



CITY OF LONG BEACH

DEPARTMENT OF COMMUNITY DEVELOPMENT

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802

H-2

December 12, 2006

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Recommendation to open the public hearing on the adoption of ordinances to amend certain time limits with respect to the redevelopment plans for the Poly High and West Beach Redevelopment Project Areas, receive and/or hear testimony related to the adoption of said ordinances and conclude the hearing;
2. Declare the ordinance amending certain time limits for the Poly High Redevelopment Project Area read for the first time and laid over to the next regular meeting of the City Council for the final reading;
3. Declare the ordinance amending certain time limits for the West Beach Redevelopment Project Area read for the first time and laid over to the next regular meeting of the City Council for the final reading. (Districts 1, 2 and 6)

DISCUSSION

The State of California has required redevelopment agencies to provide payments to the Educational Revenue Augmentation Fund (ERAF) for Fiscal Year 2005 and Fiscal Year 2006. This requirement is detailed in Senate Bill 1096 (SB 1096). In addition to requiring ERAF payments, the legislation allows for the extension of time limits for redevelopment project areas making an ERAF payment.

Under SB 1096, the City Council can approve ordinances that add one year to the following:

1. Time limit on the effectiveness of the redevelopment plan. Each redevelopment project area is governed by a redevelopment plan that outlines the project's goals and objectives and contains limits related to the plan's implementation. One limit relates to the effectiveness of the redevelopment plan (see Exhibit A). After this

date, all redevelopment activity in a project area ceases, and redevelopment agencies may only pay existing debt and enforce existing contracts. Approval of ordinances extending this time limit would give the Redevelopment Agency an additional year to implement the project's goals and objectives and to remove blight.

2. Time limit on the receipt of tax increment. Every project area has a time limit on the receipt of tax increment. Redevelopment project areas may receive tax increment for a 10- or 15-year period after the redevelopment plan terminates. During this time period no redevelopment occurs, but the project areas can receive tax increment to pay debt. Approval of the ordinances would allow the Poly High and West Beach project areas to receive tax increment for an additional year. Project areas usually receive the greatest annual tax increment payments at the end of their lives. This provision of SB 1096 provides a very large financial benefit. A one-year extension for the project areas would allow the Redevelopment Agency to receive additional gross tax increment amounting to over \$1.1 million for the two project areas based on current projections (see Exhibit B).

SB 1096 only allows the time limit extensions for project areas complying with one of two criteria. The Poly High and West Beach project areas meet the criterion that the time limit on redevelopment activity expires at least 10 years from the year in which the ERAF payment is made.

The City Council approved an ordinance on January 18, 2005, extending the applicable time limits as a result of the Fiscal Year 2005 ERAF payments. Approval of the attached ordinances would extend the applicable time limits one more year as a result of the Fiscal Year 2006 ERAF payments, which totaled \$94,960.

The Redevelopment Agency Board has approved the proposed amendments to the described time limitations and recommended that the City Council conduct a public hearing to consider and adopt an ordinance amending said time limitations for each redevelopment plan.

This letter was reviewed by Assistant City Attorney Heather A. Mahood on November 30, 2006, and Budget Management Officer David Wodynski on December 1, 2006.

TIMING CONSIDERATIONS

City Council action is requested on December 12, 2006, as the Redevelopment Agency made its Fiscal Year 2006 ERAF payment on May 10, 2006, and it is recommended that the extension be requested within the same calendar year.

FISCAL IMPACT

If the City Council approves the proposed time limit extension and adopts the related ordinances, current estimates are that the Poly High Redevelopment Project Area would receive an additional \$681,000 in gross tax increment in Fiscal Year 2026 and the West Beach Redevelopment Project Area would receive an additional \$509,000 in gross tax increment in Fiscal Year 2022. It is expected this gross tax increment will provide an additional \$24,080 in statutory pass-through revenue for the General Fund in the two fiscal years noted above.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



PATRICK H. WEST
DIRECTOR OF COMMUNITY DEVELOPMENT

PHW:CB:LAF:laf

APPROVED:



GERALD R. MILLER
CITY MANAGER

Attachments:

- Exhibit A – Project Area Time Limits
- Exhibit B – Additional Tax Increment
- Ordinance – Poly High Redevelopment Project
- Ordinance – West Beach Redevelopment Project

**Exhibit A
Project Area Time Limits**

Current Time Limits*

Project Area	Date Adopted	Time Limit to Incur Debt	Time Limit for Plan Effectiveness	Time Limit to Repay Debt
Poly High	April 3, 1973	None	April 3, 2015	April 3, 2025
West Beach	June 21, 1964	None	January 1, 2011	January 2, 2021

*These limits include the one-year extensions approved by City Council Ordinance Nos. 7963 and 7964 per SB 1096 for Fiscal Year 2005.

Time Limits After Approval of SB 1096 Ordinances for Fiscal Year 2006

Project Area	Date Adopted	Time Limit to Incur Debt	Time Limit for Plan Effectiveness	Time Limit to Repay Debt
Poly High	April 3, 1973	None	April 3, 2016	April 3, 2026
West Beach	June 21, 1964	None	January 1, 2012	January 2, 2022

Exhibit B
Additional Tax Increment From Extension

Project Area	Current Time Limit to Receive Tax Increment	New Time Limit to Receive Tax Increment	Additional Tax Increment (Gross)
West Beach	2021	2022	509,000
Poly High	2025	2026	681,000
Total Additional Tax Increment			<u>\$1,190,000</u>

Use of Gross Tax Increment

Gross Tax Increment	\$1,190,000
County Admin Fee (1.9%)	-22,610
Housing Set-aside (20%)	-238,000
Pass-through Payments to City	-24,080
Pass-through Payments to Other Agencies	-61,920
Net Tax Increment	<u>843,390</u>

Impact on City

Loss of Property Tax Revenue	-261,800
Housing Set-Aside	238,000
Pass-through from Agency	24,080
Net Tax Increment	<u>843,390</u>
Net Impact	<u>843,670</u>

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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH EXTENDING THE TIME LIMIT
FOR EFFECTIVENESS OF THE REDEVELOPMENT PLAN
FOR THE POLY HIGH REDEVELOPMENT PROJECT
(2005-2006)

WHEREAS, the City Council of the City of Long Beach (the "City Council")
adopted Ordinance No. C-5063 on April 3, 1973, approving and adopting the
Redevelopment Plan (the "Redevelopment Plan") for the Poly High Redevelopment
Project (the "Project"); and

WHEREAS, on August 20, 1974, the City Council adopted Ordinance
No. C-5138, which amended certain permitted land uses and parking provisions with
respect to the Redevelopment Plan; and

WHEREAS, on December 14, 1976, the City Council adopted Ordinance
No. C-5275, amending certain permitted land uses and parking provisions with respect
to the Redevelopment Plan; and

WHEREAS, on November 11, 1986, the City Council adopted Ordinance
C-6311, amending the tax increment cap and certain time limitations with respect to the
Redevelopment Plan; and

WHEREAS, on December 13, 1994, the City Council adopted Ordinance
No. C-7295, amending certain time limitations with respect to the Redevelopment Plan;
and

WHEREAS, on November 17, 1998, the City Council adopted Ordinance
No. C-7576, extending the time limit for exercise of the power of eminent domain
pursuant to the Redevelopment Plan; and

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1 WHEREAS, on March 16, 1999, the City Council adopted Ordinance
2 No. C-7597, which amended certain time limitations with respect to the Redevelopment
3 Plan; and

4 WHEREAS, on November 11, 2003, the City Council adopted Ordinance
5 No. C-7885, which eliminated the time limit to incur indebtedness with respect to the
6 Redevelopment Plan; and

7 WHEREAS, on April 6, 2004, the City Council adopted Ordinance
8 No. C-7913, extending the time limit on the effectiveness of the Redevelopment Plan by
9 one year, or until April 3, 2014; and

10 WHEREAS, on January 18, 2005, the City Council adopted Ordinance
11 No. C-7963, extending the time limit on the effectiveness of the Redevelopment Plan by
12 one year, or until April 3, 2015; and

13 WHEREAS, the current time limit on the effectiveness of the
14 Redevelopment Plan established pursuant to the Redevelopment Plan, as amended, is
15 April 3, 2015, and the current time limit on the receipt of tax increment and payment of
16 indebtedness is April 3, 2025; and

17 WHEREAS, the Redevelopment Agency of the City of Long Beach,
18 California (the "Agency") has been designated as the official redevelopment agency in
19 the City of Long Beach to carry out the functions and requirements of the Community
20 Redevelopment Law of the State of California (Health and Safety Code Section 33000
21 et seq.) and to implement the Redevelopment Plan; and

22 WHEREAS, Section 33333.6 of the Health and Safety Code was
23 amended by SB 1096 which took effect on September 5, 2004, and which provides that
24 when an agency is required to make a payment pursuant to Section 33681.12 the
25 legislative body may amend the redevelopment plan to extend by one year the time limit
26 on the effectiveness of the redevelopment plan and the time limit on receipt of tax
27 increment and payment of indebtedness by one year for each year the Agency makes
28 such a payment; and

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1 WHEREAS, pursuant to Health and Safety Code Section 33681.12 the
2 Agency is required to make a payment to the Los Angeles County Educational Revenue
3 Augmentation Fund for the fiscal year 2005-2006;

4
5 NOW, THEREFORE, the City Council of the City of Long Beach ordains
6 as follows:

7 Section 1. The time limit on the effectiveness of the Redevelopment
8 Plan, as set forth in Section 1000 of the Redevelopment Plan, as amended by
9 Ordinance Nos. C-5138, C-5275, C-6311, C-7295, C-7576, C-7597, C-7885, C-7913
10 and C-7963, shall be amended to read as follows: "Except for the nondiscrimination
11 and nonsegregation provisions which shall run in perpetuity, the provisions of this Plan
12 shall be effective and the provisions of other documents formulated pursuant to this
13 Plan may be made effective for forty-three (43) years from the date of adoption of this
14 Plan by the City Council, which is April 3, 2016."

15 Sec. 2. The time limit for receipt of tax increment and payment of
16 indebtedness pursuant to the Redevelopment Plan, as established in Ordinance
17 C-6311, as amended, shall be April 3, 2026.

18 Sec. 3. Ordinance Nos. C- 5063, C-5138, C-5275, C-6311, C-7295,
19 C-7576, C-7597, C-7885, C-7913 and C-7963 are continued in full force and effect
20 except as amended by this Ordinance.

21 Sec. 4. The City Clerk is hereby directed to send a certified copy of
22 this Ordinance to the Agency.

23 Sec. 5. If any part of this Ordinance is held to be invalid for any
24 reason, such decision shall not affect the validity of the remaining portion of this
25 Ordinance, and this City Council hereby declares that it would have passed the
26 remainder of this Ordinance if such invalid portion thereof had been deleted.

27 Sec. 6. The City Clerk shall certify to the passage of this ordinance
28 by the City Council and cause it to be posted in three conspicuous places in the City of

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1 Long Beach, and it shall take effect on the thirty-first day after it is approved by the
2 Mayor.

3 I hereby certify that the foregoing ordinance was adopted by the City
4 Council of the City of Long Beach at its meeting of _____, 2006, by the
5
6 following vote:

7 Ayes: Councilmembers: _____

8 _____

9 _____

10 _____

11 Noes: Councilmembers: _____

12 _____

13 Absent: Councilmembers: _____

14 _____

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16 _____
17 City Clerk

18 Approved: _____
19 (Date)

_____ (Mayor)

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ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH EXTENDING THE TIME LIMIT
FOR EFFECTIVENESS OF THE REDEVELOPMENT PLAN
FOR THE WEST BEACH REDEVELOPMENT PROJECT
(2005-2006)

WHEREAS, the City Council of the City of Long Beach (the "City Council")
adopted Ordinance No. C-4451 on July 21, 1964, approving and adopting the
Redevelopment Plan (the "Redevelopment Plan") for the West Beach Redevelopment
Project (the "Project"); and

WHEREAS, on December 24, 1968, the City Council adopted Ordinance
No. C-4785, which amended certain permitted land uses with respect to the
Redevelopment Plan; and

WHEREAS, on November 11, 1986, the City Council adopted Ordinance
No. C-6309, amending certain limitations with respect to the Redevelopment Plan; and

WHEREAS, on December 13, 1994, the City Council adopted Ordinance
C-7296, amending certain time limitations with respect to the Redevelopment Plan, and

WHEREAS, on November 11, 2003, the City Council adopted Ordinance
No. C-7886, eliminating the time limit to incur debt with respect to the Redevelopment
Plan; and

WHEREAS, on April 6, 2004, the City Council adopted Ordinance
No. C-7914, extending the time limit on the effectiveness of the Redevelopment Plan by
one year, or until January 1, 2010; and

WHEREAS, on January 18, 2005, the City Council adopted Ordinance
No. C-7964, extending the time limit on the effectiveness of the Redevelopment Plan by
one year, or until January 1, 2011; and

1 WHEREAS, the current time limit on the effectiveness of the
2 Redevelopment Plan established pursuant to the Redevelopment Plan, as amended, is
3 January 1, 2011, and the current time limit on the receipt of tax increment and payment
4 of indebtedness is January 1, 2021; and

5 WHEREAS, the Redevelopment Agency of the City of Long Beach,
6 California, (the "Agency") has been designated as the official redevelopment agency in
7 the City of Long Beach to carry out the functions and requirements of the Community
8 Redevelopment Law of the State of California (Health and Safety Code Section 33000
9 et seq.) and to implement the Redevelopment Plan; and

10 WHEREAS, Section 33333.6 of the Health and Safety Code was
11 amended by SB 1096 which took effect on September 5, 2004, and which provides that
12 when an agency is required to make a payment pursuant to Section 33681.12 the
13 legislative body may amend the redevelopment plan to extend by one year the time limit
14 on the effectiveness of the plan and the time limit on receipt of tax increment and
15 payment of indebtedness by one year for each year the Agency makes such a
16 payment; and

17 WHEREAS, pursuant to Health and Safety Code Section 33681.12 the
18 Agency is required to make a payment to the Los Angeles County Educational Revenue
19 Augmentation Fund for the fiscal year 2005-2006;

20
21 NOW, THEREFORE, the City Council of the City of Long Beach ordains
22 as follows:

23 Section 1. The time limit on the effectiveness of the Redevelopment
24 Plan, as set forth in Section C.6 of the Redevelopment Plan, as amended by Ordinance
25 Nos. C-4785, C-6309, C-7296, C-7886 and C-7964, shall be amended to read as
26 follows: "The Redevelopment Plan for the West Beach Redevelopment Project is
27 hereby amended to provide that the Redevelopment Plan shall terminate on January 1,
28 2012."

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1 Sec. 2. The time limit for receipt of tax increment and payment of
2 indebtedness pursuant to the Redevelopment Plan, as established in Ordinance
3 C-7296, as amended, shall be January 1, 2022.

4 Sec. 3. Ordinance Nos. C-4451, C-4785, C-6309, C-7296, C-7886
5 and C-7964 are continued in full force and effect except as amended by this Ordinance.

6 Sec. 4. The City Clerk is hereby directed to send a certified copy of
7 this Ordinance to the Agency.

8 Sec. 5. If any part of this Ordinance is held to be invalid for any
9 reason, such decision shall not affect the validity of the remaining portion of this
10 Ordinance, and this City Council hereby declares that it would have passed the
11 remainder of this Ordinance if such invalid portion thereof had been deleted.

12 Sec. 6. The City Clerk shall certify to the passage of this ordinance
13 by the City Council and cause it to be posted in three conspicuous places in the City of
14 Long Beach, and it shall take effect on the thirty-first day after it is approved by the
15 Mayor.

16
17 I hereby certify that the foregoing ordinance was adopted by the City
18 Council of the City of Long Beach at its meeting of _____, 2006, by the

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following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

(Mayor)

HAM:fl
1/20/06; rev. 1/24/06
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