

R-14

March 1, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the City Manager, or designee, to execute any and all documents necessary to accept grant funds from the California Governor's Office of Business and Economic Development (Go-Biz) in an amount not to exceed \$5,000,000, for capital improvements to City-owned property at 1858 Atlantic Avenue (Subject Property), for creation of The Center for Inclusive Business and Workforce Development (Center) in partnership with Centro C.H.A.;

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$5,000,000, offset by grant reimbursement funds from Go-Biz, for the improvements of the Center Project;

Increase appropriations in the Capital Projects Fund Group in the Public Works Department by \$5,000,000, offset by a transfer of Go-Biz grant reimbursement revenues from the Capital Grant Fund; and,

Authorize the City Manager, or designee, to execute any and all documents necessary to facilitate the construction of the Center, should escrow of the Subject Property close prior to completion. (District 6)

DISCUSSION

City Council approval is requested to accept, receive, and appropriate grant funding received from Go-Biz for capital improvements of the Center for Inclusive Business and Workforce Development Center Project.

For the past three years, the City of Long Beach (City) and Centro C.H.A., Inc. (Centro CHA), have been engaged in negotiations for the use and purchase of City-owned property located at 1858 Atlantic Avenue (Subject Property) for the establishment of a new Center for Inclusive Business and Workforce Development (Center). To this end, the City Council authorized a Lease with an Option to Purchase No. 35521 on January 21, 2020, that contained an option for Centro CHA to purchase the Subject Property at a fixed price of \$800,000, which Centro CHA exercised on April 8, 2020. Centro CHA applied and was approved for a loan (Loan) from the Los Angeles County Development Authority (LAGOA) for approximately \$1.1 million, which allowed Centro CHA to proceed with the purchase of the Subject Property. Subsequently, the

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City and Centro CHA executed a Purchase and Sale Agreement (PSA), opened escrow for the Subject Property, and began seeking entitlements for the Center.

To help fund the permitting and construction of the Center, the City and Centro CHA submitted as co-applicants for a grant opportunity from the U.S. Economic Development Administration (EDA), Public Works and Economic Adjustment Assistance Program. To strengthen the co-application, the City Council authorized a City contribution of up to \$500,000 in available proceeds from the sale of the Subject Property directly to Centro CHA to be either used as matching funds for the EDA Grant or use it to improve the Subject Property should the EDA Grant not be awarded. As the Center did not receive an award from the EDA, the City contribution is still available for improvements; however, there remains a funding gap of approximately \$5 million.

Due to the State's historic revenue surplus, the State's Fiscal Year 2021-22 Adopted Budget incorporates more than \$1 billion in one-time investments for local communities across California. This fiscal year, Legislators had an unprecedented opportunity to submit budget requests for funding to support District projects. As the Center would lie within the 33rd State Senate District, Senator Lena Gonzalez submitted a budget request to fund the Center and close the funding gap. Through her efforts, Senator Gonzalez secured \$5 million of the State's surplus funds for the Center in partnership with Centro CHA (State Funding). The California Go-Biz will administer the State allocation as a grant. Adopting a Resolution is the first step required to receive the State funds. It is anticipated that the State contracts will be issued after January 1, 2022, and grant revenues to follow shortly thereafter. The City's Public Works Department (PW) will then administer the Project and directly outlay for the permitting and construction of the Center, offset by State funding.

The City's Zoning Administrator granted entitlements for the Center in November of 2021, which gives the parties three years to complete construction. Therefore, upon receipt of State funding, PW will immediately submit for plan check and begin the necessary steps to facilitate permitting and construction of the Center.

In addition, as the parties are in escrow for the Subject Property, there is a possibility that escrow may close prior to the completion of construction of the Center. If that should occur, staff is requesting authority to execute any documents necessary to allow the City to complete construction.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on February 4, 2022 and by Budget Operations and Development Officer Rhutu Amin Gharib on February 11, 2022.

TIMING CONSIDERATIONS

City Council action is requested on March 1, 2022, to allow the City to proceed with entitlements, permitting and construction of the Center in a timely manner.

FISCAL IMPACT

The total cost for the improvements of the Project is currently estimated at \$5,500,000. The total cost includes planning, design, permitting, construction, construction management, labor compliance, and project management. The City will receive a total of \$5,000,000 of grant revenue from Go-Biz, which will support the entire Project. The grant funding has no match requirements. The balance of the remainder will come from a City contribution of up to \$500,000 in available proceeds from the sale of the Subject Property.

An appropriation increase in the amount of \$10,000,000 is requested in the Capital Projects Fund Group in the Public Works Department. Of this amount, \$5,000,000 will be offset with grant reimbursement revenues received from Go-Biz. The remaining \$5,000,000 is a technical appropriation to allow for the transfer of Go-Biz grant funds from the Capital Grant Fund, a fund within the Capital Projects Fund Group. Additional funding in an amount of \$500,000 is contingent on the sale of the Subject Property. Staff will return to the City Council to request an appropriation increase in the future. Work exceeding the current requested \$5,000,000 will not commence until the Department returns to the City Council to request an appropriation adjustment.

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There will be a positive impact on short-term construction and laborer jobs from the construction of the Center and a long-term impact on local jobs through the programmatic workforce development efforts that are to take place at the Center after its opening. However, the specific type and number of jobs anticipated have yet to be determined.

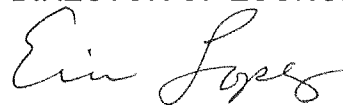
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT



DIRECTOR OF PUBLIC WORKS
ERIC LOPEZ

ATTACHMENT: RESOLUTION

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE ANY AND ALL DOCUMENTS TO ACCEPT GRANT FUNDS FROM THE CALIFORNIA GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT (GO-BIZ) IN AN AMOUNT NOT TO EXCEED \$5 MILLION, FOR CAPITAL IMPROVEMENTS TO CITY-OWNED PROPERTY AT 1858 ATLANTIC AVENUE (SUBJECT PROPERTY), FOR CREATION OF THE CENTER FOR INCLUSIVE BUSINESS & WORKFORCE DEVELOPMENT CENTER IN PARTNERSHIP WITH CENTRO C.H.A

WHEREAS, for the past three years, the City and Centro C.H.A., Inc. have been engaged in negotiations for the use and purchase of City-owned property located at 1858 Atlantic Avenue for the establishment of a new Inclusive Business & Workforce Development Center ("Center"); and

WHEREAS, to help fund the permitting and construction of the Center, the City and Centro C.H.A. submitted as co-applicants for an award from the U.S. Economic Development Administration, Public Works, and Economic Adjustment Assistance Program. In addition, to strengthen the co-application, City Council authorized a City contribution of up to \$500,000, offset by proceeds from the sale of the Subject Property; and

WHEREAS, the Center did not receive an award from the EDA, which resulted in a funding gap of approximately \$5 million; and

WHEREAS, due to the State of California's historic revenue surplus, the

1 State's FY 2021-22 Adopted Budget incorporates more than \$1 billion in one-time
2 investments for local communities across California; and

3 WHEREAS, Senator Lena Gonzalez submitted a budget request to fund the
4 Center and close the funding gap. Through her efforts, Senator Gonzalez secured \$5
5 million of the State's surplus funds for the Center in partnership with Centro C.H.A. The
6 California Governor's Office of Business and Economic Development (Go-Biz) will
7 administer the state allocation as a grant;

8 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
9 follows:

10 Section 1. The City Council of the City of Long Beach does hereby
11 authorize the City Manager to accept and expend grant funding in an amount not to exceed
12 Five Million Dollars (\$5,000,000) from the Governor's Office of Business and Economic
13 Development, including any extensions or amendments thereof.

14 Section 2. This resolution shall take effect immediately upon its adoption
15 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
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I hereby certify that the foregoing resolution was adopted by the City Council
of the City of Long Beach at its meeting of _____, 2022
by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

Recusal(s): Councilmembers: _____

City Clerk