



CITY OF LONG BEACH

C-6

DEPARTMENT OF ECONOMIC AND PROPERTY DEVELOPMENT

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

February 14, 2017

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary for an Amended and Restated Management Agreement with Bixby Knolls Business Improvement Association, for the continued occupancy and management of City-owned property at 4321 Atlantic Avenue; and,

Increase appropriations in the General Fund (GF) in the Economic and Property Development Department (EP) by \$22,105, offset by revenue received from the North Redevelopment Agency project area's 75 percent share of the proceeds from the sale of former Redevelopment Agency property. (District 8)

DISCUSSION

The City of Long Beach (City) is the owner of an approximate 19,137 square-foot building located on approximately 40,970 square feet of land at 4321 Atlantic Avenue, more commonly known as the Expo Community Center (Subject Property). The Subject Property was purchased in 2008 by the former Redevelopment Agency (RDA) in an effort to further foster economic growth along the Atlantic Avenue corridor. Since 2009, the Bixby Knolls Business Improvement Association (BK BIA) has occupied a portion of the Subject Property to house its administrative offices and to manage community serving activities occurring at the Subject Property including, but not limited to, children's art programs, senior programs, and community meetings.

The Subject Property remained under ownership of the RDA until the passage of Assembly Bill x1 26 and Assembly Bill 1484 with the signing of the California State Budget on June 29, 2011. Said legislation provided for the dissolution of all Redevelopment Agencies throughout the State and required the disposition of former RDA properties pursuant to a Long Range Property Management Plan (LRPMP). The Subject Property is included in the LRPMP, which was approved by the State Department of Finance on March 10, 2015. The Subject Property is categorized as "Government Use," allowing for its transfer to the City for continued use for governmental purposes.

The BK BIA currently manages the Subject Property under a month-to-month Management Agreement dated December 1, 2012. Under the terms of the agreement, the BK BIA is responsible for managing and maintaining the Subject Property with allowable uses including general office purposes, special community meetings and arts, theater, dance,

and other special community events. The Subject Property is currently used as a community arts center, administrative headquarters for the BKBIA and a field office for Council District 8 (Field Office). Both the BKBIA, and the Field Office each exclusively occupy approximately 500 square feet within the Subject Property. The remaining space is managed by the BKBIA, but used by community groups and is regularly available for community-related events, including use by the City.

The Los Angeles County Assessor's Office (County Assessor) recently assessed possessory interest against the BKBIA for its use of the entirety of the Subject Property, notwithstanding the fact that the BKBIA does not have exclusive use of the entirety of the Subject Property. The BKBIA does not have sufficient funds to pay the two outstanding possessory interest bills totaling approximately \$22,105. The City is amenable to paying the assessments on BKBIA's behalf as the Subject Property is operated on behalf of the City for community-serving benefit. Additionally, it is understood that BKBIA will work with the County Assessor so that the assessment will reflect BKBIA's actual assessable interest based on its exclusive square footage, which thereafter BKBIA will pay.

The proposed Amended and Restated Management Agreement has been negotiated containing the following major terms and provisions:

- City: City of Long Beach, a municipal corporation.
- Firm: Bixby Knolls Business Improvement Association, a California non-profit organization.
- Exclusive Use Area: Approximately 500 square feet (SF) of office space at 4321 Atlantic Avenue.
- Term: The term of the agreement shall continue on a month-to-month basis, whereby either party may terminate the agreement upon 30-day written notice.
- Rent: In lieu of a fee to manage the entire building, the annual base rent shall be \$1 per year. In addition, BKBIA shall be responsible for all maintenance and the payment of all utilities for the building.
- Possessory Interest: On behalf of BKBIA, the City shall pay all outstanding possessory interest totaling approximately \$22,105, as well as any future possessory interest assessed against BKBIA until the property is reassessed as indicated above. However, the City shall be entitled to all refunded amounts from any settlements arising from the County Assessor.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on January 12, 2017 and by Budget Analysis Officer Julissa José-Murray on January 26, 2017.

TIMING CONSIDERATIONS

City Council action is requested on February 14, 2017, to finalize and execute the Amended and Restated Management Agreement to allow for the payment of the outstanding possessory interest in a timely manner.

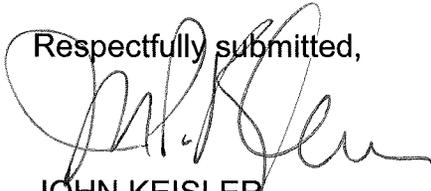
FISCAL IMPACT

The FY 17 costs associated with the Amended and Restated Management Agreement shall be \$22,105 and will be funded from the North Redevelopment Project Area's 75 percent share of the proceeds from the sale of former RDA property. This cost is not budgeted in FY 17 and, therefore, an appropriations increase of \$22,105 is requested in the General Fund (GF) in the Economic and Property Development Department (EP). Should there be an extended process to achieve the reassessment, EP will request a budget adjustment as needed. Approval of this recommendation will provide continued support to the local economy.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC
AND PROPERTY DEVELOPMENT

JK:JMV:MTB

APPROVED:



PATRICK H. WEST
CITY MANAGER