



## Legislation Text

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**File #:** 13-0260, **Version:** 1

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Recommendation to authorize City Manager, or his designee, to execute any and all documents necessary for the purchase of certain real property (Premises) located at 1955-1965 Long Beach Boulevard (APN 720-901-4008 and APN 720-901-4013) in the amount of \$2,800,000 and related tenant improvement costs of \$1,200,000, and to conclude negotiations with Mental Health America (MHA) for the subsequent lease and ultimate conveyance of said Premises, and execute said lease and future conveyance deed, for the accommodation of a Homeless Healthcare Access Program; and

Increase appropriations in the General Services Fund (IS 385) in the Technology Services Department (TS) by an estimated \$2,200,000, and in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (GO) by an estimated \$1,800,000 from funds held in fund balance from FY 11, and increase appropriations in the Capital Projects Fund (CP) in the Public Works Department by \$4,000,000 through the transfer of the appropriated funds described above. (District 6)

Since 2006, the City has been pursuing ownership of the 4.73-acre former U.S. Army Reserve Center, also known as Schroeder Hall, at the southeast corner of Willow Street and Grand Avenue, through the Base Realignment and Closure Act (BRAC) process. A Housing and Urban Development (HUD) prerequisite for transfer is a Reuse and Homeless Assistance Plan, providing certain services to the homeless community. In August 2008, the City entered a Legally Binding Agreement with Mental Health America (MHA) to implement the Homeless Assistance Plan through a Homeless Assistance Program (Program). In August, 2010, the U.S. Army issued a Finding of Suitability of Transfer and approved a Public Benefit Conveyance for a Police Department use of the site. Since that time, the City has been working with MHA to identify and secure a suitable location to provide the Program.

A considerable number of sites were identified, both by staff and the public, and investigated as possible sites for MHA's Program. Only one location proved to be suitable. This location is a one-acre, City-owned site on East Burnett Street, just west of Grand Avenue.

A property that had previously been identified and investigated for use by MHA, but was ultimately sold to another party, recently became available for sale. This property is located at 1955-1965 Long Beach Boulevard (Exhibit A) and was determined to be a superior location for the Program. The Premises is located in a commercial zone providing ample public transportation, and is comprised of two buildings totaling approximately 28,000 square feet which sufficiently accommodates the space needs of MHA, including the operation of a retail component along the Long Beach Boulevard street frontage. It is also situated next to an existing County of Los Angeles homeless services facility. The synergies achieved through proximity with related and supportive services will enhance and improve MHA's efforts to outreach and assist the homeless, and facilitate their transition toward stability.

A critical element to the success of the Program, and revitalization and reinvestment along this major corridor, is the inclusion of the retail component that will include a commercial kitchen. This kitchen, once designed and installed, will become an integral part of the Program in that it will provide hands-on job training and work experience for clients in the Program, facilitating their transition out of homelessness.

Additionally, the commercial use will create a local retail business focus to serve the neighboring community.

Staff recommends that the City acquire the Premises for the purpose of satisfying its obligation to HUD to provide the Program. Once the Premises is acquired, it is intended to be leased to MHA for a 10-year period at a nominal rent. The lease will stipulate various terms and conditions related to uses allowed and other operational aspects at the Premises. At the end of the 10-year period, the Premises would be conveyed to MHA without further City approvals or financial consideration. Those operational aspects not subject to control under zoning laws would continue to be obligated under a Memorandum of Understanding (MOU) for an additional five-year period.

Additionally, the City will invest \$1,200,000 toward the design and construction of the commercial kitchen and retail component of the Program, and community rooms to be available to the neighborhood during non-business hours. Other necessary tenant improvements, programming costs and short-term operating start-up costs are included.

The acquisition of the Premises, subsequent lease with and final conveyance to MHA has been reviewed under the California Environmental Quality Act. A Categorical Exemption No. CE-14-13 has been issued for this action.

This letter was reviewed by Assistant City Attorney J. Charles Parkin and by Budget Management Officer Victoria Bell on March 14, 2013.

City Council action is requested on March 19, 2013 as the offer letter is set to expire on March 20, 2013.

The agreed upon purchase price for the property is \$2,800,000 and is supported by an independent appraisal recently commissioned by the City. The one-time additional investment to accommodate the retail component, community rooms, tenant improvements, and short-term programming and operating costs is \$1,200,000. There will be no ongoing operating costs to the City during the 10-year lease period, as MHA will pay for utilities, maintenance and capital expenditures.

The recommended one-time funding sources for the total expense of \$4,000,000 are a \$2,200,000 transfer from the General Services Fund (IS 385) and a \$1,800,000 transfer from the Gas Fund (EF 301) that were budgeted for transfer to the General Fund (GP) in FY 11, but were not needed due to improved revenue performance, and thus deferred for future action. The transfer amounts remain in the respective fund balances, and an appropriation increase is now required and included in the recommended action to transfer the funding to the Capital Projects Fund (CP) for the acquisition and tenant improvement cost of \$4,000,000. The funding can be partially reimbursed by net proceeds estimated at \$1.9 million from the anticipated sale of 100 Long Beach Boulevard (known as City Hall East). Approval of this recommendation will provide continued support to the local economy.

Approve recommendation.

ARA MALOYAN  
ACTING DIRECTOR OF PUBLIC WORKS

MICHAEL P. CONWAY  
DIRECTOR OF BUSINESS AND PROPERTY DEVELOPMENT

APPROVED:

PATRICK H. WEST  
CITY MANAGER