



Legislation Text

File #: 19-0555, **Version:** 2

Recommendation to authorize City Manager, or designee, to execute any and all documents necessary, including a Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate, with the Estate of Roy Masaru Tanaka, for the purchase of certain real property at 1400 West Wardlow Road, Assessor Parcel Numbers 7311-017-027 and 7311-013-001, in an amount not to exceed \$1,105,000;

Authorize City Manager, or designee, to execute any and all documents necessary, including a Reimbursement Agreement with Breakers Development, LLC, a California limited liability company, for the reimbursement of \$55,866 of the purchase price of the Subject Property;

Accept the Categorical Exemption CE 19-154;

Increase appropriations in the General Fund Group in the Economic Development Department by \$1,105,000, offset by various fundings sources including grant reimbursement revenues and transfers from other funds;

Decrease appropriations in the General Fund Group in the Citywide Activities Department by \$50,000 to offset a transfer to the Economic Development Department; and

Increase appropriations in the Development Services Fund Group in the Development Services Department by \$234,679, offset by Construction and Demolition revenue to transfer to Economic Development. (District 7)

On June 19, 2001, the City Council authorized the execution of Lease No. 27347 (Lease) for a ten-year term for 1.4 acres of land at 1400 West Wardlow Road, Assessor Parcel Numbers 7311-017-027 and 7311-013-001 (Subject Property) (Attachment A), for the creation of a mini-park to be known as Tanaka Park. This park was developed through a unique collaboration between the Seventh District Council Office, the surrounding community, various City departments, and the Tanaka family. Through the development, the Subject Property currently serves as additional outdoor recreational space in a densely populated area of Long Beach. Completed in January 2004, Tanaka Park is primarily passive, but includes a playground, a half-court basketball court, benches, and a rubberized perimeter-walking trail. City Council authorized the First Amendment to Lease No. 27347 on June 21, 2011, extending the lease term through 2016 with the property remaining under lease through month-to-month holdover status.

The current owner, the Estate of Roy Masaru Tanaka, as successor-in-interest to Jean A. Tanaka, has decided to sell the Subject Property and provided the City with the option to

purchase. The Subject Property measures approximately 61,926 square feet and the Seller has agreed to enter into a Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate (Agreement) and sell the Subject Property for the listing price of \$1,050,000. An additional amount of up to \$55,000 will be expended for due diligence and escrow and closing fees.

Funding for the purchase of the Subject Property has been identified from several sources. Council District 7 has identified the purchase of the Subject Property as a priority and has agreed to allocate \$50,000 in one-time Council District Priority funding toward the acquisition costs. In 2016, the Los Angeles County Safe, Clean Neighborhood Parks and Beaches Measure of 2016 (County Measure A) was approved by voters, which continued funding for local parks, beaches, open space, and water resources by approving an annual parcel tax of 1.5 cents per square foot of development. These funds are available for identified park projects in the County of Los Angeles' 2016 Countywide Comprehensive Parks and Recreation Needs Assessment. The City anticipates funds from County Measure A for the West Planning Area that will be earmarked for the purchase of the Subject Property in the amount of \$764,455. Additionally, \$234,679 from Construction and Demolition funds in the Development Services Fund Group will be contributed to the purchase.

The remaining \$55,866 amount required for the acquisition will be paid for by Breakers Development, LLC, a California limited liability company (Developer), as a result of the current renovation of the historic Breakers Hotel. The current use of Victory Park for driveway access allows for ingress and egress pursuant to an existing license agreement. Renovation of the site includes a larger reconfigured driveway necessary to enhance vehicular circulation to and from the site, while maintaining more continuous park improvements and minimizing pedestrian vehicle conflicts. To comply with development requirements, including the reconfigured driveway access, the Developer will contribute \$55,866 toward the purchase price of the Subject Property. To ensure the contribution is received, the Developer and the City will enter into a Reimbursement Agreement to memorialize the monetary contribution in compliance with development requirements.

The acquisition of the Subject Property has been reviewed under the California Environmental Quality Act and Categorical Exemption CE 19-154 (Attachment B) was issued for this action.

Purchase of the Subject Property will allow the City to preserve 1.4 acres of open space in an area that has been identified as a priority area for the addition of parks. Further, City investment in the development of the park has already occurred allowing the City to permanently add space with no additional funding required. City ownership will ensure the park continues to provide open space and recreational activities for the area residents and contributes to: (a) the City's 2003 Open Space and Recreation Element that adopted a citywide goal of eight acres of parkland per 1,000 residents; (b) the County of Los Angeles' 2016 Countywide Comprehensive Parks and Recreation Needs Assessment West Study Area, where Tanaka Park is located, that has less than one acre of park land per 1,000

residents with more than 8,600 acres of new park land needed to achieve 3.3 acres per 1,000 residents; and, (c) the City's Economic Blueprint's Quality of Life focus area with an objective to increase public parkland per 1,000 people with an emphasis on "park poor" areas.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on May 28, 2019 and by Budget Analysis Officer Julissa José-Murray on May 23, 2019.

City Council action is requested on June 11, 2019, to execute the necessary agreements and allow escrow to occur expeditiously.

The total acquisition cost of the Subject Property will not exceed \$1,105,000. Of the total cost, an amount not to exceed \$1,050,000 will fund the purchase of the Subject Property and an additional \$55,000 will be expended for acquisition-related costs. Funding for the purchase has been identified in the amount of \$50,000 in one-time Council District Priority funds from Council District 7; \$55,866 in reimbursement funds from Breakers Development, LLC; \$764,455 from County Measure A funds and \$234,679 from Construction and Demolition funds. Until such time as an agreement for the County Measure A funds can be approved and appropriated, an internal short-term loan of cash from Construction and Demolition funds and Park Impact fees will be used to allow the sale to move forward. Once County Measure A funding is in place, the cash loans will be repaid. Although the Parks, Recreation and Marine Department indicates it is highly likely that Measure A funds will be received this fiscal year, if for any reason the County Measure A funds are not awarded for this project, any shortfall amount will need to be permanently funded from other eligible funding sources or by deobligating other projects that have eligible funding sources.

An appropriation increase of \$1,105,000 in the General Fund Group in the Economic Development Department is requested, offset by revenue from the aforementioned sources. Also, an appropriation increase of \$234,679 in the Development Services Fund Group in the Development Services Department is requested, offset by Construction and Demolition revenue. Finally, a decrease in appropriations of \$50,000 is requested in the General Fund Group in the Citywide Activities Department, to offset the transfer to the Economic Development Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN KEISLER
DIRECTOR OF ECONOMIC DEVELOPMENT

GERARDO MOUET
DIRECTOR OF PARKS, RECREATION AND MARINE

APPROVED:

PATRICK H. WEST
CITY MANAGER