



## Legislation Text

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**File #:** 09-0901, **Version:** 1

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Adopt resolution approving an agreement for exchange of real property between the Redevelopment Agency of the City of Long Beach, California, and the State of California; finding that the consideration for the sale of certain real property in the Central Long Beach Redevelopment Project Area is not less than fair market value in accordance with covenants and conditions governing such sale; and approving the sale of the property and the agreement. (Districts 1,2)

The Long Beach Redevelopment Agency (Agency) has concluded the negotiation of a Property Exchange Agreement (Agreement) with the Judicial Council of California, acting through the Administrative Office of the Courts (AOC), for the development of a new regional courthouse in downtown Long Beach (Courthouse).

The Agreement includes the following major provisions:

- The Agency and AOC will exchange the existing courthouse at 415 West Ocean Boulevard (State-owned site) for the Agency-owned property bounded by Broadway, Maine Avenue, 3rd Street and Magnolia Avenue (Exhibit A - Site Map).
- The AOC will develop a new courthouse building consisting of approximately 545,000 square feet and containing 31 civil and criminal courtrooms. There will also be approximately 63,000 square feet of county office space; 38,000 square feet of commercial office space; and 9,200 square feet of retail space. A secure vehicle sallyport, central in-custody holding and 35 secure parking spaces will be located below grade.
- Upon completion of the new courthouse, the Agency will grant the AOC a total of \$5,000,000, paid \$250,000 annually over 20 years, to support the difference in land values.
- The Agency will reimburse the AOC up to \$2,000,000 for off-site improvements (utility relocation, traffic mitigation, right-of-way improvements, etc.).
- At the close of escrow, the Agency will lease the existing State-owned site back to the AOC through an Absolute Net Lease (NNN) for the sum of one dollar annually for a maximum term of five years. An extension beyond the term of the lease would be subject to fair market rent at such time. The AOC will cover all costs associated with the maintenance and operation of the court building.
- In the event that construction of the new courthouse has not commenced within five years, either party may have the right to reverse the land exchange and all parties would bear their own costs.

As the lead agency, the AOC has prepared and certified a Mitigated Negative Declaration (MND) for the Courthouse project and the Agreement as required under the California Environmental Quality Act (Exhibit B - Notice of Determination, MND #2009051102). On August 17, 2009, the MND was considered by the Agency Board during project review and approval.

Before the Agency may proceed with funding a public improvement, California Redevelopment Law requires the Agency and the City Council to adopt resolutions making the following findings:

- That the construction of such public improvements is of benefit to the redevelopment project area or the immediate neighborhood in which the public improvement project is located.
- That no other reasonable means of financing the public improvements are available to the community.
- That the payment of agency funds for the construction of the public improvements will assist in the elimination of one or more blighting conditions within the project area.

A Resolution making the necessary findings regarding the construction of this public improvement with redevelopment funds from the Central, Downtown, and West Beach Redevelopment Project Areas is attached. Due to the close proximity of the proposed improvements, all three projects areas will benefit from this investment. Therefore, funds from these three project areas may be used to support the improvements.

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

Pursuant to California Redevelopment Law, the Agency has made available for public inspection and reproduction a Summary Report (Exhibit C - 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.

With City Council approval, the AOC will submit the Agreement for approval by the State Public Works Board on September 11, 2009. After approval, the AOC will continue their process for developer selection, which is anticipated to conclude in January 2010. Once a developer is selected, commencement of construction is anticipated to occur within four months.

This letter was reviewed by Chief Assistant City Attorney Heather A Mahood on August 12, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on August 17, 2009.

City Council action is requested on September 1, 2009, as the matter is scheduled to go before the State Public Works Board on September 11, 2009.

In summary, the fiscal impact to the Agency includes expending up to \$2 million for offsite

improvements, and \$5 million, to be paid over 20 years (\$250,000 annually x 20 years= \$5 million). There is no impact to the General Fund (GP).

Approve recommendation.

CRAIG BECK  
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

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PATRICK H. WEST  
CITY MANAGER

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED AGREEMENT FOR THE EXCHANGE OF REAL PROPERTY BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND THE STATE OF CALIFORNIA; FINDING THAT THE CONSIDERATION FOR THE SALE OF CERTAIN REAL PROPERTY IN THE CENTRAL LONG BEACH REDEVELOPMENT PROJECT AREA IS NOT LESS THAN FAIR MARKET VALUE IN ACCORDANCE WITH COVENANTS AND CONDITIONS GOVERNING SUCH SALE; AND APPROVING THE SALE OF THE PROPERTY AND THE AGREEMENT