



City Council

Budget Oversight Committee

- April 18, 2006 -



Redevelopment Agency Debt

The Agency Needs City Debt

1. A project area must have debt to collect tax increments from the County.

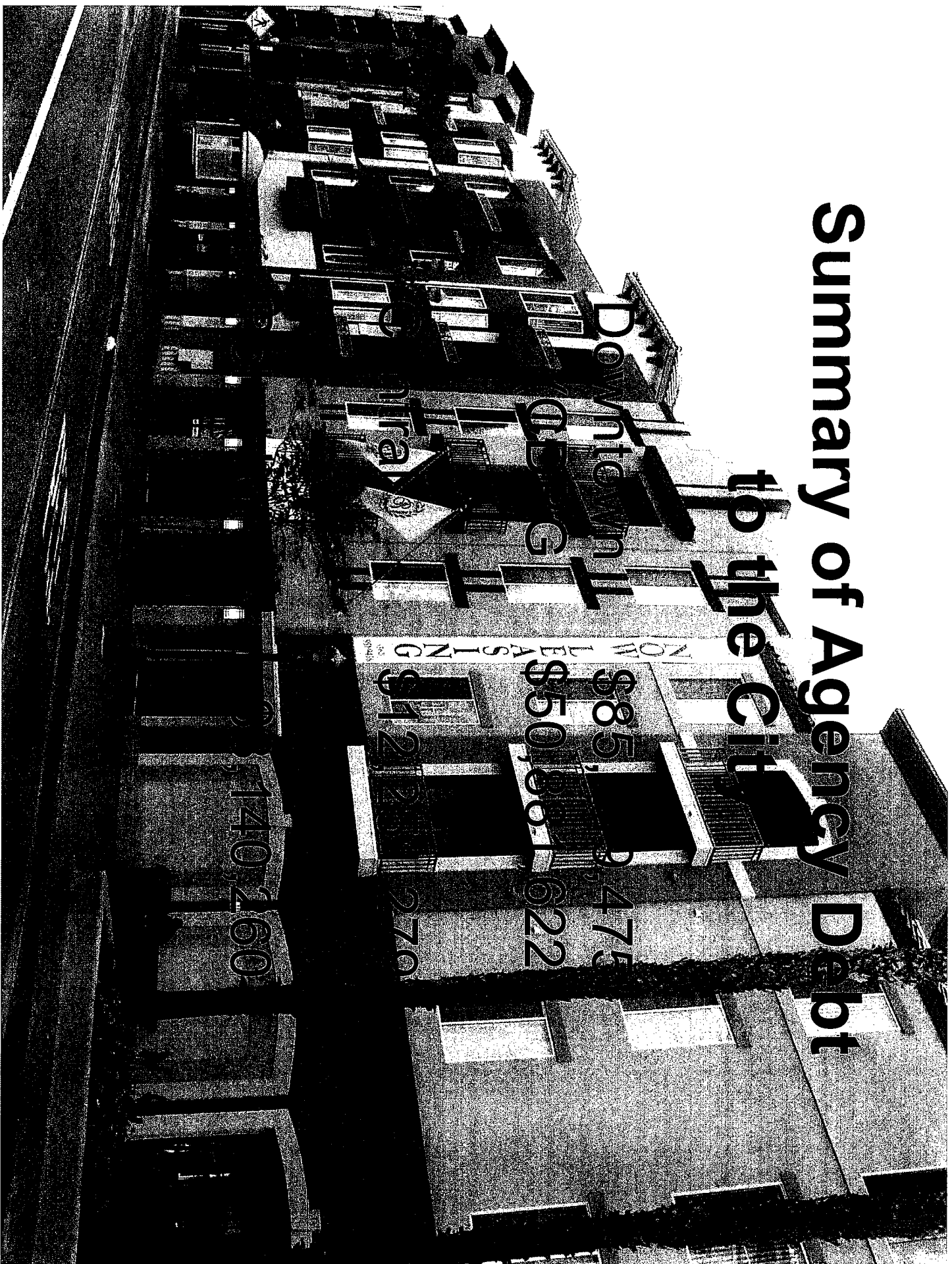
2. A project area can transfer from the City Fund if it has debt.

3. The City Fund can collect taxes from the City Fund if it has debt.

4. City debt

Summary of Agency Debt

to the City



DOWNTOWN
DEVELOPMENT

\$85,000
\$50,000
\$122,000

140-260

270

2,475

622

Barriers to Repayment

- No legal barrier to repayment.
- Agency debt is automatically repaid to the City when the project area terminates
- Poor capital markets
- Availability of funds for repayment
- Cancellation of redevelopment projects and loss of tax revenues
- Loss of future tax increment revenues

A black and white photograph of a city street. In the foreground, there are some plants and a street lamp. The street leads into the distance, lined with buildings and trees. The overall scene is a typical urban environment.

Reasons to Defer

Downtown Payments

- Allows redevelopment projects and programs to continue.
- Maximizes transfer of tax increment from Los Angeles County to the City in future years.

Future Debt Repayment Issues

- Repayment of debt actually covered by the City future revenues



Potential Repayment Options

- Reduce number of projects undertaken and use tax increment for debt repayment on an annual basis (applies to Downtown, Central Long Beach & Poly High Project Area)
- Use bond proceeds for Project Area to pay for debt service
- Proceeds from sale of City-owned land



2006 Agency Acquisition of

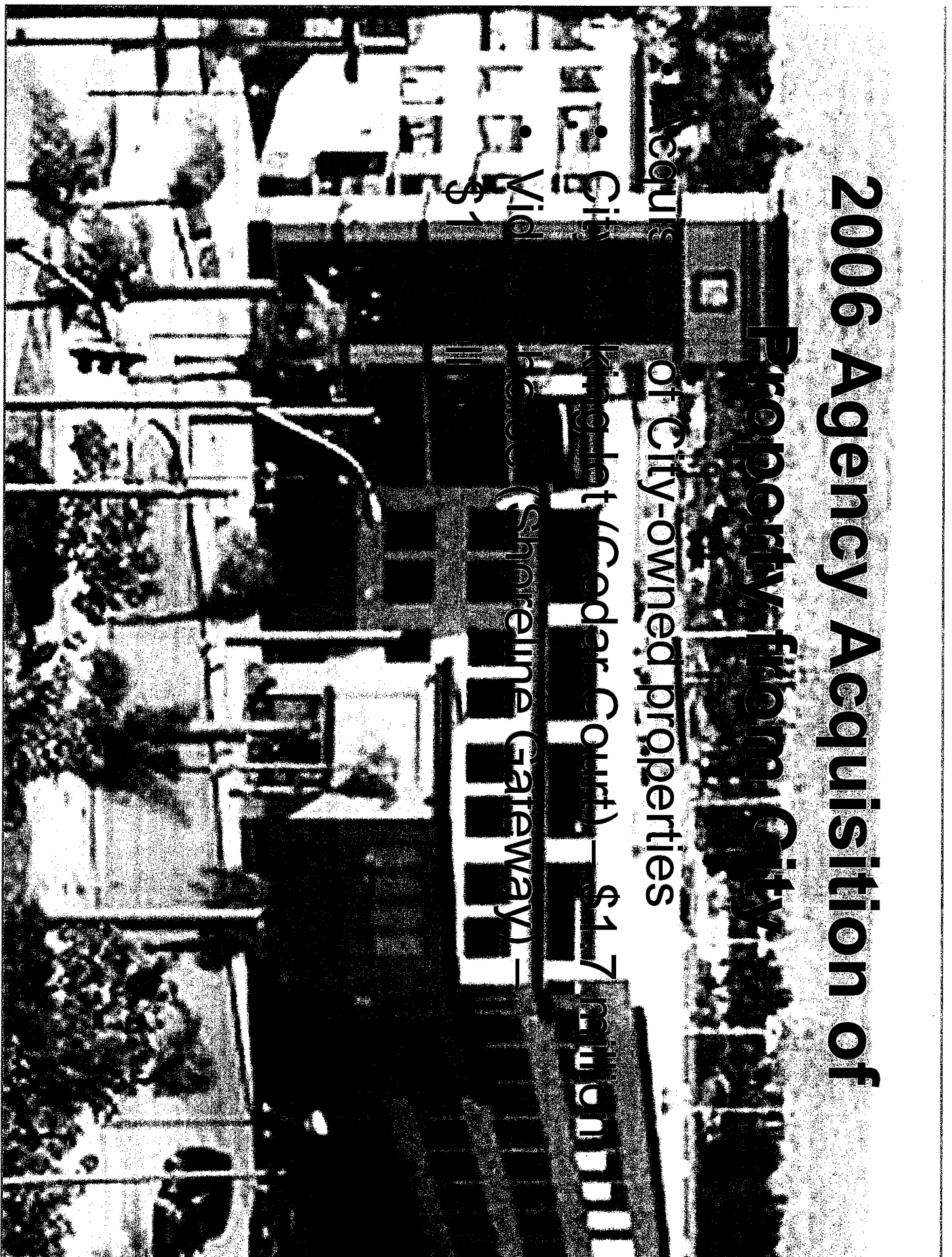
Property from City

Acquires of City-owned properties

City of Cedar Court) — \$1.7 million

Yield Harbor (Shoreline Gateway) —

\$1



Port Tax Increment Re-Allocation

• General pays 1/3 of the Port's debt to the City

• Through an offset of Port tax increment to the Central Housing set-aside fund.

• When the Port's debt is paid, the Port's tax increment will pay Central Housing set-aside

• Staff works to create new revenue to pay the debt

• Long Beach Project Area

Recommendations for Debt Repayment

- Continue the Port tax increment transfer – \$1.3 million – to repay Central debt.
- Begin paying 100% of tax increment generated in the Downtown Project Area by the Pike development beginning in FY 2008.

