



MAYOR ROBERT GARCIA
CITY OF LONG BEACH

April 13, 2015

The Honorable Richard D. Roth, Chair
Senate Budget Subcommittee on State Administration and General Government
California State Capitol, Room 5019
Sacramento, CA 95814

Re: Concerns and Comments as related to the Governor's Budget Trailer Bill on Redevelopment

Dear Senator Roth:

On behalf of the City of Long Beach, I am writing to comment on the Governor's Trailer Bill on Redevelopment. Within the proposal, the City is encouraged to see the inclusion of "public parking lots" in the list of "governmental use" properties that can be transferred to a city or county. However, we oppose language in the trailer bill that would place limits on the LAIF rate, prohibit the reinstatement of reimbursable agreements, impose new loan repayment time limits in redevelopment plan areas, and limit successor agency activities.

First and foremost, the City strongly opposes language limiting the interest payable on loans made by the City to the former Redevelopment Agency to a LAIF rate other than the historical LAIF rate. This proposal runs counter to the March 16, 2015 ruling by the Sacramento Superior Court of California, which states that the interest rate at which loans should be repaid to cities shall be the variable LAIF rate from the date that the loan was originally incurred; as opposed to the LAIF rate in effect on the date that the oversight board re-approved the loans per AB 1484. It is important that the historical or variable LAIF rate, be used to calculate loan repayments to the City of Long Beach. These revenues are expected to support the general fund and provide services, including public safety, parks, infrastructure and library services. Should the trailer bill language prevail, the loss of future public services to the Long Beach community carries an estimated value of \$70 million.

Long Beach is also concerned with proposed changes to "incentives" that are currently available to cities that have received a "finding of completion" from the State Department of Finance (DOF). Specifically, the City opposes: (1) changes to existing law that would prohibit the reinstatement of reimbursement agreements whereby the successor agency reimburses the City for public improvements constructed under a contract between the City and a third-party vendor, and (2) changes to existing law that would establish time limits for redevelopment plans applicable to loans in the former redevelopment area. As an example of the detriment that could be created by this component of the trailer bill, please consider the debt owed by the former Long Beach Redevelopment Agency to the City of Long Beach for the Downtown Plan. The Downtown Plan has two different time frames for paying off debt. The Plan's older debt was incurred at a time when there were no time limits for repayment, and the majority of Downtown Plan debt falls under this category. This means that the City expects to collect debt repayments from the Successor Agency for as long as is needed to repay this debt. Any debt incurred after 1996 carries the 10 year time limit. Long Beach understands that debt that was incurred under this structure, must be repaid within the 10 year time frame or else the City loses the difference. However, given that the large majority

of redevelopment debt was incurred prior to 1996, the City is not expecting to lose debt repayment revenues, and opposes legislative language that would impact our ability to collect debt owed to the City.

Last, but not least, the City is concerned with the proposed limits on successor agency activities. Retroactively excluding demolition, site remediation and removal of graffiti from the list of allowable activities of a successor agency would be incredibly problematic in Long Beach, especially considering the large number of properties that City's Successor Agency must manage while we implement our Long Range Property Management.

While the City has a number of concerns with this proposal, we would like to highlight and thank the State for expanding the list of properties considered a "governmental use" with the addition of "public parking lots". Long Beach is supportive of language that has been proposed to allow public parking lots to be transferred to a city or county upon DOF approval of the Long Range Property Management Plan.

Given our mutual desire to expedite the redevelopment dissolution process for the purposes of future economic development, the City of Long Beach urges the State to consider the issues we have highlighted as this trailer bill develops.

Thank you for your consideration.

Sincerely,



Mayor Robert Garcia
City of Long Beach

cc: The Honorable Ricardo Lara, State Senate, 33rd District
The Honorable Janet Nguyen, State Senate, 34th District
The Honorable Isadore Hall, III, State Senate, 35th District
The Honorable Anthony Rendon, State Assembly, 63rd District
The Honorable Mike Gipson, State Assembly, 64th District
The Honorable Patrick O'Donnell, State Assembly, 70th District