



Legislation Details (With Text)

**File #:** 07-0067      **Version:** 1      **Name:** FM/CD - Community Facilities District No. 2007-1 (Douglas Park-Commercial Area)

**Type:** Resolution      **Status:** Adopted

**File created:** 1/17/2007      **In control:** City Council

**On agenda:** 1/23/2007      **Final action:** 1/23/2007

**Title:** Recommendation to adopt Resolution of Intention to establish City of Long Beach Community Facilities District No. 2007-1 (Douglas Park-Commercial Area) Improvement Area A and Improvement Area B; initiate proceedings to levy special taxes; approve boundaries, and rate and method of apportionment; establish voting procedures; and set date of public hearing for Tuesday, February 20, 2007, at 5:00 P.M. (District 5)

**Sponsors:** Financial Management, Community Development

**Indexes:**

**Code sections:**

**Attachments:** 1. 012307-R-31sr&att.pdf, 2. RES-07-0012

Date	Ver.	Action By	Action	Result
1/23/2007	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt Resolution of Intention to establish City of Long Beach Community Facilities District No. 2007-1 (Douglas Park-Commercial Area) Improvement Area A and Improvement Area B; initiate proceedings to levy special taxes; approve boundaries, and rate and method of apportionment; establish voting procedures; and set date of public hearing for Tuesday, February 20, 2007, at 5:00 P.M. (District 5)

The City and McDonnell Douglas Corporation (Corporation), a wholly-owned subsidiary of The Boeing Company, are parties to a Development Agreement recorded on June 2, 2005, as document number 05-1290603 in the Los Angeles County Recorder's Office relating to the development of the area in the City of Long Beach known as Douglas Park. Section 8.23 of the Development Agreement provides that the Corporation, through its corporate agent Boeing Realty Corporation (BRC), may propose that the City initiate proceedings to form one or more public financing districts to finance costs of public improvement facilities in connection with the development of Douglas Park. The Corporation indicated its desire for the City to consider the formation of a community facilities district (CFD), and on January 16, 2007, the City Council adopted a resolution approving a Deposit/Reimbursement Agreement with the Corporation pursuant to which the Corporation has agreed to advance funds to pay costs incurred by the City in connection with the formation of the CFD.

The City has now received Petitions (including Waivers) from the Corporation and from Douglas Park 1-2, LLC (an entity that recently purchased property in Douglas Park from the Corporation) formally requesting that the City initiate proceedings to form a CFD that would include the land entitled for commercial development in Douglas Park, and that the CFD contain two improvement areas designated as Improvement Area A and Improvement Area B. Improvement Area A includes land on

the southeastern side of the Douglas Park area (immediately adjacent to the northern boundary of the airport, south of Cover Street and east of Henniman Street) not currently being used by the Corporation and otherwise ready at this time for development. Improvement Area B includes land on the southwestern side of the Douglas Park area (also adjacent to the airport, south of Cover Street and west of Henniman Street) currently in use by the Corporation but that will be developed at a later date. The two Petitions are attached as Exhibit A.

The Long Beach Municipal Code, Division V, Chapter 3.52, contains the Long Beach Special Tax Financing Improvement Law, which governs the formation by the City Council of CFDs. On December 21, 1999, the City Council adopted Local Goals and Policies for CFDs related to commercial development (attached as Exhibit B), which law and goals and policies will apply to the formation of the CFD and any bonded indebtedness issued by the City for the CFD. The Special Tax Financing Improvement Law, which is broader than the State's Mello Roos Law, provides a mechanism to form CFDs and to finance public capital facilities and services. Once formed, a CFD can finance facilities and provide services through payment of a special tax levied against the owners of land in the CFD. These special taxes are then used to make bond payments and to pay for certain municipal services. A consecutive City Council letter and resolution discussing the intention to incur tax-exempt bonded indebtedness for the proposed Douglas Park CFD is being submitted on this date under separate cover.

Adoption of the attached Resolution (Exhibit C) will declare the City Council's intention to initiate the CFD formation proceedings and set a public hearing on the proposed CFD for February 20, 2007 at 5:00 p.m. The Resolution describes the proposed boundaries of the two improvement areas, describes the proposed special taxes to be levied on property within those boundaries, indicates the intention of the City Council to issue bonds for the improvement areas payable from the special taxes, provides for a public hearing on the proposed CFD at the City Council meeting on February 20, 2007 and designates the law firm of Quint & Thimmig LLP as bond counsel, the firms of Citigroup and Merrill Lynch & Co. as underwriters, the firm of Koppel & Gruber Public Finance as special tax consultant, and the firm of Fieldman, Rolapp & Associates as financial advisor to the City for the proposed CFD, and authorizes the City Attorney and the City Manager or designee, as applicable, to enter into agreements with said firms for their services related to the CFD. (As stated above, the Corporation has agreed in the Deposit/Reimbursement Agreement approved on January 16, 2007 to pay all costs of the City related to the formation of the CFD. The exhibits to the Resolution describe in general terms the public facilities and maintenance services that would be eligible to be funded by the improvement areas of the CFD, and set forth the rate and method of apportionment of special taxes that would be authorized to be levied on property in the two improvement areas.

Attached as Exhibits A and B to the Resolution is a list of proposed public improvements expected to be funded by the CFD. The CFD would also be authorized to pay the costs of certain street and other maintenance services described in Exhibits A and B to the Resolution. If approved, taxes for the Improvement Areas of the proposed CFD would be levied in accordance with the proposed Rate and Method of Apportionment of Special Tax as specified in Exhibits C and D to the Resolution to pay the debt service on bonds to be issued by the City, the proceeds of which would be used to finance these eligible public improvements, and also to be used to pay annual costs of the maintenance services eligible to be funded by the CFD.

The special tax would be levied each fiscal year in an amount sufficient to pay all annual costs of the CFD, including bond debt service. The special tax may be levied each fiscal year in a maximum amount of \$15,047.00 per acre for fiscal year 2007-2008, subject to

annual inflationary increases as provided in the Rate and Method of Apportionment of Special Taxes for the Improvement Areas.

The use of tax-exempt financing as contemplated by the CFD will be beneficial to the City, the Corporation and landowners in the CFD as it provides for a financing mechanism to construct public improvements. As presented by the Corporation through BRC, the public infrastructure improvements to be funded may include streets, sewer facilities, dry utilities, on site trench facilities, streetlights and reclaimed water and domestic water improvements. The CFD would not be eligible to finance the costs of school district facilities, storm drain facilities, or impact fees required to be paid pursuant to the Development Agreement between the City and the Corporation. Public improvements required by the Development Agreement to be located in Lakewood, next to the City's Western boundary, will not be financed by the CFD.

This CFD will also be authorized to assess a special tax to pay for a variety of public services including street, landscape and maintenance, and also may include capital outlay equipment and operational costs for fire, police, library and public works services listed in the Douglas Park Fiscal Impact Report prepared by Robert Charles Lesser & Co. This special services tax for services is not subject to bond financing; it is perpetual, includes a Consumer Price Index annual adjustment, and pays for on-going services.

The boundary map for the proposed CFD (Exhibit D) shows two commercial areas totaling about 115.4 net acres, described as Improvement Area A located on the eastside with 67.7 of those net acres, and Improvement Area B located on the Westside with 47.7 net acres. The term "net acres" refers to property to be developed for private use, without including acreage for proposed public improvements such as streets. Dashed lines on the CFD boundary map show the boundaries of these commercial improvement areas. It is expected that in the future the Corporation will request that the City undertake another CFD formation process that would include the portion of Douglas Park, which is intended for residential development, in order to cover costs of the public improvements benefitting only the residential area, and a portion of costs benefitting both residential and commercial properties, but not funded with the commercial CFD, and to provide additional monies for the public services described above.

Immediately following the public hearing called for by the Resolution on February 20, 2007, it is expected that an election will be held at which the landowners in the proposed CFD will vote on the establishment of the CFD and the levy of the special tax. The results of this election would then be announced at the February 20, 2007 City Council meeting.

This item was reviewed by Assistant City Attorney Heather A. Mahood on January 16, 2007 and Budget Management Officer David Wodynski on January 12, 2007.

City Council action on this item is requested on January 23, 2007, to support activities and proceedings for the formation of the CFD.

There is no fiscal impact to the City associated with the requested action. All bond proceeds and CFD revenue will be collected in, and expended from CFD trust accounts.

Approve recommendation.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH DECLARING**

INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO AUTHORIZE THE  
LEVY OF SPECIAL TAXES THEREIN - DOUGLAS PARK COMMERCIAL AREA

MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT  
APPROVED:

GERALD R. MILLER  
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