



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: RESOLUTION TO APPROVE A LAND EXCHANGE AGREEMENT FOR THE PROPERTIES LOCATED AT 7316 GAGE AVENUE ("DEVELOPER'S PROPERTY") AND 6364 ZINDELL AVENUE ("CITY PROPERTY") (ASSESSOR'S PARCEL NUMBERS ("APN'S") 6357-018-005, 6357-019-904, 6357-019-905 AND 6357-018-900, COLLECTIVELY "MODELO PROJECT SITE"), IN THE CITY OF COMMERCE

MEETING DATE: November 25, 2025

RECOMMENDATION:

It is recommended that the City Council consider:

1. Adopting Resolution No. ____:
 - a. Approving the Land Exchange Agreement between the City of Commerce and Comstock Gage, LLC for the properties located at 7316 Gage Avenue ("Developer's Property") and 6364 Zindell Avenue ("City Property");and
2. Taking such additional, related, action that may be desirable.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

Pursuant to the California Environmental Quality Act (Public Resources Code §§ 21000, et seq. "CEQA") and the regulations promulgated thereunder (14 Cal. Code of Regs. §§ 15000, et seq., the "CEQA Guidelines"), the City reviewed the environmental impacts of the Modelo Project. Potential impacts from approval of the final map were previously analyzed and mitigated by the Environmental Impact Report (State Clearinghouse No. 2019080312) for the Modelo Project that was certified on February 22, 2022. The EIR adequately describes and considers the proposed Land Exchange Agreement. Accordingly, the Land Exchange Agreement approval is not subject to further environmental review.

BACKGROUND:

The Modelo Project was previously approved by City Council on February 15, 2022 and February 22, 2022 at duly noticed public hearings. The Modelo Project will be developed

by Comstock Realty Partners (“Developer”) and was approved to include the following construction:

- Up to 850 residential units,
- Up to 165,000 square feet of commercial uses,
- A new public community center and museum, and
- Approximately five acres of park and open space.

At the February 15 and February 22, 2022 City Council meetings, among other actions, the City Council approved the Modelo Project entitlements including:

- Site Plan Review No. 997;
- Master Sign Plan;
- Vesting Tentative Tract Map No. 83334;
- Zone Change;
- General Plan Amendment;
- Modelo Specific Plan;
- Development Agreement, including a draft of the Land Exchange Agreement; and
- Environmental Impact Report (SCH# 2019080312).

The Modelo Project Site is generally situated in the southernmost portion of the City of Commerce at existing Veterans Memorial Park located at 6364 Zindell Avenue, and an adjacent vacant parcel at 7316 East Gage Avenue and is comprised of two contiguous sites and in combination, measure approximately 17.5 acres in size. It is adjacent to the communities of Bell Gardens, Downey, Montebello, and Pico Rivera. It is directly adjacent to, and within close proximity of Interstate Five (“I-5”) Freeway. Zindell Avenue is the primary point of access to the Modelo Project Site, although a smaller access road at the northernmost portion of the site provides access to Gage Avenue.

The first parcel, which is addressed as 7316 East Gage Avenue (red parcel below), is a vacant undeveloped lot measuring approximately eight acres and owned by Comstock Realty Partners (“Developer”). The second site, which is addressed as 6364 Zindell Street (green parcel below), measures approximately 9.4 acres and is the site of the Veterans Memorial Park (“City’s Parcel”). The Project Site is directly adjacent to the crossing of the I-5 Freeway and the Rio Hondo channel within the City of Commerce. To facilitate the development, the existing Veterans Memorial Park will be demolished and incorporated in a different form but still as a public park into the total Project Site to allow for the development of the Modelo Project.

Modelo Project Site Aerial:



Additionally, due to the previous use of the Project Site as a landfill, the Project includes the remediation of the entire Modelo Project Site to allow for safe implementation of the Project and will consist of excavating the impacted soil pursuant to a Remedial Action Plan overseen by the Los Angeles Regional Water Quality Control Board (RWQCB).

Modelo Project Site Plan:



Surplus Land Act

Pursuant to the terms of the Development Agreement, the City agreed to exchange part of the City Property for part of the Developer's Property. Following the exchange, the City will own the parcel identified as Lot 2 ("City Parcel") on Vesting Tract Map No. 83334 as shown on Exhibit "A" of Attachment 1, attached to this report. The California Surplus Land Act (California Government Code section 54220 et seq. "SLA") requires that the City make their surplus land available for the development of affordable housing unless the property meets one of the exemptions of the SLA. An exchange of properties for City use in accordance with the Development Agreement allows the exchange to be exempt from the SLA affordable housing requirements. (Government Code 5422(f)(1)(c)). No additional action is required to comply with the SLA requirements.

ANALYSIS:

Land Exchange Agreement

The Development Agreement provided that the exchange of properties would be accomplished through the recordation of Final Vesting Tract Map 83334 and pursuant to the terms of a Land Exchange Agreement ("LEA") between the City and Developer. When the Development Agreement for the Modelo Project was approved in 2022 the LEA was not in its final form. Since then the City Staff has discussed and negotiated with the Developer to develop the final form of the LEA. The current form of the LEA contains the following highlights:

1. The transfer of the existing City owned property known as Veterans Park to Developer in exchange for a new "City Parcel" designated as Lot 2 of Final Tract Map 83334.
2. The inclusion of a Development Schedule setting timelines for the phased development of the Modelo Project including exchange of properties, providing remediation bond commitment letter, provision of remediation bond within ten days of close of escrow, submission of plans and specifications and issuance of construction permits for Phases 1 and 2 of the project, design and development of the community center and recreation fields and completion of the commercial elements.
3. Developer provides to City during escrow a remediation bond commitment letter.
4. Developer provides to City a remediation bond for completion of the hazardous materials remediation of the entire Modelo Project site.
5. Timeline for the Commencement and completion of the Townhomes.
6. Timeline for the design and construction of the Community Center
7. City clears title to existing City property, and indemnify, defend and hold harmless Developer for cloud on city property title with damage limit of \$7 million.

CONTINGENT APPROVAL

Based on a teleconference with Developer on Monday afternoon November 24, 2025, the Developer requested and the staff has approved contingent approval of the Land Exchange Agreement. The City had requested that certain documents relating to the Modelo Project be submitted to the staff for approval, but Developer was unable to timely provide all of the requested documents. As a compromise City staff has agreed to recommend contingent approval of the Land Exchange Agreement and other entitlements.

Thus, the Resolution presented for your consideration conditionally approves the Land Exchange Agreement in substantially the form attached hereto as Exhibit "B" contingent upon complete performance of the following contingencies by Developer:

1. Delivery to the City Attorney of the Remediation Bond Commitment Letter referenced in Section 1 of the Land Exchange Agreement between Developer and the City of Commerce, and receipt of written approval of the form of the Remediation Bond Commitment Letter from the City Attorney and/or the City Manager.
2. Delivery to the City Attorney of the form of the Remediation Bond referenced in Section 1 of the Land Exchange Agreement between Develop and the City of Commerce, and receipt of written approval of the form of the Remediation Bond from the City Attorney and/or the City Manager.
3. Delivery to the City Attorney of a portion or portions of the terms of the remediation agreement between Developer and Suffolk Construction Company indicating the scope of the remediation work to be performed in accordance with the Development Agreement, and receipt of written approval of the terms by the City Attorney and/or the City Manager.
4. Delivery to the City Attorney of a portion or portions of the terms of the remediation agreement between Developer and Suffolk Construction Company indicating that Suffolk will provide Developer with a remediation performance bond for the completion of the remediation work required by the Development Agreement, and that the City of Commerce is a co-obligee of the bond such that the City of Commerce may enforce the bond to have the remediation work completed. The Developer must receive written approval of such terms by the City Attorney and/or the City Manager.
5. Delivery to the City Attorney of an Access Easement Grant Deed for Access to the City Parcel created as Lot 2 of Final Tract Map 83334, and receipt of written approval of the Access Easement Grant Deed by the City Attorney and/or the City Manager.

Until all of the above five contingencies have been satisfactorily completed, the approval of the Land Exchange Agreement will not be effective.

FISCAL IMPACT

Approval of this Land Exchange Agreement is not expected to create an immediate budgetary impact; however, there are potential financial risks if the City is unable to fully clear the cloud on the subject property. In that scenario, the City may incur costs related to title work, legal services, or other actions necessary to resolve the issue. Any such expenses would likely be funded by the General Fund, and additional appropriations may be requested from the fund balance.

ALTERNATIVES:

1. Approve recommendation;
2. Reject recommendation; or
3. Provide staff with further direction.

RELATIONSHIP TO STRATEGIC GOALS:

This item relates to the 2016 Strategic Action Plan's goal of: Economic growth - Guiding Principles 1 to "Create and strengthen our identity, as a community that promotes opportunity and success for business that meets the strategic focus for economic growth, will have a positive impact on the quality of life and the City's financial sustainability," and 3 "Support a long-range planning vision through the City's General Plan, zoning ordinance, and related land use planning documents that incorporate community and stakeholder input and provide a compass for strategic economic growth, infrastructure investments and city fiscal planning."

Recommended by:	Jessica Serrano, Director of Community Development
Reviewed by:	Shahid Abbas, Director of Public Works
Approved as to form:	Noel Tapia, City Attorney
Respectfully submitted:	Ernie Hernandez, City Manager

ATTACHMENTS:

1. Resolution No. ____, including:
 - a. Exhibit A – Vesting Tract Map No. 83334
 - b. Exhibit B – Land Exchange Agreement