



CITY OF LONG BEACH R-18

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

333 West Ocean Boulevard 3rd Floor • Long Beach, CA 90802 • (562) 570-6099 • Fax (562) 570-6380

August 2, 2016

HONORABLE MAYOR AND CITY COUNCIL

City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP EP16-120 for the purchase and development opportunity at 601-685 East Artesia Boulevard/6600-6620 Atlantic Avenue, Assessor Parcel Numbers 7115-003-901, -902, -903, -904, -905, -906, -907 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize the City Manager, or designee, to execute any and all documents necessary including a Purchase and Sale Agreement (PSA) with Frontier Real Estate Investments LLC, a California limited liability company, or affiliate (Buyer/Developer), for the sale of the Subject Property in the amount of \$2,100,000; and,

Accept Categorical Exemption CE 16-165. (District 9)

DISCUSSION

The City of Long Beach (City) currently owns the Subject Property located at 601-685 East Artesia Boulevard/6600-6620 Atlantic Avenue prominently positioned at the northeast corner of the intersection of Artesia Boulevard and Atlantic Avenue (Exhibit A). The Subject Property is approximately 93,230 square feet and is assembled into a full block of vacant land. Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the North Long Beach Redevelopment Project Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset.

The RFP was advertised in the Long Beach Press-Telegram on March 17, 2016, and 7,171 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 95 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: www.longbeach.gov/purchasing. An

HONORABLE MAYOR AND CITY COUNCIL

August 2, 2016

Page 2

RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Four proposals were received on May 13, 2016. Of those four proposals, none were Minority-owned Business Enterprises (MBEs) or Women-owned Business Enterprises (WBEs), one was a Small Business Enterprise (SBE), and one was a Long Beach business (Local).

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 756 Long Beach vendors were notified to submit proposals, of which 17 downloaded and one submitted a proposal. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economics consultant, Keyser Marston Associates, reviewed the four submittals. The panel unanimously selected the proposal submitted by the Buyer/Developer, and is recommending that City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for the sale of the Subject Property. The development concept proposed by the Buyer/Developer identifies 4,800 square feet of retail space including a commercial bank, and 8,400 square feet of restaurant space. The development concept includes a community gathering space as well as much-needed services and amenities for the surrounding residents. The development concept design offers a well-balanced land use transition and complements the surrounding residential neighborhood. A development concept rendering is attached as Exhibit B.

The Buyer/Developer is a privately-held, multi-faceted real estate development firm based in Newport Beach, CA. The Buyer/Developer and their team members have extensive experience in infill development, redevelopment, and construction in primarily in the Western United States, with an emphasis on Southern California. The Purchase Price proposed for the property is \$2,100,000, or \$23 per square foot. This price was not the highest price offered for the property; however, the proposal presented by the Buyer/Developer was determined to be more responsive to the needs of the community and provides the best value for the City. Further, the development concept proposed offers uses consistent with the intent and vision of the North Long Beach Strategic Guide for Redevelopment.

The Buyer/Developer estimates total development costs of \$9 million and anticipates creating an estimated 350 temporary jobs and 138 permanent jobs.

The Buyer/Developer shall provide an Initial Deposit of \$50,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultants' reasonable fees, if any, and such other costs as the City and the Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to Buyer/Developer. At the close of escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: Frontier Real Estate Investments, LLC, a California limited liability company.
- Purchase Price: \$2,100,000.
- Initial Deposit \$50,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 90 days (3 months) from opening of escrow. Buyer/Developer will accept the property in an as-is condition and release the City from all liability.
- Entitlement Period: 365 days (12 months) from opening of escrow to complete the entitlement process, including Site Plan Review, and California Environmental Quality Act (CEQA) Analysis.
- Close of Escrow/Start Date: 30 days after completion of Entitlements, but no later than 18 months from opening of escrow.

The Buyer/Developer anticipates six months to complete construction. With this schedule, anticipated occupancy would occur in Spring of 2018. The timelines provided above are anticipated timelines and extensions may be required.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-165 (Exhibit C), was completed related to the proposed transaction on July 1, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 11, 2016 and by Budget Analysis Officer Rhutu Amin Gharib on July 19, 2016.

TIMING CONSIDERATIONS

City Council action is requested on August 2, 2016, to ensure that entitlement on the Subject Property can occur in a timely manner.

FISCAL IMPACT

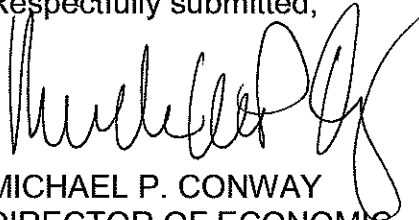
The costs associated with the City's outside attorney and consultant fees, if any, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sale proceeds of \$2,100,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$1,764,000. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former North Long Beach Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

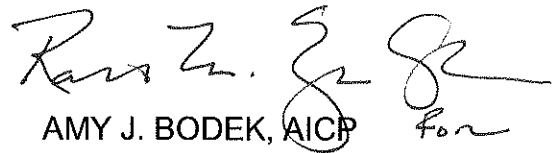
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



MICHAEL P. CONWAY
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT

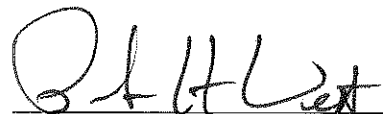


AMY J. BODEK, AICP
DIRECTOR OF
DEVELOPMENT SERVICES

MPC:AJB:MFT

- Attachments: Exhibit A – Subject Property Map
Exhibit B – Development Concept Rendering
Exhibit C – Categorical Exemption CE 16-165

APPROVED:



PATRICK H. WEST
CITY MANAGER

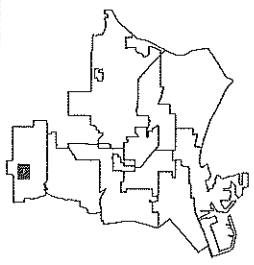
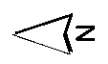
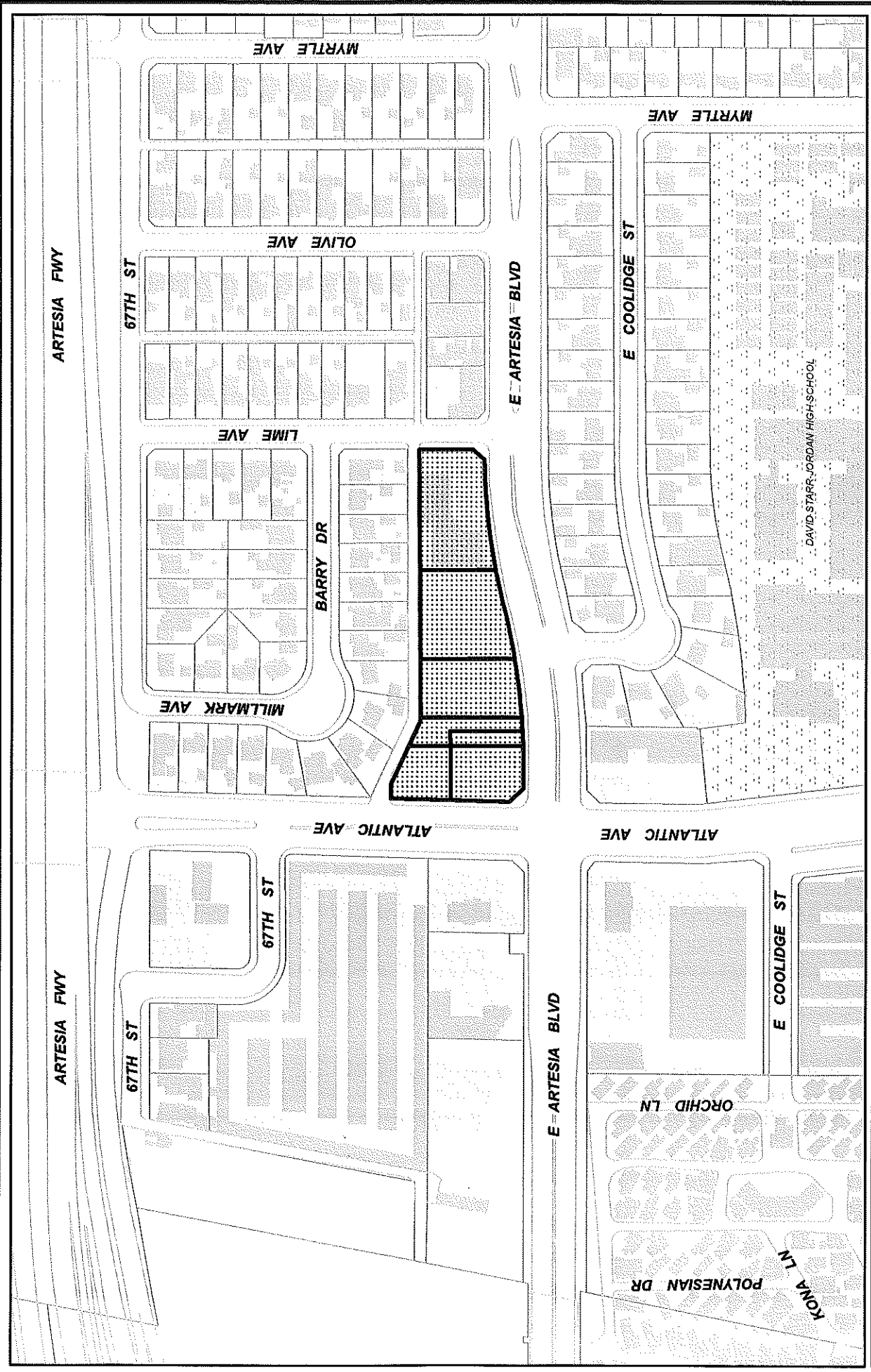
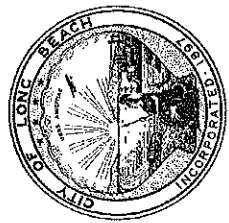


Exhibit A



Subject Property:
Atlantic Ave / Artesia Blvd
AIN: 7115-003-901 through 907
Council District: 9



Project Rendering



EXHIBIT B

FRONTIER



EXHIBIT C
NOTICE of EXEMPTION from CEQA

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbds.longbeach.gov

TO: [] Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

[] L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Project Title: CE-16-165

Project Location/Address: 601-685 East Artesia Blvd./6600-6620 Atlantic Ave. (APNs 7115-003-901, -902, -903, -904, -905, -906, -907)

Project Activity/Description: Transfer of approximately 93,230 square feet of surplus property owned by the City of Long Beach, as Successor Agency to the Redevelopment Agency of the City of Long Beach, located at 601-685 East Artesia Blvd./6600-6620 Atlantic Ave. (APNs 7115-003-901, -902, -903, -904, -905, -906, -907)

Public Agency Approving Project: City of Long Beach, Los Angeles County, California

Applicant Name: The City of Long Beach

Mailing Address: 333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802

Phone Number: 562-570-6846

Applicant Signature: Mary Francis

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: Planner's Initials:

Required Permits:

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH STATE GUIDELINES SECTION 15312, Class 12, Surplus Government Property Sales

Statement of support for this finding: This ownership transfer meets the requirements for a Class 12 exemption

Contact Person: Craig Chalfant

Contact Phone: 562-570-6368

Signature: [Handwritten Signature]

Date: 7/1/16