



**CENTRO C.H.A., Inc. (1850-1862 Atlantic Avenue)**

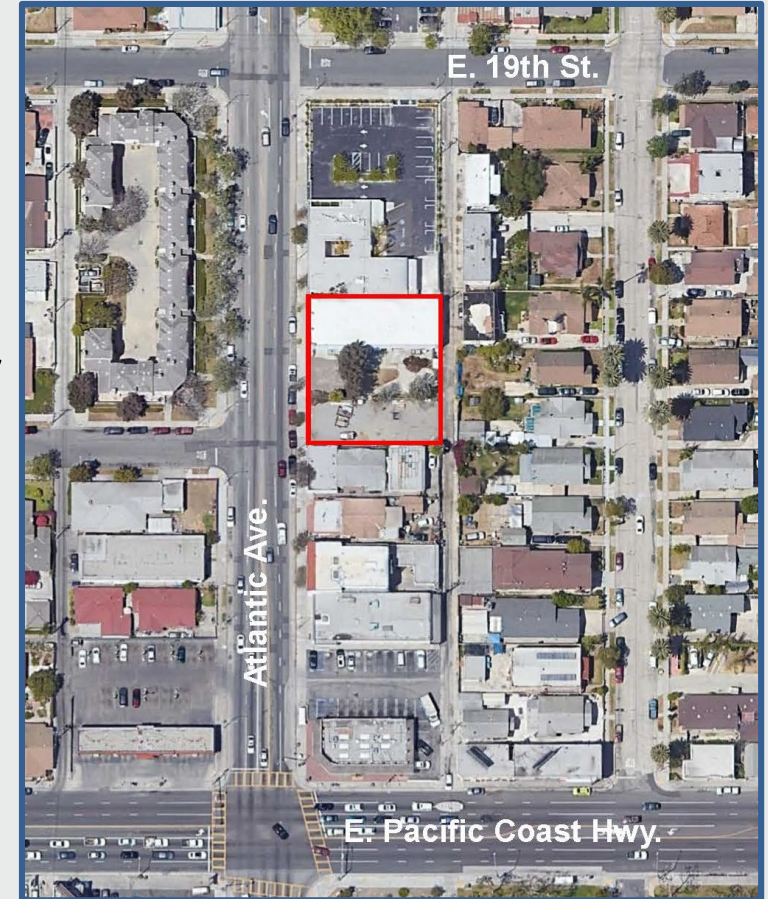
Long Beach City Council

April 20, 2021

# 1850-1862 Atlantic Avenue

## Background

- **Current Owner**: City of Long Beach Environmental Services Bureau (Refuse Fund) has owned properties since 2010.
- **Maintenance**: Public Works and Economic Development departments managed properties from October 2010 to May 2020 with reimbursement by Refuse Fund.
- **Tenant**: Centro C.H.A., Inc. (Centro CHA) since May 2020.
- **Lease with Option to Purchase**: Centro CHA lease includes option to purchase for \$800,000 (original purchase price) which has been exercised.
- **Loan Funding**: Centro CHA secured \$1.1M loan from Los Angeles County Development Authority.



# Business & Workforce Center

## Economic Development Grant

- **Improvements Required**: \$3.8M estimated to construct office, business, and workforce center at site to implement with Racial Reconciliation Report goals.
- **Grant Funding**: Centro CHA and City have applied for \$3M federal Economic Development Administration (EDA) grant.
- **Grant Match**: must provide \$800,000 match to secure full \$3M grant from federal government.
- **Centro Cha Match**: \$300,000 (remaining from loan).
- **City Contribution**: \$500,000 (remaining from sale).
- **Contribution Restrictions**: City match cannot be utilized until (a) completion of sale, and (b) only for match or to improve the property for business and workforce center.



## Fund Reconciliation

- **Purchase Price**: \$800,000 (paid by Centro Cha) approved by City Council as part of Lease.
- **Fair Market Value**: \$920,000 (paid to Refuse Fund) based on independent appraisal.
- **Reimbursement**: \$627,550 in costs from October 2010 through May 2020 (paid to General Fund).
- **Transfer to General Fund**: Net transfer of \$292,450 to Refuse Fund will complete ownership change.
- **Grant Match**: \$500,000 (City contribution) will allow Centro Cha to secure \$3M grant to complete construction of business and workforce center.



# Recommendation

- ✓ Authorize the City Manager, or designee, to execute the First Amendment to Joint Application and Indemnification Agreement No. 35623 with Centro CHA to memorialize the City's contribution; and
- ✓ Increase appropriations in the General Fund Group in the Economic Development Department by \$292,450, offset by funds available, to facilitate transfer of ownership of the Subject Property from the Refuse and Recycling Fund Group in the Public Works Department to the General Fund Group in the Economic Development Department.