



## Legislation Text

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**File #:** 09-1179, **Version:** 1

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Recommendation to receive supporting documentation into the record, conclude the hearing, and adopt resolution making certain findings for an Owner Participation Agreement with McFadden Family Trust for the development of 1652-1660 West 15th Street. (District 1)

The Long Beach Redevelopment Agency (Agency) staff has concluded the negotiation of an Owner Participation Agreement (Agreement) with McFadden Family Trust (Developer), for the sale and development of Agency-owned property located at 1652-1660 West 15 h Street (Site)(Exhibit A - Site Map). The Site is located in the Westside Industrial Redevelopment Project Area (Westside).

The Developer's business, CMAC Construction Company (CMAC), is a general contracting firm located at 1450 Santa Fe Avenue, in the West Long Beach Industrial Area. Established in 1975, the company provides construction related services for the petrochemical industry. CMAC specializes in the mechanical construction field, including new construction, structural and piping, plant turnaround, fire. protection, general maintenance, and shop fabrication. CMAC is also authorized by the State of California to witness Pipeline Hydrotest Certifications. The company currently employs 60 people and anticipates hiring additional employees upon expansion.

CMAC's revenue has grown steadily over the last 35 years to over \$10 million in gross sales per year. The projected growth has prompted the owner to look for additional yard space in the immediate area making the Agency property an ideal acquisition for their needs. The Developer intends to improve the Site with a surface lot, install a block wall with wrought iron fencing, and add five feet of landscaping around the perimeter of the Site. The lot would include curbs, gutters and sidewalks (Exhibit B - Site Plan). 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 \$371 ,875 as compensation for the 10, 625-sq uare-foot Agency-owned property at 1652-1660 West 15th Street.
- 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 July 8, 2009, 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 September 21, 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 October 22, 2009.

City Council action is requested on November 10, 2009, as the Agency and Developer wish to proceed with an escrow closing on or before December 31, 2009.

The proceeds of \$371,875 from the proposed property exchange will be deposited into the Redevelopment 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.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE PROPOSED OWNER PARTICIPATION AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND THE MCFADDEN FAMILY TRUST; 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; AND APPROVING THE SALE OF THE PROPERTY AND THE OWNER PARTICIPATION AGREEMENT

CRAIG BECK  
DIRECTOR OF DEVELOPMENT SERVICES

NAME  
TITLE

APPROVED:

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PATRICK H. WEST  
CITY MANAGER