

March 19, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute any and all documents, including the Standard Offer, Agreement and Escrow Instructions for the Purchase of Real Estate with Tolentino Properties, LLC, or assignee(s), for the sale of surplus City-owned property at 3917 Long Beach Boulevard, formerly known as Fire Station 9, in the amount of \$750,000; and accept Categorical Exemption CE-24-029. (District 5)

DISCUSSION

The City is currently fee owner of surplus property located at 3917 Long Beach Boulevard (Subject Property) (Attachment A), which the City operated as Fire Station No. 9 from 1938 until July 2019, when continued water penetration and resulting active mold required permanent closure. The Subject Property is approximately 5,893 square feet and is improved with a 5,548-square-foot wood frame building that is currently vacant.

On October 5, 2021, the City Council adopted Resolution No. RES-21-0120 declaring the Subject Property as "surplus land" as defined in Government Code Section 54220 et seq., and authorized the City Manager to take any actions and execute any documents necessary to ensure compliance with the Surplus Land Act. Subsequent to surplus declaration by the City Council, the City issued a Written Notice of Availability, dated July 27, 2022, to the following statutorily required entities:

- Any "local public entity" as defined in Health and Safety Code Section 50079 within whose jurisdiction the surplus land is located and to "Housing Sponsors" that have notified the California Department of Housing and Community Development (HCD) of their interest in surplus land.
- For open space purposes, notices were sent to the Los Angeles County Department of Parks and Recreation, Los Angeles County Regional Park and Open Space District, the State Resources Agency, or any agency that may succeed to its powers.
- For the purpose of use by a school district for school facilities construction or open space purposes, Long Beach Unified School District was noticed.

All noticed entities had 60 days to respond with a request to negotiate if they were interested in purchasing the Subject Property. The City received no such requests to negotiate.

Following compliance with the Surplus Land Act, Request for Proposals ED22-149 (RFP) was released on October 28, 2022. Prospective respondents were provided with two opportunities to tour the Subject Property on November 10 and December 1, 2022. Considering significant community interest in the Subject Property and to give prospective respondents more time to prepare proposals, the RFP closing date was extended from December 15, 2022, to January 17, 2023. Although numerous prospective respondents toured the Subject Property and registered on LB Buys, no proposals were received, and the RFP closed without receiving any responses.

The Subject Property was marketed by Lee & Associates, who worked with interested buyers to present the City with offers to purchase. The Subject Property was listed for \$445,000, which is fair market value as determined by an independent third-party appraisal, and all prospective buyers were informed regarding the condition of the Subject Property and the pending landmark application discussed below. Nineteen offers were received with Tolentino Properties, LLC (Buyer) being selected to purchase the Subject Property. The Buyer submitted an offer of \$750,000, approximately 69 percent over the City's asking price, and currently owns a successful bakery business located on the west side of Long Beach. The proposed development concept is to utilize the Subject Property as a second bakery location.

On June 29, 2023, the Los Cerritos Neighborhood Association filed an application to designate the Subject Property as a Locally Designated Historic Landmark. On September 26, 2023, the Cultural Heritage Commission (CHC) held a properly noticed public hearing to consider the landmark application. At the time, due to strong considerations both toward landmarking or toward declining or delaying landmarking until the negotiation and sale of the property is completed, City staff did not provide a specific recommendation during the CHC hearing on September 26, 2023. City staff provided the background for the building to assist the CHC in reaching its own conclusions and recommendation to the City Council for the City Council's consideration. At the conclusion of the September public hearing, the CHC voted (5-0) to recommend designation of the exterior of Fire Station No. 9 as a Locally Designated Historic Landmark building by having staff return to the CHC with findings for preserving the exterior and requested City Staff to also return with options for the CHC could consider regarding landmarking and preserving the interior features of the building along with their potential implications.

On November 28, 2023, the CHC held a public hearing based on the recommendation from the previous meeting and considered the options that City staff prepared relative to landmarking and preserving interior building features. At the conclusion of the November hearing, the CHC recommended, with a majority vote (5-0), that the City Council designate both the exterior and three specific interior features of the City-owned Fire Station No. 9 Building at 3917 Long Beach Boulevard as a Locally Designated Historic Landmark. After much deliberation, the final CHC recommendation included: 1) protection/preservation of the exterior of the structure; 2) protection/preservation of three internal features (reception room fireplace and built-ins, apparatus/engine room wood truss ceiling, and fire hose tower); 3) adaptive reuse and/or photography of remaining features, including reception room blackboard, original doors, original lockers, stairway, and vault; and 4) replacement of the missing Works Progress Administration (WPA) plaque on the front elevation.

On January 23, 2024, the City Council considered the CHC recommendation. Building upon the CHC's discussion and recommendation, City staff recommended the City Council refine the recommendation by CHC to landmark the exterior of the building while providing some flexibility

for interior features that may be needed in order to successfully adaptively reuse the building. To honor the intention of CHC's recommendation while providing flexibility for adaptive reuse and needed mold remediation, staff recommended refining requirements for the interior features called out by CHC, to instead be preserved, conditionally as feasible, rather than requiring full protection in place. At the conclusion of the meeting, City Council directed, with a majority vote (9-0), the City Attorney to draft a landmark ordinance that protects/preserves the exterior of the structure and makes all reasonable efforts to attempt to preserve and reuse all interior features. If it can be demonstrated that the preservation and/or reuse of an interior feature is not feasible, particularly as a result of health, safety, or accessibility considerations, then the interior feature should be photographed to document the interior feature prior to modification. At the February 20, 2024, City Council meeting, the City Council approved, with a majority vote (8-0), a recommendation to declare ordinance amending the Long Beach Municipal Code by adding Section 16.52.2500, relating to the designation of the property located at 3917 Long Beach Boulevard, as a historic landmark, read for the first time and laid over to the next regular meeting of the City Council for final reading.

The Buyer will have a 60-day due diligence period in which to complete any investigation related to the suitability of the Subject Property for its proposed development concept of a second bakery location. However, should the Buyer need additional time due to the landmark designation, the City will provide additional time as necessary. Other general terms and conditions of the sale are as follows:

- **Seller:** City of Long Beach, a municipal corporation.
- **Buyer:** Tolentino Properties, a California limited liability company.
- **Purchase Price:** \$750,000.
- **Initial Deposit:** \$22,500 due at opening of escrow.
- **Due Diligence Period:** 60 days from opening of escrow, with additional time provided as necessary to ensure suitability. Buyer will accept the property in an as-is condition and release the City from all liability.
- **Close of Escrow:** 15 days following the expiration of the Due Diligence Period.

In accordance with the California Environmental Quality Act (CEQA), a categorical exemption, CE-24-029 (Exhibit B), related to the proposed transaction, was completed on February 23, 2024. The sale of the surplus City-owned property would not result in a physical change to the building or land (CEQA Guidelines Section 15312). In addition, the sale of property does not commit the buyer to an intended use and does not foreclose meaningful consideration of project alternatives, including the option not to proceed. The potential modification/restoration/repair of the existing building (CEQA Guidelines Section 15301) or adaptive reuse (conversion) of the building (CEQA Guidelines Section 15303) would be for a bakery use, which is a permitted use under the Zoning Regulations, but does not require such operation. All future modifications to the structure shall comply with the Zoning Regulations and be completed in a manner consistent with the Secretary of the Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (CEQA Guidelines Section 15331).

This matter was reviewed by Principal City Attorney Richard F. Anthony on February 27, 2024, and Budget Management Officer Nader Kaamoush on March 1, 2024.

TIMING CONSIDERATIONS

City Council action is requested on March 19, 2024, in order to execute all documents in a timely manner.

LEVINE ACT

This item is subject to the Levine Act. The Mayor, Councilmembers, and Commissioners who have received a contribution of more than \$250 within 12 months prior from a party, participant, or their representatives involved in this proceeding may do either of the following: (1) disclose the contribution on the record and recuse themselves from this proceeding; OR (2) return the portion of the contribution that exceeds \$250 within 30 days from the time the elected official knew or should have known about the contribution and participate in the proceeding.

All parties, participants, and their representatives must disclose on the record of this proceeding any contribution of more than \$250 made to the Mayor or any Councilmembers within 12 months prior to the date of the proceeding. The Mayor, Councilmembers, and Commissioners are prohibited from accepting, soliciting, or directing a contribution of more than \$250 from a party, participant, or their representatives during a proceeding and for 12 months following the date a final decision is rendered.

FISCAL IMPACT

If approved, this action will result in the the sale of surplus City-owned property at 3917 Long Beach Boulevard, formerly known as Fire Station No. 9, for a price in the amount of \$750,000. Sale proceeds of \$750,000, less escrow and closing fees and commission will be deposited into the General Fund Group in the Economic Development Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Bo Martinez
Director
Economic Development

APPROVED:



THOMAS B. MODICA
CITY MANAGER

ATTACHMENTS: A - SUBJECT PROPERTY
B - CATEGORICAL EXEMPTION CE-24-029