



Building A Better Long Beach

January 20, 2011

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to amend an agreement with the City of Long Beach for the payment of debt service at CityPlace Parking Structures (A, B, and C) with funds from the Downtown Redevelopment Project Area through Fiscal Year 2017. (Downtown – District 1)

DISCUSSION

On September 12, 2000 the City of Long Beach (City) and the Redevelopment Agency (Agency) entered into an Owner Participation Agreement with Coventry Long Beach Plaza, LLC (later known as Developers Diversified Realty [DDR]), for the acquisition and development of the former Long Beach Plaza site, an enclosed shopping mall that included a multi-level parking structure. As part of the new CityPlace development, the Long Beach Plaza parking structure was redesigned and subdivided into three separate structures commonly known as CityPlace A, B and C or CityPlace garages.

To finance the reconstruction of the CityPlace garages, the Long Beach Finance Authority (Authority) sold the 2001 Plaza Parking Facility Lease Revenue Bonds (2001 Bonds). The CityPlace garages have never generated enough revenue for the City to cover debt service payments vis-à-vis a lease payment. This can be partially attributed to the success of an existing validation program to provide two hours of free parking at the garage, which is a requirement of the City's agreement with the developer. As a result, debt service payments for the 2001 Bonds and operating expense overruns have been covered by the City's General Fund. The City's General Fund has been and continues to be severely constrained.

To assist the City's budget, the Agency made certain findings and contributed towards the debt service on the 2001 Bonds in FY09, FY10, and FY11. Given the current budget environment and the desire of the Agency to continue to support convenient, affordable parking in the Downtown Redevelopment Project Area, staff recommends that the City and Agency amend the existing agreement to pay for debt service during the remaining seven-year term of the Downtown Redevelopment Project Area. The Downtown Project Area is set to expire in June 2017.

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Annual debt service payments are as follows: FY12 (\$828,625), FY13 (\$825,819), FY14 (\$826,131), FY15 (\$825,394), FY16 (\$823,606) and FY17 (\$825,638) for a cumulative total of \$4,955,213. Funding for the debt service would be made through the Redevelopment Fund (RD) in the Department of Development Services (DV). Based on historical trends for the projection of tax increment revenues, it is anticipated that there will be sufficient tax increment generated to meet these commitments.

Because the Agency is reimbursing the City for public improvements, California Redevelopment Law provides that a redevelopment agency may, with the consent of the City Council, pay for public improvements provided that certain findings are made. The Agency Board and the City Council adopted the necessary Findings of Benefit on May 18, 2009 and June 9, 2009, respectively.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT ZUR SCHMIEDE, AICP
ASSISTANT EXECUTIVE DIRECTOR



AMY J. BODEK, AICP
EXECUTIVE DIRECTOR

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