

February 2, 2021

R-19

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP ED20-041 for the long-term leasing and development opportunity at the former Long Beach Armory (854 East 7th Street), Assessor Parcel Number 7274-019-900 (Subject Property); and,

Authorize the City Manager, or designee, to execute all documents necessary to enter into an Exclusive Negotiation Agreement (ENA) with Gundry Partners, LP, doing business as Howard CDM, of Long Beach, CA, for the continuation of negotiations in connection with No. RFP ED20-041 for the Subject Property. (District 1)

DISCUSSION

The Long Beach Armory, located at 854 East 7th Street, occupies a .91-acre parcel bounded by Seventh Street, Gumbiner Park, Cobre Way, and Mars Court (Attachment). The Subject Property consists of a 3-story, 26,530-square-foot Armory building (Armory Building) and a 12,000-square-foot parking lot. Built in 1930, the Subject Property served as the Long Beach Armory, one of ten armories built by the California Army National Guard (CA ARNG) between World Wars, until it was decommissioned in April 2018 and the CA ARNG relocated to the Joint Forces Training Base in Los Alamitos. Ownership of the Subject Property then reverted to the City and it has remained vacant. The Subject Property is widely considered to be an essential piece of local military history and is historically significant. It is also in need of significant repairs and maintenance before it can be reoccupied. To that end, on May 8, 2020, the City posted Request for Proposals No. RFP ED20-041 (RFP) seeking qualified respondents to enter into a long-term lease and development opportunity to activate, develop, and restore the Subject Property consistent with Local, State, and Federal Statutes for historically significant resources.

The RFP was advertised in the Long Beach Business Journal on May 12, May 26, June 9, June 23, July 7, and July 21, 2020. In addition, 371 potential proposers specializing in leasing and development opportunities were notified of the RFP opportunity. Of those potential proposers, 35 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 35 local, minority-owned, and women-owned business groups. One proposal was received by the July 29, 2020 closing date. The proposal was not from a Minority-owned Business Enterprise (MBE), Women-owned Business Enterprise (WBE), or Small Business Enterprise (SBE); however, the proposal was considered to be from a Long Beach business (Local).

The sole proposal was submitted by Gundry Partners, LP, dba Howard CDM, on behalf of, and in tandem with, its partners Pacific 6 and St. Anthony High School (collectively, Sole Respondent), for a fee purchase of the Subject Property and subsequent development of the Armory Arts Collective, an 86-unit workforce market-rate housing and performing arts complex. The proposal contemplates adaptive reuse and restoration of the Armory Building, including 11,400 square feet of offices, meeting rooms, and studios; a 7,043-square-foot performing arts center and gallery space; and, a 8,258-square-foot performing arts garden. Additionally, the proposal contemplates ground-up development of the existing parking lot into a mix of one-bedroom and studio market-rate housing, 40 units of which would be at 60 percent of area median income (AMI).

A panel consisting of representatives from the Departments of Development Services and Economic Development, the City Attorney's Office, and outside real estate consultants specializing in financial and market analysis reviewed the proposal and interviewed the Sole Respondent. The proposal was evaluated based on the following: (1) scope of the proposed development; (2) demonstrated experience in development/management of similar projects; (3) financial strength of the Sole Respondent's team members; (4) number of jobs created and sustained; (5) evidence of financial capability to develop the project; (6) demonstrated capability to plan and construct development projects in a timely fashion; (7) demonstrated capability to maintain real property and to adhere to applicable codes, ordinances, and covenants; (8) inclusion of sustainability/green building elements; and, (9) demonstrated public benefit, consistent with the goals of education, arts, historic preservation, and economic development.

The Sole Respondent's proposed development concept contemplates and supports a portion of the goals and objectives outlined in the RFP. However, the proposal contemplates a fee purchase of the Subject Property rather than the requested long-term lease and would be subject to additional steps in the disposition process, including compliance with the State's Surplus Land Act. As the proposal was the sole proposal received and supports the stated goals and objectives, the panel recommends executing a 90-day Exclusive Negotiating Agreement (ENA) with the Sole Respondent to negotiate the issues and determine whether the Sole Respondent's proposal can be made viable.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on December 18, 2020 and by Budget Management Officer Rhutu Amin Gharib on December 30, 2020.

TIMING CONSIDERATIONS

City Council consideration of this transaction is requested on February 2, 2021, to ensure timely execution of the ENA.

FISCAL IMPACT

There is no known fiscal impact associated with this recommendation at this time. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



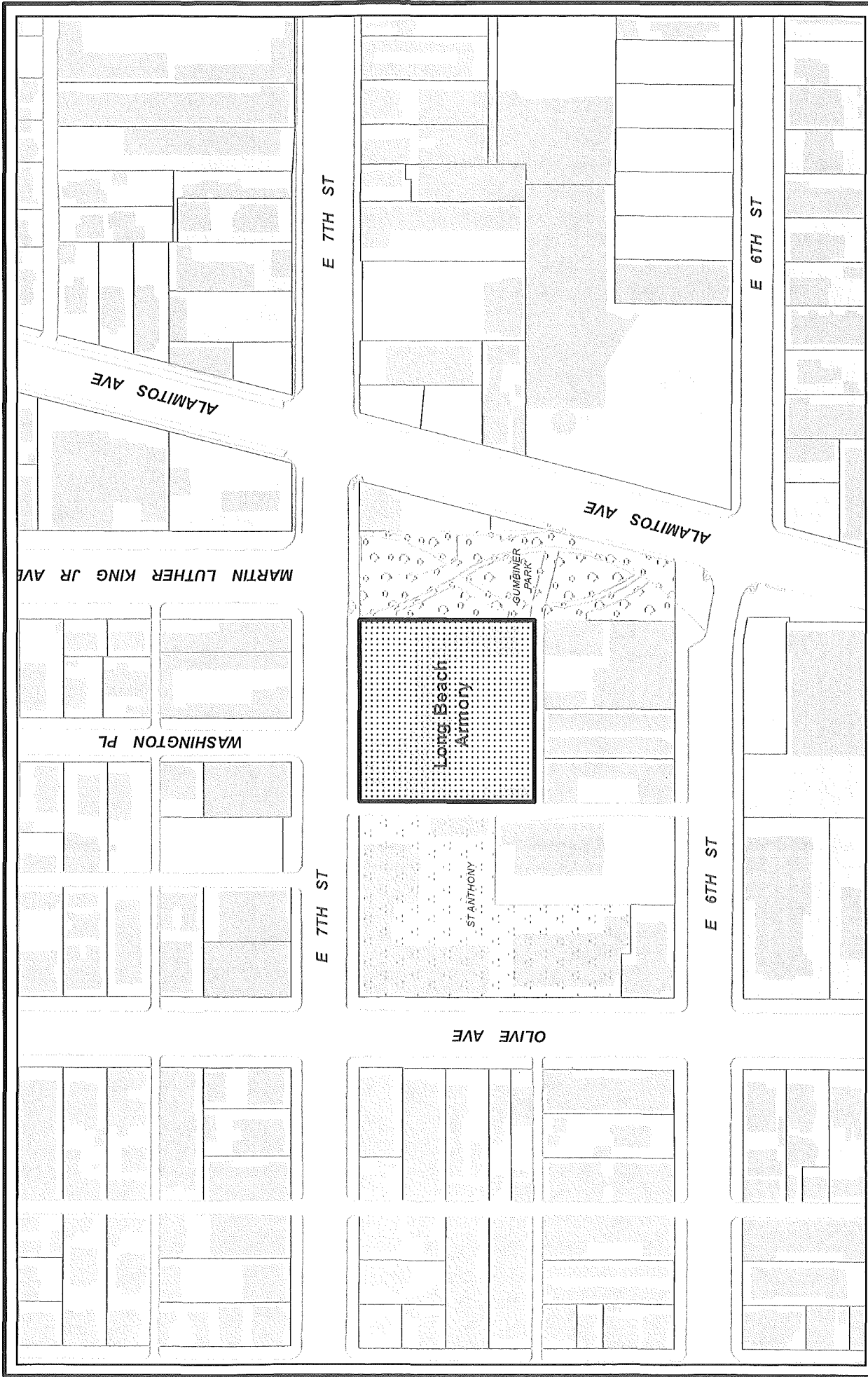
JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

ATTACHMENT - SITE MAP

APPROVED:



THOMAS B. MODICA
CITY MANAGER



Subject Property:
 854 E 7th St
 Council District : 1

Attachment

