



Legislation Details (With Text)

File #: 18-1055 **Version:** 1 **Name:** ED - Frontier Price Reduction & Reimbursement D9
Type: Resolution **Status:** Adopted
File created: 10/16/2018 **In control:** City Council
On agenda: 12/4/2018 **Final action:** 12/4/2018

Title: Recommendation to receive supporting documentation into the record, conclude the public hearing, and consider an amendment to a proposed property sale that promotes an economic opportunity pursuant to California Government Code, Section 52201(a)(1);

Adopt resolution approving the sale of property and finding that the sale will create an economic opportunity; and

Authorize City Manager, or designee, to execute any and all documents necessary to amend the requirements of a Purchase and Sale Agreement, with Atlantic and Artesia, LLC, a California limited liability company, an affiliate of Frontier Real Estate Investments, LLC, a California limited liability company, or affiliate (Buyer/Developer), reducing the purchase price from \$2,100,000 to \$1,100,000, for 601-685 East Artesia Boulevard/6600-6620 Atlantic Avenue, Assessor Parcel Numbers 7115-003-901, -902, -903, -904, -905, -906, and -907 (Subject Property). (District 9)

Sponsors: Economic Development

Indexes:

Code sections:

Attachments: 1. 120418-H-2sr&att.pdf, 2. RES-18-0178.pdf, 3. 120418-H-2 Corresp.Gaytan.pdf, 4. 120418-H-2 Corresp.Davis.pdf

Date	Ver.	Action By	Action	Result
12/4/2018	1	City Council	approve recommendation and adopt	Pass

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On August 2, 2016, the City Council approved the sale of the Subject Property located at 601 -685 East Artesia Boulevard/6600-6620 Atlantic Avenue (Attachment A). The Subject Property is approximately 93,230 square feet and is assembled into a full block of vacant

land. Formerly owned by the Redevelopment Agency of the City of Long Beach (Agency), the Subject Property was included in the Successor Agency's Long Range Property Management Plan (LRPMP), which was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015. The Subject Property has been categorized with a permissible use of "Future Development," allowing for the disposition of the Subject Property through a Request for Proposals (RFP) process for development consistent with the vision and intent of the North Long Beach Redevelopment Plan Area and its guiding documents. As further required in the LRPMP, the Subject Property has been conveyed to the City and is now a City-owned asset.

Through the RFP process conducted in March 2016, the Buyer/Developer was selected by a panel consisting of representatives from the Development Services and Economic Development Departments, and an outside real estate advisor, Keyser Marston & Associates, to purchase and develop the Subject Property. The panel unanimously selected the Buyer/Developer due to the firm's extensive experience in infill retail development and construction.

The proposed development concept (Attachment B) consisted of a 4,800-square foot retail building to be anchored by a commercial bank and an 8,400-square foot building with space for multiple restaurants.

Over the past two years, the Buyer/Developer has been working with City staff on the entitlement of the proposed project as required under the terms of the agreement. Through the entitlement process, City staff has further evaluated the conceptual design and requested significant changes and expansion of the project area. First, an approximate 4,800-square foot "parklet" will be introduced to the southwest corner of the project site and will be open to the public and patrons of the retail center. The space will be available for programming and community engagement to meet the needs for community gathering spaces that currently do not exist in the area. The Buyer/Developer will provide security during regular operating hours. Second, extensive architectural, landscape, and site modifications have been required increasing the quality of the project. The City has requested that the Buyer/Developer provide articulated building facades with brick veneer and smooth stucco finishes, large landscaped setbacks with tier landscaping, off-site landscaping, hardscape (multiple hardscape surfaces including stone pavers, concrete, and granite), and lighting improvements. Third, the Public Works Department has increased public dedication requirements of the project, thus reducing the anticipated area for development. Finally, the site plan has been modified to consist of four free standing buildings. The revised project design and new site plan are attached as Attachment C and D. The City-requested changes in the scope of the project have significantly increased the project costs, originally estimated at approximately \$8,000,000.

The success of the proposed project, with all the modifications in design and project features, is vital for the revitalization of the area. Under the current terms of the Purchase and Sale Agreement, the total purchase price for the Subject Property is \$2,100,000. To assist the Buyer/Developer in implementing the City requested community benefiting design features,

staff recommends a reduction of the purchase price from \$2,100,000 to \$1,100,000.

Government Code section 52201 requires the City to prepare and make publicly available a report disclosing certain information regarding property sold to create an economic opportunity. Staff has prepared a report in regard to the proposed amendment, which is attached as Attachment E and it is available on the Department of Economic Development's website.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 12, 2018 and by Budget Analysis Officer Julissa Josè-Murray on November 6, 2018.

City Council action is requested on December 4, 2018, to allow entitlement to occur in a timely manner. The Buyer/Developer will commence construction in the first quarter of 2019.

Under the revised terms of the Purchase and Sale Agreement, the Buyer/Developer will pay a \$1,100,000 purchase price (instead of the originally agreed upon \$2,100,000). The purchase price, less recovery of escrow fees, closing fees and administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing entities based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sales proceeds. Consistent with City Council direction, 75 percent of the City's share shall be retained for projects within North Long Beach Redevelopment Plan Area and 25 percent shall be used for Citywide economic development priorities. Approval of this recommendation will provide continued support for the local economy and further the intent of the North Long Beach Redevelopment Plan Area.

Approve recommendation.

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JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER