

**SUBJECT**

***Purchase of 4801 Airport Plaza Drive (Staff Representative: Debra Johnson)***

**RECOMMENDED ACTION**

***To authorize the President and CEO to execute the:***

- 1) Purchase and Sale Agreement for the acquisition of a building located at 4801 Airport Plaza Drive, Long Beach, CA 90815, for a total purchase price of \$21,000,000***
- 2) Right of Entry and Due Diligence Agreement***

**BACKGROUND**

On October 22, 2018, Long Beach Transit's (LBT) Board of Directors authorized the President and CEO to enter into a contract with Urban Engineers, Inc., (Urban Engineers) to conduct a Facilities Assessment.

Since its creation in 1963, LBT has grown significantly to its present 100-square-mile service area, serving the City of Long Beach and 13 surrounding cities. The agency's more than 800 employees ensure that public transit service is available to more than 23 million boarding customers annually on 35 fixed routes with a revenue fleet of 249 buses distributed within two distinct facilities, LBT1 and LBT2. LBT also provides water taxi and paratransit services through third-party contractors.

Urban Engineers assisted LBT in conducting an assessment of existing infrastructure, operations and program needs, resulting in the development of a Facility Master Plan to determine and outline LBT's programmatic needs for the next 20 years (2019–2039). The plan would allow the agency to gauge its facilities' needs given growth of five, 10 and 20 percent.

Currently, both of LBT's operating and maintenance facilities are functioning at full capacity. The administrative space at LBT1 is demonstrably exceeding capacity.

As part of the assessment, Urban Engineers identified several properties within the greater Long Beach area that could accommodate LBT's current and future administrative spacing needs. One of those properties identified was the former Port of Long Beach (POLB) administrative office located at 4801 Airport Plaza Drive, Long Beach, CA 90815.

In July 2019, the Port of Long Beach (POLB) administrative staff completed a move into a new building located at the City of Long Beach Civic Center Complex (415 West Ocean Boulevard), leaving their former building vacant at 4801 Airport Plaza Drive.

**PROCUREMENT**

LBT did not issue a solicitation.

LBT contacted the POLB and discussed its interest in the acquisition of 4801 Airport Plaza Drive. LBT and POLB agreed to commence discussions.

LBT identified a negotiating team consisting of LBT's President and CEO, Deputy CEO and Executive Director/VP, Finance and Budget who worked cooperatively with POLB's negotiating team to agree to a fair and equitable purchasing price.

**DBE/SBE PARTICIPATION – N/A****ALTERNATIVES CONSIDERED**

Urban Engineers developed three feasible scenarios using data collected and program development information from the Facilities Assessment.

One of the three scenarios, Scenario 2, proposes that the 40,000-square-feet of administrative space be located off-site within the City of Long Beach.

This analysis served as the basis for preliminary findings and the conclusion that Scenario 2 would best serve LBT both immediately by alleviating the dire need for administrative space.

**BUDGETARY/FISCAL IMPACT**

Staff is requesting LBT's Board of Directors to authorize the President and CEO to execute the:

- 1) Purchase and Sale Agreement for the acquisition of a building located at 4801 Airport Plaza Drive, Long Beach, CA 90815, for a total purchase price of \$21,000,000
- 2) Right of Entry and Due Diligence Agreement

The terms of the \$21.0M purchase price are:

- Deposit of \$1.0M upon mutual signing of both parties within two business days
- \$9.5M at closing
- 50 percent down payment of \$10.5M
- LBT will pay a financing rate of five percent of the \$10.5M
- LBT has a 10-year payment term with no prepayment penalty

Funds for the purchase were identified through the reallocation of local Proposition C funds that have been previously approved by the Board for capital projects in Fiscal Years 2016 through 2020.

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Funds have been made available through savings on projects that have been completed, as well as phased funding for existing capital projects.



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Kenneth A. McDonald  
President and Chief Executive Officer

Attachment

