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## Editorial

### Will RDA Board Be Suckered Into Aquarium Bailout?



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Aug. 24 subsequent development: [click here](#)

(Aug. 23, 2009) -- On Monday morning Aug. 24, LB's non-elected Redevelopment Agency Board, given power under state law to collect money to reduce blight, will be asked by RDA management -- which also happens to be LB City Hall



management -- to approve a transaction we believe befits W.C. Fields in the movie *Never Give A Sucker An Even Break.*"

In our opinion, it makes a mockery of reducing blight.

We urge the RDA board not to be suckered into it by RDA staff, much of which is also city management staff. In this case, RDA staff has a conflict of interest in protecting the interests of RDA impacted neighborhoods...because city management wants the RDA money for a City Hall bailout.

LB city management wants to use RDA's blight fighting funds to bail out LB City Hall's budget, which is unable to continue bailing out LB's financially failed Aquarium.

From nearly its inception, the Aquarium failed to do what officials told LB taxpayers it was expected to do: to pay its

Joe Sopo



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operating costs and construction bond debt from its visitor generated revenues. [To hear archival audio of what the public was told at the time by then-city management, sundry "experts" and the City Council, [click here.](#)]

Today, after shamefully erasing the name "Long Beach" from the Aquarium's official name and various debt restructurings, the Aquarium continues to drain LB public money.

In June 2009 at the final Harbor Commission meeting that included then-Commission President James C. Hankla (who was City Manager for the costly 1995 Aquarium debt transaction), LB's current city management publicly asked the Port to pay the Aquarium's debt bondholders, effectively taking that annual load off City Hall.

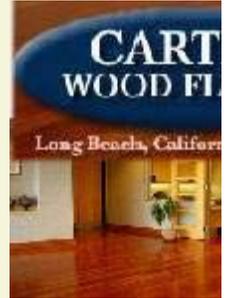
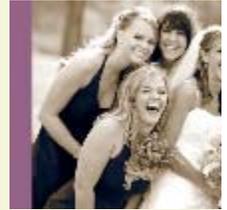
The Harbor Commission agreed to this...but its bailout isn't charity; the Port would be repaid by tapping RDA money expected to result if the Port completes various infrastructure projects expected to increase its cargo movement capacity.

The trap: if the Port projects aren't completed and generating Redevelopment dollars in five years (due to pesky environmentalists, funding delays, bad economy, whatever), the Port would be repaid "from any unobligated legally available North Long Beach Redevelopment Project Area funds."

That would let the Port tap money that could otherwise benefit NLB homeowners and business owners who've had their area declared "blighted" in exchange for the implied promise that Redevelopment dollars will be used to rid their neighborhoods of blight.

If the RDA board approves the proposed transaction, LB Redevelopment dollars that could otherwise help those NLB neighborhoods could instead be tapped to help finance Port-area industrial infrastructure (that will generate Port-impacts that have historically impacted NLB and beyond).

The legalistic artifice for this: years ago, part of the Port was included as part of the North Redevelopment Project area. (At the time, some activists, including the late Martha



"Mike" Croft, objected to this but like taxpayers on the Aquarium their warnings were brushed aside.)

At the June 2009 Harbor Commission meeting, Mayor/9th dist. Councilman Val Lerch politely voiced concerns about the proposed transaction...but stopped short of directly opposing it. He received a terse reply from outgoing Harbor Commission President Hankla.

**Vice Mayor Lerch:** I am here not as the Vice Mayor but a resident of the 9th district and the North Project Area committee. I'm quite concerned about what happens should the Middle Harbor fall flat...Eventually at risk...will be the North Long Beach people. It will suck the life out of improvements of North Long Beach. It'll suck the breath out of us, because ultimately we'll have to pay that should the Middle Harbor fail...I haven't looked at it, I haven't seen the whole thing but listening to what's happening here today, I see it also impeding the possibility of us trying to create new bonds in the north area because we have this looming debt out here. There's a whole bunch of things that could affect the North Long Beach community...[W]e're going to have to look at this and see how it's going to affect North Long Beach and redevelopment...I'm concerned about that.

Outgoing Commission President Hankla replied, "Mr. Vice Mayor, let me tell you that North Long Beach is not only sustained but thrust forward on the strength of the Port of Long Beach, and we hope to be able to provide that service for many years to come."

We don't know what kind of Kool Aid someone served to the advisory North Project Area Committee (North PAC) to get them to approve the proposed transaction, but it must be strong stuff. An RDA staff report says North PAC recommended that the RDA approve the proposed agreement to reimburse the Harbor for roughly \$8 million of [Port area] "public improvements" from Additional Tax Increment generated by the Middle Harbor Project.

To approve the transaction, state law requires the RDA Board to determine all of the following (cited in the RDA staff report). Do you think this proposal meets the final two requirements (*italicized by us*)?

...That the installation of such public improvements is

of benefit to the redevelopment project area or the immediate neighborhood in which the public improvement project is located.

*That no other reasonable means of financing the public improvements are available to the community.*

*That the payment of Agency funds for the installation of public improvements will assist in the elimination of one or more blighting conditions within the project area. [emphasis added]*

We fully expect RDA staff to make gymnastic arguments to try and justify these findings, but that will only make our point stronger. In our opinion, this shows why Sacramento should take steps to curtail abuses of the Redevelopment process and begin measures to phase it out.

We urge the RDA board not to be suckered into this W.C. Fields style transaction. If approved, we believe their actions will be ridiculed in LB and beyond.

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