- Introduction - The Need for County Policy on CRAs
- Background on California Redevelopment Law, including reforms of AB 1290
- Fiscal Impact
- Continuing Redevelopment Abuse
- Recent Court Decisions/Challenges to Redevelopment Abuse
- Public Policy Institute of California (PPIC) Study
- Current Policy and Procedures Regarding CRAs
- Proposed Policies and Procedures Regarding CRAs

The following identifies the proposed **CRA Policies**, **Legislative CRA Policies**, and summarizes the **Procedures**.

CRA Policies

The following policies are recommended regarding the County's review and response to redevelopment activities pursued by the County's cities. All correspondence with CRAs, and any Board letters concerning redevelopment matters involving the County's cities, would be required to cite and be consistent with these policies. Any departure from these policies must be explicitly justified by (a) significant overriding consideration(s).

1. The County supports appropriate and justified redevelopment projects which seek to alleviate areas which constitute a serious physical and economic burden on the community, as defined by State statute and clarified by recent Court decisions, for the purposes of returning these areas to safe and productive neighborhoods.
2. The Chief Administrative Office (CAO), in conjunction with the County Counsel and Auditor-Controller, will review and report to the Board of Supervisors on all newly-proposed CRA projects and expansions, or other significant changes proposed for existing projects, for consistency with applicable redevelopment law.
3. Cities are encouraged to advise and work with the County at the earliest possible juncture in the preparation of proposed redevelopment projects, beyond minimum legal notice requirements, in order to mitigate to the extent feasible, possible future differences and to promote collaboration.
4. In working with cities to resolve any County issues or concerns with regard to proposed redevelopment efforts, the CAO should fully explore opportunities for mutually beneficial partnership endeavors with cities which mitigate negative impacts on the County or respond to identified County redevelopment needs, and which are fully consistent with applicable redevelopment law. Understandings in such partnerships may be memorialized in contractual agreements. Consistent with these negotiations, the County will employ reasonable and prudent fiscal assumptions and projections and will seek to ensure that the County General Fund is not negatively impacted.
5. The Board of Supervisors will consider the following criteria in determining whether or not to seek legal challenge against a CRA:
 - It has been determined to the Board of Supervisors' satisfaction that a project lacks justification for findings of blight and the CRA opts to proceed with the subject project despite these expressed concerns;
 - The estimated fiscal impact on the County is significant; and/or

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- The precedent-setting nature of the project is of sufficient concern (e.g., if a city, in proposing a CRA project, employs an innovative strategy inconsistent with the spirit or letter of redevelopment law which could readily be duplicated by other cities).

Legislative CRA Policies

On January 8, 2002, your Board adopted the following additions to redevelopment policy goals as part of the updated goals and policies for the second year of the Fiscal Year 2001-02 State Legislative Session, clarifying that, before our legislative advocates take County positions on specific measures consistent with these policies, this office will consult with Board offices:

Support measures which strengthen required blight findings to stem demonstrated redevelopment abuse.

- Support proposals which increase statutory pass-through for taxing entities to make redevelopment more self-financing, or alternatively, provide counties with the authority to negotiate pass-through agreements with cities and redevelopment agencies on new (AB 1290) projects.
- Support extension of review periods allowing counties and other interested and affected parties adequate time to analyze the validity and impact of proposed redevelopment projects.
- Support measures which close the loopholes that allow agencies to extend the life of projects beyond the statutory time frames established in AB 1290.

We will work, in conjunction with the County Counsel, Auditor-Controller, other affected County departments, other counties, and the California State Association of Counties, to pursue these legislative goals consistent with your Board's instruction above.

Procedures

The attached report recommends specific procedures to guide the County's review of newly proposed CRA projects or project expansions. Frequently, cities approach the County to renegotiate agreements governing existing redevelopment projects. As time constraints are not as frequently an issue in such negotiations, the current practice of providing advance notification to the affected Board office and working closely with that Board office as the negotiations progress appears adequate to meet these needs. All amendments to existing agreements must ultimately be approved by the Board of Supervisors, and recommendations must reflect the policies outlined above, or a compelling justification for waiving the policy(ies).

However, in many cases, the County is allotted very little time to conduct necessary analysis on new projects. For example, the County is sometimes provided a Preliminary Report on a proposed project, which reflects the information we need to conduct an analysis, only 30 days prior to the scheduled joint public hearing for adoption of the project. Given the short time period, CAO staff, in working with County Counsel and Auditor-Controller, need an accepted course of action to ensure the County's interests are protected and the Board of Supervisors is advised of all actions involving cities. One of the proposed policies encourages cities to advise and work with the County earlier in the plan development process to help avoid future differences. We hope cities respond positively to this approach.

We believe that the procedures outlined in the attached ensure that the County's interests are protected and advanced while Board offices and your Board are kept fully apprized and provided with the necessary information to make final decisions.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Although this policy may not have a direct impact on current County services, the provision to challenge redevelopment projects and/or amendments that do not meet legal requirements may result in retaining property tax revenue that would otherwise go to CRAs. Protection of one of the County's most reliable revenue sources, property taxes, will better ensure maintenance of the County's critical public services.

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Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:LS
MKZ:JR:nl

Attachment

c: County Counsel
Auditor-Controller
Executive Director, Community Development Commission
Each Mayor or City Manager, and Each Redevelopment Director or
Director of Community Development, Cities of Los Angeles County

REPORT ON DEVELOPMENT OF POLICY REGARDING COMMUNITY REDEVELOPMENT AGENCIES (CRAs)

COUNTY OF LOS ANGELES

Introduction - The Need for County Policy on CRAs

California Redevelopment Law provides redevelopment agencies with extraordinary powers to reverse blighting conditions in urban areas. While the County is, and should continue to be, supportive of worthwhile redevelopment efforts which conform to the law and address true blight, inappropriate redevelopment activities pose a threat to the County's fiscal stability. The key factors generating the need for a County policy on city redevelopment activities are the following:

- While cities have numerous funding and revenue-raising alternatives available to them, the County is severely limited in its sources of revenue and its revenue-raising ability, and continues to heavily rely on property tax as a major, ongoing source of revenue.
- CRA projects can span 50 years diverting significant property tax revenues from taxing agencies, principally counties;
- Despite recent reforms, redevelopment abuse continues;
- With 88 cities in the County, most of which currently manage or are proposing redevelopment projects, there is a significant negative impact on County resources and a great potential for further impact; failure to address abuse in one city can encourage abuse in others;
- There is a need for purpose and consistency in the County's approach to CRAs, both to provide notice to the County's cities as to the County's posture, and to assure these cities that the County will apply consistent and objective principles in its review of redevelopment proposals and in its interactions with CRAs, while recognizing unique and discrete elements of each project and proposal; and
- There is no formal local or State authority which governs or routinely monitors the activities of CRAs.

The Community Redevelopment Reform Act of 1993 (commonly referred to as AB 1290) and recent court decisions have sought to reduce redevelopment abuse. Due to the complexity of Redevelopment Law and tight time constraints, a County policy is needed to:

- Establish policy goals for review of, and negotiations with, community redevelopment agencies (CRAs);
- Define the role of the Chief Administrative Office (CAO), in conjunction with County Counsel and Auditor-Controller, in monitoring CRAs for your Board;
- Establish a procedure for the review and/or negotiation of proposed CRA projects and/or amendments.

This report includes the following:

- Background on California Redevelopment Law
- Fiscal Impact
- Continuing Redevelopment Abuse
- Recent Court Decisions/Challenges to Redevelopment Abuse
- Public Policy Institute of California (PPIC) Study
- Current Policy and Procedures Regarding CRAs
- Proposed Policies and Procedures Regarding CRAs

Background

California law grants redevelopment agencies three extraordinary powers:

- First, redevelopment agencies receive property tax revenues that, in the absence of redevelopment, would otherwise be allocated to counties, schools, and other taxing entities. A prerequisite to the receipt of tax increment is the existence of debt, which the redevelopment agency can issue without voter approval.
- Second, redevelopment agencies can use public funds generated by tax increment financing to subsidize private enterprise.
- And third, redevelopment agencies can exercise the power of eminent domain to acquire property for private purposes.

Clearly, the Legislature, in enacting redevelopment law, including subsequent reform, intended these powers to be exercised in only the most compelling circumstances, where no other tools were available to alleviate significant physical and economic

burdens on the community. The elimination of blight, as defined in Community Redevelopment Law, is the basis for the extraordinary powers of redevelopment. It provides the justification for shifting significant property taxes from counties and other taxing agencies to the redevelopment agencies. In theory, if areas are truly blighted, the damage done to taxing agencies by tax increment financing is considered to be acceptable, as property values increase and the demand for services (crime, health and safety) decreases. However, if marginally blighted or underdeveloped areas are included in redevelopment project areas, then redevelopment diverts funds from the taxing agencies which are needed to pay for services.

In the mid 1990s, many believed that, due in part to the fiscal pressures placed on cities by Proposition 13, redevelopment was being used for purposes well beyond its original intent, resulting in a proliferation of redevelopment projects in marginally blighted or non-blighted areas. The California Legislature responded by enacting AB 1290. The reforms of AB 1290 include:

- Strengthening the definition of blight;
- Tightening the connection between the finding of blight and the expenditure of tax increment;
- Imposing time limits on the life of the project and the incurring of debt;
- Repealing the authority of redevelopment agencies to receive sales tax revenues; and
- Establishing statutory pass-through payments to taxing agencies. Based on the statutory pass-through payments stipulated in AB 1290, the County General Fund receives approximately 12 percent of increment over the life of a project, compared to 25 percent in non-project areas (these percentages may vary slightly depending upon the project).

According to Health and Safety Code Section 33030, areas eligible for redevelopment assistance must be predominately urbanized and blighted. Blight must be so prevalent and so substantial that it...constitutes *“a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.”*

According to AB1290, both a serious physical burden as well as a serious economic burden must be demonstrated by substantial evidence. Physical conditions which constitute blight include:

- Buildings in which it is unsafe or unhealthy for persons to live or work (e.g., serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors).
- Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots (e.g., substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors).
- Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the project area.
- The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Economic conditions which constitute blight include:

- Depreciated or stagnant property values or impaired investments including those properties containing hazardous wastes that require the use of redevelopment agency authority.
- Abnormally high business vacancies, abnormally low lease rates, high turnover rates, abandoned buildings, or excessive vacant lots.
- A lack of commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.
- Residential overcrowding or an excess of bars, liquor stores, or other businesses that cater exclusively to adults, that has led to problems of public safety and welfare.
- A high crime rate that constitutes a serious threat to the public safety and welfare.

Fiscal Impact

While the County does not currently have the information systems sufficient to precisely determine the amount of property tax increment diverted to CRAs, it is estimated that \$260 million is diverted from the County General Fund annually for these purposes. Based on findings from studies conducted on redevelopment agencies, including the Public Policy Institute of California (PPIC) study referenced below, it is likely that the majority of development in CRA projects, and the generation of associated property tax increment, would have occurred without establishment of a redevelopment project; the difference being that the tax increment would not have been diverted to a CRA.

Continuing Redevelopment Abuse

Despite the reforms sought with the passage of AB 1290, recent redevelopment proposals, both within and outside the County, have reflected the following:

- Inclusion of inappropriate parcels including: 1) fully-functioning shopping centers currently serving communities; 2) vacant, graded land ready for development; 3) commercial structures which are termed “blighted” merely due to age, size, or style; and 4) functioning industrial parks.
- Use of redevelopment as an incentive to lure large developers;
- Use of redevelopment to “modernize” an area or compete with the commercial district of a neighboring city;
- Use of redevelopment to fund basic municipal infrastructure costs that a city should bear (e.g., streets, utilities, disposal facilities); and
- Termination of older projects with negotiated pass-through payments to County taxing entities, and restarting such projects under the less generous pass-through provisions of AB 1290, negatively impacting the County and effectively extending the life of such projects beyond the intent of the Legislature.

Recent Court Decisions/Challenges to Redevelopment Abuse

Increasingly, impacted taxing agencies, community groups and others are beginning to challenge redevelopment abuse. Recent efforts to pursue inappropriate redevelopment projects in this County have encountered significant community opposition and have been canceled or postponed.

Three recent court decisions provide useful examples of the type of redevelopment abuse still being pursued and the judicial remedies which have reversed these efforts:

- County of Riverside v. City of Murrieta (1998)

Murrieta, an essentially residential community, sought to form a redevelopment project for purposes of encouraging retail business development. Large parcels of undeveloped equestrian property was included in the proposed project area. The Appellate Court decision invalidated the redevelopment plan because the project area was not predominantly urbanized, and evidence of physical blight was either slight or not supported by physical evidence.

– Friends of Mammoth v. Town of Mammoth Lakes Redevelopment Agency (2000)

Similar to Murrieta, the proposed Mammoth Lakes redevelopment project area included large areas of undeveloped parcels (a ski resort and municipal airport). The Appellate Court invalidated the project because the environmental impact report (EIR) was not sufficient, the project area was not predominantly urban, and the agency's findings of physical blight were not supported by the evidence.

– Beach-Courchesne v. City of Diamond Bar (2000)

Once again, the Court ruled that the city had not made an adequate finding of physical blight. The Appellate Court concluded that, "after sifting through the general commentary that comprises much of the redevelopment report, we discover there is little substantive material to be gleaned. Although the report speaks in the statutory language used to define blight, the report offers little concrete evidence of actual conditions of blight."

Public Policy Institute of California (PPIC) Study

PPIC issued a study in 1998 entitled, "Subsidizing Redevelopment in California." The purpose of the study was to examine the degree of blight in project areas; evaluate the effects of CRA actions on the increase of property values; and estimate the size of subsidies that CRAs receive from tax increment. Among the key findings of the study:

- Many redevelopment projects studied included vacant land; some projects appeared to engage in development rather than redevelopment;
- Of the few CRA project areas that grew fast enough to claim they alone generated the increase in property tax, all were projects with the most vacant land (raising, once again, the issue of development vs. redevelopment); and
- Redevelopment projects do not increase property values enough to account for the tax increment revenues they receive; it was found that agencies, overall, stimulated enough growth to cover approximately half of tax revenues received.

The study makes four recommendations:

- The Legislature should formally clarify its goals for redevelopment;
- Blight conditions need to be aligned with the goals for redevelopment, and made more precise;

- There should be a formal oversight authority to monitor CRA behavior; and
- If the Legislature intends redevelopment to be self-financing rather than highly subsidized, the pass-through rate should be increased significantly

Current Policy and Procedures Regarding CRAs

Policy:

The Board of Supervisors currently does not have a specific policy guiding the County's posture in reviewing the activities of CRAs, nor in negotiating amendments to projects. For several years, the following Board-adopted legislative policy relative to redevelopment has guided County actions:

- Support legislation which continues or extends the redevelopment law reforms accomplished in AB1290 (Isenberg), and oppose any redevelopment legislation which would cause the County to lose revenues or which would limit or repeal provisions of AB1290.

On January 8, 2002, the Board of Supervisors adopted the following additional redevelopment policy goals as part of the County's recommended "State Legislative Agenda for the Second Year of the Fiscal Year 2001-02 Session." Before the County's legislative advocates take County positions on specific measures consistent with these policies, the CAO will consult with Board offices.

- Support measures which strengthen required blight findings to stem demonstrated redevelopment abuse.
- Support proposals which increase statutory pass-through for taxing entities to make redevelopment more self-financing, or alternatively, provide counties with the authority to negotiate pass-through agreements with cities and redevelopment agencies on new (AB 1290) projects.
- Support extension of review periods allowing counties and other interested and affected parties adequate time to analyze the validity and impact of proposed redevelopment projects.
- Support measures which close the loopholes that allow agencies to extend the life of projects beyond the statutory time frames established in AB 1290.

Consistent with this existing policy, and given the significant fiscal impact of redevelopment projects on the County budget, the CAO is recommending specific policies to guide County review, and response to cities' redevelopment activities.

Procedure:

Based on a February 7, 1997 Board of Supervisors instruction, the CAO provides notice to the Board of Supervisors of new CRA projects at two key stages in their development: Notice of Preparation of Draft Environmental Impact Report (EIR) (the first notice normally received by the County); and Preliminary Report (which normally includes the CRA's detailed blight justifications, project descriptions, and information to determine fiscal impact). The notices to the Board of Supervisors regarding these documents include summaries of their contents, and reference applicable time frames.

Very often, cities schedule public hearings for the purposes of adopting a redevelopment project within several weeks of issuing the Preliminary Report. The Preliminary Report includes the key information required to analyze and determine the validity and impact of a project. Therefore, the County, and other taxing agencies or community groups, who may be considering a challenge to a project, are provided a very narrow window to conduct this analysis and determine their options. Usually, if all pertinent comment on a proposed redevelopment project is not provided by the time of the public hearing, the ability to legally challenge the project at a later date is essentially precluded.

Proposed Policies and Procedures Regarding CRAs

CRA Policies

The following policies are recommended for adoption by the Board of Supervisors to guide the County's review and response to redevelopment activities pursued by the County's cities. The purpose of the policy is to protect the County's interests, and provide policy guidance to County departments interacting with redevelopment agencies. All correspondence with CRAs, and any Board letters concerning redevelopment matters involving the County's cities, would be required to cite and be consistent with these policies. Any departure from these policies must be explicitly justified by (a) significant overriding consideration(s).

1. The County supports appropriate and justified redevelopment projects which seek to alleviate areas which constitute a serious physical and economic burden on the community, as defined by State statute and clarified by recent Court decisions, for the purposes of returning these areas to safe and productive neighborhoods.

2. The Chief Administrative Office (CAO), in conjunction with the County Counsel and Auditor-Controller, will review and report to the Board of Supervisors on all newly-proposed CRA projects and expansions, or other significant changes proposed for existing projects, for consistency with applicable redevelopment law.
3. Cities are encouraged to advise and work with the County at the earliest possible juncture in the preparation of proposed redevelopment projects, beyond minimum legal notice requirements, in order to mitigate to the extent feasible, possible future differences and to promote collaboration.
4. In working with cities to resolve any County issues or concerns with regard to proposed redevelopment efforts, the CAO should fully explore opportunities for mutually beneficial partnership endeavors with cities which mitigate negative impacts on the County or respond to identified County redevelopment needs, and which are fully consistent with applicable redevelopment law. Understandings in such partnerships may be memorialized in contractual agreements. Consistent with these negotiations, the County will employ reasonable and prudent fiscal assumptions and projections and will seek to ensure that the County General Fund is not negatively impacted.
5. The Board will consider the following criteria in determining whether or not to seek legal challenge against a CRA:
 - It has been determined to the Board of Supervisors' satisfaction that a project lacks justification for findings of blight and the CRA opts to proceed with the subject project despite these expressed concerns;
 - The estimated fiscal impact on the County is significant; and/or
 - The precedent-setting nature of the project is of sufficient concern (e.g., if a city, in proposing a CRA project, employs an innovative strategy inconsistent with the spirit or letter of redevelopment law which could readily be duplicated by other cities).

Procedures

Negotiations on Existing Projects

Frequently, cities approach the County to renegotiate agreements governing existing redevelopment projects. As time constraints are not as frequently an issue in such negotiations, the current practice of providing advance notification to the affected Board office and working closely with that Board office as the negotiations progress

appears adequate to meet these needs. All amendments to existing agreements must ultimately be approved by the Board of Supervisors, and recommendations must reflect the policies outlined above, or a compelling justification for waiving the policy(ies).

New Projects or Project Expansions

As noted above, in many cases, the County is allotted very little time to conduct necessary analysis on new project. For example, the County was recently notified of a proposed CRA project amendment at the Preliminary Report stage, which was 30 days prior to the scheduled joint public hearing for adoption of the project. Given the short time period, CAO staff, in working with County Counsel and Auditor-Controller, need an accepted course of action to ensure the County's interests are protected and the Board is advised of all actions involving cities.

The following procedures are recommended to guide the County's review of newly proposed CRA projects or project expansions:

1. Initial Analysis

- a. CAO staff prepares a summary of the Notice of Preparation of Draft EIR for the Board.
- b. CAO staff conducts site visit; documents with photographs.
- c. If there are questions/concerns regarding existence of blight, CAO staff notifies affected Supervisorial District.
- d. CAO staff meets with city or CRA to share questions/concerns and to seek clarification.

2. Preliminary Report Analysis

- a. If sufficient time is available for a full analysis of Preliminary Report prior to public hearing, CAO may request agency to delay hearing or continue adoption.
- b. CAO analyzes Preliminary Report for conformance with legal blight qualifications and relevant court decisions.
- c. CAO prepares financial analysis of County General Fund impact of the project based on estimates provided by the agency in the Preliminary Report.

- d. CAO issues summary of Preliminary Report to the Board.

If the CAO, with supporting County Counsel analysis, finds that a reasonable case has been made that the project is consistent with redevelopment law, the process is complete. However, in the event a Board member wishes to question or challenge the project, the CAO will include in this notification the public hearing date, if available, and advise the Board of Supervisors that failure to register opposition by that date may preclude the County from legally challenging the project at a later date.

If blight findings are questionable, and consistent with the conditions outlined in Policy No. 4, above, the CAO will conduct a full blight analysis, potentially with consultant assistance.

3. Project Challenge

- a. Should the full analysis confirm initial concerns regarding inadequate substantiation of blight, the CAO, supported by County Counsel, will work with the CRA to resolve County's concerns.
- b. If County's concerns cannot be resolved, the CAO, supported by County Counsel, will work with the affected Supervisorial District and submit a Statement of Objection to the proposed project at the public hearing, using the in-house or consultant study as a basis.
- c. If the CRA proceeds with the project, the CAO, supported by County Counsel, will seek Board of Supervisors approval to proceed with a legal challenge consistent with Policy No. 4, above.

As noted above, one of the proposed policies encourages cities to advise and work with the County earlier in the plan development process to help avoid future differences. To the extent cities respond favorably to this approach, many of the steps and actions enumerated above may be avoided.

It needs to be clarified that pursuit of these activities will depend on available staff and related resources, and adequate time frames to act. Depending on the volume of redevelopment activity pursued in the County, it may become necessary to recommend that the Board of Supervisors allocate additional resources to these efforts to ensure adequate protection of the County's interests.