

CITY OF LONG BEACH

H-1

DEPARTMENT OF DEVELOPMENT SERVICES

333 West Ocean Blvd., 4th Floor Long Beach, CA 90802 Phone: 570.6428 Fax: 570.6205

October 6, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive the supporting documentation into the record, conclude the public hearing, and adopt the attached resolution making certain findings for an Owner Participation Agreement with Cowelco Properties, Inc., for the development of 1328-1340 West Canal Avenue. (District 1)

DISCUSSION

The Long Beach Redevelopment Agency (Agency) staff has concluded the negotiation of an Owner Participation Agreement (Agreement) with Cowelco Properties, Inc., (Developer) for the sale and development of Agency-owned property located at 1328-1340 Canal Avenue (Site) (Exhibit A – Site Map). The Site is located in the Westside Industrial Redevelopment Project Area (Westside).

The Developer is a steel fabrication business located at 1634 West 14th Street in the Westside. The company started as a custom sailboat builder in the mid-1940s by the current owner's father who subsequently transitioned to metals and structural steel contracting to take advantage of the post World War II construction demand. Since then, the company has grown to become one of the Westside's major manufacturing businesses, employing approximately 80 people. The company is certified as a WBE (Women Business Enterprise), allowing them to take advantage of major state and federal government procurement opportunities.

The Developer currently does not have off-street parking and proposes to enhance his current business in the Westside by acquiring the Site for off-street employee parking. The Developer intends to improve the Site with a surface parking lot for 30 cars, install wrought iron fencing, and add five feet of landscaping around the perimeter of the Site. The lot would include handicap parking, curbs, gutters, and sidewalks. No structures are proposed for the Site (Exhibit B – Site Improvement Plan).

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$320,000 as compensation for the 10,600-square-foot Agency-owned property at 1328-1340 Canal Avenue.
- The Developer will utilize the Site in accordance with the West Long Beach Industrial Redevelopment Plan and all applicable City of Long Beach 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.

At its meeting held on October 8, 2008, the Westside Project Area Committee made a recommendation to approve the Developer's conceptual site plan for the project. The Redevelopment Agency approved the Agreement at its meeting of August 17, 2009.

Since the Site 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 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.

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on September 10, 2009 and by Budget and Performance Management Bureau Manager David Wodynski on July 1, 2009.

TIMING CONSIDERATIONS

City Council action is requested on October 6, 2009, as the Agency and Developer wish to proceed with an escrow closing on or before December 31, 2009.

FISCAL IMPACT

The proceeds of \$320,000 from the proposed property exchange will be deposited into the Redevelopment Agency Fund (RD) in the Department of Development Services (DV). The Developer will pay the Agency with private funds. There will be no impact to the General Fund (GP).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG BECK
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:



PATRICK H. WEST
CITY MANAGER

CB:AJB:SJ
Attachments:

- Exhibit A – Site Map
- Exhibit B – Site Improvement Plan
- Exhibit C - Section 33433 Summary Report
- City Council Resolution (1)



Exhibit A

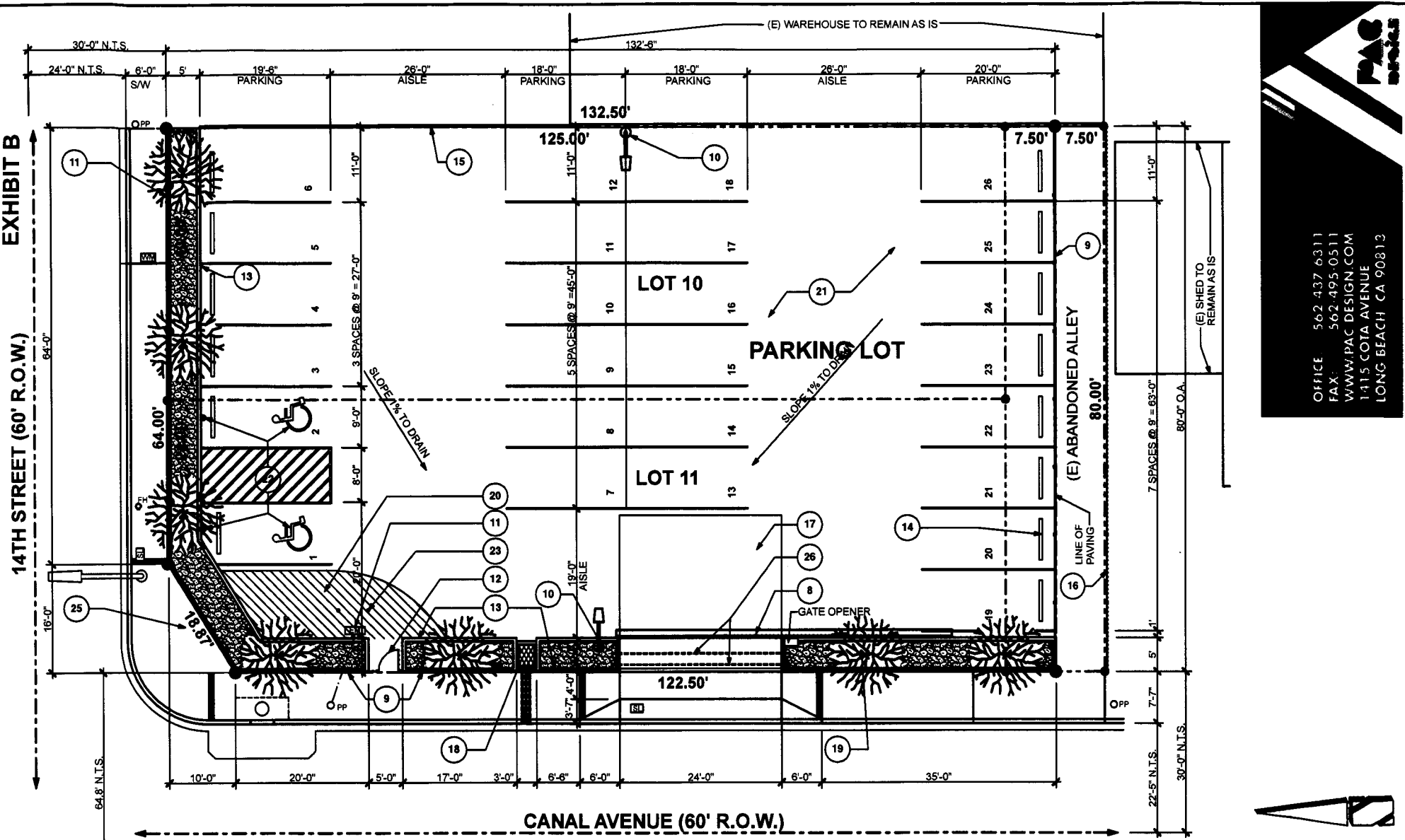
Site Map



EXHIBIT B

14TH STREET (60' R.O.W.)

CANAL AVENUE (60' R.O.W.)



Site Improvement Plan

SCALE: 1" = 20'

COWELCO PARKING LOT

1328 CANAL AVENUE
LONG BEACH, CA 90813

- ### KEY NOTES
- 8 (N) 26' L X 8' H ROLLING TUBE STL GATES O/ REC'D STL "W" TRACK W/ 12" W X 24" DP. CONC. FT'S W/ (2) #5 @ T&B. SEE DETAIL S/C4. PROVIDE "LIFT-MASTER" OR "DOOR-KING" COMMERCIAL GATE OPENER W/ 1/2 HP MOTOR, REMOVE KEYPAD, CONTROL LOOP & REMOTE OPENERS PER OWNERS REQUIREMENTS. INSTALL OPENER ON CONC. PAD PER MANUF'S SPECS. SEE ELECT. PLAN, SHEET E1.
 - 9 (N) 8' H TUBE STEEL FENCE ABV. (N) CONC. CURB FT'G ALONG STREETS & ABV. PCC PAVING @ SOUTH PL.
 - 10 (N) PARKING LOT LIGHT STANDARDS W/ FULL CUT OFF SHIELDS O/ 22'-6" H POLE O/ 2'-6" H X 18" Ø CONC. BASE & FT'G. SEE DETAIL 8/C4
 - 11 (N) 100A, 240 / 120V, 1Ø, 3W METER / PANEL IN NEMA 3R CABINET MOUNTED @ +48" AFS O/ 4" SQ. TUBE STL POST SET IN CONC. PAD - SEE SIGHT LIGHTING & POWER PLAN SHEET E1
 - 12 (N) 3' W X 8' H TUBE STEEL SWING GATE W/ HC APPROVED LOCK & HANDLE
 - 13 (N) 6" W CONC. CURB W/ 12" DP. CONC. FOOTING SURROUND (N) PLANTER AREAS. SEE PLANTER SECTION C/C2
 - 14 (N) 6" H X 6" W X 6' L CONC. BUMPERS W/ (2) #5 REBAR SET 18" INTO GRADE. SEE DETAIL 4/C4
 - 15 (E) 4' H CHAIN LINK FENCE O/ 4'-6" H X 6" THK. CONC. WALL TO REMAIN AS IS
 - 16 (E) TUBE STL FENCE TO BE RELOCATED 7.5' NORTH BY OTHERS, N.I.C.
 - 17 24' W X 18' L X 8" THK. PCC PAVING W/ #5 @ 18" O.C. EAWW @ MID-HEIGHT O/ 4" AGG BASE O/ 95% COMPACT GRADE ADJACENT TO DRIVEWAY. PROVIDE CONTROL JOINTS @ 12' O.C. EAWW, PER DETAIL 2/C4
 - 18 (N) "FLO GARD" LO PRO 36" X 24" CATCH BASIN W/ FILTER INSERT & (3) 3" Ø PVC PIPES UNDER (E) SIDEWALK & THRU CURB FACE W/ BOT. OF PIPES @ 1" ABV. FLOW LINE @ (E) GUTTER. SEE DRAINAGE SECTION B/C2 & DETAIL 11/C4
 - 19 (N) PLANTER AREAS - PROVIDE AUTOMATIC IRRIGATION SYSTEM, TREES, SHRUBS & GROUND COVER PER CLB REQUIREMENTS - SEE LANDSCAPE PLANS, SHEET L1
 - 20 (N) LUNCH AREA - PROVIDE YELLOW PAINT STRIPPING
 - 21 GRADE LOT TO PROVIDE 6" PC CONCRETE SLAB W/ #4 BAR @ 24" O.C. EAWW @ MID-HEIGHT O/ 4" AGG BASE O/ 95% COMPACTED GRADE
 - 22 HANDICAPPED ACCESSIBLE PARKING & LOADING SPACE. PAINT STRIPPING & SIGNAGE PER CLB & TITLE 24 REQUIREMENTS, SEE DETAILS 7, 9, & 10/C4
 - 23 (2) 4" Ø X 36" H CONC. FILLED STEEL BOLLARDS TO PROTECT ELECTRICAL EQUIPMENT. SEE DETAIL 13/C4
 - 24 PAVING CONTRACTOR TO PROVIDE 2X10 HEADER W/ STAKES TO REMAIN IN PLACE ALONG PAVEMENT EDGE
 - 25 CORNER COT OFF DEDICATED TO CLB FOR STREET PURPOSES
 - 26 (2) 2" Ø PVC SCH 40 PIPE SLEEVES 6" MIN. BEYOND (N) CURB BELOW DRIVEWAY FOR IRRIGATION & POWER CONDUITS

**SUMMARY REPORT PURSUANT TO
CALIFORNIA HEALTH AND SAFETY CODE SECTION 33433
ON AN
OWNER PARTICIPATION AGREEMENT
BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
AND
COWELCO PROPERTIES, 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 Cowelco Properties 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 the 10,600 square foot site located at 1328 – 1340 Canal Avenue (Site) to the Owner. The Owner currently operates a business on a property adjacent to the Site. The Owner wishes to expand the business, and requires parking to serve employees and customers. The Agreement requires the Owner to construct a secured surface parking lot on the Site to fulfill the defined parking needs (Project).

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. Owner Responsibilities

The Agreement requires the Owner to accept the following responsibilities:

1. Prior to Agreement's execution, the Owner must provide a \$5,000 refundable Performance Deposit to the Agency.
2. The Owner must pay the Agency \$320,000 to purchase the Site.
3. The Owner must accept the Site in an "as is with all faults" condition. The Agency has made no representations or warranties of any kind regarding the property's condition.
4. Prior to conveyance of the Site, the following must be completed:
 - a. The Owner must approve the Site's environmental, geological and soils conditions.
 - b. The Owner must approve the City of Long Beach General Plan and zoning as it pertains to the Site.
 - c. The Owner must submit 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.

5. The Owner must complete the activities required by the Agreement in accordance with the Scope of Development and Schedule of Performance.
6. The Owner, and any contractors and subcontractors engaged to construct the Project, must comply with any applicable prevailing wage requirements.
7. The Owner must bear 100% of the costs associated with developing the Project.

B. Agency Responsibilities

The Agreement imposes the following responsibilities on the Agency:

1. The Agency must convey the Site to the Owner.
2. Prior to the conveyance of the Site to the Owner, the following must be completed:
 - a. The Agency must demolish all improvements, footings and foundations on the Site; remove all rubble and debris; and rough grade the property.
 - b. The Agency's Executive Director must approve the following Owner submissions:
 - i. The evidence of financing;
 - ii. Final Construction Drawings;
 - iii. Construction budget; and
 - iv. Proof of insurance in accordance with the terms of the Agreement.

II. COST OF THE AGREEMENT TO THE AGENCY

A. Agency Costs

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

Site Acquisition Cost	\$1,050,000
Landscaping & Maintenance	12,000
Environmental Report	14,000
Escrow & Title Fees	5,000
Legal, Appraisal & Consulting Fees	95,000
Estimated Staff Time & Overhead	5,000
Demolition & Remediation	5,000
Tenant Relocation	125,000
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Total Agency Cost	\$1,311,000

B. Agency Revenues

The Agency will receive a \$320,000 cash payment as compensation for the conveyance of the Site.

C. Net Agency Cost

The Agency costs are estimated at \$1,311,000 and the Agency revenues total \$320,000. The resulting net Agency cost totals \$991,000.

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 29, 2009, an appraisal was prepared for properties including the Site. The appraisal established commercial development as the highest and best use of the property, and set the value at \$30.19 per square foot of land area. This equates to \$320,000 for the 10,600 square foot Site.

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 \$320,000.

V. CONSIDERATION RECEIVED AND COMPARISON WITH THE ESTABLISHED VALUE

The Agreement requires the Owner to purchase the Site for \$320,000. This purchase price is equal to the Site's fair market value at the highest use permitted by the current zoning and 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 incorporation of the Site into the adjacent industrial property to allow for the expansion of the Owner's business. 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 following goals and objectives identified in the AB1290 Implementation Plan for the Project Area:

1. The development of the Site will serve to revitalize industrial uses, thereby allowing for the retention of industrial 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.

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE PROPOSED
5 OWNER PARTICIPATION AGREEMENT BETWEEN THE
6 REDEVELOPMENT AGENCY OF THE CITY OF LONG
7 BEACH, CALIFORNIA, AND COWELCO PROPERTIES,
8 INC.; FINDING THAT THE CONSIDERATION FOR THE
9 SALE OF CERTAIN REAL PROPERTY IN THE WEST
10 LONG BEACH INDUSTRIAL REDEVELOPMENT PROJECT
11 AREA IS NOT LESS THAN FAIR MARKET VALUE IN
12 ACCORDANCE WITH COVENANTS AND CONDITIONS
13 GOVERNING SUCH SALE; AND APPROVING THE SALE
14 OF THE PROPERTY AND THE OWNER PARTICIPATION
15 AGREEMENT

16
17 WHEREAS, the Redevelopment Agency of the City of Long Beach,
18 California (the "Agency"), is engaged in activities necessary to execute and implement
19 the Redevelopment Plan for the West Long Beach Industrial Redevelopment Project
20 Area (the "Project"); and

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

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

1 Agreement; and

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

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

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

13 WHEREAS, the Agency has determined that the development of the
14 Property is categorically exempt under the California Environmental Quality Act; and

15 WHEREAS, pursuant to the provisions of the California Community
16 Redevelopment Law, the City Council of the City of Long Beach held a public hearing on
17 the proposed sale of the Property and the proposed Owner Participation Agreement after
18 publication of notice as required by law; and

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

24 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
25 follows:

26 Section 1. The City Council finds and determines that the consideration
27 for sale of the Property pursuant to the Owner Participation Agreement is not less than
28 fair market value in accordance with covenants and conditions governing the sale, and

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the Council further finds and determines that the consideration for the sale of the Property, determined at the highest and best use under the Redevelopment Plan, is necessary to effectuate the purposes of the Redevelopment Plan for the Project.

Section 2. 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 3. 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 4. This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify to the vote adopting this resolution.

I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2009 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk



Exhibit A

Site Map

