

CITY OF LONG BEACH

H-4

DEPARTMENT OF PLANNING AND BUILDING

333 W. Ocean Blvd. - Long Beach, CA 90802 - 562/570-6428 - FAX 562/570-6205

December 18, 2007

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 and approving and authorizing the City Manager to execute a Disposition and Development Agreement with Glenn Dobbs for the development of 2025 W. 17th Street. (District 1)

DISCUSSION

Redevelopment Agency (Agency) staff has concluded the negotiation of a Disposition and Development Agreement (Agreement) with Glenn Dobbs (Developer) for the sale and development of Agency-owned property located at 2025 West 17th Street (Site), commonly known as Assessor Parcel Number 7429-026-900 (Exhibit A). The Site is located in the West Long Beach Industrial Redevelopment Project Area (Project Area).

The Developer's family owns a Westside equipment motor and engine construction and maintenance company that has been a Westside business since 1948. For over 30 years, the Developer has owned the two adjacent properties on the east and west of the Site. The Developer currently does not have off street parking and proposes to enhance his current business in the Project Area by acquiring the Site for off street employee parking.

The Developer intends to improve the Site with a surface parking lot for 5 to 8 cars, install wrought iron fencing, and 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.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$14.75 per square foot, or \$46,138, as compensation for the approximately 3,128 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.
- If the Developer does not close escrow within six months of the date of the Disposition and Development Agreement, the purchase price for the Site will increase by 15 percent. The Developer has provided evidence of financing for the development of the Site.

At its meeting held on May 10, 2006, the Westside Project Area Committee made a recommendation to approve the Developer's conceptual site plan for the project. The Developer entered into an Exclusive Negotiation Agreement with the Agency on July 24, 2006.

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 B).

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 C) 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; and

- An explanation of why the sale of the Site is consistent with the Agency's AB 1290 Implementation Plan.

This letter was reviewed by Assistant City Attorney Heather Mahood on December 6, 2007, and Budget Management Officer Victoria Bell on December 6, 2007.

TIMING CONSIDERATIONS

City Council action is requested on December 18, 2007, as the Agency and Developer wish to proceed with an escrow closing in February 2008.

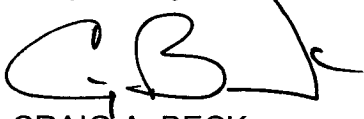
FISCAL IMPACT

The proceeds of \$46,138 from the proposed sale will be deposited into the Redevelopment Agency Fund (RD). The Developer will purchase the property with private funds.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CRAIG A. BECK
DIRECTOR OF PLANNING AND BUILDING

APPROVED:



PATRICK H. WEST
CITY MANAGER

MPC:CAB:AES:pku

Attachments: Exhibit A – Site Map
Exhibit B - Categorical Exemption
Exhibit C - Section 33433 Summary Report
City Council Resolution

EXHIBIT A - SITE MAP
APN 7429-026-900
Site T - 2025 W. 17th Street



EXHIBIT B

Categorical Exemption CE- 235-07



CITY OF LONG BEACH

DEPARTMENT OF PLANNING & BUILDING
333 WEST OCEAN BLVD • FIFTH FLOOR • LONG BEACH, CALIFORNIA 90802

NOTICE OF EXEMPTION

TO: OFFICE OF PLANNING & RESEARCH
1400 TENTH STREET, ROOM 121
SACRAMENTO, CA 95814

FROM: DEPARTMENT OF PLANNING & BUILDING
333 W. OCEAN BLVD., 5TH FLOOR
LONG BEACH, CA 90802

X L.A. COUNTY CLERK
ENVIRONMENTAL FILLINGS
12400 E. IMPERIAL HWY. 2ND FLOOR, RM. 2001
NORWALK, CA 90650

PROJECT TITLE: GENERAL ENGINE POWER INC.

PROJECT LOCATION - SPECIFIC: 2025 West 17th Street (Lot 37, BK 14, tract 2600)

PROJECT CITY: Long Beach PROJECT LOCATION - COUNTY: LOS ANGELES

ACTIVITY DESCRIPTION: Construct an off-street parking lot for the adjacent property owner. Construct an asphalt paved lot with wrought iron fencing, handicap and regular parking for employees

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Redevelopment Agency (PRINTED NAME)

Aldo E. Schindler, Redevelopment Project Officer
333 W. Ocean Blvd., 3rd Floor (MAILING ADDRESS)
Long Beach, CA 90802
562-570-7742 (TELEPHONE) [Signature]

(TO BE COMPLETED BY CITY STAFF ONLY)

CHECK ONE:
LONG BEACH CITY PLANNING COMMISSION
DEPARTMENT OF PLANNING AND BUILDING

REQUIRED ENTITLEMENTS: Administrative approval; Building permits as required by Code.

NAME OF PUBLIC AGENCY APPROVING PROJECT: City of Long Beach

THE ABOVE PROJECT HAD BEEN FOUND TO BE EXEMPT FROM CEQA IN ACCORDANCE WITH THE STATE GUIDELINES SECTION

15303. New Construction or Conversion of Small Structures
STATEMENT OF SUPPORT FOR THIS FINDING: Development of private parking lot will provide spaces in a parking impacted part of the City.

LEAD AGENCY CONTACT PERSON: Jill Griffiths AREA CODE/TELEPHONE: 562.570.6191

SIGNATURE: [Signature] DATE: 10-22-07 TITLE: Senior Planner

PLANNER INITIALS LF

CASE No. N/A

EXHIBIT C

**SUMMARY REPORT PURSUANT TO
SECTION 33433 OF THE
CALIFORNIA HEALTH AND SAFETY CODE
REGARDING A DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH
AND
GLENN DOBBS**

I. INTRODUCTION

The California Health and Safety Code, Section 33433, provides that if a redevelopment agency wishes to sell or lease any property to which it holds title and if that property was acquired in whole or in part, directly or indirectly, with tax increment funds, the agency must first secure approval of the proposed sale or lease from its local legislative body (the City Council) by resolution after a public hearing. The following Summary Report (the "Report") documents the Disposition and Development Agreement (the "Agreement") by and between the Redevelopment Agency of the City of Long Beach (the "Agency") and Glenn Dobbs (the "Developer") for Agency-owned property in the West Long Beach Industrial Project Area (the "Project Area").

As contained in the Health and Safety Code, the following information shall be included in the Report:

1. The cost of the proposed agreement to the agency, including land acquisition costs, site clearance costs, relocation costs, the costs of any improvements to be provided by the agency, plus the expected interest on any loans or bonds to finance the agreement;
2. The estimated value of the interest to be conveyed or leased, determined at the highest and best use permitted under the redevelopment plan;

3. The estimated value of the interest to be conveyed or leased determined at the use and with the conditions, covenants and development costs required by the sale or lease; and the purchase price or present value of the lease payments, which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the agency shall provide as part of the summary an explanation or the reasons for the difference; and
4. An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

Section 33433 also requires a finding to be included in the resolution approving the sale or lease that the transaction is consistent with the implementation plan adopted pursuant to Section 33490 (the "AB 1290 Implementation Plan"). The basis for this finding with regard to the subject agreement is discussed at the close of this Report.

The Report outlines the salient parts of the Agreement which provides for the disposition and development of certain real property as depicted on the Site Map and as described in the Legal Description, attached hereto as Attachments "1" and "2." The Report is organized into the following seven sections:

1. Salient Points of the Agreement – This section includes a description of the property, the proposed utilization of the property, and a summary of the major responsibilities of the Agency and the Developer under the Agreement.
2. Cost of the Agreement to the Agency – This section outlines the cost of the proposed Agreement to the Agency.
3. Estimated Value of the Interest to be Conveyed – This section summarizes the value of the property to be conveyed to the Developer at the highest and best use permitted under the Redevelopment Plan.
4. Estimated Reuse Value of the Interest to be Conveyed – This section identifies the estimated reuse value of the interest to be conveyed, determined at the use and with the conditions, covenants and development costs required by the Agreement.
5. Purchase Price and Comparison with Fair Reuse Value – This section contains a comparison of the purchase price and the fair reuse value of the interest to be conveyed.

6. Blight Elimination – This section provides an explanation of how the implementation of the Agreement will assist in the elimination of blight within the Project Area.
7. Consistency with the Implementation Plan – This section describes how the Agreement is in conformance with the Agency’s adopted AB 1290 Implementation Plan for the Project Area.

II. SALIENT POINTS OF THE AGREEMENT

A. Property Description

The property to be acquired by the Developer (the “Site”) is that portion of the Project Area located at 2025 West 17th Street. The Site is currently owned by the Agency.

B. The Proposed Utilization of the Property

The Developer proposes to improve the site with a surface parking lot for approximately 5 to 8 parked vehicles, install wrought iron fencing, and 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. The development will create off street employee parking for the Developer, who also owns the adjacent properties on the east and west of the Site.

C. Major Responsibilities of the Developer

Under the Agreement, the Developer agrees to accept all of the following responsibilities:

1. The Developer will pay the Agency \$14.75 per square foot for the 3,218 square feet of land, for a total purchase price of \$46,138 for the Site;
2. The Developer will pay one-half of the escrow fee;
3. The Developer will pay for the Developer’s share of the premium for the title insurance policy and recording fees as appropriate;
4. The Developer will comply with the Agency’s Percent for Public Art requirements;
5. The Developer will secure necessary permits for all site work;

6. The Developer will utilize the Site in accordance with the Redevelopment Plan and all applicable City codes and regulations, including providing appropriate landscaping, screening, and parking;
7. The Developer agrees that the Site shall be maintained in a clean and attractive condition at all times and in accordance with Project Area guidelines and the Redevelopment Plan;
8. The Developer agrees that from tax years 2008 – 2009 through 2025 – 2026, the taxable assessed value to be used by the Los Angeles County Tax Assessor shall be the greater of (a) the existing taxable assessed value of the Acquisition Parcel as determined by the Assessor or (b) the sum of (i) the Purchase Price plus (ii) the value of the building(s) to be constructed pursuant to approved plans as determined by the Planning and Building Department for purposes of issuing building permits for the Project (the “Stipulated Value”); and
9. The Developer agrees to relocate sewers, drains, water and gas distribution lines, electric, telephone and telegraph lines, and all other public utility lines, installations, and facilities as are necessary to be installed or relocated outside the Site by reason of any development of the Site.

D. Major Responsibilities of the Agency

Under the Agreement, the Agency agrees to accept all of the following responsibilities:

1. The Agency will transfer the Site to the Developer in return for a payment of \$46,138;
2. The Agency will pay one-half of the escrow fee;
3. The Agency will pay the Agency’s share of the premium for the title insurance policy and recording fees as appropriate; and
4. The Agency will provide all proper assistance to the Developer in securing necessary permits for all site work.

III. COST OF THE AGREEMENT TO THE AGENCY

The Site is currently owned by the Agency. The Agency has undertaken activities required to prepare the Site for sale. Thus, the majority of the costs shown below have previously been incurred by the Agency. The only remaining out-of-pocket expenditures resulting from the Agreement are minor amounts of escrow fees, recording fees, and staff time.

The list of incurred and anticipated costs is outlined below. The total estimated cost of the Agreement to the Agency is \$93,487. When land sale proceeds and the present value of tax increment are taken into account, the cost exceeds the revenue by \$93,487, as follows:

Property Acquisition Costs	\$116,000.00
Landscaping and Maintenance	2,942
Environmental Report (Site Characterization)	2,700
Escrow & Title Costs	1,584
Legal/Appraisal/Consulting Fees	829
Relocation Costs	19,003
Site Clearance and Remediation	<u>\$1,567</u>
Estimated Total Agency Costs	\$144,625
Less: Land Sale Proceeds	<u>(\$46,138)</u>
Less: Present Value of Tax Increment Revenue ¹	<u>(\$5,000)</u>
Net Cost (Benefit) to Agency	<u><u>\$93,487</u></u>

¹ Based on estimated increase in assessed value of \$ 77,126 at a 6% discount rate over 17 years (includes housing set-aside)

IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED AT THE HIGHEST AND BEST USE PERMITTED UNDER THE REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area and the City of Long Beach General Plan specify that the Site be zoned for general industrial use. Therefore, the Site may only be used for general industrial use.

The Agency periodically updates land sale comparables within the Project Area. A review of these comparables and discussions with the Agency's appraiser indicates that, based on current valuation trends within the Project Area and the current condition of the Southern California economy, the fair market value of the Site is \$14.75 per square foot for land, or \$46,138.

V. ESTIMATED REUSE VALUE OF THE INTEREST TO BE CONVEYED DETERMINED BASED ON THE USE AND WITH THE CONDITIONS, COVENANTS AND DEVELOPMENT COSTS REQUIRED BY THE AGREEMENT

Because the conditions, covenants and development costs required by the Agreement do not add any unique restrictions on the reuse of the Site, the future reuse alternatives are not limited by the Agreement. Based upon the Agency's determination as summarized above, the reuse value of the Acquisition Parcel is determined to be \$14.75 per square foot for land, or \$46,138.

VI. PURCHASE PRICE TO BE PAID BY THE DEVELOPER AND COMPARISON WITH FAIR REUSE MARKET VALUE

The Site will be sold to the Developer for \$46,138. This selling price reflects the Site's fair market value as determined by the Agency's appraiser. This amount is equal to both the established fair reuse value and the highest use allowed by the Redevelopment Plan.

VI. BLIGHT ELIMINATION

Section 33030 of Article 3 of California Health and Safety Code states that a blighted area is one in which the combination of blighting conditions identified in Article 3 are so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise, or governmental action, or both, without redevelopment.

Physical blighting conditions, as defined in Section 33031 of Article 3 include, but are not limited to, factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. Furthermore, economic blighting conditions as identified in Section 33031 of Article 3 include, but are not limited to, depreciated or stagnant property values and impaired investments, including properties containing hazardous wastes.

Prior to acquisition by the Agency, the Site exemplified the primary physical and economic blighting conditions found throughout the Project Area. The proposed sale of the Site will eliminate blighting conditions in the Project Area by effectuating the purpose of the Redevelopment Plan.

VIII. CONFORMITY TO AB 1290 IMPLEMENTATION PLAN

The AB 1290 Implementation Plan adopted by the Agency contains the following operational goals and objectives:

- The development of vacant parcels into modern industrial uses appropriate to the goals of the Redevelopment Plan;
- The creation of a healthy industrial environment and a significant increase in job opportunities in the Project Area;
- The promotion of maximum retention of existing industries and employment in the Project Area;
- The generation of new private investments and increased land values, resulting in increased tax increment revenues;
- The installation and upgrading of street improvements throughout the Project Area to correct drainage, reconfigure street patterns, extend utilities, and provide key amenity features;
- The selective widening and improvement of some streets to relieve congestion and parking problems, supplemented by off-street parking requirements or parking districts; and
- The assessment of opportunities for assemblage of parcels for small and medium sized industrial buildings.

The Agreement will assist the Agency in meeting the objectives and goals of the AB 1290 Implementation Plan in the following manner:

- The Agreement provides for promotion of maximum retention of existing industries and employment in the Project Area by allowing the existing business to expand and meet its employee parking needs;
- The Agreement will place a publicly owned property into private ownership, will generate additional property tax revenue for reinvestment, and will transfer site maintenance costs to a private property owner;
- The Agreement will generate new private investment and increased land values within the Project Area;
- The Agreement will help relieve parking congestion by supplementing off-street parking;
- The Agreement provides installation and upgrading to street improvements; and
- The Agreement provides opportunities for expanded economic activity.

Based on the preceding factors, the Agreement is consistent with the adopted AB 1290 Implementation Plan.

Attachment 1 - SITE MAP
APN 7429-026-900
Site T - 2025 West 17th Street



ATTACHMENT 2

LEGAL DESCRIPTION OF THE SITE

APN: 7329-026-900

2025 West 17th Street

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

LOT 37, IN BLOCK 14, 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 TO 90 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

End of Legal Description.

1 RESOLUTION NO.

2
3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH APPROVING THE PROPOSED
5 DISPOSITION AND DEVELOPMENT AGREEMENT
6 BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY
7 OF LONG BEACH, CALIFORNIA, AND GLENN DOBBS;
8 FINDING THAT THE CONSIDERATION FOR THE SALE OF
9 CERTAIN REAL PROPERTY IN THE WEST LONG BEACH
10 INDUSTRIAL REDEVELOPMENT PROJECT IS NOT LESS
11 THAN FAIR MARKET VALUE IN ACCORDANCE WITH
12 COVENANTS AND CONDITIONS GOVERNING SUCH
13 SALE; AND APPROVING THE SALE OF THE PROPERTY
14 AND THE DISPOSITION AND DEVELOPMENT
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 (the
20 "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 a Disposition and Development Agreement (" DDA") and which
24 Property is described in Exhibit "A" which is attached and incorporated by reference; and

25 WHEREAS, Glenn Dobbs (the "Developer"), has submitted to the Agency a
26 written offer in the form of the DDA to purchase the Property for not less than fair market
27 value for uses in accordance with the Redevelopment Plan and the covenants and
28 conditions of the DDA; and

1 WHEREAS, the proposed DDA contains all the provisions, terms and
2 conditions and obligations required by Federal, State and local law; and

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

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

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

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

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

22 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
23 follows:

24 Section 1. The City Council finds and determines that the consideration
25 for sale of the Property pursuant to the DDA is not less than fair market value in
26 accordance with covenants and conditions governing the sale, and the Council further
27 finds and determines that the consideration for the sale of the Property, determined at the
28 highest and best use under the Redevelopment Plan, is necessary to effectuate the

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 purposes of the Redevelopment Plan for the Project.

2 Section 2. The sale of the Property by the Agency to Developer and the
3 DDA which establishes the terms and conditions for the sale and development of the
4 Property are approved.

5 Section 3. The sale and development of the Property shall eliminate
6 blight within the Project Area and is consistent with the implementation plan for the
7 Project adopted pursuant to Health and Safety Code Section 33490.

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

10 I hereby certify that the foregoing resolution was adopted by the City
11 Council of the City of Long Beach at its meeting of _____, 2007, by the
12 following vote:

13 Ayes: Councilmembers: _____
14 _____
15 _____
16 _____

17 Noes: Councilmembers: _____
18 _____

19 Absent: Councilmembers: _____
20 _____

21 _____
22 City Clerk

23
24
25
26
27
28 HAM:fl
11/14/07
07-05529

Exhibit A

LEGAL DESCRIPTION OF THE SITE

APN: 7429-026-900

The land referred to herein is situated in the State of California, County of Los Angeles, described as follows:

LOT 37, IN BLOCK 14, 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 TO 90 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

End of Legal Description.