

CITY OF LONG BEACH

H-3

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 4th Floor Long Beach, CA 90802 Phone: 570.5237 Fax: 570.6205

November 3, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the public hearing, and adopt the attached resolution making certain findings for an Owner Participation Agreement with Parker Diving Service, Inc., for the development of 1650 Seabright Avenue and 1881 West 16th Street; and

Request the City Manager or designee to accept an easement deed for alley widening at 1650 Seabright Avenue and 1881 West 16th Street. (District 1)

DISCUSSION

The Long Beach Redevelopment Agency (Agency) has concluded the negotiation of an Owner Participation Agreement (Agreement) with Parker Diving Service, Inc. (Developer), for the sale and development of Agency owned properties located at 1650 Seabright Avenue and 1881 West 16th Street (Site) (Exhibit A – Site Map). The Site is located in the Westside Industrial Redevelopment Project Area.

The Developer is the oldest continually operating diving company in California. It has been servicing the Ports of Long Beach and Los Angeles since 1945, and currently holds the General Diving Services contract for the Port of Long Beach. The company employs highly experienced diver-technician teams for underwater surveys; inspections; damage assessments; repairs; maintenance; and remediation of hazardous materials in and around harbors, marinas and construction projects worldwide. The Developer is owned and operated by management personnel who formerly worked as civilian employees for the United States Navy and have over 30 years experience in this field. Their work with the government also included diving in the Naval Nuclear Program as quality control inspectors and the development and engineering of special underwater equipment for nuclear submarines.

In 2004, the Agency facilitated the Developer's relocation to Long Beach through a property acquisition at 1651 Seabright Avenue. Since then, the company has enjoyed a continuous increase in business creating a need for additional space. The Developer intends to purchase the Agency property to construct an approximately 5,000-square-foot warehouse and office space with on-site parking.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$32.50 per square-foot, or \$242,255 as compensation for the approximately 7,454-square-foot Agency-owned properties.
- The Developer will utilize the Site in accordance with the West Long Beach Industrial Redevelopment Plan and all applicable City of Long Beach codes and regulations including providing appropriate landscaping and screening.
- An Agreement Containing Covenants will be recorded at closing. This document will prohibit certain uses, describe maintenance responsibilities and levels of maintenance, and require that any future improvements be subject to the Design Guidelines for the Project Area.
- The Developer agrees to close escrow within six months of the date of the Agreement and complete construction on the Site within 180 days.

At its meeting held on November 12, 2008, the Westside Project Area Committee made a recommendation to approve the Developer's conceptual site plan for the project (Exhibit B – Site Improvement Plan). The Agency Board approved the Agreement at its meeting of September 21, 2009.

Since the Site was purchased by the Agency with tax increment monies, California law requires that this sale must also be approved by the City Council by resolution after a public hearing.

Development requirements for this site include the widening of the existing 16-foot-wide alley to 20 feet, with a dedication of two feet coming from this development. As a part of this action, we recommend that City Council approve the dedication of the two feet by the Agency prior to transferring the property to Parker Diving Service, Inc.

In conformance with the California Environmental Quality Act, Categorical Exemption No. CE-37-09 was issued for this project (Exhibit C - City of Long Beach Notice of Exemption).

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit D – Section 33433 Summary Report) that contains the following:

- The estimated value of the interest to be conveyed, determined at the highest and best use permitted under the Redevelopment Plan.
- The estimated value of the interest to be conveyed and with the conditions, covenants and development costs required by the Agreement.
- The purchase price.
- The cost of the Agreement to the Agency.
- The net cost/benefit to the Agency.
- An explanation of why the sale of the site will assist in the elimination of blight.
- An explanation of why the sale of the site is consistent with the Agency's AB 1290 Implementation Plan.

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on September 30, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on October 6, 2009.

TIMING CONSIDERATIONS

City Council action is requested on November 3, 2009, as the Agency and Developer wish to proceed with an escrow closing on or before December 31, 2009.

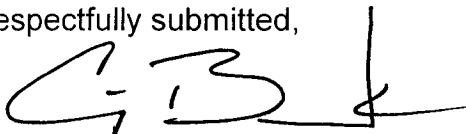
FISCAL IMPACT

The proceeds of \$242,255 from the proposed property exchange will be deposited into the Redevelopment Fund (RD) in the Department of Development Services (DV). The Developer will pay the Agency with private funds. There will be no impact to the General Fund relative to the property disposition. The Agency will pay the document-processing fee of \$1,057 required for the dedication of alley right-of-way, and this shall be deposited in the General Fund (GP) in the Department of Public Works (PW).

SUGGESTED ACTION:

Approve recommendations.

Respectfully submitted,



CRAIG BECK
DIRECTOR OF DEVELOPMENT SERVICES



MICHAEL P. CONWAY
DIRECTOR OF PUBLIC WORKS

APPROVED:



PATRICK H. WEST
CITY MANAGER

CB:AJB:SJ
P:\Redev\City Council Letters\2009 City Council Letters\ November\Parker.1650 Seabright\3.doc
Attachments: Exhibit A – Site Map
Exhibit B – Site Improvement Plan
Exhibit C – City of Long Beach Notice of Exemption
Exhibit D – Section 33433 Summary Report
City Council Resolution

EXHIBIT A

Site Map

1650 Seabright Avenue and 1881-1891 West 16th Street





CITY OF LONG BEACH NOTICE OF EXEMPTION

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 Filings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- 37-09

Project Location/Address: 1650 Seabright and 1881 W 16th Street, Long Beach, CA

Project/Activity Description: 1650 Seabright is 3,902 square feet (APN: 7432-001-018) and 1881 W 16th Street is 3,852 square feet (APN: 7432-001-906).

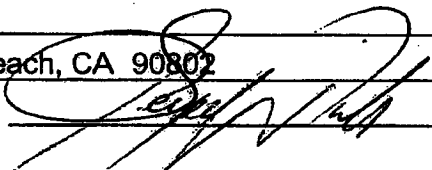
Transfer of ownership to a neighboring business for the purpose of business expansion.

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

Applicant Name: Seyed Jalali, Redevelopment Project Officer

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

Phone Number: (562) 570-6172

Applicant Signature: 

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: Sale/transfer of Agency owned property.

Contact Person: Craig Chalfant

Contact Phone: 562-570-6368

Signature: 

Date: 5/13/09

**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON AN
OWNER PARTICIPATION AGREEMENT
BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA
AND
PARKER DIVING SERVICE, INC.**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Owner Participation Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach (Agency) and Parker Diving Service, Inc. (Owner). The purpose of the Agreement is to effectuate the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project Area (Project Area).

The Agreement requires the Agency to convey to the Owner, a 3,852 square foot parcel located at 1881 West 16th Street and a 3,902 square foot parcel located at 1650 Seabright Avenue (collectively referred to as the "Site"). The Owner currently operates a business on a property adjacent to the Site. To allow for a proposed business expansion, the Agreement requires the Owner to construct a 5,000 square foot warehouse to store diving equipment on the Site (Project).

The Site area totals 7,754 square feet. However, the Agreement requires the Owner to dedicate 300 square feet of the Site's area to the City of Long Beach (City) to allow for the existing alley on the east side of the Site to be expanded. This dedication reduces the Site area to 7,454 square feet.

The following Summary Report is based upon information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Owner and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.

- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Site's existing zoning and the requirements imposed by the Redevelopment Plan for the Project Area (Redevelopment Plan).
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency, and explains any difference between the compensation to be received and the established value of the Site.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB1290 Implementation Plan.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. **SALIENT POINTS OF THE AGREEMENT**

A. **Project Description**

The scope of development required by the Agreement includes the development of a warehouse and small office to serve the expansion of the Owner's business adjacent to the Site. The Project must comply with the parking requirements imposed by the City's Parking Code.

B. **Owner Responsibilities**

The Agreement requires the Owner to accept the following responsibilities:

1. Prior to the Agreement's execution, the Owner must provide a \$10,000 refundable Performance Deposit to the Agency.
2. The Owner must pay the Agency \$242,255 to purchase the Site (Purchase Price).
3. The Owner must accept the Site in an "as is with all faults" condition. The Agency will make no representations or warranties of any kind regarding the property's condition.

4. The Owner must dedicate 300 square feet (5' x 60') of the Site to the City.
5. Prior to conveyance of the Site, the following must be completed:
 - a. The Owner must approve the Site's environmental, geological and soils condition.
 - b. The Owner must approve the City's General Plan and zoning as it pertains to the Site.
 - c. The Owner must submit the following to the Agency's Executive Director:
 - i. Evidence of financing;
 - ii. Final Construction Drawings; and
 - iii. The Project's construction budget.
 - d. The Owner must have obtained a grading or building permit for the Project.
6. The Owner must approve the permitted exceptions and the pro forma title report for the Site.
7. The Owner must complete the activities required by the Agreement in accordance with the Scope of Development and Schedule of Performance attachments to the Agreement.
8. The Owner shall make a good faith effort to use the Pacific Gateway Workforce Investment Network services in their hiring programs.
9. The Owner, and any contractors and subcontractors engaged to construct the Project, must comply with any applicable prevailing wage requirements.
10. The Owner must bear 100% of the costs associated with developing the Project.
11. With regard to ad valorem taxes assessed to the Project:
 - a. The Owner must agree that the "Taxable Assessed Value" of the Project will be set at the greater of:
 - i. The assessed value as determined by the County Assessor, or
 - ii. The Purchase Price plus Project's improvement value (Stipulated Value).
 - b. The Owner agrees not to appeal or protest the Taxable Assessed Value of the Project to an amount lower than the Stipulated Value.

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE PROPOSED
5 OWNER PARTICIPATION AGREEMENT BETWEEN THE
6 REDEVELOPMENT AGENCY OF THE CITY OF LONG
7 BEACH, CALIFORNIA, AND PARKER DIVING SERVICE,
8 INC.; FINDING THAT THE CONSIDERATION FOR THE
9 SALE OF CERTAIN REAL PROPERTY IN THE WEST
10 LONG BEACH INDUSTRIAL REDEVELOPMENT PROJECT
11 AREA IS NOT LESS THAN FAIR MARKET VALUE IN
12 ACCORDANCE WITH COVENANTS AND CONDITIONS
13 GOVERNING SUCH SALE; AND APPROVING THE SALE
14 OF THE PROPERTY AND THE OWNER PARTICIPATION
15 AGREEMENT

16
17 WHEREAS, the Redevelopment Agency of the City of Long Beach,
18 California (the "Agency"), is engaged in activities necessary to execute and implement
19 the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project
20 Area (the "Project"); and

21 WHEREAS, in order to implement the Redevelopment Plan, the Agency
22 proposes to sell certain real property (the "Property") in the Project pursuant to the terms
23 and provisions of the Owner Participation Agreement and which Property is described in
24 Exhibit "A" which is attached and incorporated by reference; and

25 WHEREAS, Parker Diving Service, Inc. (the "Developer") has submitted to
26 the Agency a written offer in the form of an Owner Participation Agreement to purchase
27 the Property for not less than fair market value for uses in accordance with the
28 Redevelopment Plan and the covenants and conditions of the Owner Participation

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 Agreement; and

2 WHEREAS, the proposed Owner Participation Agreement contains all the
3 provisions, terms and conditions and obligations required by Federal, State and local law;
4 and

5 WHEREAS, Developer possesses the qualifications and financial resources
6 necessary to acquire and insure development of the Property in accordance with the
7 purposes and objectives of the Redevelopment Plan; and

8 WHEREAS, the Agency has prepared a summary setting forth the cost of
9 the Owner Participation Agreement to the Agency, the estimated value of the interest to
10 be conveyed, determined at the highest uses permitted under the Redevelopment Plan
11 and the purchase price and has made the summary available for public inspection in
12 accordance with the California Redevelopment Law; and

13 WHEREAS, the Agency has determined that the development of the
14 Property is categorically exempt under the California Environmental Quality Act; and

15 WHEREAS, pursuant to the provisions of the California Community
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing on
17 the proposed sale of the Property and the proposed Owner Participation Agreement after
18 publication of notice as required by law; and

19 WHEREAS, the City Council has duly considered all terms and conditions
20 of the proposed sale and believes that the redevelopment of the Property pursuant to the
21 proposed Owner Participation Agreement is in the best interests of the City and the
22 health, safety, morals and welfare of its residents and in accord with the public purposes
23 and provisions of applicable Federal, State and local law;

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. The City Council finds and determines that the consideration
27 for sale of the Property pursuant to the Owner Participation Agreement is not less than
28 fair market value in accordance with covenants and conditions governing the sale, and

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 the Council further finds and determines that the consideration for the sale of the
2 Property, determined at the highest and best use under the Redevelopment Plan, is
3 necessary to effectuate the purposes of the Redevelopment Plan for the Project.

4 Section 2. The sale of the Property by the Agency to Developer and the
5 Owner Participation Agreement which establish the terms and conditions for the sale and
6 development of the Property are approved.

7 Section 3. The sale and development of the Property shall eliminate
8 blight within the Project Area and is consistent with the implementation plan for the
9 Project adopted pursuant to Health and Safety Code Section 33490.

10 Section 4. This resolution shall take effect immediately upon its adoption
11 by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

12 I hereby certify that the foregoing resolution was adopted by the City
13 Council of the City of Long Beach at its meeting of _____, 2009 by the
14 following vote:

15
16 Ayes: Councilmembers: _____

17 _____

18 _____

19 _____

20 Noes: Councilmembers: _____

21 _____

22 Absent: Councilmembers: _____

23 _____

24
25
26 _____

City Clerk

27
28

EXHIBIT A

Site Map

1650 Seabright Avenue and 1881-1891 West 16th Street

