

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

H-2

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • 562.570.6726

January 18, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record and open the public hearing to receive public comment;

Adopt Resolution to form the City of Long Beach Community Facilities District No. 2011-1 (Douglas Park – North of Cover Street Area – Services Levy) (CFD), authorize the levy of a Special Tax within the CFD, preliminarily establish an annual appropriations limit for the CFD, and submit the special tax levy and establishment of the appropriations limit to qualified electors of the CFD;

Adopt Resolution calling a special election within the CFD;

Adopt Resolution to declare the results of the special election within the CFD, and direct the recording of a Notice of Special Tax Lien; and

Declare the Ordinance levying special taxes in the CFD read the first time and laid over to the next regular meeting of the City Council for final reading. (District 5)

DISCUSSION

The City and The Boeing Company are parties to a Douglas Park Amended and Restated Development Agreement (Amended DA). Section 8.23.2.3 of the Amended RDA provides for the formation of a Community Facilities District (CFD) by the City to include land north of Cover Street in the Douglas Park area of the City, which will finance certain municipal services described in the Amended DA. All of the property proposed to be included in the new CFD is currently owned by The Boeing Company.

The Long Beach Special Tax Financing Improvement Law, as contained in the Long Beach Municipal Code, governs the formation of the CFD by the City Council. The Special Tax Financing Improvement Law provides a mechanism to form Community Facilities Districts to finance municipal services. Once formed, a CFD may finance specified services through payment of a special tax levied against the owners of land within the CFD. These special taxes are then used to pay for any authorized municipal service and any expenses associated with the administration of the CFD.

On January 4, 2011, the City Council adopted a Resolution of Intention to form the CFD. The resolution approved the boundaries for the proposed CFD, described the services to be funded by the CFD, determined the rate and method of apportionment of special taxes to be levied in the new CFD, and initiated proceedings to levy the special tax in the proposed CFD, including calling for a public hearing on January 18, 2011 regarding the formation of the CFD.

The Community Facilities District Report (Attachment A) describes the services proposed to be funded by the CFD, as well as the proposed boundaries of the CFD and includes an initial cost estimate. The cost estimate reflects the expected maximum special tax (\$97,500.00) that could be levied in the CFD, subject to annual increases based on increases in the CPI.

If the Resolution of Formation of the CFD is adopted, the CFD will be formed and the City Council will be authorized to levy special taxes for the CFD in accordance with the Rate and Method of Apportionment of Special Tax, as preliminarily approved by the Resolution of Intention to form the CFD, subject to the approval of the owner of the land in the CFD (being The Boeing Company) at an election described below. The initial special tax rate will be \$1,026.30 per acre, subject to annual CPI increases. Pursuant to the Amended DA and the Resolution of Intention to form the CFD, the first special tax levy in the CFD will not occur until the fiscal year following the completion of any of the public improvements (a) required by the Amended DA to be constructed within or adjacent to the territory included in the CFD, and (b) that commence construction on or after the Effective Date for the Property (as those capitalized terms are defined in the Amended DA) located North of Cover Street. The services to be funded with the special tax include the repair, maintenance and replacement of streets, sidewalk, landscaping along streets, in medians and in other public parks and areas, traffic signs and signals, street lights and street signage in the area within and adjacent to Douglas Park, as identified in the Amended DA, or in respect of any public improvements or facilities constructed pursuant to the Amended DA.

By the City Council adopting the Resolution Calling for the Special Election, the election for the establishment of the CFD, the levy of the special tax in the CFD and the establishment of an appropriations limit for the CFD will be held immediately following the adoption of the Resolution. The Boeing Company, the sole owner of land in the CFD, thus the only voter in the election, already has delivered its ballot for the election to the City Clerk.

After a pause for the City Clerk to open the ballot, the City Council is requested to adopt a Resolution declaring the results of the election and directing recording with the Los Angeles County Recorder of a notice of special tax lien on the parcels in the CFD to put all persons on notice of the special tax authorized to be levied in the CFD.

The City Council will also have the first reading of an Ordinance levying special taxes in the new CFD. The second reading and adoption of the Ordinance will occur at the next City Council meeting. As described above, the first levy of special taxes in the CFD will not occur until certain public improvements have been completed.

This matter was reviewed by Assistant City Attorney Michael J. Mais on December 30, 2010 and Budget Management Officer Victoria Bell on December 29, 2010.

TIMING CONSIDERATIONS

City Council action on this item is requested on January 18, 2011, to support the formation of the CFD, which will fund certain public improvements and services in and adjacent to the CFD.

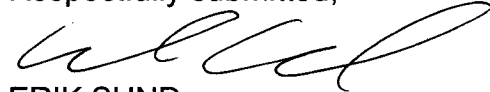
FISCAL IMPACT

There is no fiscal impact to the General Fund associated with the requested action. All revenue from the CFD will be collected in, and expended from, a CFD trust account. All expenses related to the formation of the CFD will be paid for by The Boeing Company, as provided in Section 8.23.2.3 of the Amended DA. The impact of this action on local jobs will be developed within the project scope of work.

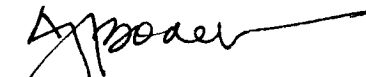
SUGGESTED ACTION:

Approve recommendation.

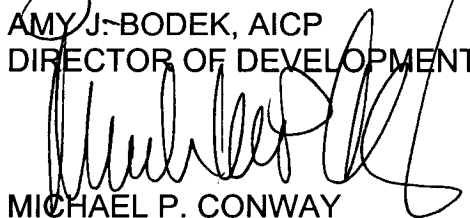
Respectfully submitted,



ERIK SUND
ACTING DIRECTOR OF FINANCIAL MANAGEMENT



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

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- ATTACHMENTS - COMMUNITY FACILITIES DISTRICT REPORT
- RESOLUTIONS (3)
- ORDINANCE

APPROVED:


PATRICK H. WEST
CITY MANAGER

**CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2011-1
(DOUGLAS PARK – NORTH OF COVER STREET AREA – SERVICES LEVY)
COMMUNITY FACILITIES DISTRICT REPORT**

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- B. Proposed Boundaries of the Community Facilities District
- C. Cost Estimate

Exhibit A – Description of the Services

Exhibit B – Cost Estimate

**CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2011-1
(DOUGLAS PARK – NORTH OF COVER STREET AREA – SERVICES LEVY)**

INTRODUCTION. The City Council (the "City Council") of the City of Long Beach (the "City") did, pursuant to the provisions of the Long Beach Special Tax Financing Improvement Law (the "Law"), on January 4, 2011, adopt Resolution No. Res-11-____ entitled "A Resolution of the City Council of the City of Long Beach Declaring Its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein – Douglas Park North of Cover Street Area – Services Levy" (the "Resolution of Intention"). In the Resolution of Intention, the City Council expressly ordered the preparation of a written Community Facilities District Report (the "Report"), for the proposed City of Long Beach Community Facilities District No. 2011-1 (Douglas Park – North of Cover Street Area – Services Levy) (the "District").

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

1. A brief description of the services proposed to be eligible to be financed by the District; and
2. An estimate of the cost of providing the services, including any City administrative costs.

For particulars, reference is made to the Resolution of Intention for the District, as previously adopted by the City Council.

NOW, THEREFORE, I, the City Treasurer of the City of Long Beach, do hereby submit the following data:

A. DESCRIPTION OF SERVICES. A general description of the services that the City Council has determined to be eligible to be funded by the District is as shown in Exhibit "A" attached hereto and by this reference made a part hereof.

B. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the District are those properties and parcels on which special taxes may be levied to pay for the services and the expenses of administering the District. The proposed boundaries of the District are described on the map of the District recorded on January __, 2011, in Book ____ at Page ____ of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Los Angeles (instrument no. _____), a copy of which map is on file with the City Clerk.

C. COST ESTIMATE. The cost estimate for the services eligible to be funded by the District is set forth in Exhibit "B" attached hereto and by this reference made a part hereof.

Dated: January 18, 2011

By: _____
Treasurer of the City of Long Beach

EXHIBIT A

CITY OF LONG BEACH COMMUNITY FACILITIES DISTRICT NO. 2011-1 (DOUGLAS PARK – NORTH OF COVER STREET AREA – SERVICES LEVY)

DESCRIPTION OF SERVICES ELIGIBLE TO BE FUNDED BY THE DISTRICT

The District shall be eligible to finance all or a portion of the costs of the following: repair, maintenance and replacement, as applicable, of streets, sidewalks, landscaping along streets, in medians and in other public parks and areas, traffic signs and signals, street lights and street signage. The District may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities, providing for revenues for capital replacement costs, paying the salaries and benefits of personnel (including but not limited to maintenance workers, patrol guards and other personnel), and for payment of other related expenses (including but not limited to employee benefit expenses and an allocation of general overhead expenses). The services may be provided in the area within and adjacent to Douglas Park, as identified in the Douglas Park Amended and Restated Development Agreement (the "Development Agreement") by and between the City of Long Beach (the "City") and The Boeing Company (recorded in the Los Angeles County Recorder's Office on May 26, 2010 as document number 20100720952), or in respect of any public improvements or facilities to be constructed pursuant to the Development Agreement; provided that, as a first priority, the City shall apply proceeds of the special tax to be levied in the District (pursuant to the rate and method of apportionment of special taxes for the District) to maintain in good condition within Douglas Park the public infrastructure on which proceeds of the special tax may be expended.

The District may also finance administrative costs of the City related to the District, and provide for the reimbursement of costs related to the formation of the District advanced by the City, any landowner in the District, or any party related to either of the foregoing.

EXHIBIT B

**CITY OF LONG BEACH
COMMUNITY FACILITIES DISTRICT NO. 2011-1
(DOUGLAS PARK – NORTH OF COVER STREET AREA – SERVICES LEVY)**

COST ESTIMATE

Annual costs of providing the Services and of administration of the District (to increase each fiscal year, after fiscal year 2010-11, by the greater of the percentage change in the Consumer Price Index or two percent of the amount in effect in the prior fiscal year):

\$_____

ORDINANCE NO. ORD-11-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH LEVYING SPECIAL TAXES
WITHIN THE CITY OF LONG BEACH COMMUNITY
FACILITIES DISTRICT NO. 2011-1 (DOUGLAS PARK –
NORTH OF COVER STREET AREA – SERVICES LEVY)

WHEREAS, on January 4, 2011, this City Council of the City of Long Beach
(the "City") adopted Resolution No. RES-11-_____ entitled "A Resolution of the City
Council of the City of Long Beach Declaring Its Intention to Establish a Community
Facilities District and to Authorize the Levy of Special Taxes Therein – Douglas Park
North of Cover Street Area – Services Levy" (the "Resolution of Intention"), stating its
intention to establish the City of Long Beach Community Facilities District No. 2011-1
(Douglas Park – North of Cover Street Area – Services Levy) (the "District") pursuant to
the Long Beach Special Tax Financing Improvement Law, Section 3.52.511 et seq. of the
Long Beach Municipal Code (the "Law"), to provide funds to pay the costs of certain
municipal services (the "Services"); and

WHEREAS, notice was published as required by the Law of the public
hearing to occur on January 18, 2011, as called pursuant to the Resolution of Intention,
relative to the intention of this City Council to form the District to provide for costs of the
Services; and

WHEREAS, the public hearing was held on January 18, 2011, and at the
public hearing all persons desiring to be heard on all matters pertaining to the formation
of the District and the levy of special taxes in the District were heard, substantial
evidence was presented and considered by this City Council and a full and fair hearing
was held; and

WHEREAS, subsequent to the close of the public hearing, this City Council

OFFICE OF THE CITY ATTORNEY
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1 adopted Resolution No. RES-11-_____ entitled "A Resolution of the City Council of
2 the City of Long Beach of Formation of the City of Long Beach Community Facilities
3 District No. 2011-1 (Douglas Park – North of Cover Street Area – Services Levy),
4 Authorizing the Levy of a Special Tax Within the District, Preliminarily Establishing an
5 Appropriations Limit for the District, and Submitting Levy of the Special Tax and the
6 Establishment of the Appropriations Limit to the Qualified Electors of the District" (the
7 "Resolution of Formation"), and Resolution No. RES-11-_____ entitled "A Resolution
8 of the City Council of the City of Long Beach Calling Special Election Within the City of
9 Long Beach Community Facilities District No. 2011-1 (Douglas Park – North of Cover
10 Street Area – Services Levy)," which resolutions established the District, authorized the
11 levy of a special tax within the District, and called an election within the District on the
12 proposition of levying a special tax and establishing an appropriations limit for the District;
13 and

14 WHEREAS, on January 18, 2011 an election was held within the District in
15 which the then sole eligible landowner elector approved said proposition;

16 NOW, THEREFORE, the City Council of the City of Long Beach ordains as
17 follows:

18 Section 1. By the passage of this Ordinance this City Council hereby
19 authorizes and levies special taxes within the District, pursuant to the Law, at the rate
20 and in accordance with the rate and method of apportionment of special taxes for the
21 District approved by the Resolution of Formation, which Resolution is by this reference
22 incorporated herein. The special taxes are hereby levied commencing in the fiscal year
23 following the completion of any of the public improvements (a) required by the Douglas
24 Park Amended and Restated Development Agreement (the "Development Agreement")
25 between the City of Long Beach and The Boeing Company to be constructed within or
26 adjacent to the territory included in the District and (b) that commence construction on or
27 after the Effective Date for the Property (as those terms are defined in the Development
28 Agreement) located North of Cover Street (referred to below as the "First Levy Year"),

1 and the special taxes shall continue to be levied in each fiscal year thereafter all as
2 provided in the rate and method of apportionment of special taxes for the District.

3
4 Section 2. The City Treasurer is hereby authorized and directed each
5 fiscal year (beginning with the First Levy Year) to determine the specific special tax rate
6 and amount to be levied for each parcel of real property within the District, in the manner
7 and as provided in the rate and method of apportionment of special taxes for the District.

8
9 Section 3. Properties or entities of the State, federal or local
10 governments shall be exempt from any levy of the special taxes in the District, to the
11 extent set forth in the rate and method of apportionment of special taxes for the District.
12 In no event shall the special taxes be levied on any parcel within the District in excess of
13 the maximum tax specified in the rate and method of apportionment of special taxes for
14 the District.

15
16 Section 4. All of the collections of the special tax for the District shall be
17 used as provided for in the Law and in the Resolution of Formation including the payment
18 of the costs of Services authorized to be funded by the District, the payment of the costs
19 of the City in administering the District, and the payment of the costs of collecting and
20 administering the special tax.

21
22 Section 5. The special taxes shall be collected from time to time as
23 necessary to meet the financial obligations of the District on the secured real property tax
24 roll in the same manner as ordinary ad valorem taxes are collected. The special taxes
25 shall have the same lien priority, and be subject to the same penalties and the same
26 procedure and sale in cases of delinquency as provided for ad valorem taxes. The City
27 Treasurer is hereby authorized and directed to provide all necessary information to the
28 auditor/tax collector of the County of Los Angeles and to otherwise take all actions

1 necessary in order to effect proper billing and collection of the special tax, so that the
2 special tax shall be levied and collected in sufficient amounts and at the times necessary
3 to satisfy the financial obligations of the District in each fiscal year.

4 Notwithstanding the foregoing, the City Treasurer may collect one or more
5 installments of the special taxes on any one or more parcels in the District by means of
6 direct billing by the City of the property owners within the District, if, in the judgment of the
7 City Treasurer, such means of collection will reduce the administrative burden on the City
8 in administering the District or is otherwise appropriate in the circumstances. In such
9 event, the special taxes shall become delinquent if not paid when due as set forth in any
10 such respective billing of the applicable property owners.

11
12 Section 6. The City Treasurer is hereby directed to establish an account
13 for the District (which need not be a separate deposit account, but may be a separate
14 general ledger account so long as funds for the District can be separately accounted for)
15 into which proceeds of the special tax levied for the District will be deposited, and the City
16 Treasurer is hereby directed to file an annual report with this City Council for the District
17 as required by Section 50075.3 of the California Government Code.

18
19 Section 7. If for any reason any portion of this Ordinance is found to be
20 invalid, or if the special tax is found inapplicable to any particular parcel within the District,
21 by a Court of competent jurisdiction, the balance of this Ordinance, and the application of
22 the special tax to the remaining parcels within the District shall not be affected.

23
24 Section 8. The City Clerk shall certify to the passage of this ordinance by
25 the City Council and cause it to be posted in three (3) conspicuous places in the City of
26 Long Beach, and it shall take effect on the thirty-first (31st) day after it is approved by the
27 Mayor.

28 ///

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

I hereby certify that the foregoing ordinance was adopted by the City Council of the City of Long Beach at its meeting of February 1, 2011, by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk

Approved: _____
(Date)

Mayor