



Building A Better Long Beach

September 21, 2009

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record, conclude the public hearing, and adopt the attached resolution finding that the consideration for the sale of certain real property in the West Long Beach Industrial Redevelopment Project Area is not less than fair market value in accordance with covenants and conditions governing such sale; approving the sale of property to Parker Diving Service, Inc.; approving the Owner Participation Agreement pertaining thereto; and

Authorize the Executive Director to execute an Owner Participation Agreement with Parker Diving Service, Inc., for the development of 1881 W. 16th Street and 1650 Seabright Avenue. (West Long Beach Industrial – District 1)

DISCUSSION

Staff has concluded the negotiation of an Owner Participation Agreement (Agreement) with Parker Diving Service, Inc., (Developer) for the sale and development of Redevelopment Agency-owned properties located at 1881 W. 16th Street and 1650 Seabright Avenue (Site), Assessor Parcel Numbers 7432-001-018 and 7432-001-906 (Exhibit A – Site Map). The Site is located in the West Long Beach Industrial Redevelopment Project Area (Project Area).

Parker Diving Service, Inc. is the oldest continually operating diving company in California. It has been servicing the Ports of Long Beach and Los Angeles since 1945, and it currently holds the general diving services contract for the Port of Long Beach. The company employs highly experienced diver-technician teams for underwater surveys, inspections, damage assessments, repairs, maintenance, remediation of hazardous materials in and around harbors and marinas, and construction projects worldwide. The company is owned and operated by management personnel who formerly worked as civilian employees for the United States Navy and have over 30 years of experience in this field. Their work with the government also included diving in the Naval Nuclear Program as quality control inspectors and the development and engineering of special underwater equipment for nuclear submarines.

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In 2004, the Redevelopment Agency (Agency) facilitated the Developer's relocation to the City of Long Beach (City) through a property acquisition at 1651 Seabright Avenue. Since then, the company has enjoyed a continuous increase in business creating a need for additional space. The Developer intends to purchase the Agency-owned property to construct an approximately 5,000-square-foot warehouse and office space with on-site parking (Exhibit B – Site Plan).

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$32.50 per square foot, or \$242,255 as compensation for the approximately 7,454-square-foot Site.
- The Developer will utilize the Site in accordance with the West Long Beach Industrial Redevelopment Plan and all applicable City codes and regulations including providing appropriate landscaping and screening.
- An Agreement Containing Covenants will be recorded at closing. This document will prohibit certain uses, describe maintenance responsibilities and levels of maintenance, and require that any future improvements be subject to the Design Guidelines for the Project Area.
- The Developer agrees to close escrow within six months of the date of the Agreement and complete construction on the Site within 180 days.

The City's Environmental Planning Officer has determined that the project contemplated by the Agreement qualifies for a Categorical Exemption under the California Environmental Quality Act (Exhibit C).

Since the property was purchased by the Agency with tax increment monies, California 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 D) 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.

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- 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.

The West Long Beach Industrial Project Area Committee considered the Developer's proposed development at its regular meeting on November 12, 2008 and voted to approve entering into an Owner Participation Agreement. A public hearing before the City Council is scheduled for October 20, 2009.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'CRAIG BECK', with a long horizontal stroke extending to the right.

CRAIG BECK
EXECUTIVE DIRECTOR

CB:AJB:SJ

Attachments: Exhibit A – Site Map
Exhibit B – Site Plan
Exhibit C – Notice of Exemption
Exhibit D - Summary Report
Redevelopment Agency Resolution

EXHIBIT A

Site Map

1650 Seabright Avenue and 1881-1891 West 16th Street





CITY OF LONG BEACH NOTICE OF EXEMPTION

DEPARTMENT OF DEVELOPMENT SERVICES
333 W. OCEAN BLVD., 5TH FLOOR, LONG BEACH, CA 90802
(562) 570-6194 FAX: (562) 570-6068
lbds.longbeach.gov

TO: ☐ Office of Planning & Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

FROM: Department of Development Services
333 W. Ocean Blvd, 5th Floor
Long Beach, CA 90802

☒ L.A. County Clerk
Environmental Fillings
12400 E. Imperial Hwy. 2nd Floor, Room 2001
Norwalk, CA 90650

Categorical Exemption CE- 37-09

Project Location/Address: 1650 Seabright and 1881 W 16th Street, Long Beach, CA

Project/Activity Description: 1650 Seabright is 3,902 square feet (APN: 7432-001-018) and
1881 W 16th Street is 3,852 square feet (APN: 7432-001-906).

Transfer of ownership to a neighboring business for the purpose of business expansion.

Public Agency Approving Project: **City of Long Beach, Los Angeles County, California**

Applicant Name: Seyed Jalali, Redevelopment Project Officer

Mailing Address: 333 West Ocean Boulevard, 3rd Floor, Long Beach, CA 90802

Phone Number: (562) 570-6172

Applicant Signature: [Signature]

BELOW THIS LINE FOR STAFF USE ONLY

Application Number: _____ Planner's Initials: _____

Required Permits: _____

THE ABOVE PROJECT HAS BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH
STATE GUIDELINES SECTION 15312, Class 12, Surplus Government

Property Sales

Statement of support for this finding: Sale/transfer of Agency owned property.

Contact Person: Graig Chalfant

Contact Phone: 562-570-6368

Signature: [Signature]

Date: 5/13/09

**SUMMARY REPORT PURSUANT TO
SECTION 33433
OF THE
CALIFORNIA HEALTH AND SAFETY CODE
ON AN
OWNER PARTICIPATION AGREEMENT
BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA
AND
PARKER DIVING SERVICE, INC.**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 (Section 33433). The report sets forth certain details of the proposed Owner Participation Agreement (Agreement) between the Redevelopment Agency of the City of Long Beach (Agency) and Parker Diving Service, Inc. (Owner). The purpose of the Agreement is to effectuate the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project Area (Project Area).

The Agreement requires the Agency to convey to the Owner, a 3,852 square foot parcel located at 1881 West 16th Street and a 3,902 square foot parcel located at 1650 Seabright Avenue (collectively referred to as the "Site"). The Owner currently operates a business on a property adjacent to the Site. To allow for a proposed business expansion, the Agreement requires the Owner to construct a 5,000 square foot warehouse to store diving equipment on the Site (Project).

The Site area totals 7,754 square feet. However, the Agreement requires the Owner to dedicate 300 square feet of the Site's area to the City of Long Beach (City) to allow for the existing alley on the east side of the Site to be expanded. This dedication reduces the Site area to 7,454 square feet.

The following Summary Report is based upon information contained within the Agreement, and is organized into the following seven sections:

- I. **Salient Points of the Agreement:** This section summarizes the major responsibilities imposed on the Owner and the Agency by the Agreement.
- II. **Cost of the Agreement to the Agency:** This section details the total cost to the Agency associated with implementing the Agreement.

- III. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan:** This section estimates the value of the interests to be conveyed determined at the highest use permitted under the Site's existing zoning and the requirements imposed by the Redevelopment Plan for the Project Area (Redevelopment Plan).
- IV. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Agreement.
- V. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Agency, and explains any difference between the compensation to be received and the established value of the Site.
- VI. **Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Agreement will assist in alleviating the blighting influence.
- VII. **Conformance with the AB1290 Implementation Plan:** This section describes how the Agreement achieves goals identified in the Agency's adopted AB1290 Implementation Plan.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE AGREEMENT

A. Project Description

The scope of development required by the Agreement includes the development of a warehouse and small office to serve the expansion of the Owner's business adjacent to the Site. The Project must comply with the parking requirements imposed by the City's Parking Code.

B. Owner Responsibilities

The Agreement requires the Owner to accept the following responsibilities:

1. Prior to the Agreement's execution, the Owner must provide a \$10,000 refundable Performance Deposit to the Agency.
2. The Owner must pay the Agency \$242,255 to purchase the Site (Purchase Price).
3. The Owner must accept the Site in an "as is with all faults" condition. The Agency will make no representations or warranties of any kind regarding the property's condition.

4. The Owner must dedicate 300 square feet (5' x 60') of the Site to the City.
5. Prior to conveyance of the Site, the following must be completed:
 - a. The Owner must approve the Site's environmental, geological and soils condition.
 - b. The Owner must approve the City's General Plan and zoning as it pertains to the Site.
 - c. The Owner must submit the following to the Agency's Executive Director:
 - i. Evidence of financing;
 - ii. Final Construction Drawings; and
 - iii. The Project's construction budget.
 - d. The Owner must have obtained a grading or building permit for the Project.
6. The Owner must approve the permitted exceptions and the pro forma title report for the Site.
7. The Owner must complete the activities required by the Agreement in accordance with the Scope of Development and Schedule of Performance attachments to the Agreement.
8. The Owner shall make a good faith effort to use the Pacific Gateway Workforce Investment Network services in their hiring programs.
9. The Owner, and any contractors and subcontractors engaged to construct the Project, must comply with any applicable prevailing wage requirements.
10. The Owner must bear 100% of the costs associated with developing the Project.
11. With regard to ad valorem taxes assessed to the Project:
 - a. The Owner must agree that the "Taxable Assessed Value" of the Project will be set at the greater of:
 - i. The assessed value as determined by the County Assessor, or
 - ii. The Purchase Price plus Project's improvement value (Stipulated Value).
 - b. The Owner agrees not to appeal or protest the Taxable Assessed Value of the Project to an amount lower than the Stipulated Value.

- c. Upon two business day's notice, the Owner must provide to the Agency property tax records for the last three years.
- d. For any delinquencies in property tax payments, the Owner shall pay to the Agency the deficiency plus interest at 9% per year compounded monthly.

C. Agency Responsibilities

The Agreement imposes the following responsibilities on the Agency:

- 1. The Agency must convey the Site to the Owner.
- 2. Prior to conveyance of the Site to the Owner, the following must be completed:
 - a. The Agency must pay any outstanding ad valorem taxes, possessory interest tax, and assessments applicable to the Site.
 - b. The Agency's Executive Director must approve the following Owner submissions:
 - i. The evidence of financing;
 - ii. Final Construction Drawings;
 - iii. Project construction budget; and
 - iv. Proof of insurance in accordance with the terms of the Agreement.
- 3. The Agency's Executive Director must identify the permitted exceptions and pro forma title report that will be acceptable for the Site.

II. COST OF THE AGREEMENT TO THE AGENCY

A. Agency Costs

The Agency costs to implement the Agreement are estimated as follows:

	1650 Seabright	1881 West 16 th	Total
Site Acquisition Cost	\$142,000	\$253,000	\$395,000
Landscaping & Maintenance	2,000	700	2,700
Environmental Report	3,000	1,000	4,000
Escrow & Title Fees	1,500	2,000	3,500
Legal/ Appraisal/ Consulting Fees	15,000	3,500	18,500
Estimated Staff Time & Overhead	0	5,000	5,000
Demolition & Remediation	5,000	2,000	7,000
Tenant Relocation	0	42,700	42,700
Total Agency Cost	\$168,500	\$309,900	\$478,400

B. Agency Revenues

The Agency will receive the \$242,255 Purchase Price as compensation for the conveyance of the Site.

C. Net Agency Cost

The Agency costs are estimated at \$478,400 and the Agency revenues total \$242,255. The resulting net Agency cost totals \$236,145.

III. ESTIMATED VALUE OF THE INTERESTS TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

Section 33433 requires the Agency to identify the value of the Site at the highest use allowed by the current zoning and by the Redevelopment Plan. The valuation must be based on the assumption that the Site is vacant and that near-term development is required; but the valuation does not take into consideration any extraordinary restrictions and/or benefits that will result from Agency actions.

On April 28, 2009, separate appraisals (Appraisals) were prepared for the two properties that are included in the Site. The Appraisals established industrial development as the highest and best use of the properties, and set the value at \$32.50 per square foot of land area. This results in a total land value of \$252,005 for the Site.

The Agreement requires the Owner to dedicate 300 square feet of the Site's land area to the City. This reduces the Site's value by \$9,750 (\$32.50 x 300 square feet). The resulting net value of the Site is \$242,255.

IV. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

The Agreement does not impose any extraordinary restrictions on the Owner. As such, the fair reuse value is the same as the value of the Site at the highest use permitted by the current zoning and by the Redevelopment Plan. Thus, the fair reuse value is estimated at \$242,255.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement requires the Owner to purchase the Site for \$242,255. This purchase price is equal to the Site's fair market value at the highest use permitted by the current zoning and by the Redevelopment Plan, as well as the established fair reuse value. Therefore, it can be concluded that the Agency is receiving fair compensation for the interests being conveyed.

VI. BLIGHT ELIMINATION

The Site is deemed to be blighted in its current state. The implementation of the Agreement will result in the development of a warehouse building to allow for the expansion of the Owner's business that is located on the adjacent property. The proposed development of the Site will eliminate the blighting conditions. Thus, the implementation of the Agreement fulfills the blight elimination requirement imposed by Section 33433.

VII. CONFORMANCE WITH THE AB1290 IMPLEMENTATION PLAN

The Agreement will assist the Agency in meeting the objectives and goals of its Implementation Plan in the following manner:

1. The development of the Site will serve to revitalize industrial uses, thereby allowing for the retention of existing uses in the Project Area.
2. The Agreement provides for the Site to be assembled with privately-owned land for industrial use. This is consistent with the Business and Land Development Program of the Implementation Plan.
3. The Project will generate new private investment, and will potentially increase land values in the Project Area.

RESOLUTION NO. R. A.

A RESOLUTION OF THE REDEVELOPMENT
AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA,
FINDING THAT THE CONSIDERATION FOR THE SALE
OF CERTAIN REAL PROPERTY IN THE WEST LONG
BEACH INDUSTRIAL REDEVELOPMENT PROJECT AREA
IS NOT LESS THAN FAIR MARKET VALUE IN
ACCORDANCE WITH COVENANTS AND CONDITIONS
GOVERNING SUCH SALE; APPROVING THE SALE OF
PROPERTY TO PARKER DIVING SERVICE, INC.;
APPROVING THE OWNER PARTICIPATION AGREEMENT
PERTAINING THERETO; AND AUTHORIZING THE
EXECUTION OF THE OWNER PARTICIPATION
AGREEMENT

WHEREAS, the Redevelopment Agency of the City of Long Beach,
California (the "Agency"), is engaged in activities necessary to execute and implement
the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project
Area (the "Project"); and

WHEREAS, in order to implement the Redevelopment Plan, the Agency
proposes to sell certain real property (the "Property") in the Project pursuant to the
terms and provisions of the Owner Participation Agreement and which Property is
described in Exhibit "A" which is attached and incorporated by reference; and

WHEREAS, Parker Diving Service, Inc. (the "Developer") has submitted to
the Agency a written offer in the form of an Owner Participation Agreement to purchase
the Property for not less than fair market value for uses in accordance with the
Redevelopment Plan and the covenants and conditions of the Owner Participation

Agreement; and

WHEREAS, the proposed Owner Participation Agreement contains all the provisions, terms and conditions and obligations required by Federal, State and local law; and

WHEREAS, Developer possesses the qualifications and financial resources necessary to acquire and insure development of the Property in accordance with the purposes and objectives of the Redevelopment Plan; and

WHEREAS, Agency has prepared a summary setting forth the cost of the Owner Participation Agreement to the Agency, the estimated value of the interest to be conveyed, determined at the highest uses permitted under the Redevelopment Plan and the purchase price and has made the summary available for public inspection in accordance with the California Redevelopment Law; and

WHEREAS, pursuant to the provisions of the California Community Redevelopment Law, the Agency held a public hearing on the proposed sale of the Property and the proposed Owner Participation Agreement after publication of notice as required by law; and

WHEREAS, the Agency has duly considered all terms and conditions of the proposed sale and has found that the redevelopment of the Property pursuant to the proposed Owner Participation Agreement is in the best interests of the City and the health, safety, morals and welfare of its residents and in accord with the public purposes and provisions of applicable Federal, State and local law;

NOW, THEREFORE, the Redevelopment Agency of the City of Long Beach, California resolves as follows:

Section 1. The Agency hereby determines that the development of the Property is categorically exempt under the California Environmental Quality Act.

Section 2. The Agency finds and determines that the consideration for sale of the Property pursuant to the Owner Participation Agreement is not less than fair market value in accordance with covenants and conditions governing the sale.

Section 3. The sale of the Property by the Agency to Developer and the Owner Participation Agreement which establish the terms and conditions for the sale and development of the Property are approved.

Section 4. The sale and development of the Property shall eliminate blight within the Project Area and is consistent with the implementation plan for the Project adopted pursuant to Health and Safety Code Section 33490.

Section 5. The Executive Director of the Agency is authorized to execute the Owner Participation Agreement (including attachments).

Section 6. The Executive Director of the Agency is authorized to take all steps and to sign all documents and instructions necessary to implement and carry out the Owner Participation Agreement on behalf of the Agency.

APPROVED AND ADOPTED by the Redevelopment Agency of the City of Long Beach, California this _____ day of _____, 2009.

Executive Director/Secretary

APPROVED:

Chair

LEGAL DESCRIPTION

PARCEL 1:

LOT 34 IN BLOCK 6 OF TRACT NO. 2600, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 26, PAGES 88, 89 AND 90 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

LOT 33 IN BLOCK 6 OF TRACT NO. 2600, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 26, PAGES 88, 89 AND 90 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

END OF LEGAL DESCRIPTION