Memo

Date: 5/26/2006

To: City Council Members, Mayor Anderson

Cc: Cindy Gust-Jenson, Rocky Fluhart

From: Dave Oka

RE: Response to draft Management and Performance Audit

In response to the draft Management and Performance Audit, I would like to express my appreciation to the City Council and Council staff for investing the time and resources to accomplish this sensitive but necessary task.

The report provides great opportunities to improve our system and will help ensure a bright future for the Agency. Please find attached the responses to the recommendations in the report. I feel that it is noteworthy to point out that the responses to the audit involved input from my staff in addition to me.

Audit Recommendations	Agree or Disagree	Executive Director's Response	Timing of action	Additional funding required?
II-1: The Executive Director needs to meet frequently with the Deputy and staff to obtain detailed reports on their activities, to report conversations he has with applicants and to delay giving opinion or making decisions on projects until he has consulted with Agency Staff.	Agree	Communication can always be improved. As noted in the findings of the audit, sometimes developers may misrepresent the content of previous conversations with the Director to the staff in order to gain an advantage in negotiations. The Director has started more frequent briefings with staff regarding the conversations prior to staff involvement with the developers. **Proposed action**: More frequent meetings involving all staff will be held to exchange information. The Director will establish regularly scheduled meetings with the Deputy Director to ensure that clear information regarding projects is exchanged.	Upon approval of this plan by the Board	no
II-2: The Project Manager should attend all meetings with a project developer, including those with the Executive or Deputy Director and other departments	Agree in part	While in theory, the Project Manager/Coordinator should attend all meetings with the project developer, it may not always be practicable for that person to attend upper level meetings with elected officials or with other departments. In order to be more inclusive, the Director has begun to invite Project Managers to participate in phone conversations and meetings where appropriate. Additionally, minutes from department Directors meetings are shared with the staff so that any applicable information can be discussed. **Proposed action**: Appropriate personnel will attend meetings with developers and other departments where applicable and if information about a project is revealed in his/her absence, then that information will be shared with the Project Manager/Coordinator.	In process	no
II-3: The Director needs to share responsibilities for day-to-day oversight of Project Managers/Coordinators with the Deputy Director and improve the perceived value and functioning of staff meetings in order to improve communication and staff training opportunities. This should be accomplished by using a management facilitator to assist in redesigning the delegation of authority, communications between the Director and Deputy Director, communication	Agree	**Proposed action**: The Director will meet with Human Resources to arrange either an external facilitator or possibly in-house assistance with redesigning the delegation of authority, communications with the Deputy Director and staff, and improvement of staff meetings. Human Resources has been consulted and is willing to assist in facilitating the action.	Upon approval of this plan by the Board	Yes, to be determined

among all of the Agency staff, and the form and functioning of staff meetings.				
II-4: Develop an individual training plan annually in cooperation with each employee and budget sufficient funds to implement the plan	Agree	**Proposed action**: The Agency Board has approved additional funding for training in fiscal year 2006-2007. A training plan will be developed.	Upon approval of this plan by the Board	Yes; there may be a need to reallocate some funding for this fiscal year
II-5: Future vacancies in the Agency should be filled with people who have significant redevelopment experience with either a public agency or large real estate development companies. This will be particularly helpful if the Agency undertakes the task of reforming its goals and objectives, and develops a more clear and detailed long term vision for each project area, and considers forming one or more additional project areas.	Agree in part	There are two major challenges to hiring experienced personnel. 1) non-competitive wages. The research of the Director indicates consistently lower pay scales when compared to other major cities in the intermountain region (adjusted for cost of living index) and some local RDAs; and 2) lack of upward mobility opportunities. As is inherent in any small organization, career paths may be limited. The Agency is no exception. We have lost at least one experienced project manager due to a combination of both factors. These two challenges have led to loss of personnel, and will also be difficult to overcome when searching for experienced project managers and coordinators. Note: The audit finds that staff is inexperienced. While that may be true in terms of tenure with Salt Lake City, both of the newest staff members have worked for governmental entities before, one for the RDA in Logan and all professional staff members have achieved degrees of higher education and shown great ability to get the work done. **Proposed action**: If a vacancy occurs, during the hiring process, the description of the position will be written to require more experience. If we are unsuccessful in filling the position because of funding, the issue would be discussed at that time.	To be determined*	Unknown at this time
II-6: The RDA staff level should at a minimum remain where it is currently, but be monitored to insure that if large complex projects begin, there is the capacity to handle these, the small loan	Disagree in part	With the two primary project personnel already handling 75% of the work, it will become necessary to train the remaining two persons to take on a bigger workload in anticipation of the large complex projects that are on the horizon.	To be determined*	Yes. Estimated increase would be

programs, planning for future RDA activities, and proactively seek developers for the catalyst projects in each of the project areas.		In the following recommendation, the audit suggests that one additional staff be added. **Proposed action**: It is the recommendation of the Director that staff is increased by one position as the need arises.		$40K
II-7: Hire a budget Manager position that can also perform some project management as the Agency becomes involved in CBD planning, active in promoting future projects, and the establishment of additional project area.	Disagree	In order to ensure continuity and secession of responsibilities, it would be prudent to have depth in personnel responsible for the budget and financial reporting. The staff now has the ability to fill a void in the financial reporting duties. The Director recommends that the responsibilities be shifted to other staff in order to free up the Deputy Director to focus on managing projects. **Proposed action**: At this time, there is capacity with existing staff to absorb the additional duties of budgeting. It is proposed that the staff take on the additional responsibilities before considering an additional person for financial tasks. The Deputy Director will assume a back-up roll in the financial reporting with the Director serving as a second back-up.	To be determined*	no
II-8: The Agency should have the RDA personnel resolution reviewed by an attorney to determine whether an amendment is necessary to incorporate all past and future personnel rule changes.	Agree	**Proposed action**: Staff will have the Attorneys office review the resolution for compliance both past and future.	In process	no
II-9: Human Resources staff should be requested to work with RDA staff to construct and maintain as complete a personnel file for each employee as possible, with the original to be retained in Human Resources.	Agree	**Proposed action**: Staff will coordinate with Human Resources for compliance.	Upon approval of this plan by the Board	no
II-10: Human Resources should conduct a full and detailed performance review of RDA personnel practices, make recommendations for change that will bring the RDA into full compliance with City Personnel Rules, and then develop procedures in cooperation with RDA management to have RDA conform with to all City Personnel Rules and procedures in the same manner as City	Agree	**Proposed action**: Staff will coordinate with Human Resources for compliance.	Upon approval of this plan by the Board	no

Departments				
II-11: The RDA Board should amend the By-Laws to make the RDA Executive Director the appointing authority for RDA staff and direct that such authority be exercised fully consistent with City Personnel Rules and procedures.		Amendments to the By-Laws should be a decision of the Agency Board with input from the CAO. Prior to proceeding with this action, the issues should be discussed in a public forum with a representative from the administration.		no
III-1: The RDA budget should be reshaped from its present accounting document format to a policy document containing goals, measurable objectives, a CIP, clear line item operating budget detail and project descriptions.	Disagree	Although it would be helpful to review the format of the budget presentation to include measurable goals and objectives, it would serve little purpose to form a separate CIP component to the budget similar to the City. The CIP projects that the RDA undertakes are few in number and can easily be identified in the budget process. The application process during the budgeting process provides complete project descriptions and their applicability to the goals and objectives. Those are reviewed by the RAC with their recommendations which are then forwarded to the RDA Board. The Board is also supplied with that information. The final report which is more of an accounting report identifies the sources and allocation of funds. This is considered after the merits of the projects have already been evaluated. To incorporate the information into the final report may make the report somewhat cumbersome; however, there may be some advantages of easier comprehension if the information is combined. **No further action proposed.**	To be determined*	no
III-2: Periodic budget status reports should be restructured to provide a visual summary of the status of each project area, with detailed reports as backup for those interested. The detailed reports should be designed in cooperation with the Board to provide a report that is easily read and provides the information the Board will find useful.	Agree	**Proposed action:** In cooperation with the Board, staff will design a more easy to read format for the budget with the existing format provided as suggested by the audit report.	To be determined*	no
III-3: Financial reports should be developed that summarize the Agency financial status at a level that provides meaningful oversight for the Board, focuses on key financial data, and is developed in	Disagree in part	The audit suggests that the financial reports are difficult to read. Although the reports may seem to be complex, they clearly categorize the funds in each project area and designate which project has been funded. It would be difficult to summarize the report and still keep the Board properly informed of the status of	To be determined*	no

conjunction with the Board so the reports are easily and quickly understood and used.		each project. **Proposed action:** Poll the Board regarding the usefulness of the format that is presently used. If it is the desire of the Board to change, staff will revise the format.		
III-4: The Executive Director should assume responsibility for Personnel Actions (including evaluations, training plans, and mentoring of employees, and also assume formal responsibility to be trained as the backup for day-to-day fiscal matters of the Agency and preparation and maintenance of the annual budget and periodic fiscal reports).	Agree	In view of recommendation II-7, it is unclear whether the Director should assume back up responsibility for fiscal matters rather than the Deputy Director; however, it is important that the Director be able to assume the role if needed. **Proposed action:** The Director will assume the responsibility for Personnel Actions as described in the recommendation. Regarding the back up responsibility for fiscal matters, it would be the recommendation of the Director that the budget manager be responsible for the day to day financial and budget reporting, with the Deputy Director as the primary back up, and the Director as the secondary back up.	Upon approval of this plan by the Board	no
IV-1: The RDA staff should establish a schedule and assign responsibility to revise all of the remaining outdated policies and procedures and include these in a formal policy and procedure manual with a responsible custodian to review them with the staff for accuracy at least every two years.	Agree in part	A policy and procedures manual does indeed exist and updates have been included; however, periodic review should be conducted for inconsistencies. **Proposed action:** Staff will review and update the Policy and Procedures manual periodically.	Immediately	no
IV-2: The RDA should develop a general template for a Cost/Benefit Analysis and a general template for a Market and Financial Assessment of each RDA project and insure that these are separate and formal elements of each agenda package when the Board considers approval of a project.	Agree in part	Cost/Benefit analysis could serve as a useful tool in determining whether or not the RDA should consider approval of a project. The financial assessment is always done as a matter of procedure for all loans. As the audit suggests, market assessment performed by staff might be applicable for smaller projects and loans; however; they are often scientific guesses at best and would contain some subjective information and therefore it should be deemed as such. For larger projects, the audit recommends that the RDA should conduct a market study for each project. This would be suitable if the RDA were to act as the developer of projects such as an industrial park or an office building. When participating in major projects, it is not incumbent on the RDA, but the developer to provide a market study. This is an element that will be used to minimize the risk of the developer and therefore should be his/her obligation. The RDA should require the developer to provide a market study for our review; however, for the RDA to commission the study only creates liability. **Proposed action:** In addition to our regular analysis of the loans, staff will provide	Immediately	no

		information regarding Cost/Benefit which will be based on estimated tax increment generated from the project and community impact. Staff will submit an opinion only of whether the market will support the project based on their analysis of data submitted according to each situation.		
IV-3: As part of a Market and Financial assessment template for projects, the RDA should develop specific guidelines to assist in determining whether to approve a loan application. If a loan falls outside of the guidelines, then approval should require first that specific findings be made by the recommending staff and/or Redevelopment Advisory Committee and findings made by the Board establishing that the loan meets some overriding need or objective of the Agency to warrant the additional risk.	Disagree	Guidelines have been established as written in the Policy and Procedures manual Pages 26 through 29 and in the updates found on pages 56-59, 63-73. If a loan falls outside of the guidelines, the board is advised and it becomes incumbent on the Board to make the final decision. **No further action proposed**	In place	no
IV-4: In order to assess the impact of RDA activity, the Agency needs to establish objectives that the Board and the public will be able to use to clearly determine if the goals/objectives have been met by a project or a small collection of projects. These should be an integral part of each Project Area Plan and each project approval.	Agree	**Proposed action:** During the process of setting Goals and Objectives, the staff and Board will set goals with measurable outcomes. Approval of projects should address how the project supports the measurable goals/objectives as set by the Board.	During the next Goal setting process	no
IV-5: The RDA Board should require all applicants for financial assistance from the Agency to establish to the satisfaction of the Redevelopment Advisory Committee and Board that the project can not go forward without RDA assistance or would not go forward at the size and complexity desired by the Agency because financial assistance from some other source is not available or such assistance has terms or conditions that would make the project not financially viable.		Presently the policy guidelines for the various loan programs are under review. One of the issues to be evaluated is whether or not the RDA should be required to be a gap lender or lender of last resort. Note: under the Utah Code, RDA's are not required to demonstrate that they are only a gap financing mechanism.	To be determined	no
V-1: Each goal adopted by the RDA should reference the particular Master Plan and portion thereof which is being implemented by the goal.	Agree	Each RDA Goal is based on compliance with the Master Plan and specific references are made to the master plan in the CBD goals and the WTG goals; however, the rest do not specifically reference the master plan.	Will be included this year	no

		Proposed action: The Master Plan will be referenced in each goal.		
V-2: Develop or reaffirm long-term measurable and visual master plans for each redevelopment area that makes clear what the vision is for both redevelopment of the project area and for a catalyst effect on the surrounding area.	Agree	Long-term plans exist for each project area and are also a requirement when an area is established. Because of the nature of long-term plans, the ability to measure progress becomes difficult. It will be helpful; however, to have a more visual plan for the use of the RDA. Staff has discussed the matter with Planning Dept. management and has received assurances that the RDA will be included when updates are in process. Planning has committed to develop a "bubble" plan that would provide a visual representation of the long term plan. **Proposed action:** Coordinate efforts with the planning department for the production of visual representations of the plans for each RDA area and review them periodically.	Will be completed this year	no
V-3: Develop specific goals that clearly reflect how the vision or master plan for each project area will be achieved, and develop specific, action-oriented and measurable objectives with specific dates anticipated for accomplishment to be adopted annually by the RDA Board.	Agree	**Proposed action:** Refine the goals during the goal setting process this year.	Will be completed this year	
V-4: Goals and Specific Objectives for the RDA should be developed at a Board retreat and then further discussed and adopted after the staff has put them into a formal format, providing whatever details (such as timelines) were requested as additional information by the Board.	Agree	**Proposed action:** Goals and specific Objectives for 05-06 have been accepted. Staff will develop a new format for discussion at the Board retreat in July of 2006.	Will be completed this year	no
VI-1: The Board should formally assign day-to-day oversight responsibility of the RDA Executive Director on Board policy issues and agenda matters to the RDA Chair. This should involve consulting with regard to such things as day-to-day interpretation of RDA Board Policy, agenda timing, content of staff reports, and the nature of staff presentations to the Board.	Agree	The Board Chair has already assumed this responsibility and does indeed communicate with the Executive Director on matters of policy, and agenda. **No further action proposed**	In place	no
VI-2: The Board should clarify that the CAO has responsibility to oversee the day-to-day actions of the Agency and its receipt of services from City Departments, unless the CAO's direction		In view of the unclear line of authority, this matter should be discussed with the CAO before making a final decision		no

concerning RDA actions conflicts with that of the Board, in which case the Board's view should prevail to ensure that there is ultimately a single chain of command for the RDA.				
VI-3: The RDA agenda should contain a "Consent Calendar" section where items that are commonly understood to be routine are included along with an action recommendation by the staff. The items that are to be included on the Consent Calendar would be approved by the RDA Chair and Vice Chair.	Agree	**Proposed action:** Where applicable, a consent agenda will be made a part of the RDA meetings.	Upon approval of this plan by the Board	no
VI-4: The RDA should schedule a Board meeting to precede every City Council meeting for routine consent calendar type items only, and cancel the meeting if there is no business to be conducted. A monthly separate Board meeting would then be held to consider matters that require more extensive presentation and discussion.	Disagree	A dedicated time for RDA business does not need to be a part of each and every City Council meeting. Consent items can be approved without consuming much time at the monthly RDA meeting; however, on occasion, there may be items that need attention sooner than the monthly meeting as is now the custom. If so, it would be only as permitted by the City Council that the RDA schedule its agenda during a City Council meeting. This has been an ongoing courtesy that has been afforded to the RDA. **No further action proposed**		no
VI-5: After revising the Annual Goal and specific Objective format and content as recommended elsewhere, establish a template for an easily updated standard form quarterly report detailing progress toward achieving the Goals and Objectives approved by the Board.	Agree	**Proposed action:** A template will be created to show progress of projects and relate it to the goals and objectives.	immediately	no
VI-6: The Executive Director and RDA Board Chair and Vice Chair should develop a communication process recommendation for consideration by the full Board and implementation by the Executive Director, to include an active role by the City Council Executive Director serving a comparable coordinating role on behalf of the RDA.	Agree	Communications with the RDA Board have been primarily through the Board Chair. Communications between the Executive Director of the City Council and the Executive Director of the RDA have been on an "as needed" basis. **Proposed action:** The Director of the RDA will develop a communication process for review by the Board Chair, and Vice Chair for contact with other Board members. Implementation will be done with the help of the City Council Executive Director.	Immediately	no
VI-7: Poll Board member to determine the usefulness of the present form of Weekly Report, adjust the form as needed, and begin sending hard	Agree	Some of the Board members have been polled about the usefulness of the report and so far, there have been no adverse comments.	In process	no

copies as well as e-mail.		**Proposed action:** Finish polling the Board members and make changes if necessary; continue to send the report via e-mail with a hard copy to follow.		
VI-8: The RDA should obtain the assistance of the Engineering Division or an outside consultant to develop a public participation process template, including the use of written surveys to assess redevelopment needs and reaction to RDA projects and the manner in which they have been processed and operated.	Disagree in part	Public participation has been solicited on all major projects and annual goals via the Community Council. It would be the recommendation of the Director that public participation continue to be conducted through feedback from the Community Councils. Staff currently attends Community Councils in corresponding project areas on an as needed basis. Feedback varies depending on the area. **Proposed action:** Once a year, staff will distribute a questionnaire asking for input from the community.	Immediately	no
VI-9: As part of formal staff training, they should be encouraged to attend seminars and conferences focused on public participation processes and the experiences and practices of other agencies.	Agree	**Proposed action:** Send staff to training on public participation including seminars and conferences.	Immediately	no
VI-10: The RDA Executive Director should be responsible for convening a Development Review Team meeting at the outset of and again prior to a project going on the Board agenda to ensure that all City and RDA requirement have been addressed and there is agreement on the requirements that must be met for the project to proceed, the timeline to meet these requirements and responsibility for ensuring this is done. The Development Review Team should consist at a minimum of a management level person representing Community Development, Planning, Traffic, Public Services/Engineering and Public Utilities with both the technical background as well as the authority to accurately advise the RDA and make definitive commitments on behalf of the Department or division.	Agree	Several such Development Review Team meetings have already been conducted on major projects such as the Metro Condominiums, Commercial Node, and Granite Block development. The meetings have proven to be helpful in preventing problems that might appear later in the process. This has been effective for larger projects. Most of the smaller projects can be handled at the staff-to-staff level. **Proposed action:** Continue to hold the Development Review Team meetings on major projects or where otherwise deemed necessary.	In process	no
VI-11: The RDA should hire a facilitator to assist the RDA and department in defining the root of the coordination problem, cultural differences between organizations and their approaches and any other communication and coordination	Disagree in part	As described in the audit report, staff-to-staff relationships have been established with the other Divisions. The majority of projects are coordinated through this process. Cultural differences are inherent in all cities with RDAs. The functions of RDAs are not regulatory in nature, as opposed to the functions of other City Departments. This sometimes creates cultural conflicts. These cultural differences	To be determined*	no

mechanisms that might be helpful in addition to those recommended in this report.		will not cease to exist, but may be minimized through the coordination process. Coordination and communication are; however, in need of improvement in our situation and therefore, it is the recommendation of the Director that management from the appropriate divisions examine the coordination problems and develop a system to streamline the process. **Proposed action:** The Director will meet with other Division managers to develop a system of coordination that will improve the project process through the City system.		
VI-12: For every project before the RDA Board for approval, the Board should require written comments from any affected City department (most particularly Community Development, Public Services and Public Utilities) as part of the agenda report. These comments should at a minimum indicate City policies and procedures that have been followed and areas in which there is either nonconformance or additional approvals and reviews needed by the Department, a City Planning Commission and/or City Council.	Disagree in part	This process would prove to be slow and would impede many projects. Most of the projects are routine in nature and do not need input from the other departments outside of the regular planning and permitting process. For more sophisticated projects, input from other Divisions, becomes critical. The Director recommends that staff continue to hold Development Review Team meetings for larger and more sophisticated projects. For smaller projects, the applicants should be instructed to follow the procedures of the planning and permitting processes to ensure compliance to City policies. **Proposed action:** Going forward, applicants of smaller projects will continue to be instructed that RDA approval does not constitute approval from other departments, and that if assistance is necessary, the RDA might be able to help. For applicants of larger and more complex projects, the staff will hold Development Review Team meetings to ensure compliance with City policies.	Upon approval of this plan by the Board	no
VI-13: RDA records that are official documents needing long-term preservation should be merged with those of the Recorder, with the RDA retaining a working copy for their daily use.	Disagree	Although in theory, this may be advantageous; however, in practice, this would become burdensome when retrieving documents. The RDA documents are stored in a secure location with access as needed. Because of the nature of the loans and real estate transactions, many times the RDA needs access to documents immediately. The records are kept in a secure location where staff has access and control. The fear of merging the documents with the City system is that timeliness may not always be afforded.	To be determined*	no

*These items may be part of a discussion regarding policy changes and should have input from the Board at either a retreat or in RDA Board meetings during the year.

CITYGATE ASSOCIATES, LLC

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MANAGEMENT AND PERFORMANCE AUDIT OF THE REDEVELOPMENT AGENCY

FOR

SALT LAKE CITY, UTAH

Final Report

MAY 19, 2006

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CITYGATE ASSOCIATES, LLC

EXECUTIVE SUMMARY

Pursuant to the City Council of Salt Lake City and Redevelopment Agency (RDA) Board policy to conduct periodic management reviews of City departments and divisions, the RDA Board chose to have a review conducted of the RDA. The RDA Board is seeking an assessment of the current management systems and processes to determine if there are changes that will improve the cost effectiveness of RDA programs.

To address the objectives of the management review, Citygate used an approach involving six tasks:

Task 1 – Project Initiation and Management

Task 2 – Complete Initial Interviews and Related Data Collection

Tasks 3 through 5 – Perform In-Depth Operational Analysis

Task 6 – Review Preliminary Findings with the Board Audit Committee, Prepare Final Draft and Final Report

Prior to preparing a formal Draft Report, Citygate met with an RDA Board Audit Committee to determine if there were any areas of interest to the Board that needed additional study. Several comments and questions raised during that discussion helped to shape this Draft Report.

The framework within which RDA activities occur is the organization structure, staffing and workload of the Agency. The first part of this Citygate report describes and assesses these elements and then addresses the more internal technical issues of fiscal and project management. By looking first within the organization and then outward to the Agency relationship with others, Citygate acknowledges that an effective RDA must have good internal structure, processes, and adequate staff in order to effectively perform its role in the outside community. This role involves planning, communication, and coordination with policy makers, developers, City Departments that must support/implement RDA activities, and residents/businesses affected by RDA activities.

A. ORGANIZATION STRUCTURE

The Redevelopment Agency organization structure is classic in its form. It appears to be the very flat format that is often recommended to enhance delegation of authority, facilitate and encourage self directed activity within a clear sphere of responsibility, and enhance staff job satisfaction. The span of control does not exceed the traditional recommendation that no more than seven subordinates report to a supervisor. And so, from a cursory perspective, the organization form seems appropriate to the mission of an organization that relies upon project managers/coordinators to handle most aspects of an RDA project from beginning to end.

The practicality of this organization form, however, is seriously affected by the experience/skill level of the individual employees and their capacity to act effectively on complex projects with a great deal of independence. Two of the project manager/coordinators have less than two years employment with the Agency and one has less than four years. The result is that the Agency's project managers require more supervision than the "flat" organization form implies. Complex projects and fiscal management are handled by the Deputy Director, who also is responsible for

directly supervising and training five employees. In practice, also provides supervision to the Administrative Secretary position as well.

The Deputy, as staff supervisor, has developed a semi-structured training program that assigns new employees a series of increasingly more complex and varied projects. This on-the job training has resulted in productivity that keeps up with the current workload. However, there is not a training plan that outlines technical education that would significantly improve their knowledge and expose them to policies, programs and procedures of other development organizations.

The Deputy Director has too large a span of control to provide adequate supervision and training to a relatively inexperienced staff, and to insure that complex projects and Agency fiscal affairs are adequately managed.

On the organization chart presented in Sections 1 and 2 of this report, the one-to-one relationship between the Deputy Director and the Executive Director position implies that most of the Director's time is spent handling external affairs. But the Agency does not proactively pursue the creation of projects, is engaged in almost no planning activities beyond the short-term planning to implement current programs/projects in current Project Areas, and has relatively little need to be involved in capital projects once they are turned over to the City Engineering Division for implementation. If all of these additional activities were taking place, there would be a need for a much larger staff and an appropriate need for delegation. In light of the current RDA workload and activities, there should be a substantial amount of time that the Director could devote to day-to-day agency management activities such as employee supervision and personnel management, training and fiscal affairs, and assisting in major project implementation.

Communication between the Director and the staff is particularly important to make sure the Director and staff speak with one voice in expressing policy and procedures on each project. This is not just good project management, but for this RDA, it is an important training tool. Responsibility for creating both an atmosphere of open communication and a process that encourages and provides for open and thorough communication is the responsibility of the Executive Director. Setting the tone and form of the organization is the responsibility of the leader and cannot be delegated, because in both large and small organizations, the staff look to the leader for cues on how to function and communicate.

However, the Director has not established communication that is perceived as providing open and thorough communication and keeping the Director and the staff adequately informed of each other's activities. While the Director holds staff meetings, the internal process of these meetings is neither perceived as providing the Director with an adequate knowledge of what the staff are doing, nor communicating to them the outcome of discussions with developers and others that might affect the project being managed day-to-day by the staff.

The Director needs to share responsibility for day-to-day oversight of project managers/coordinators with the Deputy Director and improve communication and staff training opportunities. This should be accomplished by using a management facilitator to assist in redesigning the delegation of authority, communications between the Director and Deputy Director, communication among all of the Agency staff, and the form and functioning of staff meetings.

B. STAFFING AND WORKLOAD

The RDA has taken very little initiative to create new projects or to proactively recruit developers to undertake key catalyst projects over the past few years. Instead it has been processing projects that have been "in the pipeline" for a while and are reacting to project interest and proposals from others in the community. As a result, RDA project activity is at a fairly low level. This explains why the present number and experience level of the staff is adequate to handle the currently active projects.

The experience level of the staff has significantly affected the workload distribution in the Agency. Over three-quarters of the projects (many of which are currently inactive due to lack of developer interest) are assigned to 2 of the 4 staff people.

The training program for new employees is significantly better than normally found in organizations that hire entry level positions, but the small size of the Salt Lake City RDA does not provide the opportunity to make up for this inexperience with other longer-term staff. This means that an accelerated training schedule and formal training plan for each employee using a combination of the current on-the-job training and outside formal education/training/seminars would speed up the integration of new employees into the organization and permit them to take on a larger and more complex workload earlier than is presently occurring.

While their appears to be a temporary flattening of workload in the Agency with a little extra productivity possible, reducing the staff would result in a lack of capacity to handle three or four of the large projects that the Agency expects to "take off during the next year," would reduce the capacity to address many of the procedural and planning findings and recommendations raised in this report, and adversely affect the RDA ability to proactively plan activities in the CBD.

The issue of staff training is a consistent issue in this report, and it becomes important again when we look at the assignment of responsibility to provide financial planning and monitoring. The Deputy Director has handled these functions for many years, preparing all of the reports and handling the financial issues with elected officials. Citygate found that the Director has a general knowledge of the financial processes of the Agency, but this does not allow the Director to step in and backup the Deputy Director. The staff below the Deputy position does not have the knowledge or experience to understand the finances even at the level of the Director.

C. HUMAN RESOURCES MANAGEMENT

In 1978 the Board adopted a resolution making City personnel rules applicable to RDA employees. Citygate reviewed the RDA resolution and personnel related files and procedures and met with staff in the City Human Resources division to determine whether the RDA was complying with City Personnel Rules. We found that the RDA does not consistently follow City Personnel Rules and Procedures, and as a result, neither the personnel files are kept in Human Resources nor are the RDA files complete and in compliance with City Personnel Rules.

Human Resources should conduct a detailed performance review of RDA personnel practices, make recommendations for change that will bring the RDA into full compliance with City Personnel Rules, and then develop procedures in cooperation with RDA management to have RDA conform to all City Personnel Rules and procedures.

One aspect of the City Personnel Rules that needs to be clarified is "Who is the appointing authority for RDA employees?" Assignment of appointing authority responsibility for RDA staff to the Mayor as CAO is inconsistent with the reporting and employment relationship of the Executive Director, who has an equal employment relationship with the Mayor and the RDA Board. The Mayor appears to have employment control over the RDA staff while the Mayor shares employment control over the Executive Director with the RDA Board. The RDA Board should amend the By-Laws to make the RDA Executive Director the appointing authority for RDA staff and direct that such authority be exercised consistently with City Personnel Rules and procedures.

D.   FISCAL MANAGEMENT AND PROCESSES

Citygate reviewed the RDA budget document and found that the RDA annual budget reviewed by the Board is essentially an accounting document that does not contain information regarding the policy goals, specific measurable objectives, a description for each of the project line items, and importantly a Capital Improvement Program comparable to the City budget. All four of these components are critical to establishing an integrated picture of the policy path the RDA plans to follow in the coming year and its relationship to Board policy goals and objectives.

The City Finance Division provides the automated accounting services for the RDA. However, the financial reports and records of the RDA are not easily understood by people external to the RDA staff, because they contain too much information and require coordinating different pages of financial data in order to clearly understand the Agency's financial status. There is no adequate summary report available that focuses on the key financial data so that the more detailed reports might serve as backup for those interested in more extensive information. Financial reports should be developed in conjunction with the Board so the reports are easily and quickly understood and used and the budget reshaped from its present accounting format to a policy document.

E.   PROJECT MANAGEMENT

The day-to-day operating focus of the RDA is on managing projects. The important issue in project management is whether or not there are control systems to monitor progress. While the Agency does maintain a list of projects and assignments, there is no documented or structured reporting process to keep RDA management informed and no established key milestones for each project to serve as a scheduling mechanism. The principal project control mechanism to keep the Director informed of project status is staff meetings. However, these are perceived by the staff as not structured in a way to insure adequate communication of necessary status, policy and procedural information both up and down.

Written policies and procedures were reviewed and many were found to be outdated and to have been superseded by supplemental procedures and "personal knowledge." Most of the procedures themselves do not have a publication date to indicate if they incorporate the latest changes. The RDA staff should establish a schedule and assign responsibility to revise all of the remaining outdated policies and procedures with a responsible custodian to review them with the staff for accuracy at least every two years.

Even with the lack of clarity in communication, policies, and procedures, work is being accomplished in a timely manner and the end product of the work is good, because the current workload is not overwhelming.

A portion of project management is project evaluation, which has two sides to it. First is the evaluation of whether a project should be supported by the RDA with staff effort and possibly financial assistance. The second is evaluating whether a project or series of projects are meeting the goals and objectives of the RDA.

The RDA determination of whether to support a project is not based on any clear set of guidelines. Since the Agency is largely reactive and responds to proposals by those seeking to develop, the Agency applies two sets of passive criteria. The first is a very general determination of whether the project fits within the Master Plan for the Project Area, without a corresponding determination of how this projects ranks in priority among other possible projects. Funding and staff time may be allocated to a project because it has "come in the door" without determining whether this would siphon away funding and staff assistance from a later project that might be of much higher priority and with greater catalyst potential.

The second criteria are whether a loan applicant meets the Agency underwriting standards. There are no clear written guidelines regarding whether or not to approve a project loan. In other words, will the work on the project produce enough additional assessed value and income to secure the loan and provide reasonable assurance that the applicant can make the payments? This leaves applicants unsure regarding their qualification until the staff makes an independent judgment. Without comprehensive guidelines, there is no opportunity to make findings establishing why a loan should be approved even if it falls outside of the guidelines.

This passive approach to determining whether to support a project does not include two important elements in project evaluation. The first is an analysis of the Cost and Benefits of the Proposed Project and the second is to conduct a Market and Financial Assessment to determine if the project will be a financial success.

A Cost/Benefit Analysis takes into account both direct and indirect costs and benefits, and so a project may be very well worth supporting even if it does not directly return direct benefits that offset financial cost.

Conducting a Market and Financial Assessment of a project is an expanded and more structured version of the process now followed by the Salt Lake City RDA in examining whether a project is financially strong enough to make repayment of its RDA and private financing. Every RDA project should be accompanied by an assessment that is part of the agenda package. The RDA is not conducting more than a minimal informal cost/benefit analysis and market and financial assessment of recent RDA projects and relies instead upon the passive criteria of whether the project meets the broad goals of the Project Area and meets general loan underwriting criteria. The RDA should develop a general template for a Cost/Benefit Analysis and a general template for a Market and Financial Assessment of each RDA project and insure that these are separate and formal elements of each agenda package when the Board considers approval of a project.

Another part of evaluation is determining the impact of an RDA Project, to help determine whether or not the impact met expectations and if the results point to necessary changes in policy, goals and objectives. While the RDA has a Master Plan or Project Area Plan for each project area, the plans do not contain objective or observable subjective standards by which to

measure the success of individual projects. In order to assess the impact of RDA activity, the Agency needs to establish objective or subjectively measurable goals and objectives.

Even if a project has the potential of significant positive impact on the Project Area, the RDA resources are limited. An important criterion for evaluating the appropriateness of RDA support for a project is whether the project would proceed even without RDA funding. In light of the extensive private investment documented in the 2004 ERA Economic Impact report, RDA support is frequently not necessary as an inducement to private investment. The RDA Board should require all applicants for financial assistance from the Agency to establish to the satisfaction of the Redevelopment Advisory Committee and Board that the project cannot go forward without RDA assistance or will not go forward at the size and complexity desired by the Agency.

F.   PLANNING: STRATEGIC PLAN AND ANNUAL GOALS

A Redevelopment Agency is an important tool in a city's effort to achieve its Master Plan. The Agency will adopt some form of Master Plan for each Project Area. But as with City-wide Master Plans, these planning efforts are usually general in nature; and so the choices made by the RDA Board each year need to be guided by the annual adoption of goals and of specific objectives that state the particular projects or actions the Agency will take in the coming fiscal year.

Citygate reviewed the recently adopted RDA goals and found that the form of each goal was appropriate, but for most goals there was no obvious connection to any City or RDA plan or document, leaving the impression that there is not an overall Strategic Vision for Redevelopment as a whole or within each project area.

We also found that the Specific Objectives in the annual adopted Goals Plan are a mixture of very general statements and some specific projects. None have any timeline and most are stated in a way that it can be determined if and when the objective has been achieved.

In light of the lack of connection between the goals for the project areas and the specific plans or documents, Citygate met with a variety of policy officials and staff and toured each of the project areas several times with a particular emphasis on past RDA projects, planned new activities, and areas yet to be redeveloped. It was clear to Citygate that the RDA could not clearly articulate the vision of what Redevelopment hopes to accomplish in transforming each project area over the next decade (or the remaining life of the project area if its expiration date is sooner). Individual projects could be cited, but there was no strong connection between the project and what catalytic role it would serve in redeveloping the area.

The RDA does not have a plan for redevelopment of the Central Business District over the next decade and has not determined a process for establishing a plan. RDA participants are hopeful that the Arts District Study will result in a plan, but there is no strategy for how to accept and review the study and determine if that is an appropriate direction for downtown.

The Agency should develop or reaffirm long-term measurable and visual master plans for each redevelopment area and develop specific goals that clearly reflect how the vision or master plan for each project area will be achieved, and develop specific, action-oriented and measurable objectives with specific dates anticipated.

G.   ROLE OF THE POLICYMAKERS/ADMINISTRATION AND CITY DEPARTMENTS

The Redevelopment Agency is a separate governmental agency, clearly distinct from the City of Salt Lake City. Under the current RDA By-Laws, there is no clear management oversight or direction of the RDA Executive Director due to the dual hiring/dismissal responsibility of the Mayor and the Board. The By-Laws do not clearly and unambiguously assign management responsibility to oversee the Executive. Because the RDA Executive Director has no clear reporting relationship and therefore has no individual who can provide feedback and advice on significant project and management actions, the Executive Director receives inadequate policy direction.

The Board should formally assign day-to-day oversight responsibility of the RDA Executive Director on Board policy issues and agenda matters to the RDA Chair. This should involve consulting with regard to such things as day-to-day interpretation of RDA Board policy, agenda timing, content of staff reports, and the nature of staff presentations to the Board. The Board should clarify that the CAO has responsibility to oversee the day-to-day actions of the Agency, unless the CAO's direction concerning RDA actions conflicts with that of the Board

The RDA Board exercises its influence over the RDA principally through the Board meetings as well through the Chair and Vice Chair of the RDA Board. Improvements that focus the meetings more on policy issues are possible. The agenda for monthly RDA Board meetings now gives equal weight to all project decisions, even if the matter is clearly routine, and it is clear the Board will approve the project or requested action. The Board meetings are lengthy and involve discussion of matters frequently delegated to staff in other public agencies. As a result, there is a greater likelihood that policy level discussions will not always receive the attention that should be devoted to these higher-level issues.

The RDA agenda should contain a "Consent Calendar" section and the RDA should schedule a Board meeting to precede every City Council meeting for routine consent calendar type items only, and cancel the meeting if there is no business to be conducted.

There is very limited organized communication between the RDA staff and the Board. The two principle communication tools are agenda items and agenda presentations and within the past few months, the Director has begun sending the Board members a weekly update. The Director also meets with the RDA Board Chair and Vice Chair, but has little communication with most of the remaining Board members. The result is that the Board has little opportunity to be updated on matters coming to them prior to the issue reaching the Board agenda. For many agencies, on-going progress reports insure that the Board is well educated on the general subject when the full detailed report is presented to them. Background discussion and information help the Board better understand the report, the policy issues, to identify the critical elements of the study and to more knowledgably participate in discussions.

In exploring this communication issue, Citygate noted that the City Council Executive Director has frequent contact with Board members in their role on the City Council and has an excellent opportunity to understand whether Board members are adequately informed and the nature of the communications that works most effectively with each Board member. The RDA Director does not have as frequent a contact with the Board members and it is reasonable to expect that the RDA Director will not be as well informed or sensitive to the information needs of the Board, as evidenced by the uneven communication the Director has now with the Board.

A possible role for the Council Executive Director may be to meet regularly with the RDA Executive Director and assist in determining the nature, content and timing of communication with the Board and to coordinate written communication to the Board and recommend oral communication by the RDA Director and/or staff as appropriate.

Other important constituencies for the RDA staff are the residents, businesses and property owners affected by the RDA. While the staff does recognize the importance of communicating with them, the small staff has neither formal training in citizen participation nor a formal process for involvement throughout a project and the use of survey instruments for feedback afterwards comparable to that used by the City Engineering Division. There is also no communication plan for involvement of people in the processes of setting RDA goals and objectives. The RDA should obtain the assistance of the Engineering Division or an outside consultant to develop a public participation process template, including the use of written surveys to assess redevelopment needs and reaction to RDA projects and the manner in which they have been processed and operated.

As Citygate met with staff of both the RDA and the City, we heard anecdotal reports of the lack of coordination and cooperation from both parties. Often, part of the problem appeared to be a difference in perceived role and responsibility, in which the RDA saw its mission as development and its position as both a separate agency as well as a City partner deserving of special attention. The City departments saw their role as assisting the RDA, but consistent with the same rules that would apply to any other party developing a project in the City. This difference in perception is certainly not uncommon between city and RDA staff in various communities. The tension will likely always be present.

Nevertheless, coordination with other departments at the lower staff levels of the RDA is an accepted responsibility by the RDA staff that makes a creditable effort to meet with and work out issues with their counterparts at the lower levels of City departments. However, while there are some coordination processes in place at the management level of RDA and City Departments, such as regularly scheduled meetings with the Community Development Director, these are sometimes ineffective because participants believe that occasionally critical information is not shared.

Additionally, the Board is not always aware of alternate views by City departments, which should be considered by the Board from both the perspective of whether the RDA follows City rules and procedures as well as the perspective of any conflict between RDA action and City policies and goals. For every project before the RDA Board for approval, the Board should require written comments from any affected City department (most particularly Community Development, Public Services and Public Utilities) as part of the agenda report.

The RDA Executive Director should be responsible for convening a Development Review Team meeting at the outset of and again prior to a project going on the Board agenda to insure that all City and RDA requirements have been addressed and there is agreement on the requirements that must by met for the project to proceed, the timeline to meet these requirements and responsibility for ensuring this is done.

The RDA should hire a facilitator to assist the RDA and departments in defining the root of the coordination problem, cultural differences between organizations, and their approaches and any other communication and coordination mechanisms that might be helpful in addition to those recommended in this report.

H. ACTION PLAN

A list of our recommendations and a blueprint for their implementation are presented in the following Action Plan. This plan contains:

- ◆ The priority of each recommendation
- ◆ The suggested implementation timeframe
- ◆ The anticipated benefits of each recommendation
- ◆ The responsible organization.

The legend at the bottom of each page of the Action Plan defines the level of each priority indicated by the letters "A" through "D". It is important to note that priorities have been established independent of the suggested timeframe. For example, a recommendation may have the highest priority (indicated by the letter "A") but may require an estimated six months to implement. Conversely, a recommendation with the letter "C" priority, which indicates that the recommendation is not critical but will improve operations, may have a two-month timeframe, since the estimated implementation effort would not require an extended period of time.

It is also important to note that an "A" priority, which indicates that the recommendation is deemed "mandatory or critical," should not be interpreted to mean that the recommendation is "mandated" by a statute or regulation--it is simply an "urgent" recommendation of high priority.

The timeframes indicated in the Action Plan do not necessarily mean the anticipated completion dates for the implementation of each recommendation. The responses from the City Manager and each department may indicate how much implementation progress can be made within the defined timeframes.

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Action Plan

RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
ORGANIZATION STRUCTURE				
Recommendation II-1: The Executive Director needs to meet frequently with the Deputy and staff to obtain detailed reports on their activities, to report conversations he has with applicants, and to delay giving opinions or making decisions on projects until he has consulted with Agency staff.	A	On-Going	Improved training, backup on projects, ability of the Director to respond to questions, prioritizing work, and solving problems before they become too serious.	RDA
Recommendation II-2: The project manager should attend all meetings with a project developer, including those with the Executive or Deputy Director and other departments.	A	On-Going	Improved training, coordination between staff and the Director, and knowledge on the part of the staff in managing projects.	RDA

LEGEND
A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation II-3: The Director needs to share responsibility for day-to-day oversight of project managers/coordinators with the Deputy Director and improve the perceived value and functioning of staff meetings in order to improve communication and staff training opportunities. This should be accomplished by using a management facilitator to assist in redesigning the delegation of authority, communications between the Director and Deputy Director, communication among all of the Agency staff, and the form and functioning of staff meetings.	A	4 months	Improved coordination of work, morale among employees, training, backup on projects and knowledge of the Director regarding RDA projects.	RDA
Recommendation II-4: Develop an individual training plan annually in cooperation with each employee and budget sufficient funds to implement the plan.	A	4 months	Improved staff skill/knowledge and morale.	RDA

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation II-5: Future vacancies in the Agency should be filled with people who have significant redevelopment experience with either a public agency or large real estate development companies. This will be particularly helpful if the Agency undertakes the task of reforming its goals and objectives, and develops a more clear and detailed long term vision for each project area, and considers forming one or more additional project areas.	B	On-Going	Increased work capacity within the Agency and reduced need for training and supervision.	Human Resources and RDA
Recommendation II-6: The RDA staff level should at a minimum remain where it is currently, but be monitored to insure that if large complex projects begin, there is the capacity to handle these, the small loan programs, planning for future RDA activities, and proactively seek developers for the catalyst projects in each of the Project Areas.	A	On-Going	Staff capacity to handle the work and plan for the future.	Chief Executive Officer, RDA staff and Board
Recommendation II-7: Hire a Budget Manager position that can also perform some project management as the Agency becomes involved in CBD planning, active in promoting future projects, and the establishment of additional project areas.	B	12 months	Improved capacity for work in the Agency and backup in fiscal management.	RDA and Human Resources

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation II-8: The Agency should have the RDA personnel resolution reviewed by an attorney to determine whether an amendment is necessary to incorporate all past and future personnel rule changes.	A	2 months	Provide appropriate legal framework for personnel actions.	SLC City Attorney and RDA
Recommendation II-9: Human Resources staff should be requested to work with RDA staff to construct and maintain as complete a personnel file for each employee as possible, with the original to be retained in Human Resources.	A	6 months	Provide supporting documentation for personnel actions.	RDA and Human Resources
Recommendation II-10: Human Resources should conduct a full and detailed performance review of RDA personnel practices, make recommendations for change that will bring the RDA into full compliance with City Personnel Rules, and then develop procedures in cooperation with RDA management to have RDA conform to all City Personnel Rules and procedures in the same manner as City Departments.	A	6 months	Bring the RDA into compliance with City-wide personnel rules and practices.	Human Resources

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation II-11: The RDA Board should amend the By-Laws to make the RDA Executive Director the appointing authority for RDA staff and direct that such authority be exercised fully consistent with City Personnel Rules and procedures.	B	6 months	Provide clarity regarding the role and authority of the Board, Chief Executive Officer, and RDA Executive Director.	RDA Board
FISCAL MANAGEMENT AND PROCESSES				
Recommendation III-1: The RDA Budget should be reshaped from its present accounting document format to a policy document containing goals, measurable objectives, a CIP, clear line item operating budget detail and project descriptions.	A	14 months	Improved understanding by the Board and others regarding the fiscal condition and direction of the RDA and its related goals and objectives.	RDA
Recommendation III-2: Periodic budget status reports should be restructured to provide a visual summary of the status of each project area, with detailed reports as backup for those interested. The detailed reports should be designed in cooperation with the Board to provide a report that is easily read and provides the information the Board will find useful.	A	6 months	Improved clarity for the Board regarding the fiscal condition of the RDA.	RDA

LEGEND
A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	*Priority A/B/C/D*	*Time Frame for Implementation*	*Anticipated Benefits*	*Responsible Organization*
Recommendation III-3: Financial reports should be developed that summarize the Agency financial status at a level that provides meaningful oversight for the Board, focuses on key financial data, and is developed in conjunction with the Board so the reports are easily and quickly understood and used.	A	6 months	Improved clarity for the Board regarding the fiscal condition of the RDA.	RDA
Recommendation III-4: The Executive Director should assume responsibility for Personnel Actions (including evaluations, training plans, and mentoring of employees, and also assume formal responsibility to be trained as the backup for day-to-day fiscal matters of the Agency and preparation and maintenance of the annual budget and periodic fiscal reports.	A	1 month	Improved information for the Director and clarity of roles and expectations for the staff; backup for the fiscal management of the agency and improved information for the Director.	RDA
PROJECT MANAGEMENT				
Recommendation IV-1: The RDA staff should establish a schedule and assign responsibility to revise all of the remaining outdated policies and procedures and include these in a formal policy and procedure manual with a responsible custodian to review them with the staff for accuracy at least every two years.	A	18 months	Improved consistency in RDA practice and policy and improved training of staff.	RDA

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

CITYGATE ASSOCIATES, LLC

RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation IV-2: The RDA should develop a general template for a Cost/Benefit Analysis and a general template for a Market and Financial Assessment of each RDA project and insure that these are separate and formal elements of each agenda package when the Board considers approval of a project.	C	18 months	Improved quality of decision-making by the Board and recommendations by the staff.	RDA
Recommendation IV-3: As part of a Market and Financial Assessment template for projects, the RDA should develop specific guidelines to assist in determining whether to approve a loan application. If a loan falls outside of the guidelines, then approval should require first that specific findings be made by the recommending staff and/or Redevelopment Advisory Committee and findings made by the Board establishing that the loan meets some overriding need or objective of the Agency to warrant the additional financial risk.	C	18 months	Greater transparency and consistency in loan decisions, as well as greater understanding by applicants regarding the RDA expectations and likelihood of loan approval.	RDA

LEGEND
A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation IV-4: In order to assess the impact of RDA activity, the Agency needs to establish objective or subjectively measurable goals and objectives that the Board and the public will be able to use to clearly determine if the goals/objectives have been met by a project or a small collection of projects. These should be an integral part of each Project Area Plan and each project approval.	B	On-Going	Greater ability to assess program/project success and adjust future program/project approval to improve the likelihood of achieving RDA goals in a Project Area.	RDA
Recommendation IV-5: The RDA Board should require all applicants for financial assistance from the Agency to establish to the satisfaction of the Redevelopment Advisory Committee and Board that the project can not go forward without RDA assistance or would not go forward at the size and complexity desired by the Agency because financial assistance from some other source is not available or such assistance has terms or conditions that would make the project not financially viable.	C	6 months	Improved allocation of scarce RDA resources among possible projects.	RDA

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
PLANNING: STRATEGIC PLAN AND ANNUAL GOALS				
Recommendation V-1: Each goal adopted by the RDA should reference the particular Master Plan and portion thereof which is being implemented by the goal.	B	9 months	Ensure an appropriate connection between the activities of the RDA and City-wide plans.	RDA and Planning Department
Recommendation V-2: Develop or reaffirm long-term measurable and visual master plans for each redevelopment area that makes clear what the vision is for both redevelopment of the project area and for a catalyst effect on the surrounding area.	A	9 months	Foundation of an effective goal and specific objectives process by the Board.	RDA
Recommendation V-3: Develop specific goals that clearly reflect how the vision or master plan for each project area will be achieved, and develop specific, action-oriented and measurable objectives with specific dates anticipated for accomplishment to be adopted annually by the RDA Board.	A	9 months	Improved planning and accountability.	RDA and Board

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation V-4: Goals and Specific Objectives for the RDA should be developed at a Board retreat and then further discussed and adopted after the staff has put them into a formal format, providing whatever details (such as timelines) were requested as additional information by the Board.	A	9 months	Improved planning and accountability.	RDA and Board
ROLE OF THE POLICYMAKERS/ADMINISTRATION AND CITY DEPARTMENTS				
Recommendation VI-1: The Board should formally assign day-to-day oversight responsibility of the RDA Executive Director on Board policy issues and agenda matters to the RDA Chair. This should involve consulting with regard to such things as day-to-day interpretation of RDA Board policy, agenda timing, content of staff reports, and the nature of staff presentations to the Board.	A	1 month	Improved conformance of RDA staff actions with Board policy and improved information to the Board.	RDA Board

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation VI-2: The Board should clarify that the CAO has responsibility to oversee the day-to-day actions of the Agency and its receipt of services from City Departments, unless the CAO's direction concerning RDA actions conflicts with that of the Board, in which case the Board's view should prevail to ensure that there is ultimately a single chain of command for the RDA.	A	2 months	Improved understanding regarding the role and authority and the Chief Executive Officer and the Executive Director and clarification of reporting relationships for the Executive Director.	RDA Board
Recommendation VI-3: The RDA agenda should contain a "Consent Calendar" section where items that are commonly understood to be routine are included along with an action recommendation by the staff. The items that are to be included on the Consent Calendar would be approved by the RDA Chair and Vice Chair.	C	3 months	Increase time available for the Board to address larger projects, planning and policy issues.	RDA and Board
Recommendation VI-4: The RDA should schedule a Board meeting to precede every City Council meeting for routine consent calendar type items only, and cancel the meeting if there is no business to be conducted. A monthly separate Board meeting would then be held to consider matters that require more extensive presentation and discussion.	C	3 months	Increase time available for the Board to address larger projects, planning and policy issues.	RDA and Board

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation VI-5: After revising the Annual Goal and Specific Objective format and content as recommended elsewhere, establish a template for an easily updated standard form quarterly report detailing progress toward achieving the Goals and Objectives approved by the Board.	B	14 months	Improved information to the Board regarding the status of RDA activities.	RDA
Recommendation VI-6: The Executive Director and RDA Board Chair and Vice Chair should develop a communication process recommendation for consideration by the full Board and implementation by the Executive Director, to include an active role by the City Council Executive Director serving a comparable coordinating role on behalf of the RDA.	D	6 months	Improved information flow to the Board.	RDA
Recommendation VI-7: Poll Board members to determine the usefulness of the present form of Weekly Report, adjust the form as needed, and begin sending hard copies as well as e-mail.	C	2 months	Improved information flow to the Board.	RDA

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

CITYGATE ASSOCIATES, LLC

RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation VI-8: The RDA should obtain the assistance of the Engineering Division or an outside consultant to develop a public participation process template, including the use of written surveys to assess redevelopment needs and reaction to RDA projects and the manner in which they have been processed and operated.	C	12 months	Improve participation by affected people in the RDA process.	RDA
Recommendation VI-9: As part of formal staff training, they should be encouraged to attend seminars and conferences focused on public participation processes and the experiences and practices of other agencies.	A	4 months	Improve staff skill/knowledge and morale.	RDA

LEGEND
A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

CITYGATE ASSOCIATES, LLC

RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation VI-10: The RDA Executive Director should be responsible for convening a Development Review Team meeting at the outset of and again prior to a project going on the Board agenda to ensure that all City and RDA requirements have been addressed and there is agreement on the requirements that must by met for the project to proceed, the timeline to meet these requirements and responsibility for ensuring this is done. The Development Review Team should consist at a minimum of a management level person representing Community Development, Planning, Traffic, Public Services/Engineering and Public Utilities with both the technical background as well as the authority to accurately advise the RDA and make definitive commitments on behalf of the Department or Division.	A	4 months	Improved coordination among departments and conformance to City plans, processes and regulations.	RDA
Recommendation VI-11: The RDA should hire a facilitator to assist the RDA and departments in defining the root of the coordination problem, cultural differences between organizations and their approaches and any other communication and coordination mechanisms that might be helpful in addition to those recommended in this report.	B	4 months	Improved communication among departments and the RDA staff.	RDA

LEGEND

A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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RECOMMENDATION	Priority A/B/C/D	Time Frame for Implementation	Anticipated Benefits	Responsible Organization
Recommendation VI-12: For every project before the RDA Board for approval, the Board should require written comments from any affected City department (most particularly Community Development, Public Services and Public Utilities) as part of the agenda report. These comments should at a minimum indicate City policies and procedures that have been followed and areas in which there is either nonconformance or additional approvals and reviews needed by the Department, a City Planning Commission and/or City Council.	A	2 months	Improved information for the Board and coordination between City plans, processes and regulations and RDA actions.	RDA Board
Recommendation VI-13: RDA records that are official documents needing long-term preservation should be merged with those of the Recorder, with the RDA retaining a working copy for their daily use.	C	18 months	Improved long term security of RDA records	RDA and City Recorder

LEGEND
A Recommendation mandatory or critical
B Strongly recommended
C Not critical, but will improve operations
D Recommended, but additional study required

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SECTION 1—INTRODUCTION

A. THE CITY OF SALT LAKE CITY

Salt Lake City, with a population of approximately 180,000 and covering an area of 111 square miles, serves as the central city in the larger metropolitan area. It is a full service city functioning under the Council-Mayor form of government. The directly elected Mayor serves as Chief Executive Officer and directs the activities of the various City departments, while the City Council serves as the legislative body responsible for adopting policy through ordinances, resolutions, and adopting the annual budget and capital improvement program.

As part of its policy setting and oversight function, the City Council periodically provides for a management review of the various City departments and divisions that report to the Mayor and provide day-to-day services to the community. These management reviews assist the City Council in their legislative role and provide useful information and recommendations to the administration of the City.

B. REDEVELOPMENT AGENCY

The Salt Lake City Redevelopment Agency is a separate agency incorporated under Utah State Code June 10, 1969. The Salt Lake City Council serves as the Redevelopment Agency (RDA) Board of Directors, who have adopted By-Laws designating the Mayor as the Chief Administrative Officer (CAO) of the RDA. The Board's responsibilities under the By-Laws are primarily policy. The RDA Executive Director is employed by the joint action of the Board and the CAO, with the day-to-day administration of the Agency performed by the Executive Director and the business and administrative affairs of the Agency under the general supervision of the CAO.

The RDA staff consists of eight positions with the formal organization of the office reflected in the chart below:
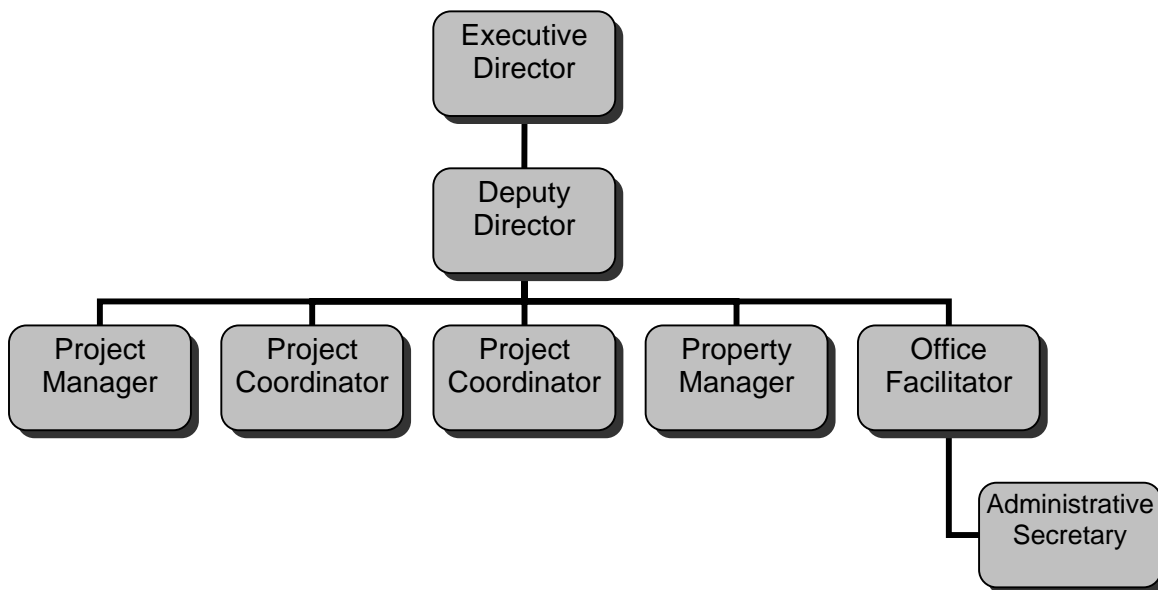
The RDA exists to improve blighted areas of Salt Lake City, encourage expansion of economic development and the employment base of the City, and encourage the development of housing for low and moderate-income households within the City.

Some of the tools available to the RDA include:

◆ Property acquisition, clearance, re-planning, sale or redevelopment

◆ Planning, financing and development of public improvements

◆ Gap financing in the form of loans, grants and equity participation to encourage private investment

◆ Providing financing and contract oversight for projects which will improve blighted areas

◆ Relocation assistance and business retention to business.

There are presently six active RDA Project Areas and an aggregate RDA FY 2005-06 budget of $36,127,538, over 79 percent of which is supported by Tax Increment revenue.

Project Area	Year Created
Central Business District	1971—extended 2004
Central City	1978
Sugar House	1986
West Temple Gateway	1987
Depot District	1998
Granary	1999

C. STUDY BACKGROUND AND OBJECTIVES

Pursuant to the City Council and RDA Board policy to conduct periodic management reviews of City Departments and Divisions, the RDA Board chose to have a review conducted of the Redevelopment Agency. The principal purpose of the review is to assess the Agency's organization and management structure, staffing levels, workload, management control system, procurement, budgeting, human resource and asset management procedures, program effectiveness, record keeping, customer service/relations, plan and goals. In brief, the RDA Board is seeking an assessment of the current management systems and processes to determine whether there are changes that will improve the cost effectiveness of RDA programs.

This project is intended to provide an independent, objective and rigorously analytical appraisal of the Redevelopment Agency. A number of dimensions were studied including organization, staffing, workload, fiscal management issues, plans and goals, communication among agency staff and with the Board, and measures of program effectiveness. The project expectation also includes suggestions, where warranted, for the creation of new methods and approaches, and the development of a plan to implement any necessary improvements. Upon completion of the project, the Board expects to have a good understanding of the structure, processes and

management practices of the Agency, including recommendations for potential improvements in efficiency, effectiveness, responsiveness, and the quality of program outcomes.

The end result of this study will be a report, including recommendations, provided to the Salt Lake City RDA Board, in order to help the Agency achieve its goals and objectives. The report can be used to strengthen and enhance the efficiency and effectiveness of the RDA in its endeavor to serve as a catalyst for economic development, provisions of housing for low to moderate income residents and the removal of blight in Salt Lake City.

D. STUDY APPROACH AND WORK PLAN

To address the objectives of the management review of the Redevelopment Agency, Citygate used an approach involving six tasks.

Task 1 – Project Initiation and Management

Our initial task involved a Kick-Off Meeting with appropriate RDA personnel, including Board Members, City and Agency staff. The purpose was to review and confirm our understanding of the project scope and objectives, task plan and project schedule, to review documents previously provided to Citygate by the Agency, and to obtain the initial assessment of Agency management on the principal issues in the "scope" of this management review. We also provided orientation material to the Agency, outlining the objective of the review and Citygate's approach to accomplishing the tasks.

Task 2 – Complete Initial Interviews and Related Data Collection

Citygate worked with the RDA to develop an interview schedule that permitted us to meet with the working staff, RDA Board members, Advisory Committee members, City Departments, and customers/developers involved in each of the areas of interest in this review. We requested an extensive list of documents and work products, which were thoroughly reviewed prior to these meetings, thereby providing us with not only an initial understanding of the Agency processes and procedures, but also served as an excellent source for additional clarifying questions and requests for further documentation. Our familiarity with RDA operations allowed us to fairly quickly ask detailed questions regarding processes and procedures, to assess the RDA staff's familiarity with other alternative practices and their understanding of any shortcomings in their current processes and programs. Organization charts, budgets, staffing plans, forms, reports, records, work products, State Code and Agency By-Laws were all part of the review conducted with the outstanding cooperation of RDA staff.

Tasks 3 through 5 – Perform In-Depth Operational Analysis

With the technical information gathered from Task 2, Citygate reviewed the organizational structure, answering a number of questions necessary in order to address the issues of interest to the RDA Board in their requested scope of work for this management review.

◆ What is the organizational/management structure of the Agency in terms of:

➢ Who does what?

➢ What is the role of supervisors and managers?

> ➢ What is the span of control and responsibility?

- ◆ What does each of the employees do?

- ◆ Is their overlap or appropriate coordination between employees and program areas?

- ◆ How does coordination of tasks occur both within the Agency and with City Departments?

- ◆ Are there alternative organizational arrangements that might provide greater coordination and improved effectiveness in achieving the goals of the RDA?

- ◆ What are the staff needs both in the present as well as forecasted for the next decade?

With this understanding of the structural processes and relationships we conducted an in depth analysis of the technical and process functions of the Agency to identify those functions where change might provide a noticeable improvement for the RDA.

The study of the technical and process aspects of the Agency was used to analyze the project management structure, the process and content of program evaluation, planning activities, selecting and prioritizing projects and soliciting developer/property owner interest, policies and criteria for the use of RDA assistance on specific projects reporting to the Board, data and records management, fiscal management, customer responsiveness, and specific coordination structures/methods among the staff and with City Departments.

Task 6 – Review Preliminary Findings with the Board Audit Committee, Prepare Final Draft and Final Report

Prior to preparing a formal draft report, we met with an RDA Board Audit Committee to determine if there were any areas of interest to the Board that needed additional study. Several comments and questions raised during the discussion helped to shape the final draft report.

The final task concluded with two steps. The first was preparation of a Draft Report for review by the Agency to ensure that all of the areas of interest had been adequately addressed and that Citygate appropriately understood the facts of each situation analyzed. With approval of the Draft Report, the second step was completion of the Final Report with any needed modifications. This Final Report contains an Action Plan that is a compilation of the recommendations developed in the management review.

E.   ORGANIZATION OF THIS REPORT

The framework within which the RDA activities occur is the organization structure, staffing and workload of the Agency. The effectiveness of the staff in program management is initially shaped by the form and effectiveness of the organization and management structure. The first part of this Citygate report describes and assesses the organization, staffing and workload, and then addresses the more internal technical issues of fiscal management and project management. Finally, this report looks outside the Agency organization to address two broad areas: the status of RDA plans and the relationship between these and program effectiveness, and communication and coordination within the staff, with the Board and with City Departments. By looking first within the organization and then outward to the Agency relationship with others, we

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acknowledge that an effective RDA must have good internal structure, processes and adequate staff in order to effectively perform its role in the outside community. This role involves planning, communication and coordination with policy makers, developers, and City Departments that must support/implement RDA activities, and residents/businesses affected by RDA activities.

SECTION 2—ORGANIZATION STRUCTURE

A.   ORGANIZATION STRUCTURE

The Redevelopment Agency organization structure is classic in its form. The organization chart shown in the Introduction Section of this report is repeated here to clearly illustrate that the form appears to be the very flat organization format that is often recommended to enhance delegation of authority, facilitate and encourage self directed activity within a clear sphere of responsibility, and enhance staff job satisfaction.

```
                        Executive
                         Director
                            |
                         Deputy
                         Director
                            |
   -------------------------------------------------------------
   |            |            |            |              |
 Project     Project      Project      Property       Office
 Manager    Coordinator  Coordinator   Manager      Facilitator
                                                         |
                                                   Administrative
                                                     Secretary
```
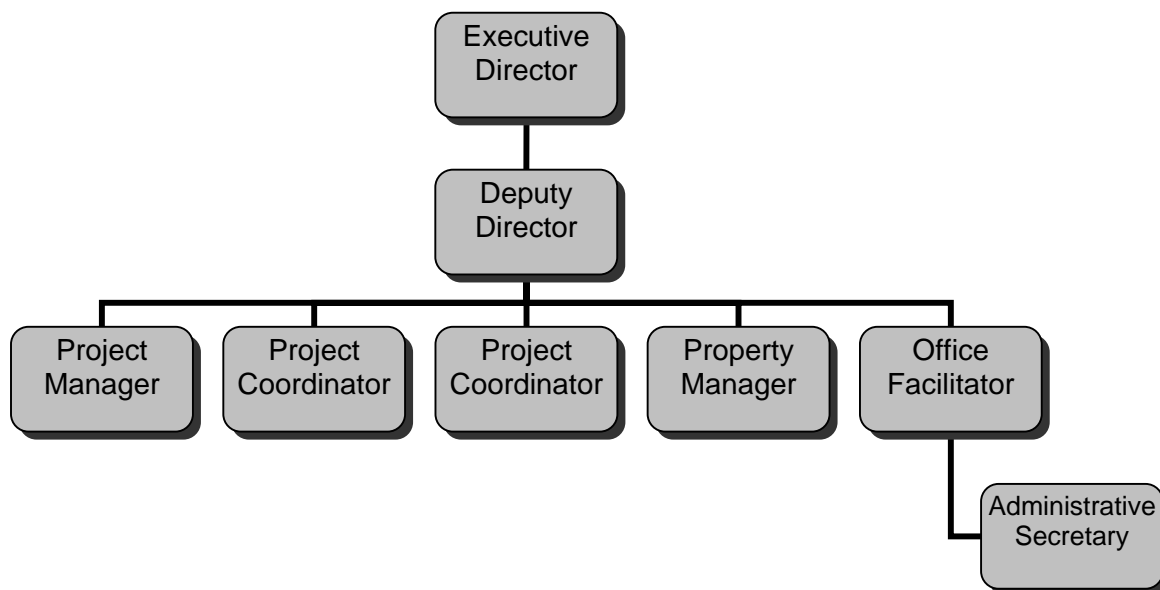
The span of control does not exceed the traditional recommendation that no more than seven subordinates report to a supervisor. And so, from a cursory perspective, the organization form seems appropriate to the mission of an organization that relies upon project managers/coordinators to handle most aspects of an RDA project from inception through approval by the Board and then finally coordination of project implementation with the developer/property owner and/or City departments.

The practicality of this organization form, however, is seriously affected by the experience/skill level of the individual employees and their capacity to act effectively on complex projects with a great deal of independence. Two of the project manager/coordinators have less than two years employment with the Agency and one has less than four years redevelopment experience. None of them have any prior experience with redevelopment or closely related work and have little knowledge/understanding of the fiscal structure of the RDA. Each has received their training within this organization, with little outside targeted technical training to supplement on-the-job experience.   The result is that the Agency's project managers require substantially more supervision than the "flat" organization form implies. Complex projects and fiscal management are handled by the Deputy Director, who also is responsible for directly supervising and training

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five employees. In practice, the Deputy Director also provides supervision to the Administrative Secretary position as well.

The Deputy, as staff supervisor, has developed a semi-structured training program that assigns new employees a series of increasingly more complex and varied projects. This exposure to the on-the job training has resulted in productivity that keeps up with the current workload and rapid professional growth by new employees, although there is evident frustration over a perceived lack of mentoring for some people due to the heavy workload borne by the Deputy Director. There is also not a training plan that outlines technical education that would significantly improve their knowledge and expose them to policies, programs and procedures of other development organizations. Also, there is no training plan for more experienced employees. Continuing education is important not only to broaden their knowledge and flexibility of assignment within the RDA, but also to keep them abreast of changing laws and regulations.

Finding: The Deputy Director has too large a span of control to provide adequate supervision and training to a relatively inexperienced staff, and to ensure that complex projects and Agency fiscal affairs are adequately managed.

Finding: Agency training of new employees is principally on-the-job training and lacks a formal training component that recognizes the limited experience and knowledge of staff with little or no prior redevelopment related experience.

Finding: There is only $5,000 budgeted in the RDA for "education" among 8 employees and no training plan for individual employees.

On the organization chart, the one-to-one relationship between the Deputy Director and the Executive Director position implies that most of the Director's time is spent handling external affairs, including meeting with elected officials, major developers, community leaders involved in redevelopment planning and with City Department heads that interact with the RDA. In this organization form, the day-to-day activities of the Agency would be appropriately delegated to the Deputy Director, as they are in Salt Lake City, if the Director had little time to devote to directly managing the fiscal and personnel affairs of the Agency and be closely involved in the development of major projects. But, as will be discussed later in this report, the Agency does not proactively pursue the creation of projects, is engaged in almost no planning activities beyond the short-term planning to implement current programs/projects in current Project Areas, and has relatively little need to be involved in capital projects once they are turned over to the City Engineering Division for implementation. If all of these additional activities were taking place, there would be a need for a much larger staff and an appropriate need for delegation. In light of the current RDA workload and activities, there should be a substantial amount of time that the Director could devote to day-to-day agency management activities such as employee supervision and personnel management, training, fiscal affairs, and assisting in major project implementation.

When an RDA Executive Director is working with the community, it is not uncommon for people to misunderstand what the Director says and restate or interpret that to the project manager in a way that benefits the developer or property owner. Not having been part of the discussion, the project manager does not directly know whether the statement of policy attributed to the Director is accurate, especially if it is at variance with standard Agency policy or procedures. However, close communication between the Director and the staff in a way that the

staff perceive they can fully inform the Director of their activities, have a continuing agreement on policy and procedures for each project and are informed of contact in the community that affects the project, will allow the staff to perceive when they need to check with their supervisor to confirm what is accurate.

The relative inexperience of the Agency staff contributes to the perceived difficulty in maintaining policy and procedure continuity, because they have not had the work experience to see and understand that in redevelopment activities there may need to be a wider range of acceptable procedures and criteria in some projects due to the project difficulty, high community profile, or importance as a catalyst project. And so communication between the Director and the staff is particularly important to make sure the Director and staff speaks with one voice in expressing policy and procedures on each project. This is not only good project management, but for this RDA, it is an important training tool. Responsibility for creating both an atmosphere of open communication and a process that encourages and provides for open and thorough communication is the responsibility of the Executive Director. Setting the tone and form of the organization is the responsibility of the leader and cannot be delegated, because in both large and small organizations, the staff looks to the leader for cues on how to function and communicate.

Finding: Day-to-day Agency activities are delegated to the Deputy Director, including fiscal management and interaction with elected officials on specific project issues. The Director has not established an effective form of communication that is perceived as providing open and thorough communication and that keeps the Director and the staff adequately informed of each others activities so that the positions of the Director and the staff are congruent and represent a consistent Agency position on policy, criteria and procedures. While the Director holds staff meetings, the internal process of these meetings is neither perceived as providing the Director with an adequate knowledge of what the staff are doing, nor communicating to them the outcome of discussions with developers and others that might affect the project being managed day-to-day by the staff. Instructions received from the Director and Deputy Director are sometimes perceived to be substantially at variance with each other. As a result, there is not a great deal of staff confidence in the continuity of policy, criteria and procedure between projects. This is particularly important when the staff is relatively inexperienced and may not readily see and understand the value of varying policy on specific projects.

Finding: The near total delegation of day-to-day activities to the Deputy Director, as represented in the current organization chart, is not appropriate in a situation in which all of the project manager/coordinators are relatively new to the redevelopment field and certainly is not necessary in light of the current lack of planning and major project activity in the Agency.

Recommendation II-1:	**The Executive Director needs to meet frequently with the Deputy and staff to obtain detailed reports on their activities, to report conversations he has with applicants, and to delay giving opinions or making decisions on projects until he has consulted with Agency staff.**
Recommendation II-2:	**The project manager should attend all meetings with a project developer, including those with the Executive or Deputy Director and other departments.**

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Recommendation II-3:   **The Director needs to share responsibility for day-to-day oversight of project managers/coordinators with the Deputy Director and improve the perceived value and functioning of staff meetings in order to improve communication and staff training opportunities. This should be accomplished by using a management facilitator to assist in redesigning the delegation of authority, communications between the Director and Deputy Director, communication among all of the Agency staff, and the form and functioning of staff meetings.**

Recommendation II-4:   **Develop an individual training plan annually in cooperation with each employee and budget sufficient funds to implement the plan.**

Recommendation II-5:   **Future vacancies in the Agency should be filled with people who have significant redevelopment experience with either a public agency or large real estate development companies. This will be particularly helpful if the Agency undertakes the task of reforming its goals and objectives, and develops a more clear and detailed long term vision for each project area, and considers forming one or more additional project areas.**

B.   STAFFING AND WORKLOAD

The RDA has taken very little initiative to create new projects or to proactively recruit developers to undertake key catalyst projects over the past few years. Instead it has been processing projects that have been "in the pipeline" for a while and are reacting to project interest and proposals from others in the community. As a result, RDA project activity is at a fairly low level. This explains why the present number and experience level of the staff is adequate to handle the currently active projects.

Finding: No project was observed to be delayed due to staff workload and some project managers/coordinators indicated that they had the capacity to handle a little bit more work at this time.

The experience level of the staff has significantly affected the workload distribution in the Agency. Over three-quarters of the projects (many of which are currently inactive due to lack of developer interest) are assigned to 2 of the 4 staff people (3 project manager/coordinators and the Deputy Director) who handle projects. The smaller number of projects is handled by the 2 staff members with the least years of experience, because they are trained through a structured series of projects of increasing complexity and variety. The potential workload on the two individuals assigned the greatest number of projects is simply unmanageable if even a quarter of the projects assigned to them become very active during the coming year. The less experienced staff could

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assist on these projects, which would be an excellent training opportunity, but the Agency staff would be seriously stressed in its ability to keep all of the projects on a schedule that would satisfy project proponents.

Finding: The training program for new employees is significantly better than normally found in organizations that hire entry level positions, but the small size of the Salt Lake City RDA does not provide the opportunity to make up for this inexperience with other longer-term staff. This means that an accelerated training schedule and formal training plan for each employee using a combination of the current on-the-job training and outside formal education/training/seminars would speed up the integration of new employees into the organization and permit them to take on a larger and more complex workload earlier than is presently occurring.

There are two other important elements affecting staff workload and the nature of that work. The first is the Agency emphasis on small loans in each of the project areas. These take a substantial amount of staff time in spite of the small loan amount. And so the dollar volume of work in the Agency is not a good measure of the staff time necessary to do the work.

The second is the fiscal future of the CBD. Even though CBD tax increment will only be available for use on new projects through 2008 and not again until 2015, workload in the RDA should shift during that period to planning the CBD area projects that can start up about 2015. Many projects have a long lead time and should be preceded by a substantial planning effort involving the RDA, various City Departments and many elements of the community.

Finding: While their appears to be a temporary flattening of workload in the Agency with a little extra productivity possible, reducing the staff would result in a lack of capacity to handle three or four of the large projects that the Agency expects to "take off during the next year," would reduce the capacity to address many of the procedural and planning findings and recommendations raised in this report, and adversely affect the RDA ability to proactively plan activities in the CBD.

Recommendation II-6: **The RDA staff level should at a minimum remain where it is currently, but be monitored to insure that if large complex projects begin, there is the capacity to handle these, the small loan programs, planning for future RDA activities, and proactively seek developers for the catalyst projects in each of the Project Areas.**

The issue of staff training has been a consistent issue in this report, and it becomes important again when we look at the assignment of responsibility to provide financial planning and monitoring. The Deputy Director has handled these functions for many years, and as a result the Director has the Deputy prepare all of the reports and handle the financial issues with elected officials. The Deputy Director is the only one who fully understands and can prepare comprehensive fiscal analyses and forecasts for each project area. Citygate found that the Director had a general knowledge of the financial processes of the Agency, and while this is appropriate in a large organization and is sufficient knowledge to make policy decisions, it does not allow the Director to step in and backup the Deputy Director. And in the same way, the staff below the Deputy position does not have the knowledge or experience to understand the finances even at the level of the Director.

Finding: The RDA does not have the current staff depth or knowledge to provide financial planning and monitoring backup to the Deputy Director.

Finding: The Agency needs Budget Manager skills to supplement the work of the Deputy Director and to relieve this position of some responsibility so that the Deputy can begin to turn more focus to planning the CBD, consideration of future project areas, and guiding the staff in proactively seeking developers for catalyst projects.

Recommendation II-7:	**Hire a Budget Manager position that can also perform some project management as the Agency becomes involved in CBD planning, active in promoting future projects, and the establishment of additional project areas.**

C.   HUMAN RESOURCES MANAGEMENT

Organizing and managing people to accomplish work requires a set of well understood rules that provide the framework that is both a form of contract between the employer and the employee as well as the expectations regarding behavior by both the employer and the employee. Human Resources Management is often a department or division within an organization that maintains the rules adopted by the organization, implements many of the actions required by the rules and monitors compliance by others in the organization. This provides both consistency in the application of the rules and assistance to the other parts of the organization which are more focused on operations than personnel rules.

Although the Salt Lake City RDA is a separate government agency, the overlap in governing bodies and daily administration makes it efficient to integrate the RDA into the City functioning as much as possible. Many RDAs simply function as another City department and use the financial, personnel, maintenance, purchasing and other services of the City seamlessly as if they were a City department and not a separate agency. In Salt Lake City this has been accomplished through the By-Laws and various resolutions adopted by the RDA Board. In 1978 the Board adopted a resolution making City personnel rules applicable to RDA employees.

Finding: The language of the resolution does not incorporate all future amendments, and so arguably only the policies in place in 1978 apply to the agency and its employees.

Recommendation II-8:	**The Agency should have the RDA personnel resolution reviewed by an attorney to determine whether an amendment is necessary to incorporate all past and future personnel rule changes.**

Citygate reviewed the RDA resolution and personnel related files and procedures and met with staff in the City Human Resources division to determine whether the RDA was complying with City Personnel Rules. We found that the RDA does not permit the Human Resources division to maintain the official personnel file on each RDA employee, as is required in the City Personnel Rules and that the personnel files do not contain a complete record of the personnel actions and evaluations for the RDA employees. Some of the specific deficiencies in the files include:

◆ Annual employee evaluations are not consistently documented.

◆ Records requiring signatures are either missing or do not have all of the required signatures.

◆ The documentation of employee probationary periods is incomplete, with no indication that probation has been completed by some employees while the limited records in City Human Resources indicates otherwise.

◆ No record of follow-up on mid-point probationary review and confirmation of meeting in-house training requirements that are part of the probation period.

A review of City Personnel Rules compared to RDA procedures indicates:

◆ The RDA does not consistently comply with City employee probationary period procedures

◆ Policies and Procedures for the maintenance of a working copy of the personnel files in the RDA do not exist, while an official hard copy of the personnel files is not maintained in Human Resources

◆ An official copy of each employee's performance appraisal record is not maintained in Human Resources.

Finding: The RDA does not consistently follow City Personnel Rules and Procedures and as a result neither the personnel files are kept in Human Resources nor are the RDA files complete and in compliance with City Personnel Rules.

Recommendation II-9:	**Human Resources staff should be requested to work with RDA staff to construct and maintain as complete a personnel file for each employee as possible, with the original to be retained in Human Resources.**
Recommendation II-10:	**Human Resources should conduct a full and detailed performance review of RDA personnel practices, make recommendations for change that will bring the RDA into full compliance with City Personnel Rules, and then develop procedures in cooperation with RDA management to have RDA conform to all City Personnel Rules and procedures in the same manner as City Departments.**

One aspect of the City Personnel Rules that needs to be clarified with regard to its application to RDA employees is "Who is the appointing authority for RDA employees?" The rules appear to provide responsibility to the Chief Administrative Officer (Mayor) for the appointment and removal of all RDA staff except the Executive Director, although this power is subject to policies approved by the Board of Directors. No such policies have been found by Citygate, other than the City Personnel Rules. Under a normal line of authority, it would be assumed that the Executive Director would be reporting to the Chief Administrative Officer, who may delegate appointing authority responsibilities to the Executive Director. However, the RDA By-Laws provide dual responsibility to the Mayor as Chief Administrative Officer (CAO) and the RDA

Board for the employment of the Executive Director. This creates an anomalous situation where the Chief Administrative Officer is the appointing authority for RDA staff who report to the Executive Director, but the Executive Director does not report solely to the CAO. This assignment of appointing authority to the CAO for all RDA staff creates a reporting/employment relationship that is inconsistent with the relationship between the Executive Director and the Chief Administrative Officer (Mayor) and the Board.

Finding: Assignment of appointing authority responsibility for RDA staff to the Mayor as CAO is inconsistent with the reporting and employment relationship of the Executive Director, who has an equal employment relationship with the Mayor and the RDA Board. The Mayor appears to have employment control over the RDA staff while the Mayor shares employment control over the Executive Director with the RDA Board.

Finding: It is unclear whether it was intended by the RDA Board for the City Personnel Rules to be the complete and exclusive policies and procedures governing the CAO's personnel actions with regard to RDA employees. The By-Laws say that the CAO's actions will be performed subject to policies approved by the Board.

Recommendation II-11: **The RDA Board should amend the By-Laws to make the RDA Executive Director the appointing authority for RDA staff and direct that such authority be exercised fully consistent with City Personnel Rules and procedures.**

SECTION 3—FISCAL MANAGEMENT AND PROCESSES

A. RDA BUDGET

A budget document serves the most effective purpose if it relates the policy direction and choices for the elected officials, clearly relates fiscal information to those policy matters, and provides an easily understood picture of both the current financial status and proposed fiscal actions for the coming year. Citygate reviewed the RDA budget document from this perspective and compared it to other documents with which Citygate is familiar, some of which have received MFOA (Municipal Finance Officers Association) awards for complying with Best Practices endorsed by MFOA.

Finding: The RDA annual budget reviewed by the Board is essentially an accounting document that does not contain information regarding the policy goals, specific measurable objectives, a description for each of the project line items, and importantly a Capital Improvement Program comparable to what is part of the City budget.

All four of these components are critical to establishing an integrated picture of the policy path the RDA plans to follow in the coming year and its relationship to Board policy goals and objectives. While new projects may come along that were not anticipated and other projects may proceed more slowly, change can be accommodated through budget amendments or reports to the Board while still leaving a comprehensive picture of the planned RDA activities for the year.

The Board reviews and approves goals and objectives each year but there is not a document available to them at that time which directly relates the fiscal future of the RDA to the goals and objectives. Furthermore, the RDA goals and objectives are not contained in the budget document where they could be related to the RDA financial plan.

Finding: There is no documented relationship between Board adopted policy goals and objectives and the annual budget or long term fiscal projections for the RDA.

Citygate also reviewed the periodic fiscal updates received by the Board and found them also to be largely accounting documents that would be difficult to use for those not intimately familiar with both Government Fund Accounting and RDA accounting in particular. As such they do not serve well to keep either the Board or the public informed of the fiscal status and plans of the RDA.

Finding: Mid-year fiscal updates for the Board are not user friendly documents easily understood by those not well familiar with the RDA finances, and as such it is difficult for the updates to facilitate the Board effectively performing its role of fiscal oversight and monitoring the relationship between the fiscal status of the RDA and Board adopted goals and objectives.

Recommendation III-1: **The RDA Budget should be reshaped from its present accounting document format to a policy document containing goals, measurable objectives, a CIP, clear line item operating budget detail and project descriptions.**

Recommendation III-2: **Periodic budget status reports should be restructured to provide a visual summary of the status of each project area, with detailed reports as backup for those interested. The detailed reports should be designed in cooperation with the Board to provide a report that is easily read and provides the information the Board will find useful.**

B. ACCOUNTING SYSTEM AND FISCAL MANAGEMENT/CONTROL

Management of the RDA finances is the responsibility of the Deputy Director who has an excellent understanding of the month-to-month, annual and multi-year projected financial condition of the Agency and accurately reflects this on reports. However, as noted in a previous section of this report, there is no staff backup to the Deputy Director and the amount of time this responsibility takes conflicts with other delegated responsibilities. The Deputy position is clearly overburdened so that some tasks such as Personnel Management and employee training are not conducted as effectively as they should be.

Some of the personnel and fiscal management work of the Deputy is effectively the responsibility of the Director, who has delegated these matters to the Deputy. However, it would normally be expected in an agency of only 8 employees that the Director would take personal responsibility for personnel management including participating in employee evaluations, mentoring employees by participating directly in some project activities, and assisting in developing and presenting Board presentations with individual staff people. It would also be expected that the Director participate directly in most financial activities in order to be a seamless backup to the Deputy Director in RDA financial matters.

Finding: The Deputy Director position is over-burdened with personnel and fiscal management work, some of which should be the responsibility of the Director and which should be done by the Director, including participating in employee evaluations, mentoring employees by participating directly in some project activities, assisting in developing and presenting Board presentations with individual staff people, and participating directly in most financial activities in order to be a seamless backup to the Deputy Director in financial matters.

The City Finance Division provides the automated accounting services for the RDA, and as a result the RDA records conform to the City form in terms of the chart of accounts, the nature of the reports, how bills are paid and the expenditures recorded, and the receipt of revenue. Other than the comments in the sections above regarding the format of the RDA budget, the finance services appear to be adequate for staff level fiscal management of the RDA.

However, the financial reports and records of the RDA are useful and understandable to those managers and staff who are very familiar with the financial rules, processes and projects of the Agency. However, they are not easily understood by people external to the RDA staff, because they contain too much information and require coordinating different pages of financial data in order to clearly understand the Agency's financial status. There is no adequate summary report available that focuses on the key financial data so that the more detailed reports might serve as backup for those interested in more extensive information.

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Management of the loan portfolio, in the opinion of the RDA staff, requires updated data on a frequency which the normal City reporting cycle will not provide, and so the RDA maintains an in-house record of expenditures on "Quicken" that provides a necessary more timely view of the Agency's financial situation, particularly with regard to loans. This record also permits the RDA staff to catch errors in either their records or the City Finance records more quickly and results in more accurate/reliable financial reports. This system appears to work well for the RDA staff and Citygate sees no reason to change it.

Finding: The City finance system serves the RDA well, and where more timely information is needed, this is effectively provided to the RDA staff through "Quicken" Reports which are maintained by the staff.

Finding: There is very good fiscal control of RDA financial affairs at the staff level, but the reports are not user friendly and so not easily used for oversight by the RDA Board or the public.

Recommendation III-3: **Financial reports should be developed that summarize the Agency financial status at a level that provides meaningful oversight for the Board, focuses on key financial data, and is developed in conjunction with the Board so the reports are easily and quickly understood and used.**

Recommendation III-4: **The Executive Director should assume responsibility for Personnel Actions (including evaluations, training plans, and mentoring of employees, and also assume formal responsibility to be trained as the backup for day-to-day fiscal matters of the Agency and preparation and maintenance of the annual budget and periodic fiscal reports.**

SECTION 4—PROJECT MANAGEMENT

The RDA is involved in several general types of projects: Construction of buildings and other improvements by either a developer/property owner or the RDA, small loans to renovate existing buildings, public improvements or infrastructure necessary to permit the appropriate development of land, and development of plans for existing or new Project Areas. Each type of project requires a different project management approach by the Director and Deputy Director, who are RDA management in this small Agency.

◆ *Developer/property owner projects* involve shepherding the project through various City Departments during the design process, assessing the need for financing and working with the developers financial resources to ensure the project is adequately financed, shepherding the project through the construction permit process and then assisting as needed during construction and final approval of the development. A project manager is usually assigned to oversee a project from beginning to end and RDA management needs to be informed of progress and problems so that the project is continually reviewed to insure it meets RDA procedural and content requirements including conformance to RDA Board approved master plans.

◆ *Small loans* also will be shepherded by a project manager, who can do so with greater independence because the consequences of error are normally much less than on larger projects. RDA management oversight of small loan activity can be much more cursory.

◆ *Public infrastructure activities* are actually turned over to the City Engineering Division for design and construction, with an RDA project manager overseeing the work to insure design conforms to RDA Board approved plans and that the fiscal aspects conform to the RDA budget. For these projects the Deputy Director often provides the oversight and may attend Engineering Division meetings. Project management here involves the direct involvement of RDA management.

◆ *Development of RDA Project Area plans* has the direct involvement of the Deputy Director and the Director. Goals and objectives are initially prepared by or under the immediate direction of the Deputy Director. Project management, here then, is direct involvement by RDA management.

A. MANAGEMENT CONTROL SYSTEMS

The outline above of the different types of projects and associated project management only provides a quick overview of RDA management's role in each type of project. The real issue is whether or not there are control systems to monitor progress on each type of project. In large organizations control systems need to be more complex and involve status reports and meetings at progressively higher levels of the organization when there are project problems to solve. In a small organization such as the Salt Lake City RDA with only 8 employees, project control more often can involve weekly general purpose staff meetings, direct one-on-one interface between the RDA management and the Agency's project manager/coordinator assigned a project and relatively simple schedule and milestone reports.

While the Agency does maintain a list of projects and assignments, there is no documented or structured reporting process to keep RDA management informed and no established key milestones for each project to serve as a scheduling mechanism. A reporting process and milestones are early warning devices to identify delays that may be caused by problems or roadblocks that can be addressed and resolved.

The principal project control mechanism to keep the Director informed of project status is staff meetings. However these are perceived by the staff as not structured in a way to insure adequate communication of necessary status, policy and procedural information both up and down. Conflicting instructions are perceived as being given by the Director and Deputy Director, leading to confusion on the part of some staff regarding what the appropriate policy and procedure will be and the criteria to determine when current policy and procedure will apply to specific projects. The Section of this report on Organization Structure explored this issue as well and contains recommendations.

Written policies and procedures were reviewed. Some have been reviewed by RDA staff and updated over the past two years, but many were found to be outdated and to have been superseded by supplemental procedures and "personal knowledge." Most of the procedures themselves do not have publication date to indicate if they incorporate the latest changes. Most of the RDA policies, as approved by the Board, date back to the mid to early 1990s with some as old as 1983 and 1978. Some are outdated because they did not include language incorporating subsequent amendments by the City or a regulatory agency such as HUD.

Finding: RDA policies and procedures are outdated and do not provide effective written guidance to the staff, leading to a slower learning process for new employees and some uncertainty regarding how policies and procedures are to apply to particular loans and projects.

Recommendation IV-1:	**The RDA staff should establish a schedule and assign responsibility to revise all of the remaining outdated policies and procedures and include these in a formal policy and procedure manual with a responsible custodian to review them with the staff for accuracy at least every two years.**

Even with the lack of clarity in communication, policies and procedures, work is being accomplished in a timely manner and the end product of the work is good, because the current workload is not overwhelming.

Finding: RDA Projects are being accomplished on a reasonable schedule, largely because the current lighter workload allows for organizational inefficiencies; and the end product of the work is good.

Additional findings and recommendations concerning communications in the RDA are covered in the Report Section on Organization Structure.

B.   PROJECT EVALUATION PROCESS

Project evaluation has two sides to it. First is the evaluation of whether a project should be supported by the RDA with staff effort and possibly financial assistance. The second is

evaluating whether a project or series of projects are meeting the goals and objectives of the RDA.

RDA Support of a Project

The RDA determination of whether to support a project is not based on any clear set of guidelines. Since the Agency is largely reactive and responds to proposals by those seeking to develop, the Agency applies two sets of passive criteria. The first is a very general determination of whether the project fits within the Master Plan for the Project Area, without a corresponding determination of how this projects ranks in priority among other possible projects. Funding and staff time may be allocated to a project because it has "come in the door" without determining whether this would siphon away funding and staff assistance from a later project that might be of much higher priority and with greater catalyst potential.

The second criteria are whether a loan applicant meets the Agency underwriting standards. In other words, will the work on the project produce enough additional assessed value and income to secure the loan and provide reasonable assurance that the applicant can make the payments? There are no clear written guidelines regarding this underwriting evaluation, which leaves applicants unsure regarding their qualification until the staff makes an independent judgment. Without comprehensive guidelines, there is no opportunity to make findings establishing why a loan should be approved even if it falls outside of the guidelines. Findings would provide a basis for public understanding that RDA actions are based on goals and objectives and not influence and/or poor judgment.

This passive approach to determining whether to support a project does not include two important elements in project evaluation. The first is an analysis of the Cost and Benefits of the Proposed Project and the second is to conduct a Market and Financial Assessment to determine if the project will be a financial success.

A Cost/Benefit Analysis takes into account both direct and indirect costs and benefits, and so a project may be very well worth supporting even if it does not directly return direct benefits that offset financial cost. In fact a project might be public infrastructure or service project that will return no direct financial dollars to the Agency or the City but it may be a key physical link between other aspects of redeveloping a Project Area or it may be a catalyst project that will generate a lot of private investment in the area. Too often Redevelopment Agencies simply assume that there is a positive cost/benefit outcome without conducting a rigorous analysis. Many times the analysis does not have to be expensive or time consuming, but does need to be structured and the analysis provided to the RDA Board as part of an agenda package where the Board will consider approving support for a project. **Exhibit I** to this report is a discussion of the "Analysis of the Costs and Benefits of Proposed RDA Projects." The exhibit provides a basis for the RDA to develop a template for assessing Cost/Benefit prior to project approval. A template for analysis is only a guideline or outline that helps insure that many aspects of a project are examined, but the analysis should be shaped to the specific nature and location of project. Since a Cost Benefit Analysis is a best practice used by RDAs, we have prepared a description of this best practice for other RDAs, and present this best practice in Exhibit I at the conclusion of this report.

Conducting a Market and Financial Assessment of a project is an expanded and more structured version of the process now followed by the Salt Lake City RDA in examining whether a project is financial strong enough to make repayment of its RDA and private financing. Is there a market for the project and will income be adequate to repay any loans? **Exhibit II** of this report is a discussion of Market and Financial Assessments, which is also a best practice of RDAs. Whether the assessment is fairly quick and easy and completed by in-house staff or more extensive and completed by consultants expert in the particular type of project, every RDA project should be accompanied by an assessment that is part of the agenda package where the RDA Board will consider assisting a project. A template developed from the discussion in the attached will help the RDA formalize the process and insure that all factors are considered and presented to the Board as well as help the staff determine whether the analysis can easily be accomplished in-house. The limited number and experience of the RDA staff now results in fairly minimal market and financial assessment being done on projects.

Finding: The RDA is not conducting more than a minimal informal cost/benefit analysis and market and financial assessment of recent RDA projects and relies instead upon the passive criteria of whether the project meets the broad goals of the Project Area and meets general loan underwriting criteria to determine whether to approve a project.

Finding: While the staff standards appear to be adequately conservative in their loan approval determinations, providing a secure position for the RDA, there are not comprehensive written guidelines regarding whether or not to approve a project loan. In other words, will the work on the project produce enough additional assessed value and income to secure the loan and provide reasonable assurance that the applicant can make the payments? These can be very helpful to the staff, the Redevelopment Advisory Committee (RAC) and the Board in determining if a loan application falls within an acceptable range. Presently there are no findings that a loan outside of the guidelines meets an overriding RDA objective.

Recommendation IV-2: **The RDA should develop a general template for a Cost/Benefit Analysis and a general template for a Market and Financial Assessment of each RDA project and insure that these are separate and formal elements of each agenda package when the Board considers approval of a project.**

Recommendation IV-3: **As part of a Market and Financial Assessment template for projects, the RDA should develop specific guidelines to assist in determining whether to approve a loan application. If a loan falls outside of the guidelines, then approval should require first that specific findings be made by the recommending staff and/or Redevelopment Advisory Committee and findings made by the Board establishing that the loan meets some overriding need or objective of the Agency to warrant the additional financial risk.**

In order to assess whether projects are being successful in meeting the overall goals of the Agency, there needs to be some evaluation process that determines the impact of the project on the project area. Did the project have the anticipated impact?

Impact of an RDA Project

While the RDA has a Master Plan or Project Area Plan for each project area, the plans do not contain objective or observable subjective standards by which to measure the success of individual projects. The fact that businesses open or expand, jobs are created or blighted land redeveloped is insufficient as an evaluation, because it does not tell what the degree of impact is and whether that impact warranted the use of RDA money on the project or was there a project of greater catalytic value that could have been supported.

In 2004, an "Economic Impact Assessment of Redevelopment" report was completed by Economic Research Associates (ERA). They examined each project area and listed the adopted goals, described the agency investment in projects, listed other public and private investment in the area that has occurred during the life of the Project Area, and showed the change in assessed valuation during the study period.

The ERA report was handicapped by a number of factors.

- ◆ The Agency goals are not measurable but instead are very general statements such as "preservation of historic buildings" and "enhancing the quality of public space and structures." With these goals, it is not possible to tell the degree to which the objective was met. Is a little bit of historic preservation adequate and representative of satisfactory work by the RDA?

- ◆ While the report describes projects that have been completed, there is not a before and after picture of the number of jobs, manufacturing, retail sales that are typical measures of economic improvement. The ERA report could not address these measures either on a project-by-project basis or even in short time periods for the total Project Area because there is no base line of information against which to measure progress.

- ◆ Assessed value is not shown in constant dollars, nor is there a measure of change in assessed value on individual projects as a result of RDA activity. Per Capita income, home prices and population below poverty level are also measures used in the report that do not separate out the impact of the RDA from the impact of the larger economy in order to assess the value of RDA activity.

Finding: The RDA does not have adequate measures by which to evaluate the impact of RDA projects.

Recommendation IV-4: **In order to assess the impact of RDA activity, the Agency needs to establish objective or subjectively measurable goals and objectives that the Board and the public will be able to use to clearly determine if the goals/objectives have been met by a project or a small collection of projects. These should be an integral part of each Project Area Plan and each project approval.**

Even if a project has the potential of significant positive impact on the Project Area, the RDA resources are limited. Since the RDA is largely reactive and does not seek developers for projects that have the greatest potential for a high impact (catalyst projects), it does not ask the question of whether a project will proceed "without RDA financing." Obviously, if a developer wants to undertake a project and can get lower cost financing through the RDA, it makes sense for the developer to make an application for funding.

The RDA Economic Incentive Policy requires applicants to submit an explanation of why they need RDA assistance to complete the project when tax increment financing is considered. Although the Utah State Code does not require a finding that RDA financial assistance can only be used in the case where "But for" this assistance the project would not go forward, the Agency currently uses a "But for" test on construction loans and approves all other applications for assistance if 1) the funding is available, 2) the project meets the general goals and specific objectives of the Agency and 3) the applicant/project meets the criteria used to determine if an applicant/project is financial sound and able to repay an RDA loan (most RDA assistance is in the form of a loan). Not having a "But for" criteria means that the Agency is more likely to be simply responding to project applications rather than proactively seeking projects that would most effectively fulfill the vision, goals and specific objectives of the Agency and it means that funding is being committed without considering priorities regarding what projects/locations would be of greatest value to develop as a catalyst to redevelopment.

Finding: An important criterion for evaluating the appropriateness of RDA support for a project is the question of whether the project would proceed even without RDA funding. In light of the extensive private investment documented in the 2004 ERA Economic Impact report, RDA support is frequently not necessary as an inducement to private investment.

Recommendation IV-5:	**The RDA Board should require all applicants for financial assistance from the Agency to establish to the satisfaction of the Redevelopment Advisory Committee and Board that the project can not go forward without RDA assistance or would not go forward at the size and complexity desired by the Agency because financial assistance from some other source is not available or such assistance has terms or conditions that would make the project not financially viable.**

SECTION 5—PLANNING: STRATEGIC PLAN AND ANNUAL GOALS

Cities usually have a Master Plan that sets out a picture of how people want the community to look when it is nearly "built out" as a mature city. But these plans are at a level of generality that they do not help elected officials know from year to year how to prioritize the use of scarce funds to undertake work which will ultimately help the City attain its Master Plan vision. The year-to-year activities are often guided by the adoption of general goals that address various elements of the Master Plan and Specific Objectives that are particular projects or actions the City plans to undertake.

A Redevelopment Agency is an important tool in a city's effort to achieve its Master Plan. The Agency will adopt some form of Master Plan for each Project Area that helps transform the area into the vision imagined in the City's Planning. But as with City-wide Master Plans, these planning efforts are usually general in nature; and so the choices made by the RDA Board each year need to be guided by the annual adoption of goals that address sub-elements of the Project Area plan and specific objectives that state the particular projects or actions the Agency will take in the coming fiscal year.

The goals and specific objectives serve several purposes. First, the goals help the RDA Board determine if proposed budgets and particular projects and Agency actions really will further the vision contained in a Project Area master or strategic plan. Does the goal express an intent that is consistent with the overall vision for the area? If the Agency achieves the goal will the vision have been significantly implemented?

Citygate reviewed the recently adopted RDA goals and found that the form of each goal was appropriate, but for most goals there was no obvious connection to any City or RDA plan or document, leaving the impression that there is not an overall Strategic Vision for Redevelopment as a whole or within each project area. Some of the goals list the related city document or plan, while most of them stand alone, with the reader left to assume, but not know for sure, that the goal relates to a plan.

Finding: Recently adopted RDA goals for each project area do not reference the relevant plan which the goal is intended to implement. This type of formal documented connection helps the Agency continually "check back" to ensure its path is consistent with the original master plans for the project area.

Recommendation V-1: **Each goal adopted by the RDA should reference the particular Master Plan and portion thereof which is being implemented by the goal.**

The second major purpose is actually served by the specific objectives that implement the goals. While stating particular projects or Agency actions, they then serve as specific direction to the staff, an allocation of that fiscal year's staff time and agency financial resources, and finally as a way of monitoring the staff progress toward achieving the specific intent of the RDA Board.

In order for specific objectives to serve these three functions well, they need to be stated in a way that the Board can clearly see whether the specific objective was achieved on time. In other words each objective needs to have an estimated completion date and be stated in a way that the

Board can count/measure or physically see that the objective has been met. Something has been built. A design has been completed. Attendance at events has increased by a target percentage.

Some of the objectives adopted by the RDA partially meet this criterion. For example, Objective 2A in the Granary District reads: *"Prepare applications for funding to remove rails and reconstruct 400 West from 600 South to 900 South";* Objective 4B reads: *"Acquire a large parcel for commercial or mixed use development."* Both of these objectives are specific enough that the Board can determine whether or not they have been accomplished. But without a targeted completion date, the Board cannot tell during the year whether reasonable progress is being made and if problems are occurring which either require Board action to insure the objective is met or events over which the Agency does not have control will delay the project and require a new target completion date. Without completion dates, the Board will have difficulty exercising oversight of the Agency activities.

Other objectives are far more general. Objective 4a in the Depot District reads: *Market Depot District housing program."* And Objective 2B for Capitol Hill reads: *"Market Neighborhood Business Loan Program."* The language of both objectives is so general that any activity at all might be argued to have met the intent of the Board. A more appropriate wording would state what specific marketing activity is going to be undertaken and by what date? Additionally will that activity involve a certain number of meetings or contacts with property owners, and if so this measurement could be included in the language of the objective. Similarly, Objective 1B for Capitol Hill reads: *"Promote Residential Renovation Loan Program and partner with the City Housing Division to rehabilitate existing housing stock to assure long term viability.* From the language of this latter objective it is impossible to determine if the objective has been met because the language provides nothing to objectively or subjectively measure an outcome. It is interesting that this objective contrasts so sharply with the immediately preceding Objective 1A for Capitol Hill that reads: *Complete construction of eight new town homes on 700 North 300 West properties to increase homeownership through construction of new housing opportunities."* Except for the absence of an estimated completion date, this specific objective serves well to inform the Board of what particular tasks will be undertaken by the RDA staff and how to measure the outcome.

Finding: The Specific Objectives in the annual adopted Goals Plan are a mixture of very general statements and some specific projects. None have any time line nor are most stated in a way that it can be determined if and when the objective has been achieved or how the objective assists in accomplishing the vision for the relevant project area.

In light of the lack of connection between the goals for the project areas and the specific plans or documents, Citygate met with a variety of policy officials and staff and toured each of the project areas several times with a particular emphasis on past RDA projects, planned new activities, and areas yet to be redeveloped. It was clear to Citygate that the RDA could not clearly articulate the vision of what Redevelopment hopes to accomplish in transforming each project area over the next decade (or the remaining life of the project area if its expiration date is sooner). Individual projects could be cited, but there was no strong connection between the project and what catalytic role it will serve in redeveloping the area. This catalytic role is critical because the RDA not only does not have sufficient resources to be the sole source of development, but the 2004 ERA report emphasizes the additional private investment that has occurred in each area. Creating an environment that attracts private investment that does not need Agency financial assistance is a key role of the RDA. This shortcoming was particularly evident for the Central

Business District in which it was generally acknowledged that a new downtown plan needs to be developed and maybe the Arts District Study will be the central focal point for that plan.

Finding: The RDA cannot express clearly the vision it has for redevelopment of each Project Area, particularly over the next decade.

Finding: The RDA does not have a plan for redevelopment of the Central Business District over the next decade and has not determined a process for establishing a plan. RDA participants are hopeful that the Arts District Study will result in a plan, but there is no strategy for how to accept and review the study and determine if that is an appropriate direction for downtown.

Finding: The RDA does not have a clear understanding of what projects and RDA actions are of highest priority to serve as a catalyst in redeveloping each project area.

Recommendation V-2:	**Develop or reaffirm long-term measurable and visual master plans for each redevelopment area that makes clear what the vision is for both redevelopment of the project area and for a catalyst effect on the surrounding area.**
Recommendation V-3:	**Develop specific goals that clearly reflect how the vision or master plan for each project area will be achieved, and develop specific, action-oriented and measurable objectives with specific dates anticipated for accomplishment to be adopted annually by the RDA Board.**
Recommendation V-4:	**Goals and Specific Objectives for the RDA should be developed at a Board retreat and then further discussed and adopted after the staff has put them into a formal format, providing whatever details (such as timelines) were requested as additional information by the Board.**

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SECTION 6—ROLE OF THE POLICYMAKERS/ADMINISTRATION AND CITY DEPARTMENTS

The Redevelopment Agency is a separate governmental agency, clearly distinct from the City of Salt Lake City. This is reflected in both the State Code and the RDA By-Laws. Yet with a staff of only eight people, the RDA relies upon City Departments to provide support services and actually "implement" the actions proposed by the RDA. For instance the City Engineering Division implements RDA infrastructure projects and Housing works in consort with the RDA to implement housing projects. Finance, personnel, purchasing and information services are other City functions that support the RDA.

The fact that the RDA is both a separate government agency and yet receives services through the, City creates an interesting relationship that is discussed in this section of the report.

A. ROLE OF THE BOARD AND ADMINISTRATION

The City Council serves as Board of Directors of the RDA and in that role adopts By-Laws. The Board has chosen to have the Mayor serve as Chief Administrative Officer of the RDA, with the RDA Executive Director in practice reporting to the CAO. As discussed elsewhere in this report, the Board and CAO share responsibility for employing the Executive Director, while the CAO acts as appointing authority for the remainder of the employees. Although some have suggested that it is not clear that the CAO has appointing authority, Citygate's reading of the By-Laws supports the view that the CAO is the appointing authority and in practice employment actions are generally conducted as if this is the case and for the most part consistent with City Personnel Rules.

With regard to the Executive Director, the By-Laws in Article III, Section 4 details the role of the CAO, while in Article IV, Section 7 uses language giving the CAO only "general supervision" authority over the "administrative and business affairs of the Agency." In the Human Resources Management Section of this report, Citygate has suggested that the RDA Executive Director be designated as the appointing authority over the RDA staff, to be exercised consistent with all City Personnel Rules and Procedures.

Finding: Under the current RDA By-Laws, there is no clear management oversight or direction of the RDA Executive Director due to the dual hiring/dismissal responsibility of the Mayor and the Board. The By-Laws do not clearly and unambiguously assign management responsibility to oversee the Executive.

Finding: Because the RDA Executive Director has no clear reporting relationship and therefore has no individual who can provide feedback and advice on significant project and management actions, the Executive Director receives inadequate policy direction.

Recommendation VI-1: **The Board should formally assign day-to-day oversight responsibility of the RDA Executive Director on Board policy issues and agenda matters to the RDA Chair. This should involve consulting with regard to such things as day-to-day interpretation of RDA Board policy, agenda**

timing, content of staff reports, and the nature of staff presentations to the Board.

Recommendation VI-2: **The Board should clarify that the CAO has responsibility to oversee the day-to-day actions of the Agency and its receipt of services from City Departments, unless the CAO's direction concerning RDA actions conflicts with that of the Board, in which case the Board's view should prevail to ensure that there is ultimately a single chain of command for the RDA.**

The RDA Board exercises its influence over the RDA principally through the Board meetings as well through the Chair and Vice Chair of the RDA Board. These latter meet regularly with the Director. However there is dissatisfaction both on the part of the Board as well as the staff in the content/form of the RDA Board meetings. Citygate reviewed meeting agendas and minutes and discussed the meetings with both elected officials and staff. Citygate found that there is no consent calendar for the monthly Board meetings, resulting in routine matters often being given a level of attention much the same as for non-routine or higher policy level matters.

Finding: The agenda for monthly RDA Board meetings gives equal weight to all project decisions, even if the matter is clearly routine; and it is clear the Board will approve the project or requested action.

Finding: The Board meetings are lengthy and involve discussion of matters frequently delegated to staff in other public agencies. As a result, there is a greater likelihood that policy level discussions will not always receive the attention that should be devoted to these higher-level issues.

Finding: Since, RDA Board meetings are only held monthly, even routine items may be delayed in approval if the next scheduled meeting is three or four weeks away or is cancelled for some reason.

Recommendation VI-3: **The RDA agenda should contain a "Consent Calendar" section where items that are commonly understood to be routine are included along with an action recommendation by the staff. The items that are to be included on the Consent Calendar would be approved by the RDA Chair and Vice Chair.**

Recommendation VI-4: **The RDA should schedule a Board meeting to precede every City Council meeting for routine consent calendar type items only, and cancel the meeting if there is no business to be conducted. A monthly separate Board meeting would then be held to consider matters that require more extensive presentation and discussion.**

B. COMMUNICATION AND FEEDBACK PROCESSES AND TOOLS

There is very limited organized communication between the RDA staff and the Board. The two principle communication tools are agenda items and agenda presentations and within the past few months, the Director has begun sending the Board members a weekly update. This letter alerts them in a short two or three line note to the status of a variety of issues and projects that the Director feels might interest the Board. The Director also meets with the RDA Board Chair and Vice Chair, but has little communication with most of the remaining Board members. The result is that the Board has little opportunity to be updated on matters coming to them prior to the issue reaching the Board agenda.

An example of a major issuing being handled by the RDA staff with little Board input or progress briefing is the Downtown Art District Study. While a draft of the report has been prepared, the full Board had not received periodic progress briefings or been given an opportunity to discuss some of the major policy matters inherent in such a study in order to provide the consultants and staff with insight from the Board members. For many agencies, such on-going progress reports through longer memos and discussion items on the agenda are fairly routine and ensure that the Board is well educated on the general subject when the full detailed report is presented to them for discussion and policy decisions. Background discussion and information help the Board better understand the report, the policy issues, to identify the critical elements of the study and to more knowledgably participate in discussions.

Another example is the lack of progress reports on the Board adopted goals and objectives. While this annual goal and objectives policy document should be the critical element providing direction to the staff for preparation of the budget and allocation of resources and staff time, there is no report back to the Board after adoption of the budget regarding whether the staff is actually pursuing the objectives or how successful they are in attaining the objectives. An earlier section of this report discussed the shortcomings of the goals and specific objectives as presented to and adopted by the Board. The lack of clear objectives that are objectively or subjectively measurable and with target dates for completion does not give the Board an opportunity to monitor whether or not the Agency is actually doing what the Board directed or being successful in its efforts.

The City Council Executive Director has frequent contact with Board members in their role on the City Council and has an excellent opportunity to understand if Board members are adequately informed of issues that will come before them and also to understand the nature of the communications that work most effectively with each Board member. The Council Executive Director performs a very active role in identifying information and issues that the Council needs to be briefed on and kept informed of progress on, and in getting information to the Council with appropriate analysis in a timely manner. The RDA Director does not have as frequent a contact with the Board members as the Council staff and it is reasonable to expect that the RDA Director will not be as well informed or sensitive to the information needs of the Board, as evidenced by the uneven communication the Director currently has with the Board.

A possible role for the Council Executive Director may be to meet regularly with the RDA Executive Director and assist in determining the nature, content, and timing of communication with the Board and to coordinate written communication to the Board and recommend oral communication by the RDA Director and/or staff as appropriate.

Finding: There is very limited communication between the RDA Director and the Board, with not all Board members being contacted on issues. The Board is not adequately informed of issues and progress on projects, and in turn is not well briefed by the time a matter is listed on the agenda. This is in sharp contrast to the very good communication, preparation on issues, and analysis received by the City Council through the office of the Council Executive Director.

Finding: The Board does not receive frequent scheduled progress reports regarding the annual adopted Goals and Specific Objectives.

Recommendation VI-5:	**After revising the Annual Goal and Specific Objective format and content as recommended elsewhere, establish a template for an easily updated standard form quarterly report detailing progress toward achieving the Goals and Objectives approved by the Board.**

Finding: While the Board is receiving a weekly progress report from the Director, not all of the Board members felt this form of communication was equally useful. The RDA Executive Director communicates far more frequently with some Board members and does not have a clear plan or procedure for communicating equally with all Board members. This uneven communication results in different information and project understanding at the Board meetings.

Recommendation VI-6:	**The Executive Director and RDA Board Chair and Vice Chair should develop a communication process recommendation for consideration by the full Board and implementation by the Executive Director, to include an active role by the City Council Executive Director serving a comparable coordinating role on behalf of the RDA.**

Recommendation VI-7:	**Poll Board members to determine the usefulness of the present form of Weekly Report, adjust the form as needed, and begin sending hard copies as well as e-mail.**

Other important constituencies for the RDA staff are the residents, businesses and property owners affected by the RDA. While the staff does recognize the importance of communicating with them and involving them from the early stages of project planning, the small staff has neither formal training in citizen participation nor a formal process for involvement throughout a project and the use of survey instruments for feedback afterwards comparable to that used by the City Engineering Division. There is also no communication plan for involvement of people in the processes of setting RDA goals and objectives. Exhibit III to this Report is a discussion of a public participation template and principals. This exhibit is very similar to the formal public participation program being used by the City Engineering Division, that does a very good job of planning for and conducting public participation in its projects. Since a Public Participation Plan is a best practice used by RDAs, we have prepared a description of this best practice for other RDAs, and present this best practice in **Exhibit III** at the conclusion of this report.

Finding: The RDA does not have a communication plan nor an organized and consistent process for obtaining public participation at all stages of setting goals and objectives, planning and project execution.

Recommendation VI-8:	**The RDA should obtain the assistance of the Engineering Division or an outside consultant to develop a public participation process template, including the use of written surveys to assess redevelopment needs and reaction to RDA projects and the manner in which they have been processed and operated.**
Recommendation VI-9:	**As part of formal staff training, they should be encouraged to attend seminars and conferences focused on public participation processes and the experiences and practices of other agencies.**

C.   COORDINATION WITH OTHER DEPARTMENTS

The RDA relies on other City departments for not only day-to-day administrative services support, but also for direct execution of RDA projects on behalf of the Agency. Coordination and cooperation with these departments is critical if the projects are to be conducted so that the developer/property owners/businesses do not experience unnecessary delay due to lack of coordination/planning/communication between the RDA and City departments. Loss of time can be expensive in terms of the dollar value of time as well as give the public the impression that the City and RDA are not well organized, trained or sensitive to their needs.

As Citygate met with staff of both the RDA and the City, we heard anecdotal reports of the lack of coordination and cooperation from both parties. Often, part of the problem appeared to be a difference in perceived role and responsibility, in which the RDA saw its mission as development and its position as both a separate agency as well as a City partner deserving of special attention. The City departments saw their role as assisting the RDA, but consistent with the same rules that would apply to any other party developing a project in the City.

This difference in perception is certainly not uncommon between city and RDA staff in various communities. The tension will likely always be present, although Citygate has seen it at a significantly lower level when the leadership of both the RDA and the City are determined to make cooperation and coordination work and when there is a continuous effort and a formal structure for coordination.

Coordination with other departments at the lower staff levels of the RDA is an accepted responsibility by the RDA staff that makes a creditable effort to meet with and work out issues with their counterparts at the lower levels of City departments. However, while there are some coordination processes in place at the management level of RDA and City departments, such as regularly scheduled meetings with the Community Development Director, these are sometimes ineffective because participants believe that occasionally critical information is not shared. The outcome is some inefficiency in managing projects, confusion for developers, and the Board not having the full picture regarding the relationship between an RDA project and City goals,

policies and procedures. Additionally the Board is not always aware of alternate views by City departments, which should be considered by the Board from both the perspective of whether the RDA follows City rules and procedures as well as the perspective of any conflict between RDA action and City policies and goals.

Where the tension between the RDA and other City departments exist, it is often because the Board and Administration do not make it clear that the RDA is, in effect, an implementing arm of the City Master Plan and not the custodian of a separate plan and direction, and the RDA Executive Director does not see the RDA as serving this "supportive" role that is comparable to that of the City Planning Department, Public Utilities, and Engineering. From this perspective, it is the responsibility of the RDA Executive Director to insure that the RDA programs are in consort with and supportive of the City Master Plans rather than the City Planning and other departments monitoring the RDA to insure that the RDA is in line with the remainder of the City. This is, indeed, a somewhat subtle shift in perspective, but defines the role and responsibility of the RDA Executive Director to seek and insure that the RDA is in alignment with the remainder of the City and that the RDA and its Director's communications are thorough, well-understood by others, and timely.

Finding: There is a difference in perceived role and responsibility between the RDA and City Departments, in which the RDA sees its mission as development and its position as both a separate agency as well as a City partner deserving of special attention. The City departments see their role as assisting the RDA, but consistent with the same rules that would apply to any other party developing a project in the City. It is the RDA Director's responsibility to insure that the RDA activities are in alignment with City goals and the RDA and its Director's communications are thorough, well-understood by others, and timely.

Finding: The City departments and RDA are aware of the deficiencies in cooperation and coordination, have a willingness to improve it, but do not have a mechanism or structure that will facilitate the improvement.

Recommendation VI-10: **The RDA Executive Director should be responsible for convening a Development Review Team meeting at the outset of and again prior to a project going on the Board agenda to ensure that all City and RDA requirements have been addressed and there is agreement on the requirements that must by met for the project to proceed, the timeline to meet these requirements and responsibility for ensuring this is done. The Development Review Team should consist at a minimum of a management level person representing Community Development, Planning, Traffic, Public Services/Engineering and Public Utilities with both the technical background as well as the authority to accurately advise the RDA and make definitive commitments on behalf of the Department or Division.**

Recommendation VI-11:	The RDA should hire a facilitator to assist the RDA and departments in defining the root of the coordination problem, cultural differences between organizations and their approaches and any other communication and coordination mechanisms that might be helpful in addition to those recommended in this report.

Recommendation VI-12:	For every project before the RDA Board for approval, the Board should require written comments from any affected City department (most particularly Community Development, Public Services and Public Utilities) as part of the agenda report. These comments should at a minimum indicate City policies and procedures that have been followed and areas in which there is either nonconformance or additional approvals and reviews needed by the Department, a City Planning Commission and/or City Council.

The recommendation above regarding a facilitator is important enough to warrant a brief listing of the tasks for a facilitator. Should the RDA choose to hire a facilitator, the scope of work might include:

1. Assist in devising agenda formats for staff meetings

2. Observe and provide training and individual counseling as needed regarding how to conduct a meeting and how to effectively participate in meetings

3. Meet with various City departments and the RDA to understand the different perspectives and then serve as meeting facilitator of group meetings of the departments and RDA to help participants:

   ➢ Define their differing perspectives

   ➢ Shortcomings in the nature, content and timing of communications and possible solutions

   ➢ Processes in which each participate and explore modifications that will improve the manner in which RDA/City Department business is conducted

4. Assist in devising the structure and content of a Development Review Team for RDA projects and activities

5. Assist in devising the form, content and timing of communications with the Board, including weekly reports, progress reports on goals and objectives, and progress reports on RDA projects

6. Assist in devising a process and format for arriving at the Board's annual goals and objectives.

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D.   RECORDKEEPING

A specific issue of coordination is the safe keeping of official RDA records. The RDA maintains all of the original records of agreements, contracts, etc. in the RDA office rather than in the office of the City Recorder. This does not ensure that records management is consistent with City policy, public access requirements or ensure long term preservation. The City Recorder is the repository of the original of all critical City records, including contract, agreements, deeds etc., and is trained and equipped to manage and preserve records for the long term.

Finding: The RDA staff is not large enough nor does it have the long-term facilities to ensure the safekeeping of official records that should not be lost or inadvertently destroyed.

Recommendation VI-13:   **RDA records that are official documents needing long-term preservation should be merged with those of the Recorder, with the RDA retaining a working copy for their daily use.**

SECTION 7—SURVEY OF SIMILAR REDEVELOPMENT AGENCIES

Citygate surveyed 10 other cities in the western states that are of similar size and have redevelopment agencies. The purpose of the survey was to determine if the Salt Lake City Redevelopment Agency is staffed and organized similarly, whether they operate key elements similarly, and if they plan and evaluate programs any differently than the other agencies.

The Salt Lake City population is 178,605, while the population range of the cities surveyed is from 141,300 to 269,100. A brief review of the data in the survey included below makes it fairly clear that Salt Lake City is not comparatively over staffed. With the exception of Oceanside, Salt Lake City has the highest ratio of tax increment dollars to staff; and although this can be skewed by the extent to which an agency's tax increment may be devoted to existing debt service, this is still a good beginning rough measure when taken in concert with the second workload measure: loans and grants. Here, Salt Lake City processes the highest number of all of the agencies. These are very work intensive activities that consume a lot of staff time, as was reflected in Citygate's review of the processes. The fact that a public loan committee is involved in the larger loans as is the RDA Board adds to the work involved in loan processing.

Just as important as work volume and staffing, is the availability and use of program effectiveness measures. For all practical purposes, no agency really uses project effectiveness measures and none consistently use program effectiveness measures either, including Salt Lake City. Citygate has recommended both of these as important elements in determining whether or not scarce redevelopment dollars are being allocated to projects that provide the greatest catalyst affect in each Project Area.

Most of the agencies surveyed, including Salt Lake City, have a relatively current set of goals and objectives for the RDA. What surveys cannot really tell us is whether policy makers actively use these for guidance in budgeting each year. City's such as Folsom, CA and Stockton, CA have a relatively sophisticated set of goals and objectives for each City operation and review these each year prior to developing the budget. The objectives then serve as focal points for allocating resources. This is the approach recommended by Citygate for the Salt Lake City RDA.

In terms of operations, all of the redevelopment agencies are integrated into the city so that they use city support services such as procurement and finance. Almost all of them, including Salt Lake City, rely on other city departments to implement capital projects as well. And so, from an operational standpoint, the Salt Lake City RDA functions the way most other agencies do.

The conclusions to be drawn from the survey below are that comparatively, the Salt Lake City RDA is not overstaffed and is organized in a manner similar to other RDAs. It is integrated into City operations, at least formally, and has formal goals and objectives. But like other agencies, program and project evaluation measures are not commonly used. In each of these broad areas, the Citygate report examines the Salt Lake City RDA in greater depth and makes recommendations for improvement.

City	Population	To whom does the RDA Department Head report?	# of RDA FTE staff	# of Clerical Positions	Does the RDA have an Asst Director? Does it have instead a Deputy Director and if so, are there more than one?	Is the RDA divided into several Divisions, and if so what are the titles of the Divisions?	Tax increment Revenue for last FY
Chula Vista CA	208,510	CDD Dir.	6	0	No,No	No	$ 8,939,342
Eugene OR	142,680	CM	6	2	No, No	No	$ 2,000,000
Fremont CA	209,100	CDD Dir.	14.5	4	Deputy Director	Housing/ Commercial	$ 27,126,000
Glendale CA	205,422	CM	10	3	No, No	Economic Dev/ RDA	$ 14,279,000
Lakewood CO	141,300	CM	1.3	0.3	No, No	No	$ 921,502
Modesto CA	206,200	CDD Dir.	3	1	No, No	No	$ 2,272,000
Oceanside CA	172,800	City Council	2	0.5	No, No	No	$ 6,100,078
Oxnard CA	186,610	CM	9	3	Div. Mgr.	No	$ 9,812,688
Reno NV	197,960	CM	12	3	No	CDBG/RDA	$ 4,150,000
Salt Lake City UT	178,605		8	2	1	No	$ 20,850,309
Stockton CA	269,100	City Manager	13	2	Deputy Housing Director	2 (CDBG and Redevelopment Agency)	$ 7,471,156

City	Are loans reviewed by a loan committee consisting of any representatives other than City employees?	# of Loans successfully processed during the last FY year and the aggregate amount of the loans	Is construction of RDA CIP projects managed by the City Public Works Department? and if not, then who manages them?	# of grants given by the RDA and the aggregate Dollar amount of grants given by the RDA is last FY	Does the RDA have any measures of the effectiveness of its programs, and if so what are the measures and how does the agency fare on these?	Does the RDA follow City procurement practices or does it have its own?	Does the RDA have strategic plans and goals formally adopted by the Board and if so, in what FY were these last reviewed by the Board?
Chula Vista CA	No loans	N/A	No CIPs in RDA	0,0	Currently creating	City	Yes, Currently updating 5 yr plan
Eugene OR	No loans	N/A	Mostly	4, $250,000	Changes in property value over time--works well	City	Yes, 2005
Fremont CA	Yes	Unavailable	Yes	12, $200,000	# of Affordable hsing units added each year/ The alleviation of blight from each commercial proj. Works well	City	Yes, 2003
Glendale CA	No Loans	N/A	RDA	0,0	Demographics every 2 years; works well	City	Yes, 2005
Lakewood CO	No loans	N/A	No CIPs in RDA	2, $10,000	No	City	Part of annual budget adopted by Board
Modesto CA	No loans	N/A	Yes	None	Sales tx,Increment increases; Jobs created; Public/Private investment ratio. Works well	City	Yes, Dec. 2005
Oceanside CA	No loans	0,0	Yes	0,0	No	City	Yes, 20 years ago
Oxnard CA	Yes	N/A	Some PW/ Some RDA	0,0	No	City	Yes, 2005
Reno NV	Yes	0,0	No, RDA	0,0	5 year goals; 1 year goals; performance standards. Works well	City	Part of annual budget process
Salt Lake City UT	Yes	14 / $8,336,215	Engineering	0,0	No	City	Annually

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APPENDIX

Exhibit I—Analysis of the Costs and Benefits of Proposed RDA Projects

Exhibit II—Market And Financial Assessment

Exhibit III—Public Information and Participation

EXHIBIT I—ANALYSIS OF THE COSTS AND BENEFITS OF PROPOSED RDA PROJECTS

For the RDA Board, it is useful to have a reference document that provides information on the forms of financial assistance that might be provided by the RDA to a project and the questions and indicators that should be used in assessing the appropriateness of such financial assistance. These questions and indicators are important as well to inform potential developers, the public and the staff of the questions and issues that will be addressed by the RDA Board in assessing a proposed project and evaluating the role of the RDA in financially assisting the project.

Each RDA project should involve an analysis that reviews a standard set of questions or indicators and addresses those that are appropriate to the project under consideration.

FORMS OF FINANCIAL ASSISTANCE FOR PROJECTS

Available Financial Tools

The RDA may use one or more of the following methods to financially assist a project when necessary to achieve RDA Project Goals. Such assistance will be at the minimum necessary to secure the project for the community as reflected in a financial analysis acceptable to the RDA Board. Financial assistance will be judged based on indicators of benefit to the community and indicators of the projected financial performance of the project.

The particular mechanism for implementing the "intent" of the financial tools will vary depending upon the requirements of the project and legal parameters.

◆ Write down of Land Cost

When the RDA purchases land for a project, it may resell or lease that land to a developer at less than market value and/or less than the RDA paid for the land.

◆ Demolition and Land Preparation Prior to Sale or Transfer

When a project requires preparation of land prior to construction, including, but not limited to such things as demolition, compaction, the addition/removal of soil or hazardous materials remediation, the RDA may complete this work prior to sale, transfer or lease of land for a development.

◆ Rights of Way

A development may require obtaining or extinguishing easements or other rights associated with the property. The RDA may use its powers to handle rights of way issues and fund all or a portion of the costs, and/or the RDA may partner with the City to handle such issues where the role and powers of the City are needed.

◆ Removal of Assessments or Liens on Property

Property intended for development may be encumbered by assessments or other liens. As part of a development agreement, the RDA may pay the costs associated with removing such encumbrances prior to sale, transfer or lease of land for a development.

◆ Funding Off Site Improvements

Exhibit I—page 1

When a development requires off site improvements such as traffic signals, street lights, street construction/modification, wastewater, water or storm water facilities and the developer is required to construct such improvements at their own expense, the RDA may choose to fund some or all of those improvements on behalf of the developer.

◆　　Payment of Permit and Other Development Related Fees

A development may be responsible under existing laws and regulations for the payment of permit and development related fees to one or more government agencies. The RDA may choose to fund some or all of these fees on behalf of the development.

◆　　Payment Assistance to Offset the Cost of Taxes

A new development will generate additional tax revenue to the City and to the RDA. While the RDA will not abate any tax liability associated with a development, the RDA may choose to pay to the developer a sum for one or more years to offset part or all of the tax liability.

◆　　Environmental Studies

Prior to commencing a project, a development may require the completion of environmental studies. The RDA may choose to contract for or to pay a potential developer to contract for the completion of such studies.

◆　　Provision of Parking and Parking Assessments

A development may require offsite parking or may be responsible for a parking assessment. The RDA may choose to meet some or all of such parking responsibility on behalf of the development.

◆　　Development Loan

The RDA may loan funds to a developer, with appropriate security for the loan, to assist in undertaking a development project. Funds will normally be repaid to the RDA at an annual interest rate not less than the annual CPI. Such repayment may come in the form of increased tax revenue generated by the development or payment of funds to the RDA by the developer.

◆　　Grants or Loans from Other Government Agencies

The RDA and/or the City may obtain grants or loans for a project from other government agencies such as the Economic Development Administration or Housing and Urban Development Department. The RDA may serve as the applicant or co-applicant with the City or a developer.

◆　　Grants from the RDA

The RDA may provide grants for a project to assist in any portion of the construction or acquisition by the developer in order to make the project financially feasible.

EVALUATION OF THE PUBLIC INVESTMENT

Simply because the RDA has financial tools available to assist in development of a project does not mean that every project should be assisted or that selected projects should each receive the same level of assistance. In the private sector, the concept of "Return on Investment" is used to analyze whether money should be invested in a project. If the return is too low, then the project

Exhibit I—page 2

is not worth undertaking and some other project that will return a higher yield is undertaken. This same concept is adaptable to the public sector, although here "Return on Investment" means not simply repayment of loans, but also includes the generation of new tax revenue, the creation of net new jobs (taking into account jobs displaced by new projects and new larger retailers), inspiring additional private investment, increased property value that also increases tax revenue, increased sales/revenue for existing businesses, and removal of slum and blight.

An investment in RDA projects should be evaluated against all of these types of "Return on Investment" to determine whether the return justifies the investment of public funds. Sometimes these are referred to as "Direct and Indirect Returns on Investment". The "Direct Returns" are tax dollars and loan repayments flowing directly from the project and new jobs created on the site. "Indirect Returns" refers to the net new increased economic activity in the community after taking into account the negative impact of the new development on existing businesses.

Direct Return on Investment is relatively easy to determine if based upon a rigorous financial analysis that looks at the existing market, number of potential customers and the dollars they will spend, and how much of this will simply be sales or clients that shift from other businesses in the community. The study also determines how quickly the new project will generate revenue and jobs.

Indirect Return is more difficult to determine and requires a more sophisticated study that is usually an extension of the initial financial analysis to determine the Direct Return on Investment and the financial viability of the project. An Indirect Return financial analysis examines the spillover effects of the project: what other private investment will be inspired, additional jobs created, sales created, and money spent locally. The analysis looks for the net additional business and jobs in the community, recognizing that many new RDA projects may take some business away from existing merchants and professionals. This requires a sophisticated understanding of: 1) the economics of both the project being proposed and related businesses; 2) computer based economic projection models; 3) the local market; 4) general economic conditions and how these relate to the region; and 5) the local impact from project construction activities (including hiring local construction workers, materials that might be purchased locally, and engineering/architectural services that might be locally acquired). The analysis, to be useful to the RDA, must be based upon real expected and not speculative results.

Accompanying the fiscal Direct and Indirect Return analysis should be an examination of any additional costs that will be paid by the City to provide services to the project. This should include not only the obvious services provided to the project site such as police, inspection, and storm water control, but also the off site impact of traffic, water, wastewater and storm water demands that might require additional capital improvement projects elsewhere in the City to mitigate the impact of this project. Often the impact is small and new mitigating projects are only required after several developments have occurred. But the City and RDA need to forecast the incremental impact of development to insure that the new taxes generated by projects will return sufficient funds to pay for the work when the City needs to do it.

While Indirect Return on Investment may be more difficult to summarize in a set of indicators, Direct Return on Investment lends itself to establishing indicators by which the RDA can assess the appropriateness of investing in a project. The indicators that should be considered for analysis on each project are set out below. Those which are appropriate to the project should be

Exhibit I—page 3

contained in a detailed report which uses a Market and Financial Assessment of the project as its factual and analytical basis.

◆ Indicator of Direct Financial Return on Investment

An RDA investment in a development project through the use of any of the "Available Financial Tools" should be recouped by the RDA and/or the City through either additional tax revenue coming directly from the project to the City and/or the RDA, or through direct repayment to the RDA by the developer. The length of time it will take to recoup the investment is one strong indicator of the financial benefits of a project. For example, a project that returns sufficient increased tax revenue equal to the RDA investment in ten years or less may be judged to be a strong financial investment for the community, while one that takes fifteen or more years may be marginal unless there are other clearly identifiable valuable Indirect Return benefits for the community, including additional private investment that is reasonably expected and not speculative and is based upon the financial analysis of the project that is acceptable to the RDA Board.

◆ Other Investment Return Indicators

RDA financial assistance for a project will also be judged on other indicators of benefit to the community and other indicators of financial performance of the project, based on a financial analysis acceptable to the RDA Board. Assessment of a project's performance should be based upon benefits that are reasonably expected and not speculative and demonstrated in the financial analysis. Indicators used in an analysis should be appropriate to the specific project.

◆ Ratio of private financial investment to RDA investment, including, but not limited to, the original cost to the RDA of any land sold or transferred to the developer by the RDA, or the value of any other RDA financial investment through the use of the "Acceptable Financial Tools".

◆ The ratio of RDA investment to the number of net new Full Time Equivalent long-term jobs that will be created within the City in the project.

◆ The number of years/months necessary for the RDA to recover, through tax revenue to the City and/or the RDA and/or through payments from the developer to the RDA, all of its direct investment in a development project.

◆ The long-term average annual rate of return for the developer with and without RDA financial assistance.

◆ Dollar amount of additional private investment expected within the Project Area and, separately, within one-mile of the Project Area over the next 5 years/10 years.

◆ Net new dollars circulating within the community annually as a result of the project.

◆ Average annual salary of net new jobs compared to the current average annual salary of jobs in the community.

◆ Percentage change of total assessed value of property in the Project Area as a result of the project.

Exhibit I—page 4

◆ Percentage of change of total assessed value of property outside of the Project Area as a result of the project.

Exhibit I—page 5

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EXHIBIT II—MARKET AND FINANCIAL ASSESSMENT

WHAT IS A MARKET AND FINANCIAL ASSESSMENT?

There are really two parts to the assessment. The first is a study to determine what the "MARKET" or need or demand is for the office space, industrial space or retail space that is being proposed. In other words, once the project is built, how quickly will users fill the office space? How quickly will industrial firms locate in the new industrial park or fill the "spec buildings"? How many customers will come to the retail shops and how much will they spend? There are fairly sophisticated studies involved in determining whether the market or demand is for new office, industrial or retail space. These will be discussed in more detail below.

The second part of the assessment is a "FINANCIAL" study to determine whether the market or demand for the office, industrial or retail space in a project is high enough to allow the investor to make enough money to both pay off their loans on the project and to make a profit. Will the space fill quickly enough and is the market or demand high enough to allow rents that will return enough money quickly enough to the investors/developer?

The "Financial" Study can be expanded to also include a more specific analysis of Direct and Indirect Investment Returns to the RDA and the City and a determination of how closely a project conforms to any RDA Investment Return Benchmarks.

WHY SHOULD AN RDA HAVE A MARKET AND FINANCIAL ASSESSMENT PRIOR TO APPROVING A PROJECT?

Whether the investor is a private party or a public agency, an economic development project needs to meet two related criteria in order to be successful: 1) There must be sufficient market demand for the project; and 2) the rents or purchase price that users are willing to pay must be high enough and the absorption rate (how long space is vacant) must be fast enough to allow the investors to not only pay off their loans but also, in the case of private investors, make a profit.

If a project is not going to be profitable for the private investor involved in an RDA project, some of the consequences are: 1) the project could go into foreclosure; 2) there could be a large amount of vacant space which means jobs and economic stimulus is not occurring; 3) the failure could be a discouragement to other potential private investors interested in projects in or near the RDA project area; and 4) the investor may not be able to meet their obligations to the RDA if there is public investment in the project.

The RDA, in expending public funds to achieve economic development goals, needs to have a reasonable assurance that the project will be successful and that the public funds are even needed to make the project financially viable. If it is not successful, the economic development goals will not be met, or at least their achievement will be delayed until the market demand catches up with the project. To illustrate, over the past decade a number of hotel projects were constructed which had insufficient occupancy and/or the room rates were too low to pay off the debt. The projects went into foreclosure and/or were sold for less than their original construction cost, bringing the annual loan payments for the new buyers down to a level where the occupancy rate and room rates that the market would support were enough to make loan payments and make a profit.

Exhibit II—page 1

For some smaller RDA projects, common sense answers the question of whether the market will support a project. For instance, a developer may also be the sole tenant. Or the project may be constructed only after the developer secures a tenant with a long-term lease. For other projects there may be a speculative element, such as having only a portion of the space leased prior to construction. For the more speculative but still small RDA projects, an in-house staff analysis of the market and financial viability of a project is sufficient. There is still the question of whether RDA assistance is necessary in order to allow the project to proceed. In other words, the contractual commitments may be based upon certain space rental rates that can only be offered if the developer obtains RDA financial assistance that reduces the size of the loan they must take out to construct the project. Even this aspect of the financial analysis can often by done in-house if the staff is diligent enough in fully detailing, with supporting evidence, for the RDA Board the revenue and costs of the project (the project pro-forma).

If a project's financial viability depends upon renting space or selling land (in the case of an industrial park) on the open market, then the Market and Financial Assessment Study should have two stages, because these are much riskier projects.

The first stage of the study is an in-house assessment of whether, based on the staff's knowledge of the local area, the proposed project appears feasible. This is largely a generalized judgment based upon an overview of the probable project finances and the market as understood by both the developer and the staff. This first stage study is usually done when the project is initially proposed and before many of the project details are worked out. Once a formal proposal is made, the much more sophisticated Market and Financial Assessment Study should be done.

This second stage study should occur for almost any project that will require RDA assistance and will rely upon the market to fill enough space at a high enough rental rate to meet the developer's loan obligations. These are much riskier projects. Since the RDA is planning to invest public funds in a project, it should do so only after diligently assuring itself that the risk is nominal because the market will support the project, that the RDA funds are necessary to make the project financially viable and determine how closely the project conforms to any RDA investment return benchmarks. If a project fails, not only may private investors lose their investment, but the RDA may as well.

The second stage study is critical in establishing the extent of RDA assistance needed to make the project financially viable. If the market demand for office or retail space is weak, then the RDA may have to invest a much larger amount of money in order to permit the developer to charge lower rents that will fill up the project. The RDA needs to have good hard market and financial data in order to evaluate the request of the developer. To determine whether the request meets the RDA guidelines   on when and how much to invest, an expanded "Financial" Study should be done to determine the Direct and Indirect Investment Returns of an RDA assisted project.

Described below are some of the content and tools of a Market and Financial Assessment Study. In-house economic development staff in many jurisdictions deal quite well with the smaller projects and their broad experience often allows them to conduct the stage one study for these riskier projects. But given the use of public funds and higher risk involved in the more complex or higher risk projects, it is wise to find outside expertise that has worked in the particular field represented by the project. For instance, if a hotel project is being proposed, then a firm that has done a large number of hotel analyses and understands the local, regional, and national market

Exhibit II—page 2

could do a cost effective analysis. Similarly for a large multi-tenant retail project, it is best to use a firm that has daily familiarity with the potential tenants, understands their peculiar economic and demographic needs, and can model local demand based upon local and regional demographics and competing businesses.

SOME OF THE CONSIDERATIONS/ANALYSES INCLUDED IN A MARKET AND FINANCIAL ASSESSMENT STUDY

A Market and Financial Assessment of an RDA project takes into account a number of factors. Below are listed some of these, by way of illustrating the complexity and the depth of knowledge needed to conduct this type of study. We have included here as well some of the factors that should be included in an expanded "Financial" Study that assesses the Direct and Indirect Investment Returns of an RDA project and determines how closely the project conforms to any RDA investment return guidelines. This is neither intended to be a complete list nor to imply that all of the factors are relevant to each type of development. The information and analysis that would be developed for an office project, is different from that of an industrial project, which is different still from a retail project or mixed-use project.

◆ Identify population demographics such as the income, age, and ethnicity of the population and the population density at various distances from the project site.

◆ Identify traffic patterns and traffic inhibitors, both present and projected. Ease of accessibility is especially important for industrial and retail developments.

◆ Based on factors such as the above, designate the geographic area that is the "market" from which demand will come, and the pricing, locational, amenity and product preferences of the population in the market area.

◆ Identify product (a product could be an office space or a retail good), location, amenity and pricing preferences of the population in the market area.

◆ Identify the location, size, amount, and characteristics of the competition (retail stores, vacant office space, vacant industrial land or buildings) along with the pricing or rental rate structure for each in the market area.

◆ Develop an appropriate computer model, similar to a gravity model, that will estimate the proportion of shoppers that will be attracted to a new retail center from alternative geographic areas based on the demographics of the population and input concerning square footage of retail space by type. The results of the model will then be modified based on a more detailed analysis of the character of the competition.

◆ Characterize parking and commuting and public transportation as attractors and inhibitors to the development.

◆ Develop a model illustrating the amount of space that will be occupied under different pricing or rental rate scenarios.

◆ Characterize and estimate the amount of additional private investment expected to occur as a result of the project.

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◆ Identify the positive and negative impact on other business uses in the community.

◆ Identify the labor market area and the availability of the appropriately skilled labor that could be attracted to work for an industrial project.

◆ Estimate jobs expected to be lost and gained in the community as a result of the project, the annual average salary of the net new jobs, and the extended economic impact (or spin off benefits) of these jobs on the community.

◆ Expected change in property value of the project property and other properties in the community as a result of the project.

◆ Increase in annual tax revenue to the RDA and the City as a result of the project.

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EXHIBIT III—PUBLIC INFORMATION AND PARTICIPATION

Public Information and Public Participation are really two subjects on a single continuum. You cannot have effective public participation without effective information, and providing information to the public frequently inspires a greater degree of participation, because through information residents see how they and/or their property will be directly affected by a government activity. Redevelopment activities seem to be right up near the top of the list of government activities that generate public interest and a demand for information and the right to participate, because redevelopment directly affects so many people and their property.

This public interest, and often times accompanying opposition to redevelopment activities, may seem hard to fathom when the elected officials and their staff believe that the redevelopment activities are undertaken in support of the goals and objectives that the voters appear to have approved in electing their public officials. The conundrum is that many voters expect their elected and appointed officials to make wise decisions on their behalf when the subject matter indirectly affects them; but when their daily life and property are affected, the residents frequently want to directly participate in the decisions.

Redevelopment then becomes the place where representative democracy converts to a public expectation of direct democracy. The problem is not so much that the lesson of fostering public participation and providing information on redevelopment projects has not been learned, but that many agencies do not do it well. They do not do it well because it is often an after thought in a redevelopment program that focuses on process, projects and deals rather than incorporating the public as an equally important element.

Public information and education supporting effective participation should be an important part of every redevelopment project because the project directly affects people and their property and because redevelopment is difficult to understand if you do not work in it every day. Even if the end result of redevelopment is projects that the community strongly needs, in today's world the public and media are skeptical of government. Property owners, business owners and residents can only stay informed with accurate and factual information to the extent that the RDA makes the effort to keep them informed.

PUBLIC INFORMATION AND PUBLIC PARTICIPATION PLAN

Each redevelopment project should begin with the development of a plan regarding how and when the public will be informed about the essentials of a project and how and when their participation will be proactively sought. The plan in its "broad outlines" should be approved by the elected officials at about the same time as they take the first steps to approve RDA exploration of a project, because public information needs to be made available from the very beginning. In the absence of information, rumors and erroneous suppositions will likely fill the void.

We use the description "broad outline" deliberately, because the details of the plan will change and be filled in as the elected and appointed officials move closer to the point of approving a project and even after project approval as the public needs to be told what to expect as the project is implemented. A Redevelopment Agency's communications should continually be adapted to address rapidly changing questions and issues.

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The Public Information and Public Participation Plan needs to be before the elected officials every time they consider some aspect of a project and the question asked and answered, "What information will be disseminated, to whom, when, and how?" When will people be able to make their views known?" The staff should be proactively proposing the answers to these questions at each step of project consideration.

KEY COMPONENTS OF THE PLAN

An RDA public information and public participation plan should be designed with both an external and an internal focus. The external focus reaches out to the public outside of the government offices while the internal focus is on the staff and elected officials of the City and the RDA.

A.   External Communications: To Which Public?

A public information and participation plan should recognize that for every project there are several "publics" and should separately address how, when and what information will be provided and how, when and where participation will be afforded each public. One way of looking at this is to picture four concentric rings, each containing a "public" that is differently affected by an RDA project.

1. First Ring: Property Owners, Business Owners and Residents within the Project Area

The first concentric ring involves the individuals who own property within the Project Area. Many of these individuals may be directly involved with improvements to their own properties, or in a business transaction to sell their property. A public information and participation plan may need to involve individual meetings with property owners within the Project Area to describe plans and obtain input. These meetings involve the use of documents prepared to provide detailed information at the parcel-specific level, up to and including Owner Participation Agreements (OPAs). At key stages of the process, these meetings with individual property owners may need to be repeated. In addition, public meetings with all of the property owners within the Project Area should be conducted to facilitate group discussions and participation in the planning and implementation processes. Involving the directly affected people early in the project planning process and actively inviting their suggestions regarding implementation that will mitigate hardship on them frequently smooths the project later, because the concerns and suggestions usually arise and it works better to have them heard early and to visibly incorporate as many suggestions as reasonable.

2. Second Ring: Property Owners, Business Owners and Residents Immediately Outside the Project Area Who Are Also Directly Impacted

Just outside the border of the Project Area are properties that will be impacted by changes in vehicular traffic, businesses that will experience greater competition and/or greater potential retail "traffic", and residents that will see their lifestyle and neighborhood change as the project area across the street or down the block is completed. This public has the same concern regarding the project configuration and implementation as those formally within the Project Area. Many of the same steps in providing information and opportunities to participate in

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planning and implementation discussions should be afforded the public in this second ring as are provided to those who are within the boundaries of the Project Area.

3. Third Ring: Public in the Community Outside of the Project Area Who are Indirectly Impacted.

Many residents and businesses outside the Project Area are indirectly impacted by redevelopment activities: Examples of indirect impacts include traffic and pedestrian circulation, during both and after the construction phase. Community meetings, written descriptions used as handouts and/or mailings, individual "drop ins" at stores and businesses, and other approaches are helpful at letting this public know what to expect, and to discuss how the Agency can go about its plans in ways that maximize the benefits to the surrounding area and minimize the negative impacts during and after construction.

4. Fourth Ring: Community at large

Redevelopment has an impact on a fourth public, the community at large. Here the impact is often both cost and benefit. Costs occur when this larger public must assist in financing projects such as street widening and water/wastewater utility line expansion partially caused by the added burden stemming from the project(s) in a redevelopment project area. The benefit arises from added jobs, removal of blight and reducing associated government service costs, new tax sources and so on. The elected and appointed officials balance these costs and benefits in determining whether or not to proceed with a redevelopment project. But in order to have public support for redevelopment activities, a public information and participation plan needs to provide for communication with members of the community, and provide them with the accurate information they need to evaluate redevelopment programs and provide input to policy makers. The local community needs to know of the positive impact of redevelopment in order to give their support. They need to know that the RDA is a good steward of their tax increment dollars and that they are using them to achieve worthwhile community goals and objectives. Property owners, business owners, and voters can only stay informed with accurate and factual information as the RDA makes the effort to keep them informed of its activities. Public information and public participation by the redevelopment agency is the primary, and perhaps the only proactive way, the RDA can disseminate its plans to the community. You cannot rely upon the media to determine what information is to be provided and the timing of that information. It is the RDA that is better able to be thorough in its dissemination of information and time the information so that it properly coordinates with opportunities for public participation.

B. External Communication: How?

There is not one single marvelously effective method of communicating with the public in the four concentric rings. And with the exception of the rising use of the internet, there are not really any new methods either. Most agencies know the basic methods of communicating with the public. But many redevelopment agencies provide information too late or after the public has risen up in opposition to a project. The dialogue becomes conflict and the opportunity for a collaborative solution to project implementation problems is dramatically lessened. Effective communication must be a forethought and not an afterthought.

A forethoughtful plan for external communication and public participation can be as simple as a several column check list that lists all of the possible types of communications and public

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participation, and then you can note to which public each applies and approximately when it should be implemented. This is illustrated below.

Type of Communications	Public and Timing			
	Public 1—*when*	Public 2—*when*	Public 3—*when*	Public 4—*when*
Orientation Brochure	X Sept 06	X Sept 06		
Direct Mailings	X Oct 06	X Oct 06		
Newspaper Inserts			X Sept 06	X Sept 06
Neighborhood Forum	X Nov 06	X Dec 06		
Community Forum	X Jan 07	X Jan 07	X Jan 07	X Jan 07

Elected officials need to be assured there is plan for adequate communication and be able to see how and where their participation in the communication process could be helpful. Even though the details of the implementation are usually handled by the staff, if communications and participation are not working, are not effective, it is the elected officials who will hear about it from their constituents; and so the elected officials need to be satisfied that the plan is appropriate for the project. Each project plan will be different and, as noted before, will likely need to be adjusted throughout the project as questions and issues arise.

Exhibit III-A is an illustration of the "Steps for Community Outreach". Again, how, when and to whom you communicate is unique to a project. The key to effective communication is to develop a plan before you get started and not after you are in trouble with the public.

C.   Internal Communications

Redevelopment frequently becomes a project oriented activity, with the staff focused on the steps necessary to deliver the project. Redevelopment agency staff communicate with the City Council/RDA Board, as well as other city employees, city boards and commissions and these communications normally focus on process, the "what," "when," and "how".   Internal communications should also explain the "why": that redevelopment activities are in support of the community goals and objectives. Unless the "why" is continually reinforced, the internal audience may see redevelopment as only a process. Ensure that the internal groups have the necessary understanding of redevelopment so that they may articulate the positive contributions of redevelopment in their conversations and presentations to others. Without that knowledge, they may not be able to adequately communicate RDA efforts and the connection between the Agency activities and the accomplishment of community goals and objectives.

Accordingly, the public information and public participation plan should take care to make sure the staff itself understands and can effectively communicate the larger purposes of

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redevelopment as represented by this project; and that they understand the critical importance of satisfying the concerns of the various publics impacted by the project.

Exhibit III-B is a list of ten guiding principles for public information and public participation that may seem obvious, but all too often are forgotten in the focus on "delivering the project." These principles are included here as another reminder of the importance of outreach and collaboration if redevelopment is to be perceived as fair, legitimate and not economically benefiting only a favored few.

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EXHIBIT III-A—STEPS FOR COMMUNITY OUTREACH

◆ As educational and publicity materials, RDA Board and staff should direct the development of a 2-3 page orientation brochure, briefly describing the project and its preliminary goals and objectives. These materials should include the use of visuals and graphics, including maps of the area and conceptual drawings of the project.

◆ Define and identify the interest groups (i.e., neighborhood associations, education, arts, business, safety, historical, etc.) within the project area, adjacent to it and in the community at large.

◆ Attend and present materials at regularly scheduled civic organization and club meetings (i.e. athletic and rotary clubs).

◆ Identify the leaders of the various interest groups, civic organizations and clubs and:

  ➢ Invite them to a forum to discuss project goals and objectives, and

  ➢ Ask them to conduct community outreach themselves and to then provide additional comments in writing to the RDA.

◆ Publication materials for community public forums/events/focus groups can be communicated to the public through the following modes:

  ➢ city's internet site,

  ➢ direct mailings to homes and businesses,

  ➢ mass e-mails, local cable outlets,

  ➢ mailings with utility billings,

  ➢ inserts in local and/or regional newspapers,

  ➢ city newsletters,

  ➢ radio,

  ➢ grocery stores,

  ➢ churches and other faith based organizations, and

  ➢ government offices.

◆ The public forums/events/focus groups should be held in various geographic parts of the City. These public meetings should represent a cross section of the community to obtain citizen reaction and ideas for the project.

◆ Conduct an internet based citizen survey to obtain citizen input

◆ If there is a segment of the population that is not English speaking, then materials need to be appropriate for that segment.

◆ For ongoing public input, the city can establish a citizen 'discussion board' on their internet site

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EXHIBIT III-B—TEN GUIDING PRINCIPLES FOR PUBLIC INFORMATION AND PUBLIC PARTICIPATION

1. **Communicate** *vs. Respond*-It is better to initiate communication rather than respond to criticism. This allows an agency to define the local redevelopment discussion rather than just respond to those who oppose redevelopment. It allows for the community to understand the many positive benefits to their redevelopment activities.

2. **Positive** *vs. Negative*-The emphasis should be on the many positive redevelopment benefits. Don't dwell on negative factors. They are few compared to the many positive contributions. How you communicate will set the tone of the redevelopment discussion.

3. **Future** *vs. Past*-Emphasize the future-the great benefits for citizens that are being planned and implemented. Build on successful projects, honor the past, but don't dwell on the past. Learn from it for the future. Redevelopment agencies should understand and interpret the future in light of past activities, but the emphasis must always be on the future. After all, the future is the only dimension in which positive change can take place.

4. **Two-way** *vs. One-way*-Effective agency communicators listen to their community members. They engage citizens in dialogue to understand their needs, hopes and dreams. Agencies use redevelopment to assist citizens in achieving their personal goals and thereby benefit the community.

5. **Team Building** *vs. Acting Alone*-Redevelopment is an important part of a community's revitalization effort and provides an important synergism when teamed with other public and private programs. Redevelopment works by forming partnerships, not by acting alone.

6. **Open** *vs. Closed*-Agencies are open for community participation. Redevelopment supports the goals and interests of the citizen and property owner of the community. Agencies seek to communicate with the media to ensure that citizens understand that the redevelopment agency is fulfilling community goals and interests.

7. **Decentralized** *vs. Centralized*-Decentralization is a practical method of operation. The best source of information is the person who works in a particular program area every day. With decentralization comes the need for training to ensure that agency employees are sensitive to the differences between factual information and policy areas.

8. **Interactive** *vs. Top down*-Agencies desire interactive communications with community members. This can come in various forms including council meetings, community meetings, and media stories. Agencies set and fulfill community goals in response to expressed citizen desires.

9. **Inclusive** *vs. Exclusive*-Redevelopment agencies seek teamwork with the community to break down feelings of "we" versus "they" which are common in many government organizations. Agencies communicate because they desire to include everyone who cares to participate and to motivate those who are not engaged.

10. **Strongly themed** *vs. Scattered messages*-Agency communication is built on a few strong themes. It is more effective than unrelated, scattered messages. Redevelopment communications should focus on those with the greatest community interest. Teamwork with interested organizations can only occur when residents understand how redevelopment is carrying out community goals and interests.

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