



Legislation Text

File #: 08-0310, **Version:** 1

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings; and approve and authorize City Manager to execute a Disposition and Development Agreement with Cal-Can Holdings, LLC for the development of 2110 West Cowles Street. (District 1)

Redevelopment Agency (Agency) staff has concluded the negotiation of a Disposition and Development Agreement (Agreement) with Cal-Can Holdings, LLC, dba Redbarn Premium Pet Products (Developer) for the sale and development of Agency-owned property located at 2110 West Cowles Street (Site), commonly known as Assessor Parcel Number 7429-018-900, -903, -905, -908 and -909 (Exhibit A). The Site is located in the West Long Beach Industrial Redevelopment Project Area (Project Area).

The Developer currently operates Redbarn Premium Pet Products and has been in business in Long Beach since 1996. The company started with two employees in a 1,500-square-foot building on Gaylord Street and generated \$450,000 worth of sales the first year. The company has grown and now employs 125 people, of whom 85 percent reside in the City of Long Beach, and the budgeted sales for 2008 are estimated at \$32 million.

The Developer currently occupies seven properties in the Project Area for their business operations; three of which are owned and four are leased. The opportunity to purchase one large site will allow the Developer to vacate their leased sites, thus consolidating their multiple business locations, which will help decrease traffic related to their operations, eliminate the use of limited on-street parking by their employees, and allow their business operations to expand. This development project will also allow for the creation of 10 to 15 additional jobs. The opportunity to purchase the Agency-owned site will help retain the Developer as one of the largest owner-operated employers in the Project Area.

The Developer intends to construct two buildings: a one-story, 14,248-square-foot building and a two-story, 32,213-square-foot building for use as a warehouse, manufacturing, shipping and office space facility. The development will have the required landscaping and on-site parking.

The Agreement includes the following major provisions:

- Under the terms of the Agreement, the Developer will pay the Agency \$18.25 per square foot, or \$1,515,000, as compensation for the approximately 83,015-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 12 months from the date of the 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.

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 (attached) 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 Chief Assistant City Attorney Heather Mahood on March 19, 2008, and Budget Management Officer Victoria Bell on April 4, 2008.

City Council action is requested on April 15, 2008, as the Agency and Developer wish to proceed with an escrow closing in July 2008.

The proceeds of \$1,515,000 from the proposed sale will be deposited into the Redevelopment Agency Fund (RD). The Developer will purchase the property with private funds.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE

PROPOSED DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH, CALIFORNIA, AND CAL-CAN HOLDINGS, LLC; 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 DISPOSITION AND DEVELOPMENT AGREEMENT

Craig Beck
Director of Development Services

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER