



CITY OF COMMERCE AGENDA REPORT

TO: Honorable Successor Agency **Item No.** _____

FROM: City Administrator

SUBJECT: Resolution Approving an Amendment to the Successor Agency's Long Range Property Management Plan

MEETING DATE: May 30, 2017

RECOMMENDED ACTION:

Approve the attached Resolution approving an amendment to the Successor Agency's Long Range Property Management Plan ("LRPMP").

BACKGROUND:

As of February 1, 2012, all redevelopment agencies in California were dissolved pursuant to ABx1 26 ("AB 26"), including the Commerce Community Development Commission (the "Commission"). That bill required the successor-in-interest to each redevelopment agency to wind down the affairs of the respective redevelopment agency. Pursuant to AB 26, the City elected to become the successor agency to the Commission and is responsible for the disposition of the real properties previously owned by the Commission. The successor agency in Commerce is referred to as the Successor Agency to the Commerce Community Development Commission (the "Successor Agency").

AB 1484 amended AB 26 and altered the ways in which the Successor Agency could sell the properties it now owned. Pursuant to section 34191.5 of the Health and Safety Code, which codified a portion of AB 1484, within six months after receiving a Finding of Completion from the Department of Finance ("DOF"), the Successor Agency was required to submit for approval to its Oversight Board and the DOF an LRPMP that addressed the disposition and use of the real properties it owned. AB 1484 mandates that an LRPMP identify that the agency's properties will be used or dispersed in one of the following ways: (1) to fulfill an enforceable obligation; (2) retention for future development, including possible sale of the property; or (3) **retention of property for governmental use**.

On May 24, 2013, the Successor Agency received a Finding of Completion from the DOF confirming that the Successor Agency had made all payments required under AB 1484. On May 19, 2014, the DOF approved the Successor Agency's LRPMP.

One property identified in the LRPMP is located at 6233 Telegraph Road in the City of Commerce. It consists of approximately 462,607 square feet of real property (approximately 10.62 acres), APN 6336-010-908 (the “Land”). The Commission purchased and assembled the Land in order to create a retail and entertainment destination complementary to the Citadel Outlets Shopping Center and the Commerce Casino. Though redevelopment no longer exists, the LRPMP states the Successor Agency’s intent to effectuate the goal of the Commission to develop the area as a “premier retail and entertainment destination consistent with the vision for the Telegraph Road Corridor.” (LRPMP, p. 11.) However, with an increase in development, the Successor Agency also seeks to promote the safety of City residents and those visiting the City for work or leisure.

At the time of the LRPMP, the Commerce Casino had expressed interest in potentially purchasing the Land. Through further communications and negotiations, the Casino collaborated with the Craig Realty Group, the developer of the Citadel Outlets, in developing a plan to purchase the Land to develop commercial uses. They formed a limited liability company named “Wash-Tel Commerce, LLC” for that purpose.

On May 16, 2017, the Successor Agency approved a purchase and sale agreement (“PSA”) between the Successor Agency, Craig Realty Group, and Wash-Tel Commerce for the sale of (1) three acres to Craig Realty Group for purposes of a 50,000 square foot commercial or industrial use for \$2,831,921.00 and (2) the remaining seven and 62/100 (7.62) acres to Wash-Tel for purposes of developing three restaurants and other possible uses for \$7,193,079.00. The Oversight Board has not yet considered the PSA.

Before that agreement had been reached, the parties had discussed the possibility of building a substation of the Los Angeles Sheriff’s Department on a portion of the Land. While all parties were supportive of the idea, the framework was not solid enough to propose as part of the PSA. However, in recent weeks, City staff has had further discussions with the Los Angeles County Sheriff’s Department and received positive feedback regarding the viability of the substation at this location. The City desires to have the Successor Agency transfer a portion of the Land to the City for government use, i.e., the Sheriff’s substation. This would require the Successor Agency to amend the LRPMP and obtain approval of the amendment by the Oversight Board to the Successor Agency and the State Department of Finance.¹

ANALYSIS:

The Commerce City Council and residents have long sought to increase the presence of law enforcement in the City. Currently, the closest Sheriff’s substation is located in East Los Angeles, which is connected to Commerce by the heavily-congested Atlantic Boulevard. While response times fall within required thresholds, responsiveness would be drastically improved with a local substation. Additionally, LA County dispatch personnel has informed Staff that officers spend anywhere between one to two hours each day

¹ The Successor Agency is seeking to amend the LRPMP only as to Item 4 regarding 6233 Telegraph Road (pp. 11-13), with a slight revision to the Executive Summary to account for the aforementioned amendment (p. 1). All other aspects of the LRPMP remain the same.

traveling to and from the East LA Station to Commerce. That equates to 20% of each officer's workday and a loss of services to the City of approximately \$1.5 million dollars per year.

With a new substation, response times to residential neighborhoods, City parks, the Citadel Outlets, the Casino, Costco, and Washington Boulevard, among many other places, as well as nearby communities that also contract with the Sheriff's Department, would be greatly reduced. It would also mean lead to greater cost efficiencies due to the elimination of commute time. Moreover, a local substation would eliminate the hazards caused by deputies having to disrupt traffic and drive Atlantic Boulevard at high speeds in order to respond to calls for service.

The land that is the subject of the aforementioned PSA is an ideal location for such a substation. It would create a law enforcement presence at the center of the most active part of the City. Further, the substation is supported by Craig Realty, the Commerce Casino, the Sheriff's Department, and should be supported by all surrounding cities.

The enclosed amendment to the LRPMP states that the Land will be transferred and used as follows: (1) three acres will be sold to Craig Realty Group Citadel, LLC for purposes of constructing a commercial or industrial building, (2) a minimum of 4.87 acres will be sold to Wash-Tel for purposes of developing commercial uses, and (3) a maximum of 2.75 acres will be transferred to the City of Commerce for purposes of developing a Sheriff's substation to provide enhanced law enforcement to the local communities. (See Amended LRPMP, pp. 11-13.)

Section 34191.5, subdivision (c)(2), of the Health & Safety Code confirms that Successor Agency land can be retained for governmental use pursuant to subdivision (a) of section 34181 of the Health & Safety Code. That subdivision states that, instead of disposing of all successor agency properties, the oversight board may instead direct the successor agency to transfer ownership of such property to the appropriate local jurisdiction for a governmental purpose, "such as roads, school buildings, parks, police and fire stations...." A Sheriff's substation is the exact kind of use contemplated by the Legislature to be a "governmental use." Thus, City staff believes it is worth requesting that the Oversight Board and the DOF approve such a transfer.

The City anticipates that the substation would be located on the western portion of the Land, which is approximated in the attached depiction. The property would be carved out of the 7.62 acres currently set to be transferred to Wash-Tel under the PSA. The price for the 7.62 acres would be reduced on a pro rata basis depending on the ultimate size of the property following a survey by a licensed surveyor.

Wash-Tel Commerce, LLC and Craig Realty Group are supportive of the transfer to the City for building a substation and an amendment to the PSA to modify the amount of property to be transferred to it under the PSA. Wash-Tel Commerce, LLC is also supportive and accepting of the contingency whereby it would buy the entire 7.62 acres if

the DOF rejects the proposed amendment to the LRPMP, though it would prefer that the property go to the City for purposes of a substation. (*Id.*)

If the DOF approves the amended LRPMP, the Successor Agency would properly survey the Land and subdivide pertinent portions thereof, if all requirements under the law are satisfied. It would also ensure conformance with all applicable zoning policies and procedures – City staff anticipates creating a planned development overlay that will include all portions of the Land and incorporate the substation.

The substation is also subject to approval by the Sheriff's Department and the Los Angeles County Board of Supervisors. If either entity fails to approve of the proposed substation, the Successor Agency would transfer the 7.62 acres to Wash-Tel, with three acres still going to Craig Realty. Thus, approval of the substation is contingent on multiple factors, the most important being approval by the DOF of the substation – a governmental use that would greatly benefit the local communities. **The amended LRPMP accounts for each of these contingencies.**

Once the Successor Agency receives all necessary approvals, the parties will amend the PSA to address the changed circumstances discussed herein, including the varied portions of the Land to be transferred under the PSA. The Successor Agency will then consider the amendment to the PSA. If approved, it will send the amendment to the Oversight Board for consideration. If the PSA and amendment are approved, the project would still be subject to environmental review and analysis pursuant to the requirements of the California Environmental Quality Act ("CEQA") and all other applicable public review and hearing processes.

Allowing for the transfer of Successor Agency property to the City would facilitate a public-private partnership whereby the City will allow Wash-Tel Commerce, LLC to use the land to construct the Sheriff's substation and lease it to the Sheriff's Department. The entire City (as well as the region) would then benefit from the presence of localized law enforcement.

Staff strongly supports amending seeking approval to amend the LRPMP to permit for transfer of a maximum of 2.75 acres of Successor Agency land to the City for purposes of a Sheriff's substation. The substation would improve public safety, increase visibility of law enforcement, and provide rapid responses to the most active and visited area in the City, as well as to neighboring communities. The goal is to effect these positive changes without any increase to the operating costs. It would address what Staff perceives to be shortfalls in public safety. Approving the amendment to the LRPMP is the first step in a series of actions that would provide an enormous public benefit through enhanced commercial and retail attractions, with concomitant improved safety and security.

Pursuant to AB 26 and AB 1484, the proposed amendment to the LRPMP must also be approved by the Oversight Board for the Successor Agency. After approval by the Successor Agency and Oversight Board, the amended LRPMP will be submitted to the DOF for its information and review consistent with the approved LRPMP.

ALTERNATIVES:

1. Approve Staff recommendation; or
2. Decline Staff recommendation and provide further direction.

FISCAL IMPACT:

There will be no fiscal impact to the Successor Agency relating to this item.

Respectfully submitted by: Matthew Rodriguez, Interim Executive Director

Reviewed by: Vilko Domic, Director of Finance

Approved as to form by: Eduardo Olivo, Successor Agency Counsel

ATTACHMENTS:

1. Resolution;
2. Depiction;
3. Letter of Support; and
4. Amended LRPMP (see pp. 1 and 11-13)