

**CITY OF LONG BEACH**

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

June 13, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to develop bond documents in preparation of financing the expansion of parks and open space in underserved communities; and, once the documents are prepared, return to the City Council with the proposed bond financing and issuance of debt in an amount not to exceed \$25 million. (Districts 1, 2, 6, 7, and 9)

DISCUSSION

On April 18, 2006, staff presented to the City Council a recommendation for financing the expansion and creation of new parkland (attached). The report detailed the need for more open space in the City's underserved communities and recommended a combination of funding sources to secure up to \$25 million. At that meeting, the City Council directed staff to engage the community in further discussion regarding the proposal and return for further consideration. In particular, the City Council requested the Community Development Advisory Commission (CDAC) hold a public hearing to consider the impacts of this proposal on the Community Development Block Grant (CDBG) program.

Subsequently, staff made a number of community presentations on the proposed open space bond. At each meeting information was provided regarding the lack of open space in underserved communities; the alignment of the need for open space with the City's 2010 Strategic Plan; and the proposed financing structure. The Central Project Area Committee reviewed and supported the proposal at their meeting of May 4, 2006, and the Parks Commission reviewed and approved the proposal at their meeting of May 18, 2006.

In addition, CDAC held a hearing on May 17, 2006 to allow for public comment on potential impacts to the CDBG program and the proposed amendment to the Consolidated Plan to include the open space bond. At the conclusion of the public hearing CDAC adopted the following, *"Recommend that the City Council amend the 2005 – 2010 Consolidated Plan to increase the Community Development Block Grant funding support in the amount of \$600,000 for the development of park and open space in underserved communities. It is also recommended that the City Council open dialogue with the Long Beach School District to discuss utilizing the School District's campuses as park space. It is also recommended that the City Council provide yearly updates to Community Development Advisory Commission and to the public on the development of parks and open space."*

The April 18, 2006 staff report included a list of proposed projects that identified a number of opportunities consistent with the City's "Green Vision" in underserved communities. By using CDBG funding, all projects must serve predominately low income neighborhoods and comply with all federal requirements including local hiring preferences. The Department of Housing and Urban Development (HUD) has provided a letter approving the use of CDBG funds in this manner (letter attached). Specific projects will be returned to Council for approval.

TIMING CONSIDERATIONS

City Council action is requested on June 13, 2006 to allow for timely development of required financing documents, which must be brought back to the City Council for formal approval.

FISCAL IMPACT

The staff report to the City Council on April 18, 2006, provides a recommendation for financing the expansion and creation of new parkland (attached). It provided discussion on having the City issue Open Space Bonds that are backed by the General Fund, with the intent of making annual debt payments utilizing CDBG funds, park impact fees, and redevelopment tax increment funding. Given the City's strong credit rating, this financing structure is anticipated to provide for the most favorable interest rates, and thus lowest annual payments.

To minimize the initial cost, a staged principal repayment schedule is recommended. This would limit the debt service payment for the first ten years to approximately \$1,000,000 annually (2008-2017). To cover this cost, staff is recommending that the City utilize \$600,000 of CDBG funding, and \$400,000 from park impact fees and redevelopment tax increment funding. Annual debt service will increase to approximately \$2,200,000 in 2018 and remain consistent until the debt is retired.

HONORABLE MAYOR AND CITY COUNCIL

June 13, 2006

Page 3

Staff is recommending that future Redevelopment Agency (Agency) loan repayments to the City be used to fund the debt service in latter years (2018-2032). The loan amount between the City and Agency for the Downtown Project Area is \$85 million, of which \$51 million is restricted to CDBG eligible uses. Upon termination of the Project Area in 2018, the Agency will make significant annual loan repayments to the City in an amount great enough to assume full responsibility for debt service payments. Staff is recommending an Open Space Bond repayment schedule that minimizes debt service payments through 2018, with increased payments to coincide with the Agency repayments to the City.

Council approval of the recommended action does not obligate the City to issue debt. Required bond documents will be returned to the City Council for approval at a future date.

SUGGESTED ACTION:

Approve recommendation.

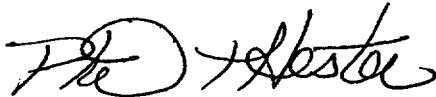
Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT



MICHAEL A. KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT



PHIL T. HESTER
DIRECTOR OF PARKS, RECREATION AND MARINE

PHW:MAK:PTH:CB:am
Open Space ccl June 13v2.doc

Attachment

APPROVED:

for 
GERALD R. MILLER
CITY MANAGER