



Legislation Text

File #: 18-1010, **Version:** 1

Recommendation to adopt Specifications No. RFP EP18-054 for the purchase and development opportunity at 5571 Orange Avenue, Assessor Parcel Numbers 7128-005-900, - 901 (Subject Property);

Declare the City-owned Subject Property as surplus;

Authorize City Manager, or designee, to execute any and all documents necessary including a Purchase and Sale Agreement and Lease with the Long Beach Community Investment Company, a California limited liability company (Buyer/Developer), for the sale/lease of the Subject Property in the amount of \$729,000; and

Accept Categorical Exemption CE 18-243. (District 8)

The City of Long Beach (City) currently owns the Subject Property located at 5571 Orange Avenue, south of 56th Street in North Long Beach. The Subject Property contains 15,375 square feet of land area, including a 7,318-square-foot building, which operated as the North Neighborhood Branch of the Long Beach Public Library System since 1951. The Subject Property has been vacant since September 2016, when it was replaced by the closed and newly constructed Michelle Obama Library on Atlantic Avenue.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on January 7, 2018, and 8,558 potential proposers specializing in purchase and development opportunities were notified of the RFP opportunity. Of those proposers, 84 downloaded the RFP via the City's electronic bid system. The RFP document was 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>>. A 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. Three proposals were received on March 8, 2018. Of those three proposers, none were a Minority-owned Business Enterprises (MBEs), a Women-owned Business Enterprises (WBEs), or certified Small Business Enterprises (SBEs), and two were Long Beach businesses (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, 892 Long Beach vendors were notified to submit proposals, of which 17

downloaded and 2 submitted proposals. The Purchasing Division is committed to perform outreach to local businesses to expand the vendor pool.

A Selection Committee consisting of representatives from the Economic Development and Development Services Departments, and consultants specializing in real estate and financial analysis reviewed the three submittals. The Selection Committee unanimously selected the proposal submitted by the LBCIC and is recommending that City Council select LBCIC 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 LBCIC includes acquiring the Subject Property and subsequently releasing a RFP soliciting affordable rental or for-sale affordable residential units. It is anticipated that the Subject Property will yield approximately 6 units that are 2-stories in height and be deed-restricted for 45-55 years.

The purchase price proposed for the property is \$729,000, or \$47 per square foot. As part of the transaction, the LBCIC has agreed to lease the Subject Property back to the City for an interim period to be used by the Health and Human Services Department's Center for Families and Youth while its current location at Houghton Park undergoes repair. The Lease will be for a period of 18 months, at no cost, in exchange for maintenance and security of the Subject Property. The Lease will allow LBCIC to keep the Subject Property secured and occupied while it completes the RFP process. Selection of LBCIC and the proposed development concept offers a consistent land use to the surrounding residential neighborhood while providing additional units of affordable housing stock. Further, the purchase price is the highest price offered for the Subject Property by the respondents, providing the best value for the City.

In compliance with Government Code Section 54220 (Chapter 621, Statutes of 1968), on October 3, 2017, staff notified the State of California (State) and requesting parties that the City was declaring the Subject Property 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 the Subject Property surplus. To date, neither the State, requesting parties, qualified housing sponsors, nor any City department has expressed an interest in, or objection to, the sale of the Subject Property. A Categorical Exemption, CE 18-243 (Exhibit B), was completed related to the proposed transaction on October 29, 2018.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on October 22, 2018 and by Budget Management Officer Rhutu Amin Gharib on October 29, 2018.

City Council action is requested on November 13, 2018, to ensure the transfer of the Subject Property can occur in a timely manner.

The sale proceeds of \$729,000, less escrow and closing fees, will be a one-time revenue source to the General Fund (GF). Uses of these one-time funds will be evaluated as part of the overall FY 19 General Fund financial status. While LBCIC completes its RFP process, the lease of the Subject Property to the Health and Human Services Department's Center for

Families and Youth for a period of 18 months will be at no cost to the City, in exchange for maintenance and security. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER