



Legislation Details (With Text)

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**Title:** Recommendation to adopt resolution making certain findings regarding the construction of certain public improvements with funds from the West Long Beach Industrial Redevelopment Project;

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 090109-R-20sr&att 1.pdf, 2. 090109-R-20-Handout WestPAC.pdf, 3. 090109-R-20 PP Harbor Coop Agrmt.ppt, 4. 090109-R-20-Gabelich PowerPoint.pdf, 5. RES-09-0090.pdf

Date	Ver.	Action By	Action	Result
9/1/2009	1	City Council	approve substitute motion	Fail
9/1/2009	1	City Council	approve recommendation and adopt	Pass

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

Facing a \$38 million General Fund deficit in Fiscal Year 201 0, 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 arid 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.

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.

- 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.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH MAKING CERTAIN FINDINGS REGARDING THE CONSTRUCTION OF CERTAIN PUBLIC IMPROVEMENTS WITH WEST LONG BEACH INDUSTRIAL REDEVELOPMENT FUNDS (HARBOR DISTRICT)

CRAIG BECK  
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APPROVED:

PATRICK H. WEST  
CITY MANAGER