



Legislation Text

File #: 07-0167, **Version:** 1

Recommendation to receive supporting documentation into the record, hold a public hearing to receive public comment, adopt resolution to form Improvement Areas A and B of Community Facilities District (CFD) No. 2007-1 (Douglas Park-Commercial Area), authorize the levy of Special Tax within the improvement areas, preliminarily establish appropriation limits, submit the special tax levy and establish the appropriations limits of improvement areas to qualified electors of improvement areas;

On January 23, 2007, the City Council adopted two resolutions of intention. RES-07-0012 is the resolution of intention to establish CFD No. 2007-1 (Douglas Park-Commercial Area); approve boundaries for the proposed CFD, set the rates and methods of apportionment, and initiate proceedings to levy the special tax in the proposed CFD. RES-07-0013, is the resolution of intention to establish the maximum debt of Improvement Area A at \$16 million and Area B at \$13.5 million, and call for a public hearing on the necessity to incur bond indebtedness.

The Community Facilities District Report (**Attachment A**) describes the facilities and services proposed to be funded by the CFD, proposed CFD boundaries and cost estimates. The use of tax-exempt financing will benefit the City, developer and landowners in the CFD by financing public improvements, such as streets, sewer facilities, dry utilities, onsite trench facilities, streetlights and reclaimed and domestic water improvements. The CFD will not be authorized to finance the costs of any land required to be dedicated to any public facilities, school district facilities, storm drain facilities, required impact fees or required public improvements located in the City of Lakewood.

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 \$16,000,000 within CFD Improvement Area A, and in the maximum aggregate principal amount of \$13,500,000 within CFD Improvement Area B. There is no taxable debt proposed as part of the bond structure for this CFD.

As specified in the proposed resolution, the bonds for each improvement area shall bear interest at rates not to exceed the maximum interest rate permitted by applicable law at the time of sale of the bonds in such manner as the City Council or its designee shall determine at the time of sale of the bonds. Each improvement area will pay for the debt issued for the respective improvement area. Further details on the proposed 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.

If approved, special taxes for the improvement areas of the proposed CFD would be levied in accordance with the proposed Rates and Methods of Apportionment of Special Tax, as approved by the resolution of intention to form the CFD (RES-07-0012). These special taxes shall pay the debt service on bonds to be issued by the City. The special tax would be levied each fiscal year in an amount sufficient to pay all annual costs of the CFD, including 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 Rates and Methods of Apportionment of Special Taxes for the Improvement Areas.

This CFD will also be authorized to assess a special tax to pay for a variety of public services including maintenance of street improvements and other City costs associated with the new development. This special tax is not subject to bond financing; is perpetual, and includes a Consumer Price Index annual adjustment.

The recorded boundary map for the CFD shows two commercial areas totaling approximately 115.4 net acres to be developed for private use. Improvement Area A comprises 67.7 net acres, and Improvement Area B comprises 47.7 net acres. It is expected that the Corporation will request that the City undertake another CFD formation process north of Cover Street for residential development, 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.

By the City Council adopting the resolution calling for the Special Election, the election for the establishment of the CFD improvement areas, the levy of the special tax in the two improvement areas will be held, and the results of this election will be announced.

If the election is favorable, the City Council may approve the Notice of Special Tax Lien to be recorded against the respective CFD Improvement Areas (including the rate and method of apportionment), and adopt the Resolution Declaring Results of Special Elections, and Directing Recording of Notices of Special Tax Lien for the 2007-1 Douglas Park-Commercial Area. City Council may also declare the Ordinance to levy the Special Taxes within Improvement Areas A and B of this CFD read for the first time and laid over to next regular meeting of the City Council for the second reading and adoption.

This matter was reviewed by Assistant City Attorney Heather A. Mahood and Budget and Performance Management Bureau Manager David Wodynski on February 13, 2007.

City Council action on this item is requested on February 20, 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. The establishment of this CFD will not result in any direct fiscal impact to the City as expenses related to the establishment of this CFD will be reimbursed by the previously approved deposit/reimbursement agreement.

The CFD No. 2007-1 (Douglas Park-Commercial Area) proposes to levy a special tax for services that eventually provides \$175,000 in annual funds, with annual CPI adjustments, for the specified municipal services. All proceeds from the assessment will be deposited in the CFD trust account, then transferred as payment for services to the appropriate City fund. The CFD will also provide for reimbursement of up to \$30,000 for annual CFD administrative services provided by the City, with annual CPI adjustments.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH OF FORMATION OF IMPROVEMENT AREAS A AND B OF THE CITY OF LONG BEACH COMMUNITY FACILITIES

DISTRICT NO. 2007-1 (DOUGLAS PARK - COMMERCIAL AREA), AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN THE IMPROVEMENT AREAS, PRELIMINARILY ESTABLISHING APPROPRIATIONS LIMITS FOR THE IMPROVEMENT AREAS, AND SUBMITTING LEVY OF THE SPECIAL TAX AND THE ESTABLISHMENT OF THE APPROPRIATIONS LIMITS TO THE QUALIFIED ELECTORS OF THE IMPROVEMENT AREAS

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