



Legislation Text

File #: 16-0692, **Version:** 1

Recommendation to adopt Specifications No. RFP EP16-129 for the purchase and development opportunity at Pine Avenue and Pacific Coast Highway (1814 Pine Avenue/101 East Pacific Coast Highway), Assessor Parcel Numbers 7209-016-900 -901 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize City Manager, or designee, to execute any and all necessary documents, including a Purchase and Sale Agreement with Mkott Pich, LLC, a California limited liability company, for the sale of the Subject Property in the amount of \$370,000; and

Accept Categorical Exemption CE 16-177. (District 6)

The City of Long Beach (City) currently owns the Subject Property located at 1814 Pine Avenue/101 East Pacific Coast Highway, prominently positioned at the northeast corner of the intersection of Pine Avenue and Pacific Coast Highway (Exhibit A). The Subject Property is approximately 17,110 square feet and is currently unimproved. 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 Central Long Beach Redevelopment Project 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.

The RFP was advertised in the Long Beach Press-Telegram on April 8, 2016, and 7,190 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 71 downloaded the RFP via the City's electronic bid system. The RFP document were made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at: www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 22 local, minority and women-owned business groups. Two proposals were received on June 17, 2016. Of those two proposals, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), or Small Business Enterprises (SBEs), and one was a Long Beach business (Local).

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download the RFP specifications. Through outreach, 757 Long Beach vendors were notified to submit proposals, of which 17 downloaded and one submitted a proposal. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A panel consisting of representatives from the Departments of Development Services and Economic and Property Development and an outside real estate economics consultant, Keyser Marston Associates, reviewed the two submittals. The panel unanimously selected the proposal submitted by the Buyer/Developer, and is recommending that City Council select the Buyer/Developer as the City's preferred proposer and authorize execution of a PSA for the sale of the Subject Property. The development concept proposed by the Buyer/Developer identifies construction of 5,400 square feet of retail providing neighborhood serving uses. The development concept provides an opportunity to convert a vacant and under-utilized property into a more desirable use that would create economic opportunity, provide needed services to the local community and complements the surrounding residential neighborhood.

The Buyer/Developer is a California limited liability company based in Long Beach with a history of purchasing and redeveloping properties into thriving, sustainable business opportunities that benefit local neighborhoods and businesses. The Purchase Price proposed for the property is \$370,000, or \$21.62 per square foot. This price was not the highest price offered for the property; however, the development concept presented by the Buyer/Developer was determined to be more appropriate for this high traffic location and provides additional retail services to the community. Further, the development concept proposed offers uses consistent with the intent and vision of the Central Long Beach Strategic Guide for Redevelopment. Consequently, the development concept presented by the Buyer/Developer provides the best value for the City.

The Buyer/Developer estimates total development costs of \$1.31 million and anticipates creating an estimated 120 temporary jobs and 15 permanent jobs.

The Buyer/Developer shall provide an Initial Deposit of \$20,000 at opening of escrow. The Initial Deposit will be used by the City to pay for its outside attorney and third-party consultants' reasonable fees, if any, and such other costs as the City and the Buyer/Developer agree will be paid from the Initial Deposit. If the PSA is terminated, any remaining amounts of the Initial Deposit shall be returned to the Buyer/Developer. At the close of escrow, any remaining amounts of the Initial Deposit shall be applied to the Purchase Price.

Other general terms and conditions are as follows:

- Seller: City of Long Beach, a municipal corporation.
- Buyer/Developer: Mkott Pich, LLC, a California limited liability company.

- Purchase Price: \$370,000.
- Initial Deposit \$20,000 due at opening of escrow, which will be used to fund outside attorney and consultant costs, if any, during the Entitlement Period.
- Due Diligence Period: 90 days (3 months) from opening of escrow. The Buyer/Developer will accept the property in an as-is condition and release the City from all liability.
- Entitlement Period: Up to 365 days (12 months) from opening of escrow to complete the entitlement process, including Site Plan Review, and CEQA analysis.
- Close of Escrow/Start Date: 30 days after completion of Entitlements, but no later than 18 months from opening of escrow.

The Buyer/Developer anticipates nine months to complete construction. With this schedule, anticipated occupancy would occur in the Fall of 2017. The timelines provided above are anticipated timelines and extensions may be required.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on June 1 and December 8, 2015, staff notified the State of California (State) that the Successor Agency was declaring all Future Development and Sale of Property parcels as surplus. Further, in accordance with past practice, a memorandum was circulated to all City Departments to determine their interest in, or objection to, declaring any parcel surplus. To date, neither the State nor any City Department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 16-177 (Exhibit B), was completed related to the proposed transaction on July 18, 2016.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 11, 2016 and by Budget Analysis Officer Rhutu Amin Gharib on July 19, 2016.

City Council action is requested on August 2, 2016, to ensure that entitlement on the Subject Property can occur in a timely manner.

The costs associated with the City's outside attorney and consultant fees, if any, through termination of the PSA or the close of escrow, whichever first occurs, will be reimbursed from the Initial Deposit.

Sale proceeds of \$370,000, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. The net proceeds available for remittance is estimated to be \$310,800. The

County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds. Consistent with City Council policy direction, 75 percent of the City's proceeds shall be retained for non-recurring economic programs in the former Central Project Area, and 25 percent shall be retained for non-recurring economic programs with a Citywide impact.

Approve recommendation.

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