

CITY OF LONG BEACH

DEPARTMENT OF PUBLIC WORKS

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April 19, 2005

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Find that a transportation improvement fee credit in the amount of \$190,460 is due to LBWTC Real Estate Partners for the Hilton Hotel Long Beach development, in accordance with Section 18.17.110 of the Long Beach Municipal Code, and request the City Attorney to prepare an ordinance confirming the transportation improvement fee credit; and

Authorize the City Manager to execute a contract with LBWTC Real Estate Partners, in which the City grants a transportation improvement fee credit in the amount of \$190,460 in consideration of transportation improvements constructed as a part of the Long Beach Hilton development, with a remaining balance due of \$398,860. (District 2)

DISCUSSION

Section 18.17.110 of the Long Beach Municipal Code (Code) permits applicants normally subject to a transportation improvement fee (TIF) to apply for a credit, not to exceed 100 percent of the amount due, if the applicant provides specified improvements contained within the transportation improvement plan. LBWTC Real Estate Partners (LBWTC) has submitted an application requesting a credit of \$190,460 in consideration of the eligible traffic improvements associated with the construction of the Long Beach Hilton Hotel.

The Long Beach Hilton Hotel development was assessed \$589,320 in transportation improvement fees. On October 22, 1990, IDM World Trade Center Corporation sent a formal request to the Director of Planning and Building requesting consideration of \$624,844 in credit toward the TIF due, specifically for the cost of the realignment of Golden Avenue. The letter was subsequently forwarded to the Public Works Director, and, on August 26, 1991, the Department of Public Works sent a response to the developer stating that the City had reviewed their request and determined that \$190,460 of the total cost incurred by the developer for the Golden Avenue realignment was

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consistent with the transportation improvement plan and was therefore eligible for a credit toward the \$589,320 TIF payment owed by the developer.

At the time that this development was constructed, the City had been considering the creation of a Central Business District (CBD) assessment district under which this development would fall. Section 18.17.110.A. of the Municipal Code allows that any developer who participates in an assessment district is eligible for a credit for the contribution of the TIF payment that would otherwise be due. Since the CBD assessment district had not yet been formed, on December 5, 1991, the developers of the Hilton Hotel Long Beach executed a contract with the City and purchased a bond for the faithful performance of the \$589,320 TIF payment if the developer did not, in fact, participate in the planned CBD assessment district.

The CBD assessment district was never formed and the TIF payment has not yet been collected for the Long Beach Hilton Hotel development. Several years ago, the Hilton development was purchased by LBWTC who still holds the bond for the faithful performance of payment of the TIF fee as successor to the original developer. In accordance with the Code, the Director of Public Works has reviewed the documentation of all previous actions in this case, and has found it reasonable to support the eligibility of the stated improvements for TIF credit consideration.

The Code requires that after review by the Director of Public Works, the Director shall forward her report, incorporated above, the credit application and supporting documentary evidence to the City Council for a determination of TIF credit. If the City Council determines that a TIF credit is due, said decision shall be confirmed by ordinance and shall be incorporated in a contract between the applicant and the City.

This item was reviewed by Assistant City Attorney Michael Mais on April 6, 2005 and Budget Management Officer David Wodynski on April 5, 2005.

TIMING CONSIDERATIONS

City Council action on this item is requested on April 19, 2005, in order to facilitate the conclusion of this outstanding TIF payment.

FISCAL IMPACT

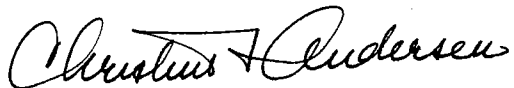
The Long Beach Hilton Hotel development owes \$589,320 in transportation improvement fees, based on 5,460 gross square footage of retail space including a restaurant bar, and 390 guest rooms. A credit of \$190,460 is proposed in consideration of eligible transportation improvements constructed as a part of this project, leaving a balance of \$398,860, which is immediately due and payable.

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SUGGESTED ACTION:

Approve recommendation.


Respectfully submitted,



CHRISTINE F. ANDERSEN
DIRECTOR OF PUBLIC WORKS

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ccltr100-102

APPROVED:



GERALD R. MILLER
CITY MANAGER