



# CITY OF LONG BEACH **R-22**

DEPARTMENT OF DEVELOPMENT SERVICES

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May 17, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute a three-party Exclusive Negotiating Agreement with the Redevelopment Agency and P3 International, LLC, for the development of the southeast corner of Ocean Boulevard and South Pine Avenue. (District 2)

## DISCUSSION

Development Services staff has received an unsolicited proposal from P3 International, LLC (Developer), for the development of the property located at 100 East Ocean Boulevard near the southeast corner of Ocean Boulevard and South Pine Avenue. The Redevelopment Agency (Agency) recently acquired the 61,000-square-foot parcel adjacent to Victory Park (Exhibit A – Site Map). The Agency transferred ownership of this property to the City of Long Beach on March 14, 2011, and the City Council authorized the City Manager to accept conveyance of the property on March 15, 2011.

Acquisition of the property has created the opportunity to facilitate the development of the property and improve access to Victory Park while incorporating the historic Jergins Tunnel. The Jergins Tunnel was open to the public until 1967 and served as an underground passageway under Ocean Boulevard that connected the original Pike Amusement Park.

The property has been predominantly underdeveloped and significantly underutilized for over 20 years. The existing site improvements consist of a 66-space surface parking lot managed by Diamond Parking Services. It is also a visual and physical impediment between the waterfront and the Pine Avenue entertainment district.

The primary objective of the Redevelopment Plan (Plan) for the Downtown Redevelopment Project Area (Project Area) is to revitalize the City's downtown by restoring the area to a vibrant center for business and commerce. Other objectives of the Plan include diversifying land uses in the Downtown to encourage cultural, employment, retail, services and visitor opportunities.

P3 International, LLC, was founded with nearly thirty years of experience in high-end construction and development, filling a need for private developers to partner with state and local government to deliver public facilities with guaranteed design and construction costs, quality control and rapid delivery. The Developer team has over 100 years of combined experience in successful public/private partnerships using delivery methods such as design/build/finance development, lease/lease-back development, build-to-suit development and program management, as well as traditional construction management and consulting services.

The Developer is proposing to develop a 300-room hotel with a 29,700-square-foot conference facility, 5,000 square feet of restaurant space and parking. The proposal also includes the reuse of the former Jergins Trust Building's semi-circular drop-off area as a main entrance, and restoration and upgrades to the Jergins Tunnel to include a high-end restaurant with access via stairs and a telescopic elevator situated in Victory Park. The development concept as proposed would still need to be vetted for financial feasibility including a demand analysis and for architectural design review.

It is recommended that the City Council enter into a 180-day Exclusive Negotiating Agreement (Agreement) with the Agency and the Developer for the development of the site, including the ability to extend the term for two additional 90-day periods at the sole discretion of the City Manager or his designee. The intention is to further develop the project, investigate the financial feasibility, complete conceptual design review, and negotiate a Disposition and Development Agreement (DDA) during this period of exclusive negotiation.

Upon execution of the Agreement, a good faith deposit of \$25,000 will be required from the Developer and held by the City of Long Beach. Of this amount, \$10,000 shall be non-refundable. The remaining \$15,000 of the good faith deposit will be used by the City to pay third-party consultant fees to negotiate the DDA.

This letter was reviewed by Chief Assistant City Attorney Heather A. Mahood on April 25, 2011 and by Budget Management Officer Victoria Bell on April 28, 2011.

#### TIMING CONSIDERATIONS

City Council action is requested on May 17, 2011, to expedite implementation of the proposed Agreement.

#### FISCAL IMPACT

There is no impact to the General Fund associated with this action. The good faith deposit of \$25,000 will be placed in the Capital Projects Fund (CP) in the Department of Development Services (DV) to offset future costs. This action will have no impact on local jobs.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

AJB:RZS:CSM:tb

Attachment: Exhibit A – Site Map

APPROVED:



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PATRICK H. WEST  
CITY MANAGER



Exhibit A - Site Map

