



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

H-1

December 11, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

- 1) Receive supporting documentation into the record, and hold a public hearing to receive public comment;
- 2) Adopt a resolution to form City of Long Beach Community Facilities District (CFD) No. 2007-2 (Belmont Shore), authorize the levy of 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;
- 3) Adopt a resolution to determine the necessity to incur bonded indebtedness in City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore); and
- 4) Adopt a resolution calling a special election within the CFD. (District 3)

DISCUSSION

In 1988, the City Council formed the City of Long Beach Community Facilities District No. 1 (Belmont Shore) (CFD 1) to provide a means to finance parking improvements in the Belmont Shore area of the City. CFD 1 was authorized to levy a special tax on commercial property located within CFD 1, and the revenues from that special tax, along with revenues derived from parking meters in the Belmont Shore area, have been used to finance various parking and related improvements, as well as to pay debt service on parking meter revenue bonds issued by the City in 1993 to finance parking improvements in that area. The Parking Commission has now identified an additional parking lot located at 189 Park Avenue that it would like the City to acquire and improve in the Belmont Shore area, and alley way improvements that need to be made to enhance parking in the area, and would like to raise funds to finance those improvements. The current CFD 1 does not have the clear authority to fund these new improvements. City staff, working with various financial and legal consultants, have determined that the most efficient and economical way to provide funds for the new

improvements is for the City to form a new community facilities district (CFD) under the authority of the City's Special Tax Financing Improvement Law. The new CFD will have boundaries (that set forth the area to be taxed by the CFD) the same as those for CFD 1 and will have maximum tax rates the same as for CFD 1, and is being formed for the express purpose of financing the purchase of the parking lot, refinancing the 1993 bonds and allowing for possible future financing of additional parking improvements.

On November 13, 2007, the City Council adopted two resolutions of intention with respect to the formation of the new CFD. RES-07-1308 is the resolution of intention to establish the new CFD No. 2007-2 (Belmont Shore), and approved the boundaries for the proposed 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 December 11, 2007 regarding the formation of the CFD. RES-07-1309, is the resolution of intention to establish the maximum bonded indebtedness for the CFD at \$5.8 million, which also called for a public hearing on December 11, 2007 regarding the necessity to incur bond indebtedness for the CFD.

The Community Facilities District Report (Attachment A) describes the facilities proposed to be funded by the CFD and the 1993 bonds proposed to be refinanced by the CFD, as well as the proposed boundaries of the CFD and cost estimates.

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 owners of land in the CFD at an election described below. These special taxes will be levied on commercial property located in the CFD, and will be used to pay the debt service on bonds to be issued by the City for the CFD, or for costs of CFD authorized facilities directly. The special tax would be levied each fiscal year in an amount sufficient to pay all annual costs of the CFD, including any CFD bond debt service.

It is expected that the special taxes to be levied annually in the new CFD will be at the same rate as those currently levied in CFD 1 (12¢ per commercial square foot of land), and that parking meter revenues from the Belmont Shore area in the amount of \$200,000 per fiscal year also will be used to assist in the payment of bonds to be issued for the new CFD. Once the new CFD is established, the City will take action to terminate the current CFD 1, so the property in the new CFD will only be subject to a single special tax levy for the new CFD. The current maximum special tax rate for CFD 1 is 66¢ per square foot of commercial land in CFD 1, and it is proposed that the new CFD have the same maximum special tax rate; however, it is contemplated that the initial bonded debt of the new CFD will only require the same 12¢ per commercial square foot of commercial land annual rate (in addition to \$200,000 of annual parking meter revenues) to service the bonds to be issued to finance the new parking lot and related improvements and to refinance the 1993 bonds.

By adopting the Resolution Determining the Necessity to Incur Indebtedness, the City Council deems it necessary to incur bonded indebtedness in the maximum aggregate principal amount of \$5,800,000 within the CFD. As specified in the proposed resolution, the bonds for the CFD will bear interest at rates not to exceed the maximum interest rate permitted by applicable law at the time of sale of the bonds. Further details on the proposed bond debt such as its form, execution and issuance, will be brought back to the City Council for approval at a later date as required by Long Beach Municipal Code 3.52.569.

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 incurrence of bonded debt for the CFD will be held by mail ballot sent to the owners of property in the CFD, with ballots to be returned by 5:00 p.m. on March 3, 2008. If the election is favorable (two thirds or more of the votes cast in the election are in favor of the ballot measure), the City Council may declare the CFD to be officially formed, with the power to levy special taxes on commercial property in the CFD and to issue bonds for CFD authorized purposes. Each landowner in the new CFD will be entitled to one vote for each acre or portion of an acre that the landowner owns that is within the boundaries of the new CFD.

This item was reviewed by Assistant City Attorney Heather A. Mahood on November 30, 2007 and Budget Management Officer Victoria Bell on November 26, 2007.

TIMING CONSIDERATIONS

City Council action on this item is requested on December 11, 2007, to support the activities and formation of the CFD, so that the financing of the proposed parking improvements can occur in the late Spring of 2008.

FISCAL IMPACT

There is no fiscal impact to the City associated with the requested action. All bond proceeds and revenue from the CFD will be collected in, and expended from, CFD trust accounts. All expenses related to the formation of the CFD will either be paid from the proceeds of bonds issued for the CFD or from amounts currently available in the Belmont Shore Parking Revenue Fund.

HONORABLE MAYOR AND CITY COUNCIL
December 11, 2007
Page 4

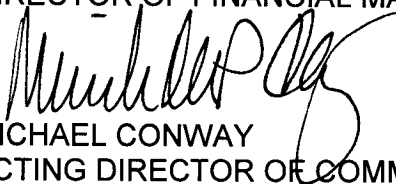
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



MICHAEL CONWAY
ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

LAF:DN
K:\Exec\Council Letters\Treasury\12-11-07 - CFD 2007-2 levy indebt election.doc

APPROVED:



 PATRICK H. WEST
CITY MANAGER

ATTACHMENTS: COMMUNITY FACILITIES DISTRICT REPORT
THREE (3) RESOLUTIONS

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH DETERMINING THE NECESSITY
5 TO INCUR BONDED INDEBTEDNESS WITHIN THE CITY
6 OF LONG BEACH COMMUNITY FACILITIES DISTRICT NO.
7 2007-2 (BELMONT SHORE) AND SUBMITTING
8 PROPOSITION TO THE QUALIFIED ELECTORS OF THE
9 DISTRICT

10
11 WHEREAS, on November 13, 2007, this City Council adopted a resolution
12 entitled "A Resolution of the City Council of the City of Long Beach Declaring Its Intention
13 to Establish a Community Facilities District and to Authorize the Levy of Special Taxes
14 Therein – Belmont Shore Area" (the "Resolution of Intention") stating its intention to form
15 the City of Long Beach Community Facilities District No. 2007-2 (Belmont Shore) (the
16 "District"), pursuant to the Long Beach Special Tax Financing Improvement Law, Long
17 Beach Municipal Code Section 3.52.511 et seq. (the "Law"), to fund costs of parking
18 facilities and improvements (the "Facilities") and to refinance certain outstanding bonds
19 (the "1993 Bonds"), as described therein; and

20 WHEREAS, on November 13, 2007, this City Council also adopted a
21 resolution entitled "A Resolution of the City Council of the City of Long Beach Declaring
22 Its Intention to Incur Bonded Indebtedness of the Proposed City of Long Beach
23 Community Facilities District No. 2007-2 (Belmont Shore)" (the "Resolution of Intention to
24 Incur Indebtedness") stating its intention to incur bonded indebtedness within the
25 boundaries of the District for the purpose of financing costs of the Facilities and of the
26 refinancing of the 1993 Bonds; and

27 WHEREAS, the Resolution of Intention and the Resolution of Intention to
28 Incur Indebtedness called for public hearings on the District to be held on December 11,

1 2007, and notices of the public hearings were published as required by the Law; and

2 WHEREAS, on this date, this City Council held the public hearing as
3 required by the Law and the Resolution of Intention relative to the determination to
4 proceed with the formation of the District, the provision of funds by the District to pay
5 costs of the Facilities and of the refinancing of the 1993 Bonds, and the rate and method
6 of apportionment of the special tax to be levied within the District to pay costs of the
7 Facilities, the principal and interest on the proposed indebtedness and the administrative
8 costs of the City relative to the District; and

9 WHEREAS, at the hearing all persons desiring to be heard on all matters
10 pertaining to the formation of the District, the provision of funds to pay costs of the
11 Facilities and of the refinancing of the 1993 Bonds and the levy of the special tax on
12 property within the District were heard and a full and fair hearing was held; and

13 WHEREAS, subsequent to the hearing, this City Council adopted a
14 resolution entitled "A Resolution of the City Council of the City of Long Beach of
15 Formation of the City of Long Beach Community Facilities District No. 2007-2 (Belmont
16 Shore), Authorizing the Levy of a Special Tax Within the District, Preliminarily
17 Establishing An Appropriations Limit for the District, and Submitting Levy of the Special
18 Tax and the Establishment of the Appropriations Limit to the Qualified Electors of the
19 District" (the "Resolution of Formation"); and

20 WHEREAS, on this date, this City Council held the public hearing as
21 required by the Law relative to the matters material to the questions set forth in this
22 Resolution of Intention to Incur Indebtedness; and

23 WHEREAS, no written protests with respect to the matters material to the
24 questions set forth in the Resolution of Intention to Incur Indebtedness have been filed
25 with the City Clerk;

26 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
27 follows:

28 Section 1. The foregoing recitals are true and correct.

1 Section 2. This City Council deems it necessary to incur bonded
2 indebtedness in the maximum aggregate principal amount of \$5,800,000 within the
3 boundaries of the District.

4 Section 3. The indebtedness incurred for the District is for the purpose of
5 financing costs of the Facilities and of refinancing the 1993 Bonds, as provided in the
6 Resolution of Formation including, but not limited to, the costs of issuing and selling
7 bonds to finance costs of the Facilities and of refinancing the 1993 Bonds, and the costs
8 of the City in administering the District.

9 Section 4. The whole of the District shall pay for the bonded
10 indebtedness through the levy of the special tax. The special tax for the District is to be
11 apportioned in accordance with the rate and method of apportionment of special tax set
12 forth in Exhibit B to the Resolution of Intention.

13 Section 5. The maximum amount of bonded indebtedness to be incurred
14 for the District is \$5,800,000 and the maximum term of the bonds to be issued shall in no
15 event exceed forty (40) years.

16 Section 6. The bonds for the District shall bear interest at a rate or rates
17 not to exceed the maximum interest rate permitted by applicable law at the time of sale of
18 the bonds, payable weekly, semiannually or in such other manner as this City Council or
19 its designee shall determine, the actual rate or rates and times of payment of such
20 interest to be determined by this City Council or its designee at the time or times of sale
21 of the bonds.

22 Section 7. The proposition of incurring the bonded indebtedness herein
23 authorized shall be submitted to the qualified electors of the District and shall be
24 consolidated with elections on the proposition of levying special taxes within the District
25 and the establishment of an appropriations limit for the District pursuant to Section
26 3.52.568 of the Law. The time, place and conditions of said election shall be as specified
27 by separate resolution of this Council.

28 Section 8. This resolution shall take effect immediately upon its adoption

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

1 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

2 I hereby certify that the foregoing resolution was adopted by the City
3 Council of the City of Long Beach at its meeting of _____, 2007, by the
4 following vote:

5 Ayes: Councilmembers: _____

6 _____

7 _____

8 _____

9 Noes: Councilmembers: _____

10 _____

11 Absent: Councilmembers: _____

12 _____

13 _____

14 _____

City Clerk

15

16

17

18

19

20

21

22

23

24

25

26

27

28

HAM:fl
11-26-07
#07-05656