



Legislation Text

File #: 10-0250, **Version:** 1

Recommendation to receive supporting documentation into the record, conclude the public hearing, and adopt resolution making certain findings for an Owner Participation Agreement with Jana Land Company, Inc., for the development of 1601 West 17th Street. (District 1)

The Long Beach Redevelopment Agency (Agency) staff has concluded the negotiation of an Owner Participation Agreement (Agreement) with Jana Land Company, Inc., dba Dion & Sons, Inc., (Developer), for the sale and development of Agency-owned property located at 1601 West 17th Street (Site)(Exhibit A - Site Map). The Site is located in the Westside Industrial Redevelopment Project Area (Westside).

The Developer's business, Dion & Sons, Inc., was founded in 1930 as Amber Lubricants to supply fuels and oils to Southern California's oil well drilling industry. For the past 80 years, the company has been a recognized distributor of high quality fuels, lubricants, solvents, and mineral and synthetic metal-working fluids to regional businesses. Often times during natural disasters such as recent wildfires in Southern California, Dion & Sons is called upon to provide needed fuels for fire trucks and other equipment used on site.

The company's sales have continuously grown during the past years placing Dion & Sons among the top twenty sales tax producers in Long Beach. The projected growth has prompted the owner to look for additional storage space in the immediate area making the Agency-owned 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 screening, 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 \$143,550 as compensation for the 4,950-square-foot Agency-owned property at 1601 West 17th 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 August 12, 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 March 1, 2010.

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 February 17, 2010 and by Budget Management Officer Victoria Bellon February 18, 2010.

City Council action is requested on March 9, 2010, as the Agency and Developer wish to proceed with an escrow closing on or before May 30, 2010.

The proceeds of \$143,550 from the proposed property sale 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.

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 JANA LAND COMPANY, INC.; 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

Approve recommendation.

REGINALD i. HARRISON
INTERIM DIRECTOR OF DEVELOPMENT SERVICES

NAME
TITLE

APPROVED:

PATRICK H. WEST
CITY MANAGER