

CITY OF LONG BEACH

DEPARTMENT OF ECONOMIC DEVELOPMENT

R-33

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

March 5, 2019

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute any and all documents necessary, including a Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate (Agreement) with Paul M. Stone, as Trustee of the Paul M. Stone Living Trust under declaration of Trust dated January 30, 2016 (Seller), for the purchase of certain real property located at 1718-1722 Hayes Avenue, Assessor Parcel Number 7429-028-034 (Subject Property), in an amount not to exceed \$1,830,000;

Accept the Categorical Exemption CE 19-041; and,

Increase appropriations in the General Fund (GF) in the Economic Development Department (ED) by \$1,830,000, offset by the transfer of HEAP grant revenue from the Health Fund (SR 130). (District 1)

DISCUSSION

On November 13, 2018, the City Council authorized the City Manager to execute an agreement to receive and expend grant funding in the amount of \$9,387,420 from the Business, Consumer Services and Housing Agency Homeless Coordinating and Financing Council (HCFC), for the Homeless Emergency Aid Program (HEAP), Continuum of Care allocation. HEAP funding, offered through the State's FY 19 budget, provides \$500 million in one-time funds to enable local jurisdictions to provide immediate emergency assistance to individuals experiencing homelessness. Of the amount awarded, \$1,850,000 is designated for storage of belongings of individuals experiencing homelessness while attending work or utilizing services at the Multi-Service Center.

The City has identified a property located at 1718-1722 Hayes Avenue, Assessor Parcel Number 7429-028-034 (Subject Property) (Attachment A), as a potential site for Homeless Services Property Storage. The Subject Property is approximately 6,520 square feet and is improved with a 5,400-square-foot industrial building. The Subject Property has been listed on the market for a purchase price of \$1,755,000. The City has submitted an offer and the

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property owner has agreed to sell the Subject Property to the City at the listing price. An additional amount up to \$75,000 will be expended for acquisition costs, appraisal, environmental investigation, and escrow and closing fees. Tenant improvements needed to the interior of the property to prepare the facility for operation are anticipated to be \$170,000.

The acquisition of the Subject Property and subsequent tenant improvements have been reviewed under the California Environmental Quality Act and Categorical Exemption CE 19-041 (Attachment B) was issued for this action.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on February 7, 2019 and by Budget Management Officer Rhutu Amin Gharib on February 18, 2019.

TIMING CONSIDERATIONS

City Council action is requested on March 5, 2019, to ensure the acquisition of the Subject Property can occur in a timely manner.

FISCAL IMPACT

The total acquisition cost of the Subject Property will not exceed \$1,830,000. Of the total cost, an amount not to exceed \$1,755,000 will fund the purchase of the Subject Property and an additional \$75,000 will be expended for acquisition-related costs. Funding for the purchase of the Subject Property in the amount of \$1,830,000, is appropriated in the Health Fund (SR 130) in the Health and Human Services Department (HE), offset by HEAP grant funding. An appropriation increase in the amount of \$1,830,000 is requested in the General Fund (GF) in the Economic Development Department (ED), offset by a transfer of \$1,830,000 in HEAP grant funds from the Health Fund (SR 130).

In addition to the purchase of the Subject Property, one-time costs for tenant improvements to prepare the facility for operation are anticipated to be \$170,000, which will be offset with citywide budget savings in FY 19. However, it is uncertain whether the General Fund will end the year in a net surplus or deficit and it is possible this one-time cost could add to the budget shortfall. Additional operating and maintenance costs, including staffing, security, utilities, and other costs are expected to begin as soon as October 2019. The operating costs, as defined by Measure H, can include staffing costs associated with the management and oversight of the facility, computer costs, and other items. The estimated ongoing operating and maintenance costs of this new facility are approximately \$275,000 annually, of which \$250,000 will be covered through Measure H funding. Measure H funding is ongoing on an annual basis and is in its second year of a ten-year implementation, after which the City will have to find another funding source for the operations of this facility. The remaining \$25,000 for maintenance of the facility will be requested through the FY 20 budget development process. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT



KELLY COLOPY
DIRECTOR OF HEALTH AND HUMAN SERVICES

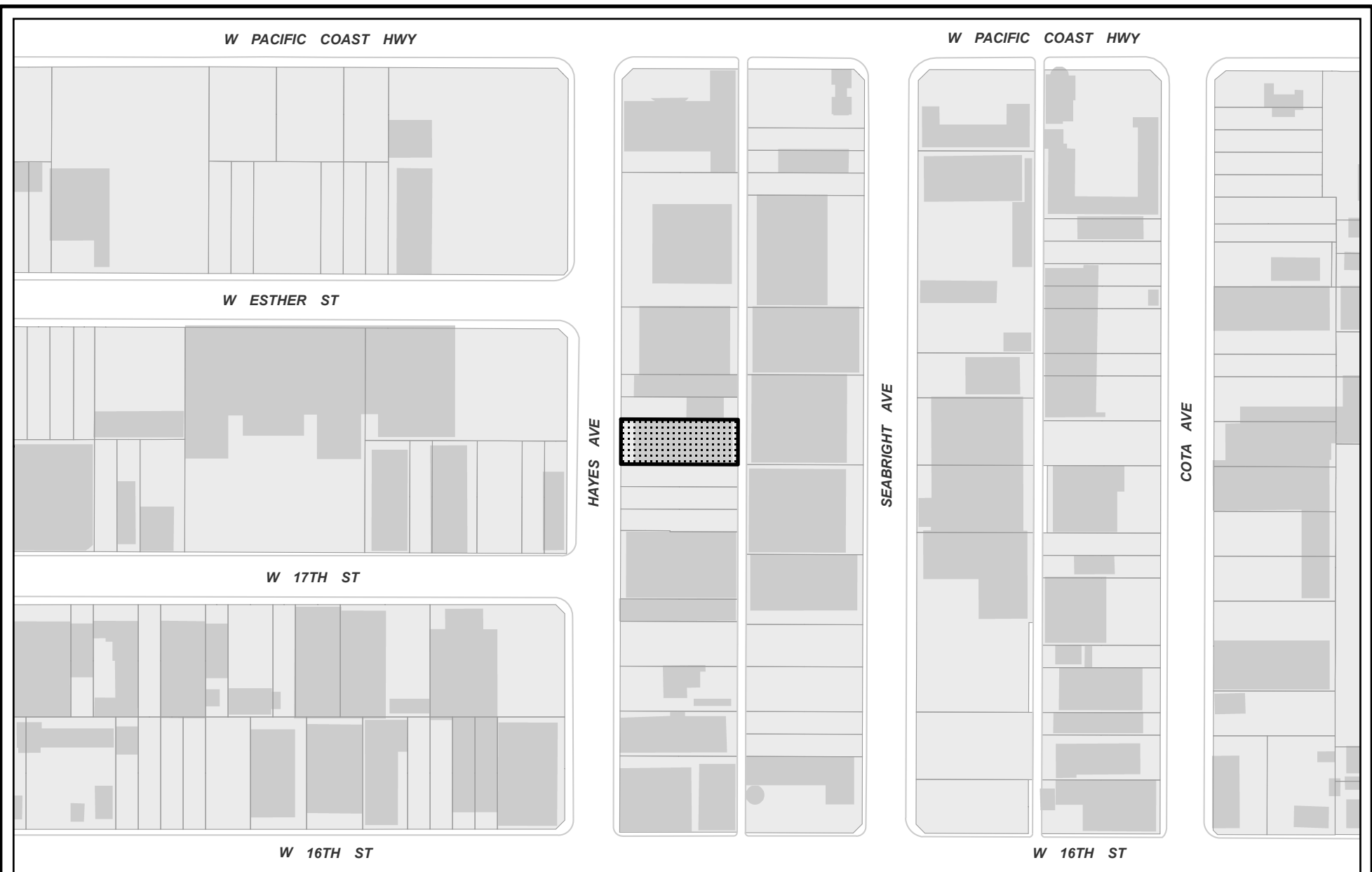
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Attachment A: Map of Subject Property
Attachment B: Categorical Exemption

APPROVED:



PATRICK H. WEST
CITY MANAGER

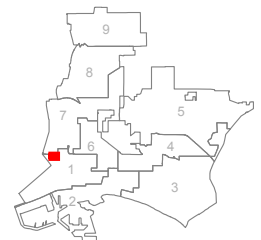
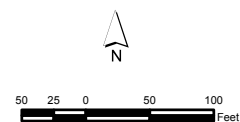


Subject Property:

APN: 7429-028-034

Council District : 1

Attachment A





ATTACHMENT B

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 Filings
12400 E. Imperial Hwy., Room 1201
Norwalk, CA 90650

Categorical Exemption CE- 19-041

Project Location/Address: 1718-1722 Hayes Avenue, APN 7429-028-034

Project/Activity Description: Transfer of ownership of 6,520 square feet of privately-owned property

located at 1718-1722 Hayes Avenue (APN 7429-028-034) to the City of Long Beach. The property is
currently improved with a 5,400-square-foot industrial building. Interior tenant improvements, including
drywall repair, plumbing fixtures, flooring and paint will be made to prepare the property for use.

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

Applicant Name: 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: N/A Planner's Initials: MC

Required Permits: Building Permits for tenant improvements

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH
STATE GUIDELINES SECTION 15061 (b)(3) (for acquisition) and 15301,
Existing Facilities (for tenant improvements).

Statement of support for this finding: The acquisition of property would have no
potential for causing a significant effect on the environment. The proposed
tenant improvements would represent minor alterations to an existing structure
involving negligible or no expansion of use.

Contact Person: Maryanne Cronin

Contact Phone: (562) 570-5683

Signature: Maryanne Cronin

Date: 2/7/19