



Building A Better Long Beach

May 2, 2011

REDEVELOPMENT AGENCY BOARD MEMBERS

City of Long Beach
California

RECOMMENDATION:

Approve and authorize the Executive Director to execute a three-party Exclusive Negotiating Agreement with the City of Long Beach and P3 International, LLC for the development of the southeast corner of Ocean Boulevard and South Pine Avenue. (Downtown – 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 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 area to encourage cultural, employment, retail, services and visitor opportunities.

REDEVELOPMENT AGENCY BOARD MEMBERS

May 2, 2011

Page 2 of 3

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.

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 Agency enter into a 180-day Exclusive Negotiating Agreement (Agreement) with the City of Long Beach 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 Executive Director or 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 approval by the Agency of the Agreement, the City Council will consider this Agreement at their meeting of May 17, 2011.

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

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. ZUR SCHMIEDE, AICP
ASSISTANT EXECUTIVE DIRECTOR

REDEVELOPMENT AGENCY BOARD MEMBERS

May 2, 2011

Page 3 of 3



AMY J. BODEK, AICP
EXECUTIVE DIRECTOR

AJB:RMZ:DSW:CSM:tb

Attachment: Exhibit A – Site Map
Exhibit B – Conceptual Site Plan

R:\RDA Board\RDA Board Meetings\2011\May 2\P3 International.doc

Exhibit A - Site Map

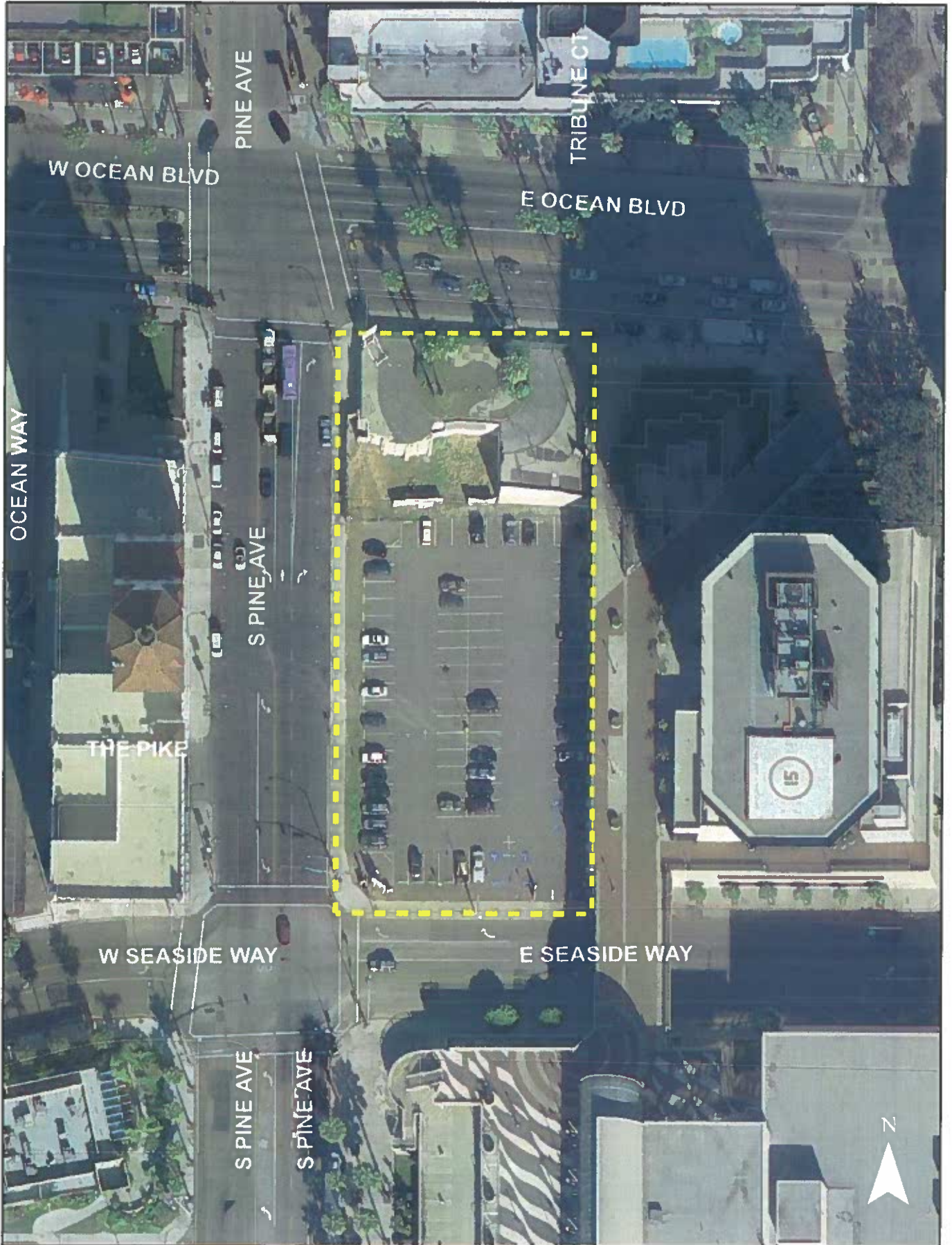
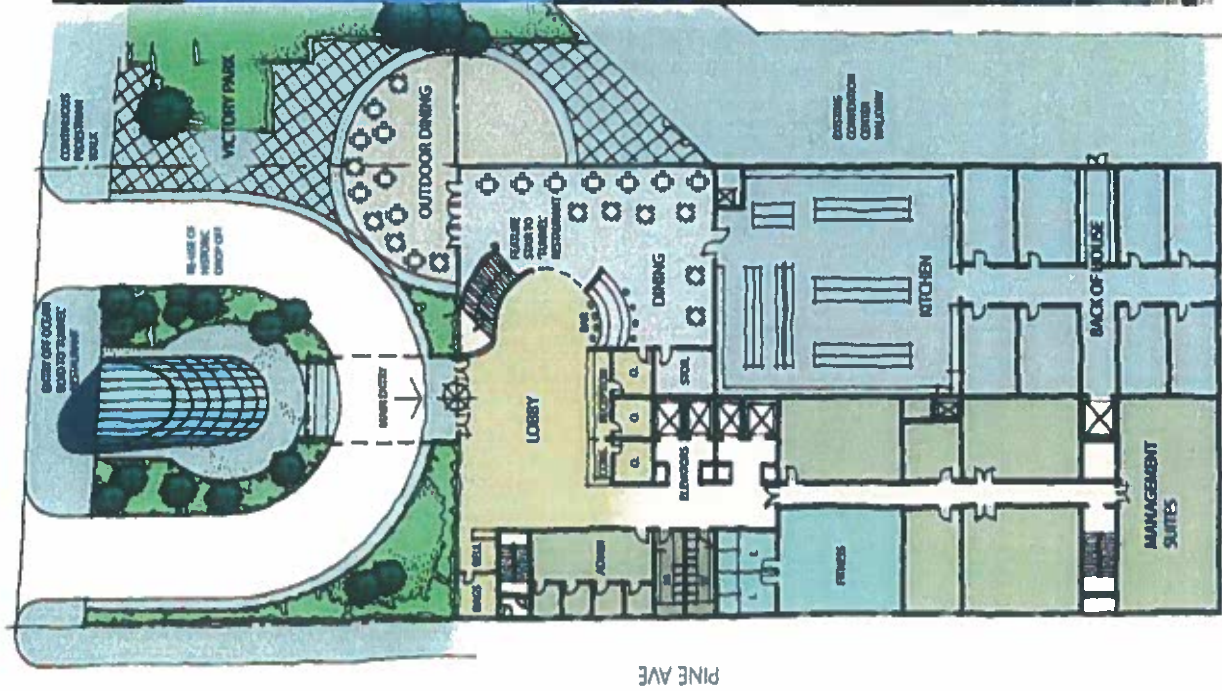


EXHIBIT B



MAIN LEVEL 1

