



# Building A Better Long Beach

August 24, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the Executive Director to execute a Cooperation Agreement with the Board of Harbor Commissioners to reimburse the Harbor up to \$8,077,464 for the construction of public improvements in the North Long Beach Redevelopment Project Area with specified provisions;

Authorize the Executive Director to execute a Cooperation Agreement and any other agreements or amendments necessary with the Board of Harbor Commissioners to reimburse the Harbor up to \$27,000,000 for the construction of public improvements in the West Long Beach Industrial Redevelopment Project Area with specified provisions;

Adopt a resolution making certain findings regarding the construction of certain public improvements with funds from the North Long Beach Redevelopment Project Area;

Adopt a resolution making certain findings regarding the construction of certain public improvements with funds from the West Long Beach Industrial Redevelopment Project Area; and

Authorize the Executive Director to amend the Fourth Amendment to the Amended and Restated Cooperation Agreement between the City of Long Beach and the Redevelopment Agency of the City of Long Beach. (North and West Long Beach Industrial – Districts 1, 2)

## DISCUSSION

Facing a \$38 million General Fund deficit in Fiscal Year 2010, staff are reviewing a number of options to increase General Fund revenue. One proposal is to use Harbor Department (Harbor) funding to cover bond debt associated with construction of the Aquarium of the Pacific (Aquarium). This concept was presented to the Board of Harbor Commissioners (Harbor Board) on June 22, 2009. They took action and approved the transfer of \$8,077,083 with the provision that the Long Beach Redevelopment Agency (Agency) will reimburse the Harbor from future revenues generated by port activities related to the construction of Middle Harbor and Pier S projects. Subsequent to the Harbor action, staff met with the Agency Board and Project Area Committees in the North and West Industrial Redevelopment Project Areas to discuss the plan.

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The proposed transaction has three primary elements: 1) the Harbor transfers funding to the City to cover a portion of the Aquarium debt, thus generating savings in the General Fund; 2) the Harbor constructs the Middle Harbor project (which is within the North Redevelopment Project Area (Exhibit A)), including certain public improvements (Exhibit B); and 3) future revenue generated from port activity in Middle Harbor will be reimbursed to the Harbor to cover costs associated with the public improvement in an amount equal to the payment for Aquarium debt. Additionally, the proposal includes an element that would ensure the Harbor would be reimbursed should construction of the Middle Harbor project not commence within five years. This would come from North Redevelopment Project area revenue generated by port activity.

Another element of the proposal includes the reimbursement for costs associated with new public improvements being made as a result of the construction of Pier S. The Harbor is planning to construct a new terminal project, Pier S, in the next five years and the project resides within the West Industrial Redevelopment Project Area (Exhibit C). Several public improvements will be made, which are listed in Exhibit D. The Harbor is requesting reimbursement for up to \$27 million in connection with the project. Reimbursement is tied to future public improvements related to Pier S.

In order to implement the transaction, the Harbor and the Agency need to enter into two Cooperation Agreements for the Agency to reimburse the Harbor for the construction of public improvements as described above. The salient points of these two Cooperation Agreements follow.

### North Long Beach Redevelopment Project Area

- The Agency will reimburse the Harbor up to \$8,077,083 for the construction of the public improvements listed in Exhibit B. This amount is equal to the funds the Harbor will transfer to the City for Aquarium Debt Service as stated above.
- The reimbursement will be made solely from "North Additional Net Tax Increment" received by the Agency from the Middle Harbor Project.
  - "North Additional net tax increment" means the increase in gross tax increment due to new development at the Middle Harbor net of the low- and moderate-income housing set-aside, tax-sharing requirements with the affected taxing agencies and the Los Angeles County administrative fee. The increase will be measured by the difference in value from the first fiscal year that Los Angeles County Assessment Roll (Assessment Roll) reflects the increased possessory interest value due to new leases in the Middle Harbor Project and the possessory interest value shown on the prior fiscal year's Assessment Roll. This prior fiscal year's possessory interest value will be established as the Middle Harbor Project Base Year Value and will be used in subsequent years to determine Additional Net Tax Increment.
  - The "Middle Harbor Project" will be defined as Piers D, E and F and the 54.6 acres of "Additional Terminal Area" shown on Exhibit A.

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- In the event that the Harbor has not issued a Notice to Proceed on the Middle Harbor Project within five years, the debt will instead be paid back from additional tax increment received by the Agency from any unobligated legally available funds generated from that portion of the North Long Beach Redevelopment Project Area within the Port of Long Beach.

### West Long Beach Industrial Redevelopment Project Area

- The Agency will reimburse the Harbor up to \$27,000,000 for the construction of the public improvements listed in Exhibit D and associated with the Pier S project (Exhibit C).
- The reimbursement will be made solely from "Westside Additional Net Tax Increment" received by the Agency from the West Long Beach Industrial Redevelopment Project Area during Fiscal Year 16 through Fiscal Year 2025.
- "Westside Additional Net Tax Increment" shall mean any tax increment revenue available after payment of the project's housing set-aside obligation, tax sharing requirements with the affected taxing agencies, Los Angeles County administrative fee and any existing tax allocation bond debt service.

In order for the Agency to pay for public improvements anticipated under the proposed Cooperation Agreements, California Redevelopment Law requires the Agency to determine all of the following:

- That the installation of such public improvements is of benefit to the redevelopment project area or the immediate neighborhood in which the public improvement project is located.
- That no other reasonable means of financing the public improvements are available to the community.
- That the payment of Agency funds for the installation of public improvements will assist in the elimination of one or more blighting conditions within the project area.

Because the Agency is funding the construction of all or a portion of these public improvements, these findings must be made. Attached are resolutions making the necessary findings for the aforementioned public improvements with redevelopment funds from the North Long Beach and West Long Beach Industrial Redevelopment Project Areas.

In addition, to maximize the financial benefit to the General Fund of the Harbor's transfer for a portion of the Aquarium Debt Service, an amendment to the Amended and Restated Cooperation Agreement between the City and the Agency is necessary to correct technicalities related to this transaction. By way of background, in 1990 the City and Agency adopted ordinances allowing the Agency to receive the transient occupancy tax (TOT) generated in the Downtown Redevelopment Project Area from specific hotels.

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Finally, the Third Cooperation Agreement between the Redevelopment Agency of the City of Long Beach and the Board of Harbor Commissioners, as amended, will be replaced by the new Westside Cooperation Agreement as detailed above.

The North Long Beach Redevelopment Project Area Committee recommended that the Agency approve the Cooperation Agreement to reimburse the Harbor for approximately \$8 million of public improvements from Additional Tax Increment generated by the Middle Harbor Project. The West Long Beach Industrial Redevelopment Project Area Committee did not make a recommendation regarding the proposed Cooperation Agreement to reimburse the Harbor for \$27 million of public improvements.

SUGGESTED ACTION:

Adopt recommendation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C. Beck', with a long horizontal stroke extending to the right.

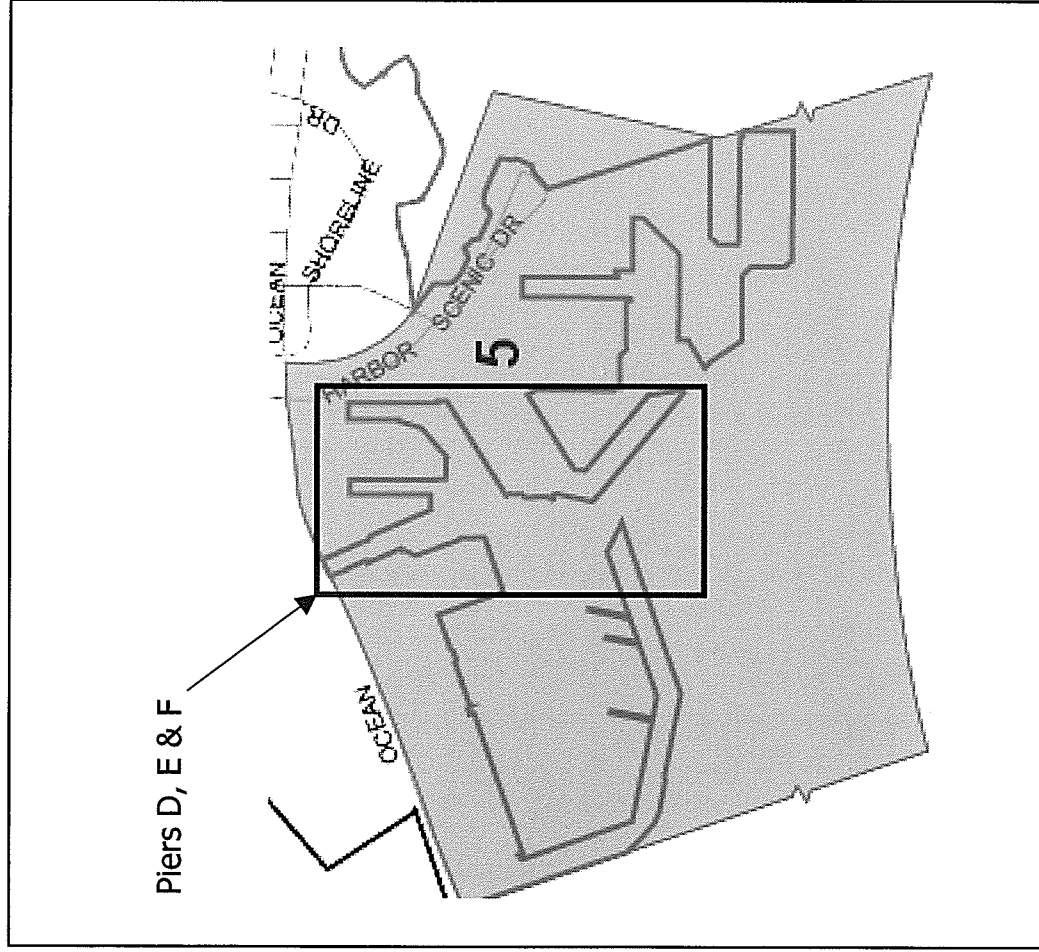
CRAIG BECK  
EXECUTIVE DIRECTOR

CB:AJB:LAF

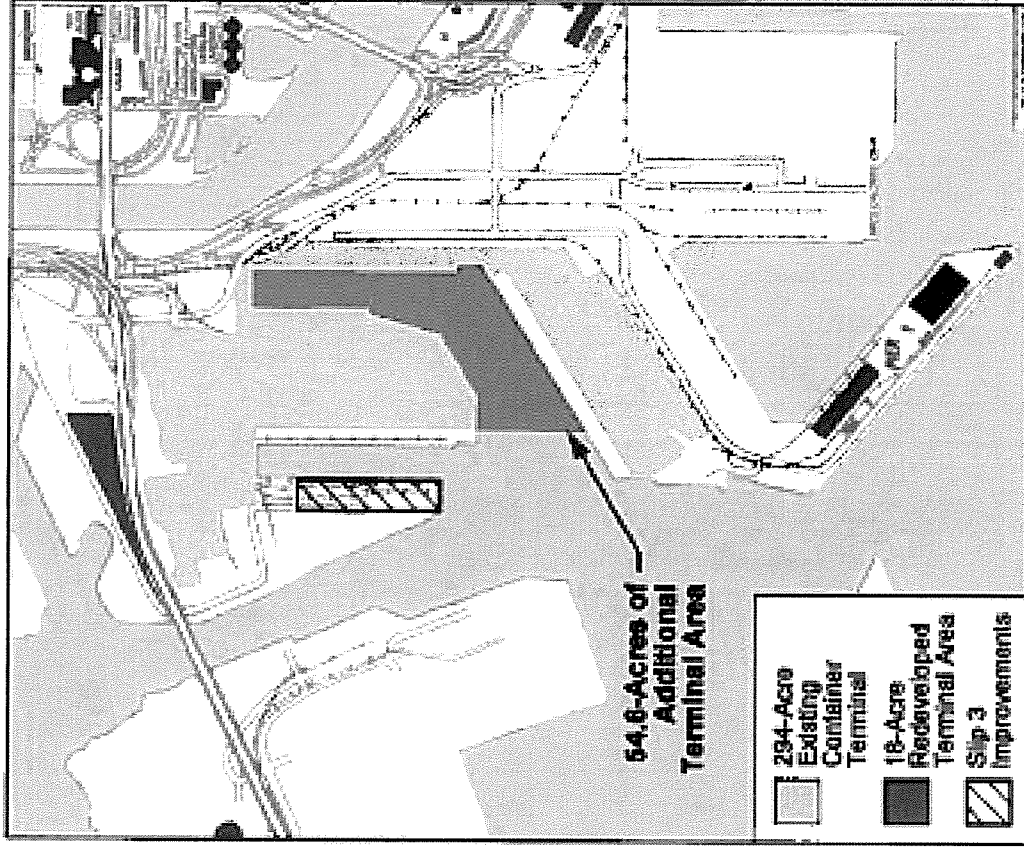
Attachments:      Exhibit A – Harbor Project – North Long Beach Redevelopment Project Area  
                         Exhibit B – Public Improvements for Reimbursement: North Long Beach Redevelopment Project Area  
                         Exhibit C – Pier S Project – West Long Beach Industrial Redevelopment Project Area  
                         Exhibit D – Public Improvements for Reimbursement: West Long Beach Industrial Redevelopment Project Area  
                         Redevelopment Agency Resolutions

# Exhibit A: Middle Harbor, North Redevelopment Project Area

Sub Area 5: North Redevelopment Project Area



Piers D, E & F

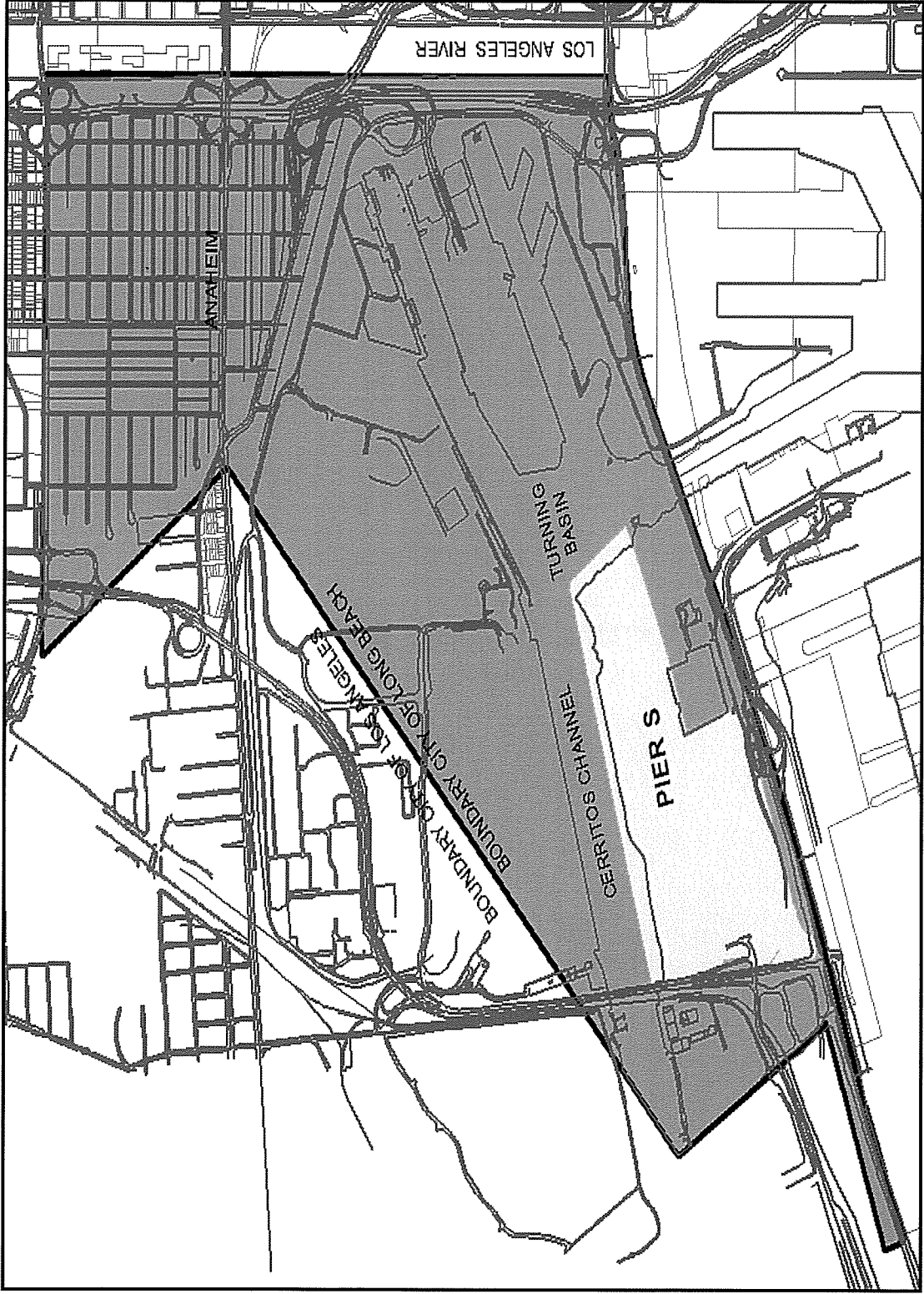


## Exhibit B

Public Improvements for Reimbursement  
North Long Beach Redevelopment Project Area  
Board of Harbor Commissioners of the City of Long Beach  
and  
City of Long Beach Redevelopment Agency

- Install Traffic Signals
  - Pico Avenue and Pier D Street
  - Pico Avenue and Pier E Street
  - Pico Avenue and Pier F Avenue
  - Pico Avenue and Ocean Boulevard off-ramp
  
- Replace Fire Stations
  - Fire Station #15
  - Fire Station #20
  
- Reconstruct Pier F Avenue
  
- Replace Gerald Desmond Bridge

Exhibit C: Pier S, West Long Beach Industrial Redevelopment Project Area



## Exhibit D

Public Improvements for Reimbursement  
West Long Beach Industrial Redevelopment Project Area  
Board of Harbor Commissioners of the City of Long Beach  
and  
City of Long Beach Redevelopment Agency

- Install traffic signals and reconstruct intersections, including curb, gutter, storm drain, traffic islands, and landscaping.
  - New Dock Street and the State Route 47 on/off ramps
  - Pier S Lane and Pier T Avenue
  
- Replace Gerald Desmond Bridge



RESOLUTION NO. R.A.

A RESOLUTION OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA,  
MAKING CERTAIN FINDINGS REGARDING THE  
CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS  
WITH NORTH REDEVELOPMENT FUNDS (HARBOR  
DISTRICT)

WHEREAS, the City Council of the City of Long Beach adopted and approved a certain Redevelopment Plan (the "Redevelopment Plan") for the North Long Beach Redevelopment Project Area (the "Project"); and

WHEREAS, in furtherance of the Project and the immediate neighborhood in which the Project is located, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), has recognized the need for certain public improvements, which improvements will be located within the boundaries of the Project, and proposes to use redevelopment funds to finance these improvements; and

WHEREAS, Section 33445 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requires the Agency to make certain findings prior to the acquisition of land and construction of public improvements or facilities thereon; and

WHEREAS, Section 33678 of the Community Redevelopment Law provides that under certain conditions tax increment funds shall not be subject to the appropriations limitation of Article XIIB of the California Constitution;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. The Agency determines that the construction of public improvements, more particularly described in Exhibit "A", are of benefit to the Project

and the immediate neighborhood in which the Project is located. This finding is supported by the following facts:

The proposed improvements will facilitate the removal of blight by assisting the development of modern, pollution-reducing port terminal facilities, and enhancing the traffic flow in the Harbor area.

Section 2. The Agency determines that no other reasonable means of financing the above-described improvements are available to the community. This finding is supported by the following facts:

Before the passage of Proposition 13, most of the City's general operating and capital improvements were funded through property taxes. However, the initiative placed severe constraints on the City's ability to use property tax revenues to offset increases in operating and capital costs. It has also been difficult for the City, by itself, to provide sufficient funds to support the construction of major public improvements. In fiscal year 2009-2010, the limited resources of the City's General Fund are committed to previously incurred obligations and planned projects.

Section 3. The Agency further determines that the payment of funds for the construction of the public improvements will assist in the elimination of one or more blighting conditions within the Project, and is consistent with the implementation plan adopted pursuant to Health and Safety Code Section 33490.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Executive Director/Secretary

APPROVED:

\_\_\_\_\_  
Chair

EXHIBIT "A"

Public Improvements for Reimbursement  
North Long Beach Redevelopment Project  
Board of Harbor Commissioners of the City of Long Beach  
and  
City of Long Beach Redevelopment of Agency

- Install Traffic Signals
  - Pico Avenue and Pier D Street \$500,000
  - Pico Avenue and Pier E Street \$500,000
  - Pico Avenue and Pier F Avenue \$500,000
  - Pico Avenue and Ocean Boulevard off-ramp \$500,000
  
- Replace Fire Stations
  - Fire Station #15 \$7,500,000
  - Fire Station #20 \$7,500,000
  
- Reconstruct Pier F Avenue \$5,000,000
  
- Replace Gerald Desmond Bridge \$1,125,000,000

RESOLUTION NO. R. A.

A RESOLUTION OF THE REDEVELOPMENT  
AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA  
MAKING CERTAIN FINDINGS REGARDING THE  
CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS  
WITH WEST LONG BEACH INDUSTRIAL  
REDEVELOPMENT FUNDS (HARBOR DISTRICT)

WHEREAS, the City Council of the City of Long Beach adopted and approved a certain Redevelopment Plan (the "Redevelopment Plan") for the West Long Beach Industrial Redevelopment Project (the "Project"); and

WHEREAS, in furtherance of the Project and the immediate neighborhood in which the Project is located, the Redevelopment Agency of the City of Long Beach, California (the "Agency"), has recognized the need for certain public improvements, which improvements will be located within the boundaries of the Project, and proposes to use redevelopment funds to finance these improvements; and

WHEREAS, Section 33445 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requires the Agency to make certain findings prior to the acquisition of land and construction of public improvements or facilities thereon; and

WHEREAS, Section 33678 of the Community Redevelopment Law provides that under certain conditions tax increment funds shall not be subject to the appropriations limitation of Article XIII B of the California Constitution;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. The Agency determines that the construction of public improvements, more particularly described in Exhibit "A", are of benefit to the Project

and the immediate neighborhood in which the Project is located. This finding is supported by the following facts:

These improvements will assist in the removal of blight by assisting the development of modern, pollution-reducing port terminal facilities, and enhancing the traffic flow in the Harbor area.

Section 2. The Agency determines that no other reasonable means of financing the above-described improvements are available to the community. This finding is supported by the following facts:

Before the passage of Proposition 13, most of the City's general operating and capital improvements were funded through property taxes. However, the initiative placed severe constraints on the City's ability to use property tax revenues to offset increases in operating and capital costs. It has also been difficult for the City, by itself, to provide sufficient funds to support the construction of major public improvements. In fiscal year 2009-2010, the limited resources of the City's General Fund are committed to previously incurred obligations and planned projects.

Section 3. The Agency further determines that the payment of funds for the construction of the public improvements will assist in the elimination of one or more blighting conditions within the Project, and is consistent with the implementation plan adopted pursuant to Health and Safety Code Section 33490.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California, on this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
Executive Director/Secretary

APPROVED:

\_\_\_\_\_  
Chair

**EXHIBIT "A"**

**Public Improvements for Reimbursement  
West Long Beach Industrial Redevelopment Project  
Board of Harbor Commissioners of the City of Long Beach  
and  
City of Long Beach Redevelopment of Agency**

- Install traffic signals and reconstruct intersections, including curb, gutter, storm drain, traffic islands, and landscaping
  - New Dock Street and the State Route 47 on/off ramps \$1,000,000
  - Pier S Lane and Pier T Avenue \$500,000
  
- Replace Gerald Desmond Bridge \$1,125,000,000