



## Community Redevelopment Agency Staff Report

DATE: June 15, 2011 CONSENT CALENDAR

SUBJECT: Transmittal of Report Concerning Proposed Merger of  
Redevelopment Projects

FROM: David H. Ready, City Manager/Executive Director

BY: Community & Economic Development Department

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### SUMMARY:

The Community Redevelopment Agency has formed ten separate redevelopment projects. In 2000, seven of the redevelopment projects were merged to form Merged Project Area No 1, and the remaining three redevelopment projects were merged to form Merged Project Area No. 2. Amended and Restated Redevelopment Plans for the merged areas were approved in 2003 and 2004. Staff is recommending a consolidation of Merged Project Area No. 1 and Merged Project Area No. 2 into a Consolidated Project Area for the financial benefit of Agency as a whole. No change in any of the project limitations contained in the original ten redevelopment project redevelopment plans are proposed. Under California Redevelopment Law, certain matters concerning the consolidation of the project areas into one Consolidated Redevelopment Project are required to be documented and sent to various taxing agencies and State of California departments and have statutory review periods.

### RECOMMENDATION:

1. Adopt Resolution No. \_\_\_\_\_, "A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS AUTHORIZING THE TRANSMITTAL OF THE UNIFIED REPORT FOR THE PROPOSED MERGER OF MERGED PROJECT AREA NO. 1 WITH MERGED PROJECT AREA NO. 2"

### STAFF ANALYSIS:

During its life, the Palm Springs Community Redevelopment Agency has formed ten separate redevelopment projects. In 2000, seven of the redevelopment projects were merged to form Merged Project Area No 1, and the remaining three redevelopment projects were merged to form Merged Project Area No. 2. The

purpose of the mergers in 2000 was to alleviate the administrative burden associated with the large number of project areas, and to provide enhanced credit factors associated with larger project areas (in terms of acreage, revenue and reduced taxpayer concentration). Amended and Restated Redevelopment Plans for the merged areas were approved in 2003 and 2004, which streamlined and merged the plans and reporting for the two merged areas. Enhancement of the credit factors provided lower cost financing to the Agency, and an ability to complete several important redevelopment projects. At the time, there were objections from the Tribe to including the Tahquitz-Andreas redevelopment project, the Baristo-Farrell redevelopment project and the Canyon redevelopment in a merger with the seven other redevelopment projects. The Tribe felt a complete merger of all projects would allow the Agency to use tax increment generated on the Reservation for projects in other parts of the City. The Tribe withdrew its objection to the merger when the City and Agency entered into a Memorandum of Understanding for the Cooperative Development of the Canyon Area and Section 14 (the "MOU"), which contains language requiring the Agency to gain the Tribe's approval to spend tax increment generated in Merged Project Area No. 2 in the other project area. It also sets forth a framework for cooperation on joint development projects.

Over the past decade, the Agency has never needed to seek the Tribe's consent to spend Merged Area No. 2 money in Merged Area No. 1. The opposite case has proven to be true. In total, Merged Area No. 1 has or is committed to spend over \$44.2 million for projects and costs of benefit to Merged Area No. 2.

The Tribe has preliminarily consented to the consolidation of the Merged Project Areas, though they have requested an amendment to the MOU to extend its cooperation provisions to the entire Consolidated Project Area. An amendment will return to the Agency for approval in conjunction with the Joint Public Hearing on the adoption of the Consolidated Redevelopment Plan.

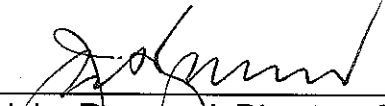
Staff is now recommending the City undertake a consolidation of Merged Project Area No. 1 and Merged Project Area No. 2 for the financial benefit of Agency as a whole. No change in any of the project limitations contained in the original ten redevelopment project redevelopment plans is proposed. Even after the creation of Merged Project Area No. 1 and Merged Project Area No. 2, there was still a credit rating differential between the two projects areas. Merged Project Area No. 2 has a slightly lower credit rating because of the concentration of hotels in the project area, and the volatility of the tax base which includes residential property whose value was severely impacted by the recession. Consolidating all redevelopment projects into one area would mitigate these factors and allow for a balanced financial approach to funding Agency operations, funding housing set-asides, repayment of SERAF loans and financing future economic development activities.


Certain matters concerning the consolidation of the project areas into one Consolidated Redevelopment Project are required to be documented and sent to various taxing agencies and State of California departments. Specifically, Section 33344.5 of the California Redevelopment Law requires a Preliminary Report on the merger be sent to each taxing agency affected by the redevelopment projects (such as the County and school districts) at least 90 days in advance of a public hearing on the matter. In addition, Section 33451.5 requires the Preliminary Report to be sent to the State Department of Finance and the Department of Housing and Community Development.


The Preliminary Report is expected to be completed by June 23 and distributed to the applicable parties. A joint public hearing of the City Council and the Community Redevelopment Agency on this matter would be scheduled for a future date. The Amendment to the MOU with the Tribe would be adopted at a future date as well. The resolution presented to the Agency Board authorizes the Executive Director, or his designee, to distribute the Report when complete, and to file the Report with the Agency Secretary for review by the public.

FISCAL IMPACT:

The consolidation of the Agency's redevelopment projects will improve the Agency's bond credit rating, allow for a balanced financial approach to funding Agency operations, funding housing set-asides, and allow for repayment of SERAF loans.

  
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John Raymond, Director of  
Community & Economic Development

  
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Geoffrey Kiehl, Director of Finance/  
City Treasurer

  
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David H. Ready, Executive Director

Attachments:

- Resolution Authorizing Transmittal of Unified Report for the Proposed Merger of Merged Project Area No. 1 with Merged Project Area No. 2
- Proposed Schedule of Project Area Merger

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION COMMUNITY REDEVELOPMENT AGENCY  
OF THE CITY OF PALM SPRINGS AUTHORIZING THE  
TRANSMITTAL OF THE UNIFIED REPORT FOR THE  
PROPOSED MERGER OF MERGED PROJECT AREA NO. 1  
WITH MERGED PROJECT AREA NO. 2

WHEREAS, the Central Business District Redevelopment Project was established on July 11, 1973, by Ordinance No. 959 and amended by Ordinance No. 1276 on November 11, 1986, Ordinance No. 1497 on December 21, 1994, Ordinance 1576 on December 15, 1999; Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and Ordinance No. 1760 adopted May 27, 2009; and

WHEREAS, the South Palm Canyon Redevelopment Project was established on November 30, 1983, by Ordinance No. 1203 and amended by Ordinance No. 1494 on December 21, 1994, Ordinance 1576 on December 15, 1999; Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and Ordinance No. 1760 adopted May 27, 2009; and

WHEREAS, the Ramon-Bogie Project was established on November 30, 1983, by Ordinance No. 1202 and amended by Ordinance No. 1490 on December 21, 1994, Ordinance 1576 on December 15, 1999; Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and Ordinance No. 1760 adopted May 27, 2009; and

WHEREAS, the Oasis Redevelopment Project was established on July 10, 1994, by Ordinance No. 1224 and amended by Ordinance No. 1495 on December 21, 1994, Ordinance 1576 on December 15, 1999; and Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and

WHEREAS, the North Palm Canyon Redevelopment Project was established on September 19, 1984, by Ordinance No. 1227 and amended by Ordinance No. 1498 on December 21, 1994, Ordinance 1576 on December 15, 1999; and Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and

WHEREAS, the Highland-Gateway Redevelopment Project was established on November 20, 1984, by Ordinance No. 1231 and amended by Ordinance No. 1491 on December 21, 1994, Ordinance 1576 on December 15, 1999; and Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and

WHEREAS, Project Area No. 9 was established on December 29, 1988, by Ordinance No. 1321 and amended by Ordinance No. 1496 on December 21, 1994 and Ordinance Nos. 1649 and 1651 adopted May 4, 2004; and

WHEREAS, the Central Business District Redevelopment Project, the South Palm Canyon Redevelopment Project, the Ramon-Bogie Redevelopment Project, the Oasis Redevelopment Project, the North Palm Canyon Redevelopment Project, and the

Highland-Gateway Redevelopment Project were merged on May 31, 2000, by Ordinance No. 1584 to become Merged Project Area No. 1; and

WHEREAS, the Tahquitz-Andreas Redevelopment Project was established on July 19, 1983, by Ordinance No. 1187 and amended by Ordinance No. 1489 on December 21, 1994; Ordinance 1576 on December 15, 1999; Ordinance Nos. 1650 and 1652 adopted May 4, 2004; and Ordinance No. 1760 adopted May 27, 2009; and

WHEREAS, the Baristo-Farrell Redevelopment Project was established on May 7, 1986, by Ordinance No. 1267 and amended by Ordinance No. 1493 on December 21, 1994; Ordinance 1576 on December 15, 1999; and Ordinance Nos. 1650 and 1652 adopted May 4, 2004; and

WHEREAS, the Canyon Redevelopment Project was established on July 19, 1991, by Ordinance No. 1388 and amended by Ordinance No. 1492 on December 21, 1994 and Ordinance Nos. 1650 and 1652 adopted May 4, 2004; and

WHEREAS, the Tahquitz-Andreas Redevelopment Project, the Baristo-Farrell Redevelopment Project and the Canyon Redevelopment Project were merged on May 31, 2000, by Ordinance No. 1583 to become Merged Project Area No. 2; and

WHEREAS, the City of Palm Springs Community Redevelopment Agency (the "Agency") has expressed a desire to merge Merged Project Area No. 1 and Merged Project Area No. 2 into a single Consolidated Palm Springs Redevelopment Project Area; and

WHEREAS, the Agency shall prepare a Unified Report, which shall be transmitted to each affected taxing entity as well as the State Department of Finance and the Department of Housing and Community Development in accordance with Sections 33344.5 and 33451.5 of the Community Redevelopment Law (the "CRL") (Health and Safety Code Section 33000 et seq.).

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Executive Director of the Agency, or his designee, is hereby authorized and directed to make the necessary transmittals of the Unified Report upon its completion.

SECTION 2. Copies of the Unified Report shall be on file and shall be available for public review.

ADOPTED this \_\_\_th day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
CHAIRMAN,  
Community Redevelopment Agency of  
the City of Palm Springs

Attest:

By: \_\_\_\_\_  
SECRETARY,  
Community Redevelopment Agency of  
the City of Palm Springs

#### CERTIFICATION

COUNTY OF RIVERSIDE) ss.  
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, Secretary of the Community Redevelopment Agency of the City of Palm Springs, hereby certify that Resolution No. \_\_\_\_\_ is a full, true and correct copy, and was duly adopted at a regular meeting of the Board of the Community Redevelopment Agency of the City of Palm Springs on \_\_\_\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
James Thompson  
Secretary, Community Redevelopment  
Agency of the City of Palm Springs