TO: HONORABLE REDEVELOPMENT AGENCY BOARD

FROM: CITY MANAGER DEPARTMENT: CITY MANAGER
ADMINISTRATIVE SERVICES

DATE: JUNE 17, 2002 CMR: 295:02

SUBJECT: PALO ALTO REDEVELOPMENT AGENCY ANNUAL FISCAL YEAR 2001-02 AND 2002-03 BUDGET ADOPTION

RECOMMENDATION

Staff recommends that the redevelopment agency adopt the 2001-02 and 2002-03 budgets for the Palo Alto Redevelopment Agency.

BACKGROUND

On July 9, 2001, the Palo Alto City Council adopted an ordinance declaring the need for a redevelopment agency to function in Palo Alto. City Council also declared the City Council to be the redevelopment agency and made the finding that the formation of a redevelopment agency “will serve the public interest and promote the public safety and welfare in an effective manner” in accordance with the Health and Safety Code section 33200.

Staff then returned to City Council with the documents and actions necessary to organize and operate the agency. On September 19, 2001, the Edgewood Redevelopment Project Area was designated as a Survey Area and the procedures for adoption of the Redevelopment Plan were initiated. An informal Neighborhood Advisory Committee (NAC), appointed by the City Manager, was also formed. The NAC is composed of retail tenants, property owners and neighborhood representatives in or near the Project Area who will provide input to the City Manager on the Preliminary Plan, Draft EIR, Preliminary Report and Redevelopment Plan for the Edgewood Redevelopment Project Area.

On September 19, 2001, the Edgewood Plaza was designated as a Survey Area and the procedures for adoption of the Redevelopment Plan were initiated.

DISCUSSION

Redevelopment Law requires that each agency adopts an annual budget that contains activities to be financed by the Low and Moderate Income Housing Fund, proposed expenditures and
indebtedness, anticipated revenues, a work program and a comparison between the previous year’s achievements and goals. Since this the first year of operation of the Palo Alto Redevelopment Agency (Agency), only the first four requirements apply to the Budget for the Palo Alto Redevelopment Agency. (Attachment 1)

The expenditures and indebtedness of the Agency must be in conformance with the proposed budget. The City Council acting as the Redevelopment Agency must approve the annual budget and any subsequent improvements to the budget.

**RESOURCE IMPACT**

Advances from the City of Palo Alto are considered loans from the City to the Agency to cover agency expenses related to staffing costs, development activities and agency administration. The loans are to be re-paid with tax-increment revenues that will be collected in future years. Per audit standards, a loan agreement will be established between the City and the Agency. Expenses incurred on behalf of the Redevelopment Agency will be incorporated into the loan agreement for both fiscal years 2001-02 and 2002-03. Work plans for fiscal year 2002-03 include completion of the redevelopment plan and certification of the EIR.

**POLICY IMPLICATIONS**

This recommendation does not represent any change to existing City policies.

**ENVIRONMENTAL ASSESSMENT**

This is not a project under the California Environmental Quality Act and therefore environmental review is not required.

**ATTACHMENTS**

Attachment 1 – Resolution for 2001-02  
Attachment 2 – Resolution for 2002-03

**PREPARED BY:**  
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**CITY MANAGER APPROVAL:**  
Frank Benest, City Manager