



OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

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February 25, 2013

OVERSIGHT BOARD MEMBERS

RECOMMENDATION:

Adopt a resolution approving the decision of the Successor Agency to the Redevelopment Agency of the City of Long Beach to approve and authorize the City Manager to execute amendments to the Agreement Containing Covenants Affecting Real Property with Olson 737 – Long Beach 2, LLC; Lennar Long Beach Promenade Partners, LLC; Lyon Promenade, LLC; and Temple Creative Realty, LLC.

DISCUSSION

The Promenade Master Plan improvements between Ocean Boulevard and Third Street have been constructed by the former Redevelopment Agency in three phases over the past five years. Improvements on each block include upgraded storm drains, landscaping and irrigation, new hardscape, pedestrian and area lighting, pneumatic bollards at the north and south entries, new traffic signals, gateway signage, public art, and site furnishings. The improvements also included the construction of the Promenade Square public park on First Street and The Promenade. The final phase of improvements, the north block between Third Street and Broadway and the Harvey Milk Promenade Plaza, was recently completed and is currently in the 90-day post-construction maintenance period.

As part of the Disposition and Development Agreements for the redevelopment of former Redevelopment Agency properties adjacent to or near The Promenade, the former Redevelopment Agency required each developer to enter into an Agreement Containing Covenants Affecting Real Property (Agreement) that obligated them as "Promenade Parcel Owners" to participate in the Promenade Maintenance District (Exhibit A). The Promenade Maintenance District was to be managed by the former Redevelopment Agency and would be responsible for the maintenance and repair of The Promenade between Ocean Boulevard and Third Street, excluding Promenade Square Park and Harvey Milk Promenade Park. The properties or projects affected by this maintenance covenant include the 133 Promenade condominium project developed by Olson 737 – Long Beach 2, LLC; the Pacifica condominium project developed by Lennar Long Beach Promenade Partners, LLC; the Lyon Promenade residential apartment project developed by Lyon Promenade, LLC; the vacant site south of Schneider Jewelry, currently owned by the Successor Agency; and the American Hotel commercial building at 224 West Broadway, currently being rehabilitated by Temple Creative Realty, LLC.

The obligation to participate in the Promenade Maintenance District commences with the completion of the final phase of The Promenade and continues through December 31, 2100. Each Promenade Parcel Owner is required to contribute into the Promenade Maintenance District fund to pay for the maintenance and repair of The Promenade. It is

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anticipated that the collection of fees and funding of maintenance will commence on April 1, 2013. The Promenade Parcel Owners fronting on The Promenade (Olson 737 – Long Beach 2, LLC; Lennar Long Beach Promenade Partners, LLC; and Lyon Promenade, LLC) each are to be assessed at 25 percent of the Promenade expenses. For the first five years, or until the vacant site south of Schneider Jewelry is developed, whichever occurs first, the Successor Agency is required to contribute 25 percent of the Promenade expenses. Upon issuance of a certificate of occupancy for its project, the developer of the American Hotel, Temple Creative Realty, LLC, also will be required to contribute, but at 50 percent of the assessment for projects fronting on The Promenade. At that time, the pro rata share for all Promenade Parcel Owners shall be recalculated. After five years, the Successor Agency will no longer contribute, and the pro rata share will be recalculated based upon the floor area of each of the remaining Promenade Parcel Owners' property. The former Redevelopment Agency would have been responsible for contracting with an appropriate entity to maintain the Promenade improvements.

The Promenade Maintenance District specifically excludes items that are being performed by the Downtown Long Beach Associates (DLBA) as part of the Property Based Improvement District, which was recently expanded to include residential properties. The DLBA will provide for trash removal from the hardscape areas, empty trash receptacles on a daily basis, and power-wash the hardscape weekly. The Promenade improvements require higher levels of service that are not currently provided by the City of Long Beach (City), such as weekly landscape maintenance, and repair and replacement of fixtures and equipment as needed.

As part of the dissolution of the former Redevelopment Agency, it is recommended that the obligation of the former Redevelopment Agency to maintain the Promenade Maintenance District fund and contract for services be transferred to the City. This would also require amendment of the Agreement Containing Covenants for each affected property. The Successor Agency would pay its assessment as a Promenade Parcel Owner until such time as the Successor Agency's parcel on the north block of The Promenade is developed, or five years, whichever comes first. The responsibility of collecting funds and contracting for services to repair and maintain The Promenade would be transferred to the City.

This matter was approved by the Successor Agency on January 22, 2013.

Respectfully submitted,



PATRICK H. WEST
CITY MANAGER

PHW:AJB:RMZ:BEC

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Attachments: Exhibit A – Promenade Maintenance District Map
Resolution

EXHIBIT A

Promenade Maintenance District



RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD OF
THE CITY OF LONG BEACH AS THE SUCCESSOR
AGENCY TO THE REDEVELOPMENT AGENCY OF THE
CITY OF LONG BEACH AUTHORIZING THE CITY
MANAGER TO EXECUTE AMENDMENTS TO THE
AGREEMENT CONTAINING COVENANTS AFFECTING
REAL PROPERTY WITH OLSON 737-LONG BEACH 2,
LLC; LENNAR LONG BEACH PROMENADE PARTNERS,
LLC; LYON PROMENADE, LLC; AND TEMPLE CREATIVE
REALTY, LLC

WHEREAS, the Promenade Master Plan improvements between Ocean
Boulevard and Third Street have been constructed by the former Redevelopment Agency
of the City of Long Beach ("RDA") in three phases over the past five years; and

WHEREAS, the final phase of improvements was recently completed and is
currently in the 90-day post-construction maintenance period; and

WHEREAS, as part of the Disposition and Development Agreement for the
redevelopment of former RDA properties adjacent to or near The Promenade, the RDA
required each developer to enter into an Agreement Containing Covenants Affecting Real
Property that obligated them as "Promenade Parcel Owners" to participate in the
Promenade Maintenance District; and

WHEREAS, the obligation to participate in the Promenade Maintenance
District commences with the completion of the final phase of The Promenade and
continues through December 31, 2100; and

WHEREAS, each Promenade Parcel Owner is required to contribute into
the Promenade Maintenance District Fund (the "Fund"); and

1 WHEREAS, as part of the dissolution of the RDA, it is recommended that
2 the obligation to maintain the Fund and contract for services be transferred to the City of
3 Long Beach; and

4 WHEREAS, this would require an amendment of the Agreement Containing
5 Covenants for each affected property; and

6 WHEREAS, this matter was approved by the Successor Agency to the
7 Redevelopment Agency of the City of Long Beach on _____, 2013;

8 NOW, THEREFORE, the Oversight Board of the City of Long Beach as the
9 Successor Agency to the Redevelopment Agency of the City of Long Beach ("Oversight
10 Board") resolves as follows:

11 Section 1. Approve the decision of the Successor Agency to the
12 Redevelopment Agency of the City of Long Beach to authorize the City Manager to
13 execute amendments to the Agreement Containing Covenants Affecting Real Property
14 with Olson 737-Long Beach 2, LLC; Lennar Long Beach Promenade Partners, LLC; Lyon
15 Promenade, LLC; and Temple Creative Realty, LLC.

16 Section 2. This resolution shall take effect immediately upon its adoption
17 by the Oversight Board, and the City Clerk shall certify the vote adopting this resolution.

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1 PASSED, APPROVED, and ADOPTED at a meeting of the Oversight Board
2 of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the
3 City of Long Beach held this ____ day of _____, 2013 by the following vote:

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5 Ayes: _____

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8 Noes: _____

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11 Absent: _____

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Chairperson, Oversight Board

15 APPROVED:

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17 _____
Secretary, Oversight Board