

CITY OF LONG BEACH

R-20

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 4th Floor Long Beach, CA 90802 Phone: 570.6428 Fax: 570.6205

September 1, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

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

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

Authorize the City Manager 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. (Districts 1 and 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). By way of background, in 1990, the City and Agency adopted ordinances allowing the Agency to receive 50 percent of the transient occupancy tax (TOT) generated in the Downtown Redevelopment Project Area from specific hotels. These actions were intended to allow the Agency to repay the Harbor for a portion of their investment in the Convention Center expansion. In 2001, however, the use of the TOT was revised to subordinate the Agency's debt to the Harbor, allowing the TOT to be used to repay a portion of the Aquarium Debt Service.

The 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.

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 the 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 B. The Harbor is requesting reimbursement for up to \$27 million in connection with the project. Reimbursement is tied to future public improvements related Pier S.

To accomplish the proposed transaction it is necessary for the City Council to determine the following regarding the public improvements:

- 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 pursuant to California Redevelopment Law. Attached are resolutions making the necessary findings for the aforementioned public improvements with redevelopment funds from the North and West Long Beach Industrial Redevelopment Project Areas. 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.

Collectively, it should be noted that since the ordinances were adopted in 1990, all TOT received in the Downtown Project Area was originally passed through to the Harbor for payment of the Convention Center debt and then subsequently to the City for the Aquarium bond payment, and no TOT has been retained for Agency use at any time.

To implement the proposed transactions, the following actions will need to be taken:

- The Agency and the Harbor will enter into a Cooperation Agreement to reimburse the Harbor up to \$8,077,464 for the construction of public improvements in the North Long Beach Redevelopment Project.
- The Agency and the Harbor will enter into a Cooperation Agreement and amend any other agreements necessary to reimburse the Harbor up to \$27,000,000 for the construction of public improvements in the North Long Beach Redevelopment Project.
- The City and the Agency will amend the Fourth Amendment to the Amended and Restated Cooperation Agreement to maximize the benefit of the Harbor's \$8,077,464.

This letter was reviewed by Principal Deputy City Attorney J. Charles Parkin on August 13, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on August 19, 2009.

TIMING CONSIDERATIONS

City Council action is requested on September 1, 2009, in order to authorize the activities necessary to effectuate the transfer of funds from the Port of Long Beach to the City of Long Beach as anticipated by the Fiscal Year 2009-10 Budget submitted to the City Council.

FISCAL IMPACT

- For Fiscal Year 2009, the Harbor Department will transfer the sum of \$2,068,404 to the City's XC Fund in order to pay for that portion of the Aquarium's debt service payable by the City pursuant to the Implementation Agreement between the City and the Aquarium of the Pacific (the "Aquarium Debt Service").
- In Fiscal Year 2010, the Harbor Department will transfer the sum of \$6,008,679 to the City's XC Fund in order to pay the City's portion of the Aquarium Debt Service owed for that year.
- As a result, the City's General Fund (GP 100) will receive \$1,881,211 in revenue during Fiscal Year 2009 and \$3,356,873 in Fiscal Year 2010. The Tidelands Funds will receive \$187,193 in Fiscal Year 2009 and \$2,651,637 in Fiscal Year 2010.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG BECK
DIRECTOR OF DEVELOPMENT SERVICES

CB:AJB:LAF

Attachments: City Council Resolutions (2)
Exhibit A – Middle Harbor, North Long Beach Redevelopment Project Area
Exhibit B – List of Public Improvements
Exhibit C – Pier S, West Long Beach Industrial Redevelopment Project Area

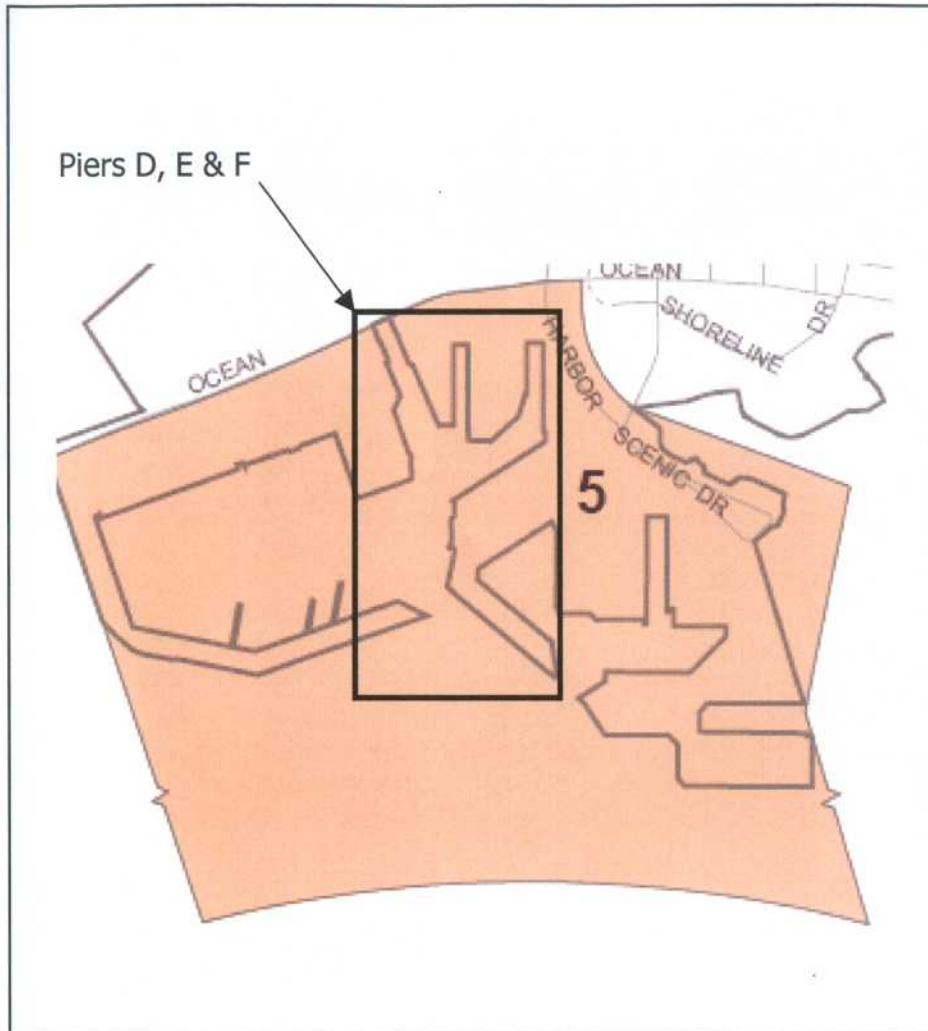
APPROVED:



PATRICK H. WEST
CITY MANAGER

Exhibit A: Middle Harbor, North Redevelopment Project Area

Sub Area 5: North Redevelopment Project Area



Piers D, E & F

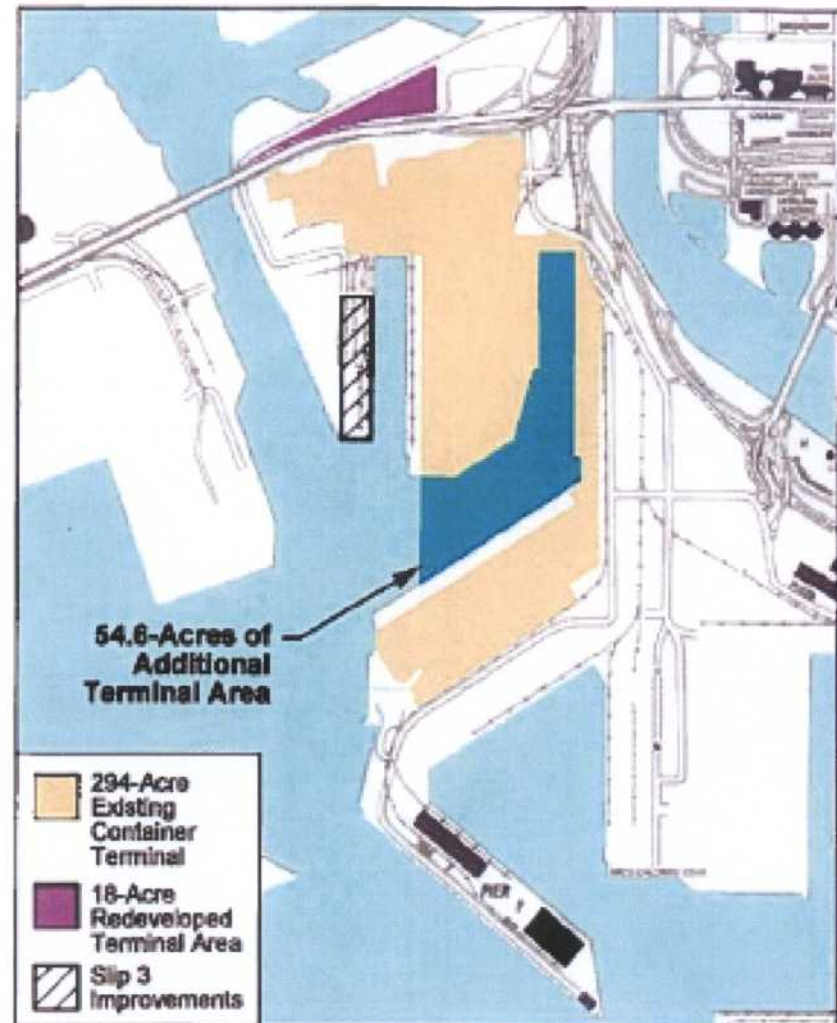


Exhibit B
Public Improvements for Reimbursement
Board of Harbor Commissioners of the City of Long Beach
and
City of Long Beach Redevelopment Agency

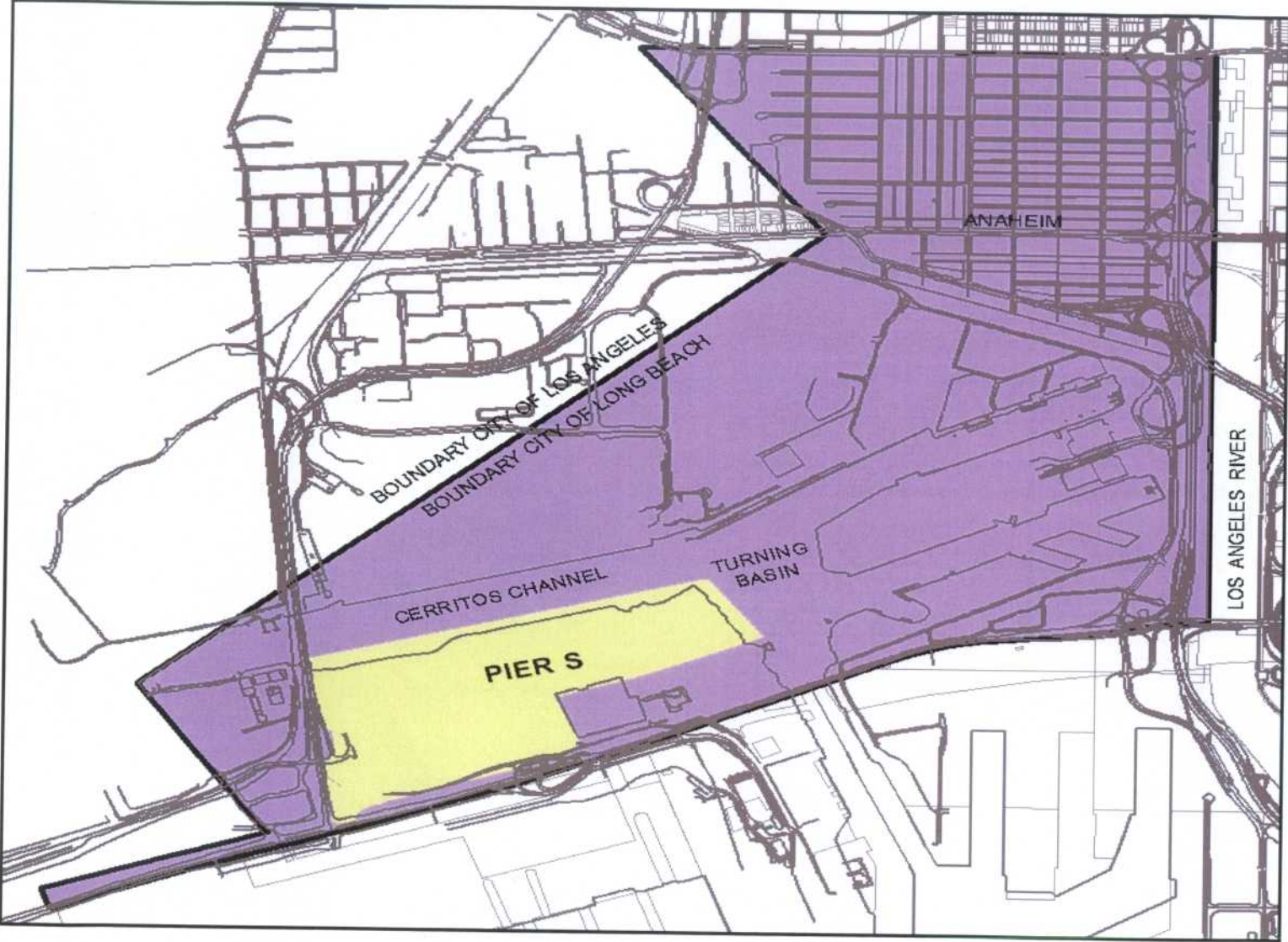
I. North Long Beach Redevelopment Project

- 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

II. West Long Beach Industrial Redevelopment Project

- 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

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



1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH MAKING CERTAIN FINDINGS
5 REGARDING THE CONSTRUCTION OF CERTAIN PUBLIC
6 IMPROVEMENTS WITH WEST LONG BEACH
7 INDUSTRIAL REDEVELOPMENT FUNDS (HARBOR
8 DISTRICT)

9
10 WHEREAS, the City Council of the City of Long Beach adopted and
11 approved a certain Redevelopment Plan (the "Redevelopment Plan") for the West Long
12 Beach Industrial Redevelopment Project (the "Project"); and

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

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

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

25 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
26 follows:

27 Section 1. The City Council determines that the construction of public
28 improvements, more particularly described in Exhibit "A", are of benefit to the Project and

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

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

6
7 Section 2. The City Council determines that no other reasonable means
8 of financing the above-described improvements are available to the community. This
9 finding is supported by the following facts:

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

17
18 Section 3. The City Council further determines that the payment of funds
19 for the construction of the public improvements will assist in the elimination of one or
20 more blighting conditions within the Project, and is consistent with the implementation
21 plan adopted pursuant to Health and Safety Code Section 33490.

22
23 Section 4. This resolution shall take effect immediately upon its adoption
24 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2009 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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