

LONG BEACH REDEVELOPMENT AGENCY

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August 7, 2006

REDEVELOPMENT AGENCY BOARD MEMBERS
City of Long Beach
California

RECOMMENDATION:

Recommendation to approve and transmit to the Long Beach City Council Budget Oversight Committee a schedule to repay outstanding debt between the Redevelopment Agency and the City of Long Beach from the Central Long Beach, Downtown, and Poly High Redevelopment Project Areas. (Citywide)

DISCUSSION

During the development of the Fiscal Year (FY) 2006 budget, the City Council adopted a number of recommendations made by the Budget Oversight Committee (BOC), including the following two recommendations related to the Redevelopment Agency:

Recommendation 1: As mentioned in the Clarion Study and proposed by Councilmember Lerch and Redevelopment Agency Boardmember Bill Baker, the BOC concurs in requesting the Redevelopment Agency consider taking the Port Area Property Tax Increment assigned to the North Long Beach Redevelopment Project Area and transfer it to the City for general City purposes; and

<u>Recommendation 2:</u> Recommend the City Council requests the Redevelopment Agency to develop a repayment schedule for outstanding loans.

Subsequent to these recommendations, the Redevelopment Agency on October 24, 2005, adjusted its FY 2006 budget to transfer \$1.3 million from the North Long Beach Redevelopment Project Area to the Central Long Beach Redevelopment Project Area via the Central Project Area's Housing Set-Aside for repayment of Redevelopment Agency debt to the City. The Redevelopment Agency's FY 2007 budget also includes the \$1.3-million transfer.

On April 18, 2006, Agency staff made a presentation to the BOC regarding the Agency's debt to the City. Three of the Redevelopment Agency's seven project areas have debt with the City of Long Beach (Central, Downtown and Poly High). The amount and type of this debt is shown on Exhibit A. Agency staff also proposed a number of payments to the City's General Fund subject to Agency Board approval.

The BOC emphasized that it wanted to see a schedule for the repayment of debt approved by the Redevelopment Agency Board. Exhibit B presents a proposed debt repayment schedule. The schedule shows the following repayments:

- Continue to transfer \$1.3 million of tax increment, or a portion thereof, in last year
 of repayment from the North Long Beach Project Area to the Central Long Beach
 Project Area until that debt has been completely repaid.
- In FY 2008, commence repayment of the Downtown Project Area's debt to the City with an amount of tax increment revenue equivalent to that generated by the assessed value of the Pike development.
- In FY 2018, start making \$2.2 million payment on the Open Space bonds secured by Community Development Block Grant funds.
- In FY 2019, following expiration of the effectiveness of Downtown Redevelopment Plan, transfer all net tax increment that is not necessary for debt service payments on outstanding tax allocation bonds to the City.
- In FY 2016, following expiration of the effectiveness of the Poly High Redevelopment Plan, transfer all net tax increment revenue that is not necessary for debt service payments on outstanding tax allocation bonds to the City.

As shown on Exhibit B, starting in FY 2008 debt repayment to the City from the Central and Downtown Project Areas will be an estimated \$2.0 million per year until FY 2015 when the Central Project Area's existing debt to the City is completely repaid. From FY 2016 through FY 2019, debt repayment from the expiration of the Poly High Redevelopment Plan, the Open Space bonds and the expiration of the Downtown Redevelopment Plan will start and debt repayment will escalate from an estimated \$816,000 per year in FY 2016 to a peak of an estimated \$17.4 million in FY 2030. Debt repayment for the Downtown Project Area is estimated to be complete in FY 2030 and in FY 2035 for the Poly High Project Area.

REDEVELOPMENT AGENCY BOARD MEMBERS August 7, 2006 Page 3

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

PATRICK H. WEST

EXECUTIVE DIRECTOR

PHW:CB:laf

APPROVED:

GERALD R. MILLER CITY MANAGER

Attachment: Exhibit A – Redevelopment Agency Debt to the City

Exhibit B - Proposed Debt Repayment Schedule

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Exhibit A

Redevelopment Agency Debt to the City

Fund	Downtown	Central	Poly High
UDAG	\$11,510,919	\$0	\$0
Title IX	9,539,676	0	0
CDBG	50,881,622	0	0
General Fund	13,317,257	12,215,279	3,140,260
Total	\$85,249,475	\$12,251,279	\$3,140,260

Exhibit B

LONG BEACH REDEVELOPMENT AGENCY ESTIMATED DIRECT CASH PAYMEN

	FY 2007	10	FY 2021	FY 2022	FY 2023	FY 2024
NORTH LONG BEACH PROJECT AREA						
(Redevelopment Plan effectiveness expires on July 26, 2027)						
Revenue: Net Tax Increment ^a	28,837,880	090	43,937,067	45,510,744	46,787,356	48,089,366
Expenses						
Pass-through Payments to City ^b	1,992,731		3,912,572	4,070,400	4,231,541	4,395,694
Pass-through Payments to Others ^b			10,246,528	10,659,860		11,511,766
Debt Service on Bonds	6,921,171		9,573,878	9,582,809	9,589,375 2,375,140	9,600,591 2,422,643
Operating expenses ^c	1,730,161 1,300,000		2,282,911 0	2,328,569 0	2,373,140	2,422,043
Transfer to Central Housing Set-Aside (Port T.I.) Projects ^c	11,675,108		17,921,179	18,869,106	19,509,430	20,158,672
Dollars Reverting to Other Taxing Agencies Due to a Lack of Debt						
CENTRAL LONG BEACH PROJECT AREA						
(Redevelopment Plan effectiveness expires on March 6, 2032)						
Revenue: Net Tax Increment ^e	11,687,000	078	20,664,491	21,401,056	22,154,362	22,922,017
Expenses						
Pass-through Payments to City ^b	699,898		1,621,506	1,707,006	1,794,306	1,883,407
Pass-through Payments to Others ^b	2,236,102		5,180,546	5,453,711	5,732,627	6,017,293
Debt Service on Bonds	3,659,900		3,631,794	3,630,488	3,630,828	3,632,556
Operating expenses ^c	1,048,388 1,300,000		1,383,326 0	1,410,992 0	1,439,212 0	1,467,996 0
City Debt Repayment	2,742,712		8,847,319	9,198,859	9,557,389	9,920,764
Projects ^d Dollars Reverting to Other Taxing Agencies Due to a Lack of Debt	2,172,712	948	0,047,319	9,190,009	9,001,009	3,320,104
	. <u></u>					
DOWNTON REDEVELOPMENT PROJECT AREA (Redevelopment Plan effectiveness expires on June 17, 2018)						
Revenue: Net Tax Increment ^a	10,922,000	524	14,792,857	15,073,918	15,360,363	15,653,270
Expenses				_	_	
Operating expenses ^c	1,268,892		0	0	0	7 200 262
Debt Service on Bonds	7,269,369 (* "	7,316,945 0	7,312,989 0	7,214,613 0	7,308,263 0
City Debt Repayment from Pike Tax Increment CDBG Loan Repayment (Open Space Bond)	ò		2,200,000	2,200,000	2,200,000	2,200,000
Other City Debt Repayment (UDAG, Title IX, General Fund)		917	5,275,912	5,560,929	5,945,750	6,145,007
Projects ^d	2,383,739	0	0	0	0	0
Debt to the City @ 3.5%	86,418,000	_196	102,669,189	98,230,049	93,237,250	87,863,471
POLY HIGH REDEVELOPMENT PROJECT AREA						
(Redevelopment Plan effectiveness expires on April 3, 2016)						
Revenue: Net Tax Increment ^a	410,000	000	537,000	548,000	559,000	570,000
			,	·		0.067
Expenses	3,881	526	16,635	18,021	19,407	20,793
Pass-through Payments to City ^b Pass-through Payments to Others ^b	10,119		43,365	46,979	50,593	54,207
Pass-inrough Payments to Others Debt Service on Bonds	219,861		390,000	390,000	390,000	390,000
Operating expenses ^c	117,320		•	0	0	0
City Debt Repayment		000	-	93,000	99,000	105,000
Projects ^d	176,139	0	0	0	0	0
Debt to the City @ 3.5%	3,140,260	673	4,663,371	4,730,334	4,793,431	4,852,526
OTHER PASS-THROUGH PAYMENTS TO THE CITY ^b	7 200	997	36,047	0	0	0
West Beach West Long Beach Industrial	92,044			283,893	302,468	321,321
	\$1,300,000	047	\$7 EE2 042	\$7,853,929	\$8,244,750	\$8,450,007
Total Debt Repayment to the City Total Pass-Through Payments to the City	\$2,795,76			\$6,079,320		\$6,621,215
Total Cash Payments to the City			\$13,415,543		-	
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 ^a Net tax increment excludes administrative fee paid to the County of Los Angeles a
 ^b Allocation based Los Angeles County Auditor-Controller's Actual FY2004-2005 RS
 ^c Operating expenses escalated at 2% per year.

d Excludes projects funded by revenues other than tax increment, such as bond projects.

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	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	Totals
NORTH LONG BEACH PROJECT AREA (Redevelopment Plan effectiveness expires on July 26, 2027) Ravenue: Net Tax Increment*	49,416,777	50,770,691	52.153,319	53,561,346	54,999,190	56,465,746	57,959,911	59,486,102	61,042,110	62,629,039	64.257.224	\$1,304,512,569
Expenses Pass-through Payments to City ^b Pass-through Payments to Others ^b Debt Sewles an Bords Operating expenses ^c Transfer to Central Housing Set-Aside (Port T.1.) Projects ^c Projects ^c Projects Reventin to Other Taxing Agendies Due to a Lack of Debt	4,563,462 11,951,128 8,993,603 2,471,096 21,437,488	4,734,242 12,398,378 8,997,034 2,520,518 0	4,908,636 12,855,094 8,993,826 2,570,928 0	5,140,860 13,463,260 6,079,716 0 28,877,509	5,377,301 14,082,469 6,075,000 0 0 29,464,420	5.618.561 14,714,299 6.068,978 0 0 30,063,909	5,864,942 15,359,538 6,081,151 0 0 30,674,281	8,115,840 16,016,610 4,151,000 0 0 33,202,652	6,372,161 16.687,879 4,150,250 0 0 33,831,820	6.633.300 4,151.000 0 0 34.472.969	6,905,141 18,083,688 4,152,750 0 0 35,115,646	\$118,658,006 \$310,760,252 \$226,365 \$44,609,290 \$11,700,000 \$336,886,448 \$266,703,207
CENTRAL LONG BEACH PROJECT AREA (Radevelopment Plan effectiveness expires on March 6, 2032) (Revenue: Net Tax increment*	23,704,020	24,501,567	25,317,050	26,146,882	26,984,650	27,857,963	28,740,406	29,638,395	30,555,514	31,491,766	32,456,705	\$613,968,068
Expenses Pass-through Payments to City ^b	1,974,307	2,062,576	2,156,888	2,252,996	2,351,199	2,451,199	2,553,295	2.657,187	2,795,810	2,932,893	2,932,893	\$48,440,036
Pass-through Payments to Others	6,307,711	6,589,722	6,891,037	7,198,092	3,510,924	7,831,333	8,157,519 3,509,193	3,509,917	8,932,330	9,370,296	3,511,000	\$154,760,999
Clark Service of Education Clark Service of Clark Service of Education Service of Clark Service of Clark Service of Clark Service of	1,497,356	1,527,303	1,557,849	1,589,006	1,620,787	1,653,202	1,686,266	1,719,992	1,754,391	1,789,479	1,825,269	\$40,689,313
Projects ⁴ Dollars Reverting to Other Taxing Agencies Due to a Lack of Debt	10,413,962	10,812,294	11,199,714	11,598,143	11,999,898	12,409,366	12,834,133	13,261,855	13,563,483	13,888,347	0 14.817,246	\$210,446,619 \$42,269,078
DOWNTON REDEVELOPMENT PROJECT AREA (Redevelopment Plan effectiveness expires on June 17, 2018) Revenue: Net Tax Increment*	15,951,561	16,255,236	16,566,449	16,881,211	17,201,954	17,528,792				,	·	\$341,021,821
Expenses Operating expenses Controlled to the co	00	00	00	00	00	00	: :	1 1	; ;	1 1	: :	\$17,018,493
City Debt Repayment from Pike Tax Increment	0 0	0 0	0000	0 000 000 0	0000000	000000		1 1	: 1	: 1	: :	\$8,477,765
CUB'S Loan Kepayment (Open Space Bonu) Other City Debt Repayment (UDAG, Title IX, General Fund)	13,751,561	14,055,236	-	14,681,211	15,001,954	12,500,418		: 1 1				\$117,026,111
Frujects Debt to the City @ 3.5%	74,428,828	80,209,668	45,170,732	29.279,653	12,500,418			1	,	,		
POLY HIGH REDEVELOPMENT PROJECT AREA (Redevelopment Plan effectiveness expires on April 3, 2016) Revenue: Net Tax Increment*	0.0193	592,000	603,000	615,000	627,000	000'689	651,332	663,901	676,713	689,773	703,000	\$16,783,719
Expenses Descathmind Payments to City	22.179	23.658	25.235	26.918	28.712	30,626	32,668	34,846	37,169	39,647	42,290	\$539,404
rass-through agricults to Others Post Service on Bonde	57,821	61,675	65,787	70,173	74,851	78,841	85,164	90,841	96,897	103,357	110,248	\$1,408,199
Destriction and an action of the control of the con	501,000	0 508,667	0 511,878	0 517,910	523,437	528,533	533,500	538,214	0 542,847	546,769	487,318	\$950,069
Projects ⁴ Debt to the City @ 3.5%	0 4,503,829	4,137,063	3,751,964	3,347,246	2,922,642	0 2,477,903	0 2,012,458	1,525,842	0.17.607	487,318	0 0	\$651,432
OTHER PASS-THROUGH PAYMENTS TO THE CITY ^a West Basch West Long Beach Industrial	340,450	0	00	00	00	00	© 0.	00	0.0	0 0		\$285,049 \$3,708,078
Total Debt Repayment to the City Total Pass-Through Payments to the City	\$16,452,561	\$16,761,902	\$17,078,427	\$6,000,389 \$6,820,476 \$17,078,427 \$17,389,121 \$17,728,391 \$16,228,851 \$6,890,389 \$6,820,476 \$1,090,759 \$7,420,773 \$7,757,212 \$8,100,387	\$17,726,391	\$16,452,561 \$16,701,902 \$17,078,427 \$17,399,121 \$17,726,391 \$16,226,951 \$6,900,399 \$6,820,476 \$7,090,769 \$7,420,773 \$7,757,212 \$8,100,387	\$533,600 \$8,460,906	\$538,214 \$8,807,874	\$542,647 \$9,205,140	\$546,769 \$9,605,840	\$487,318 \$9,880,324	\$172,218,847

Net tax increment excludes administrative fee paid to the County of Pallocation based Los Angeles County Auditor-Controller's Actual FY Operating expenses escalated at 2% per year.

Excludes projects funded by revenues other than tax increment, sur

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