



# CITY OF LONG BEACH

# R-23

## DEPARTMENT OF PUBLIC WORKS

333 WEST OCEAN BOULEVARD • LONG BEACH, CA 90802 • (562) 570-6383 • FAX (562) 570-6012

February 3, 2009

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

### RECOMMENDATION:

Authorize the City Manager to negotiate a Real Estate Exchange Agreement, providing overall terms and conditions of an exchange of approximately 12.1 acres of City-owned land for approximately 29.38 acres of privately owned land. (Districts 1, 3)

### DISCUSSION

The Los Cerritos Wetlands (Wetlands) cover nearly 450 acres at the southeast convergence of the City of Long Beach with the City of Seal Beach. Historically, there have been three separate ownerships included within the Wetlands: the Hellman Property, containing approximately 174 acres, the Bryant Property, containing approximately 87 acres, and the Bixby Property, containing approximately 175 acres. The Wetlands consist of a combination of aquatic, semi-aquatic and terrestrial habitats that result from periodic flooding by tidal waters, rainfall or runoff. The Wetlands provide habitat for a vast array of organisms, including many endangered species. The Wetlands also provide a vital link between land and open water, exporting nutrients and organic material, buffering the effects of storms, filtering and assimilating many pollutants from runoff, reducing shoreline erosion and improving water quality. Most importantly, the Wetlands provide an opportunity for passive enjoyment and quiet observation of a natural habitat and national resource.

In 2002, City Council entered into a confidentiality agreement with The Trust for Public Lands (TPL), utilizing their expertise to assist in negotiating a possible acquisition of the Bixby Property. In 2003 City Council authorized an amendment to the confidentiality agreement to include the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC) to assist the City and TPL in negotiating for the acquisition of the Bixby Property, and including the Bryant and Hellman Properties. In December 2005, City Council authorized the formation of a Joint Powers Authority, referred to as the Los Cerritos Wetlands Authority (LCWA), whose function is to acquire, protect, restore and maintain the Wetlands. The Coastal Conservancy and the City of Seal Beach joined with the RMC and the City of Long Beach as members of the LCWA.

**DIRECTOR'S OFFICE  
BUDGET & PERSONNEL**  
333 W. Ocean Blvd., 9<sup>th</sup> Floor  
Long Beach, CA 90802  
Ph. (562) 570-6383  
Fax (562) 570-6012

**ENGINEERING**  
333 W. Ocean Blvd., 9<sup>th</sup> Floor  
Long Beach, CA 90802  
Ph. (562) 570-6634  
Fax (562) 570-6012

**ENVIRONMENTAL  
SERVICES**  
2929 E. Willow Street  
Long Beach, CA 90806  
Ph. (562) 570-2850  
Fax (562) 570-2861

**FLEET SERVICES**  
2600 Temple Avenue  
Long Beach, CA 90806  
Ph. (562) 570-5400  
Fax (562) 570-5414

**PUBLIC SERVICE**  
1601 San Francisco Avenue  
Long Beach, CA 90813  
Ph. (562) 570-2782  
Fax (562) 570-2729

In June 2006, the LCWA acquired 66 acres of the Bryant Property, successfully protecting a significant portion of the Wetlands. The acquired land included operating oil wells, with a determination by the Coastal Conservancy that ongoing oil operations are compatible with the long-term goal of public access, and wetland and habitat restoration. Negotiations for the Hellman Property are ongoing with acquisition anticipated in 2009. The Bixby Property remained the most complicated and difficult site to acquire, primarily as a result of bifurcated ownership and the value of perceived development potential.

Recently, LCW Partners, LLC (LCW) acquired the Bixby Property, which consolidated the bifurcated ownership. The principals of LCW have evidenced a cooperative posture during discussions regarding wetlands acquisition. However, because of perceived development potential, and the limiting valuation criteria of State-approved appraisals, the offering price has not matched the selling price. While there exists a more cooperative owner, this funding gap has historically impeded any progress toward acquisition.

Under direction of City Council, staff began to explore the possibility of exchanging City-owned land for the Bixby Property. After protracted discussions with a number of interested parties and local stakeholders, staff and LCW reached concurrence on the framework of an exchange. The proposal was to exchange 175 acres of the Bixby Property for approximately 52 acres of City-owned land. LCW would retain its oil interest and reserve rights to continue its existing oil operations. LCW would hold the City harmless from environmental remediation costs related to the Bixby Property and include the City as an insured party under its existing environmental insurance policy. The City would hold LCW harmless from environmental remediation costs related to the City-owned property. The parties would agree to work cooperatively to minimize remediation cost through prudent design development. The public would enjoy unimpeded access to the remainder of the Bixby Property and joint use of access corridors for walking trails. The successful acquisition of the nearby Bryant Property would be the template for this transaction.

Among the City-owned land proposed to be included in the exchange were the Public Service Yard (PSY), containing approximately 12.1 acres and valued at approximately \$8 million, depicted on Exhibit A; the Gas & Oil property (G&O), containing approximately 9.7 acres and valued at approximately \$6 million, depicted on Exhibit B; and the Hilltop Property, containing approximately 28.9 acres and valued at approximately \$12.5 million, depicted on Exhibit C. The exchange would require the relocation of the Public Service Bureau out of PSY and a lease-back of G&O by the Gas & Oil Department.

Since the original proposal was presented, significant objections were raised regarding

the inclusion of the Hilltop Property in the exchange. These objections have compelled LCW to reject the inclusion of the Hilltop Property. Additionally, concerns have been raised regarding the appropriateness of a lease-back of G&O by the Gas & Oil Department. As a result, staff is asking the Council to consider a bifurcated exchange.

The proposal would entail an exchange of PSY for approximately 30 acres of the Bixby Property south of Second Street, depicted on Exhibit D. This portion of the Bixby Property is zoned Business Park, allowing office commercial, light industrial, hotel and restaurants. If developable, the appraised value of this property could range between \$12 million to \$18 million. Acquisition of this portion of the Bixby Property would serve to remove 30 acres of potential density from future development, provide access to the publicly-owned Bryant property, and create nearly 100 acres of contiguous open space, straddling the San Gabriel River.

Efforts to relocate the Public Service Bureau are continuing. Currently, staff is reviewing co-locating with Long Beach Airport's maintenance staff in recently vacated facilities at the Airport. It is anticipated that the monthly rent for the City's occupancy would be nominal. Both parties cannot fully co-locate on this site, therefore, convenient outside storage and parking opportunities are being identified. The costs for this relocation are still being developed.

Staff seeks City Council's direction on the new proposal. If directed to proceed, it is anticipated that this proposal will be brought forward for Council consideration on February 10, 2009. Each parties' due diligence efforts will take approximately 90 days, allowing for a close of escrow to occur in the second quarter of 2009.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on January 22, 2009 and by Budget Division Officer Victoria Bell on January 22, 2009.

#### TIMING CONSIDERATIONS

City Council authorization is requested on February 3, 2009, in order to proceed in a timely manner.

#### FISCAL IMPACT

There is no fiscal impact.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY  
DIRECTOR OF PUBLIC WORKS

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MPC:mpc

Exhibits A, B, C, D

APPROVED:



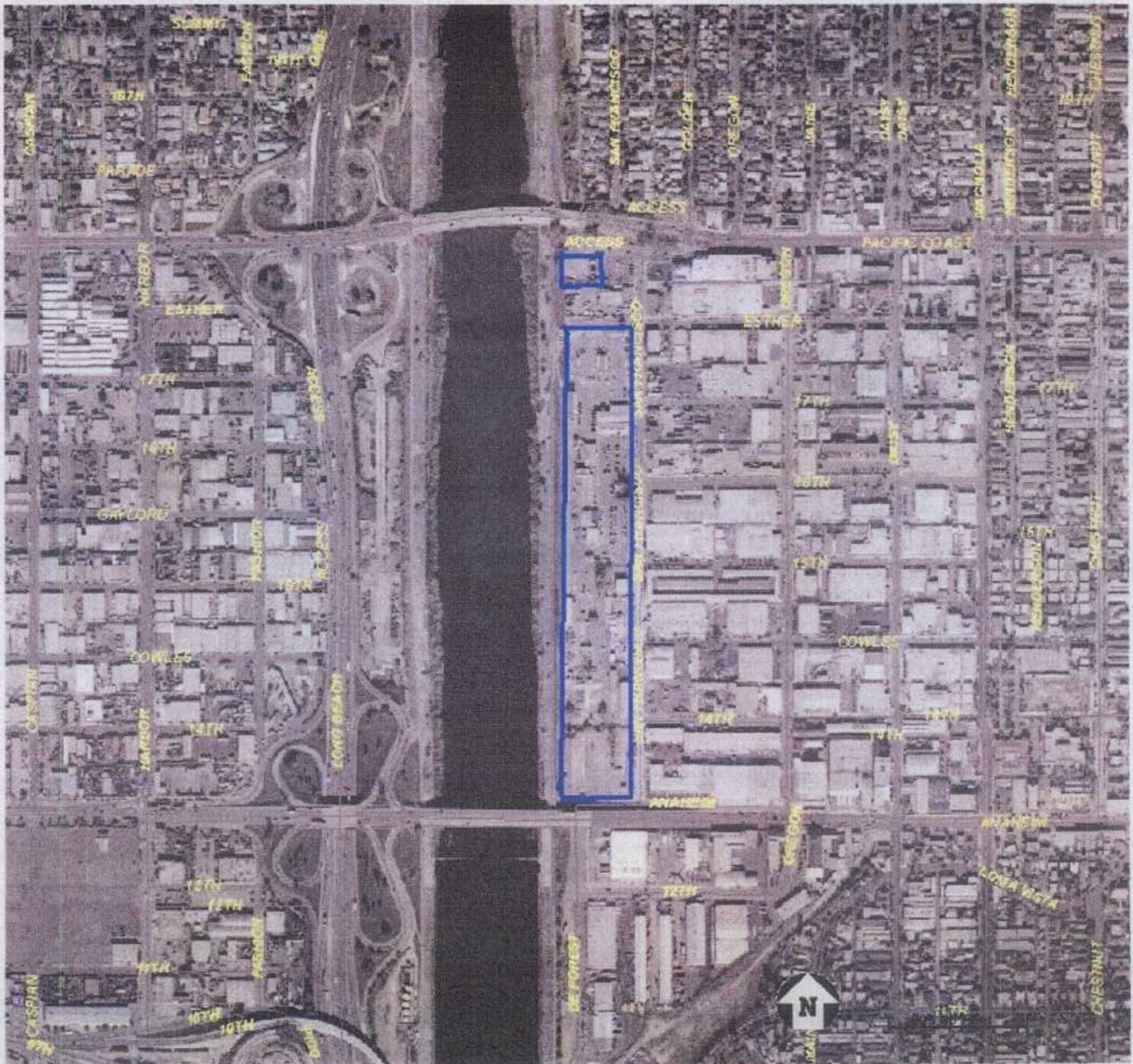
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PATRICK H. WEST  
CITY MANAGER





# Public Service Yard



### Disclaimer

DISCLAIMER OF DATA ACCURACY. The services provided on this web site are intended for informational purposes only and the GIS data used is compiled from various sources and is subject to constant change. While reasonable effort has been made to ensure the accuracy of the data, the information provided herein may be inaccurate or out of date.





## Gas



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# Sports Park



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## 2nd Street Property



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