



## Legislation Text

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**File #:** 07-0068, **Version:** 1

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Recommendation to adopt Resolution of Intention to incur bonded indebtedness of the proposed City of Long Beach Community Facilities District No. 2007-1 (Douglas Park-Commercial Area) Improvement

Area A not to exceed \$16 million and Improvement Area B not to exceed \$13.5 million; and set date of public hearing for Tuesday, February 20, 2007, at 5:00 P.M. (District 5)

The City of Long Beach and McDonnell Douglas Corporation, a wholly-owned subsidiary of the Boeing Company, are parties to a Development Agreement recorded on June 2, 2005, as document number 05-1290603 in the Los Angeles County Recorder's Office relating to the development of the area of the City known as Douglas Park. Section 8.23 of the Development Agreement provides that McDonnell Douglas Corporation, through its corporate agent, Boeing Realty Corporation, may propose that the City initiate proceedings to form one or more public financing districts to finance costs of public improvements and facilities in connection with the development of Douglas Park.

The City has now received Petitions (including Waivers) from McDonnell Douglas Corporation and from Douglas Park 1-2, LLC (an entity that recently purchased property in Douglas Park) formally requesting that the City initiate proceedings to form a community facilities district (CFD) that would include the land entitled for commercial development in Douglas Park, and that the CFD contain two improvement areas designated as Improvement Area A and Improvement Area B. Under a separate City Council letter, a resolution of intention to form the CFD is being submitted. The resolution of intention to form the CFD precedes this action.

Adoption of the attached Resolution declares the intention of the City Council to incur debt on behalf of the proposed CFD.

The Long Beach Municipal Code (LBMC), Division V, in Chapter 3.52, Long Beach Special Tax Financing Improvement Law, provides a mechanism to finance public and private capital facilities and services. It authorizes the formation of CFDs. Once formed, a CFD can finance facilities and provide services through payment of a special tax levied against the landowners in the CFD. These special taxes also may be used to pay debt service on bonds issued to finance eligible facilities.

Section 3.52.561 of the LBMC requires that City Council, by resolution, deem it necessary for a proposed CFD to incur bonded indebtedness, and state the amount of the proposed debt, purpose for which the proposed debt is to be incurred, and the time and place for a hearing by the City Council on the proposed debt issue.

The Resolution provides that maximum bonded indebtedness for the improvement areas of the CFD is \$16,000,000 for Improvement Area A and \$13,500,000 for Improvement Area B, and the maximum special tax authorized to be levied in the CFD is expected to be set at \$15,047 per acre for Fiscal Year 2007-2008, subject to annual inflationary increases. If approved, special taxes for the CFD would be levied in accordance with the proposed Rate and Method of Apportionment of Special Tax

for the proposed Improvement Areas of the CFD.

On December 21, 1999, the City Council adopted Local Goals and Policies for Community Facilities Districts Related to Commercial Development (Attachment A).

These require certain lien-to-value ratios and provide for other financing restrictions applicable to bonds issued for CFDs. To satisfy these goals and policies as they apply to the proposed Douglas Park commercial area CFD, the City has contracted with an independent appraiser to provide a valuation of the property in Improvement Area A of the CFD. The appraisal is underway and is expected to be completed in Spring 2007.

An absorption study will also be commissioned to determine if the proposed development will be impaired by the proposed special taxes and bonded debt. The Deposit/Reimbursement Agreement with McDonnell Douglas Corporation approved by City Council on January 16, 2007 is funding these expenses.

Following a public hearing to be scheduled for February 20, 2007, a special election will be held at which landowners in the proposed CFD will vote on forming the CFD, assessing the Special Tax and the proposed bonded indebtedness for the Improvement Areas of the CFD. This Resolution provides for a public hearing on the proposed debt issuance; scheduled on February 20, 2007 at 5:00 p.m.

As described in the other City Council Letter on the Resolution of Intention to form this CFD, boundaries are proposed for the two commercial improvement areas, which comprise the CFD. It is expected that sometime in the future the Corporation will request that the City undertake another CFD formation process that would include the portion of the Douglas Park area intended for residential development, to pay costs of the public improvements not funded with the commercial CFD and to provide additional monies for certain public services.

This item was reviewed by Assistant City Attorney Heather A. Mahood on January 16, 2007 and Budget Management Officer David Wodynski on January 12, 2007.

City Council action on this item is requested on January 23, 2007, to support activities and proceedings to incur debt after 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 a CFD trust account.

Approve recommendation.

MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

PATRICK H. WEST  
DIRECTOR OF COMMUNITY DEVELOPMENT  
APPROVED:

GERALD R. MILLER

CITY MANAGER

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH DECLARING INTENTION TO INCUR BONDED INDEBTEDNESS OF THE PROPOSED IMPROVEMENT AREAS A AND B OF THE CITY OF LONG BEACH COMMUNITY FACILITIES DISTRICT NO. 2007-1 (DOUGLAS PARK - COMMERCIAL AREA)