



Building A Better Long Beach

March 1, 2010

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Designate the City of Long Beach's Recovery Zone Economic Bond allocation for use by the North Long Beach Redevelopment Project Area and establish the priority of projects for funding with bond proceeds. (North – Districts 5, 8, 9)

DISCUSSION

As part of the American Recovery and Reinvestment Act (ARRA), Congress added new provisions to the Internal Revenue Code (Code) for the establishment of Recovery Zones that enable state and local governments to provide additional capacity for public and private bond financing at advantageous financing costs. These bonds are intended to positively stimulate the economy in Recovery Zones. Bonds consist of two categories: Economic Development Bonds and Facility Bonds. Recovery Zone Economic Development Bonds (RZEDBs) are taxable governmental bonds, which can be utilized for the promotion of economic development through the construction of infrastructure and public facilities. The City of Long Beach's (City) allocation of RZEDBs is \$22,235,000. The allocation is not a direct payment but instead is an advance tax credit to the issuer equal to 45 percent of the interest payable on the bonds, which reduces the effective rate below that of a tax-exempt issuance.

The purpose of the RZEDBs is to stimulate the economy and produce jobs. ARRA requires RZEDBs to be issued no later than December 31, 2010, for shovel-ready projects. To ensure maximum use of California's allocations, the California Debt Limit Advisory Committee (CDLAC) has required municipalities to submit plans for using their allocations. If a municipality does not demonstrate that it has shovel-ready projects for its allocation, CDLAC may redistribute that allocation.

On December 7, 2009, the Long Beach Redevelopment Agency (Agency) adopted a resolution designating the entire City as a Recovery Zone, consistent with the City Council's action on November 3, 2009. On January 19, 2010, the City Council took an action supporting the Redevelopment Agency's efforts to explore the use of the City's RZEDB allocation to issue tax allocation bonds to finance public improvement projects within the City's redevelopment project areas.

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Agency staff has been evaluating the best way to utilize the \$22.3 million RZEDB allocation. Staff took the following criteria into consideration:

- Project Area's authority and ability to issue debt
- Cost effectiveness of issuing debt
- Shovel readiness of projects and ability to expend bond proceeds within three years

Only the Central and North Long Beach Redevelopment Project Areas (Central Project Area and North Project Area, respectively) have both the existing authority and capacity to issue over \$20 million in bonded indebtedness. Given the other two criteria, the best candidate to utilize the RZEDB allocation is the North Project Area. An RZEDB issue was determined infeasible for the Central Project Area because the shovel-ready projects already have a funding source (the 2005 tax-exempt bond proceeds) and the Central Project Area does not have enough additional shovel ready projects to take advantage of the full \$22 million allocation, and the amount of authorized proceeds makes it too costly to do two separate issues.

Due to the North Project Area's aggressive public improvement program, it has an abundance of qualifying projects. Because the cost of the qualifying projects exceeds the authorized amount of proceeds, the projects need to be prioritized to ensure full funding through completion. In addition to the shovel-readiness of the projects, the purpose of the project was also taken into consideration with public safety being given the greatest weight. The recommended priority is as follows:

- Tier I – Public Safety Improvements
 - Fire Station #12
 - East Police Station (Adjacent to Subarea 10 of the North Project Area)
- Tier II – Street Improvements
 - Long Beach Boulevard: Del Amo Boulevard and the Los Angeles River
- Tier III – Public Facilities
 - North Long Beach Library – Predevelopment and Development Costs
- Tier IV – Streetscape and Other Improvements
 - Del Amo Boulevard Medians
 - Artesia Boulevard Medians
 - Atlantic Avenue Medians
 - Oregon Park

Additional details regarding the recommended priority list of qualifying projects are provided in Exhibit A. If a project is unable to be implemented due to unforeseen circumstances, staff would elevate the next available project for funding, thus ensuring maximum utilization of the available funds. This list was also presented to the North Project Area Committee for discussion and input on February 25, 2010.

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Once the Agency Board approves a priority list of qualifying projects, Agency staff will finalize the necessary documentation for a bond issuance. It is anticipated that staff will seek authorization to issue these bonds in April 2010.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK
EXECUTIVE DIRECTOR

AJB:LAF

Attachment: Exhibit A – Potential Projects

Exhibit A

Prioritized List of Projects for Funds Recovery Zone Economic Development Bonds As of March 1, 2010

| Project Description | Local Approvals | Estimated Construction Start Date | Est. Cost |
|---|--|-----------------------------------|--|
| <p>Fire Station 12</p> <p>Construction of a 11,080-square-foot fire station, a 4,632-square-foot emergency resource center, traffic elements, and required off-site improvement to be located at 1199 E. Artesia Blvd.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Planning Commission Approval: December 4, 2008</p> <p>All project (planning) entitlements and plan approvals have been granted.</p> <p>Notice, Bid & Opening: February 2010</p> <p>RDA Board Contract Approval: March 15, 2010</p> | March 2010 | \$7.0M |
| <p>East Police Station</p> <p>Renovation of Schroeder Hall into a police station. This site is directly adjacent to the North Project Area's Subarea 10.</p> | <p>Awaiting disposition of site from federal government</p> | 2011 | \$3.5M (\$500,000 for predevelopment and \$3.0 for tenant improvements) |
| <p>Long Beach Blvd. St. Improvements</p> <p>Provide street improvements to Long Beach Blvd., between Del Amo Blvd. and the Los Angeles River. Project includes new curbs, gutters, sidewalks, medians and new pavement, as well as landscape improvements and street furniture, and decorative lighting in the Virginia Village area.</p> <p>Conversion of Ellis and 56th streets into one-way couplets to provide additional parking and address traffic safety issues near elementary school.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Notice, Bid & Opening: February 2010</p> <p>RDA Board Contract Approval: April 2010</p> | June 2010 | \$7.4M |
| <p>North Long Beach Library</p> <p>Predevelopment planning and design costs, as well as construction of a new 30,000-square-foot, state-of-the-art public library and community center on Atlantic Avenue between 59th Street and South Street.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Certified EIR: December 7, 2009 Release RFP: March 1, 2010</p> | November 2010 | \$8.0M |

Exhibit A

Prioritized List of Projects for Funds Recovery Zone Economic Development Bonds As of March 1, 2010

| Project Description | Local Approvals | Estimated Construction Start Date | Est. Cost |
|--|--|-----------------------------------|-----------|
| <p>Del Amo Blvd. Medians</p> <p>Replanting and replacement of irrigation systems for all existing medians along Del Amo Blvd. between Cherry Ave. and Long Beach Blvd. 95% plans and specs completed.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Notice, Bid & Opening: March 2010</p> <p>RDA Board Contract Approval: April/May 2010</p> | June 2010 | \$1.7M |
| <p>Artesia Blvd. Medians</p> <p>Installation of new raised medians with planting, irrigation, and hardscape improvements between Atlantic Ave. Obispo Ave. The existing raised medians will be removed and replaced. 95% plans and specs completed.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Notice, Bid & Opening: March 2010</p> <p>RDA Board Contract Approval: April/May 2010</p> | July 2010 | \$3.0M |
| <p>Atlantic Ave. Medians</p> <p>Installation of new raised medians with planting, irrigation, and hardscape improvements on Atlantic Ave. from 52nd St. to 56th St. and Aloha Circle and Poppy St. The existing raised medians will be removed and replaced. 95% plans and specs completed.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Notice, Bid & Opening: October 2010</p> <p>RDA Board Contract Approval: November 2010</p> | December 2010 | \$2.0M |
| <p>Oregon Park</p> <p>Construction of a 3.3-acre public park at Oregon/Del Amo that will include soccer fields with lighting, picnic areas, a playground, a restroom, parking lot and other amenities.</p> | <p>Finding of Benefit Adopted: RDA – June 4, 2007 City Council – June 12, 2007</p> <p>Parks Commission Approval: May 2010</p> <p>Planning Commission Approval: May 2010</p> <p>Notice, Bid & Opening: September 2010</p> <p>RDA Board Contract Approval: November 2010</p> | December 2010 | \$2.0M |