



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Administrator

SUBJECT: Resolution Approving the Agreement of Purchase and Sale and Joint Escrow Instructions between the Successor Agency to the Commerce Community Development Commission and the City of Commerce, for Land in the City of Commerce, California

MEETING DATE: March 20, 2018

RECOMMENDATION:

The City Council will consider for adoption the proposed Resolution approving the Agreement of Purchase and Sale and Joint Escrow Instructions between the Successor Agency to the Commerce Community Development Commission and the City of Commerce, for Land in the City of Commerce, California, and authorize the Mayor to sign the agreement on behalf of the City.

BACKGROUND:

Pursuant to AB xX1 26 (as subsequently amended and codified in Health & Safety Code Section 34170 *et seq.*, the “Dissolution Law”) enacted in June 2011, the Commerce Community Development Commission (the “Commission”), and all other redevelopment agencies (“RDA”) throughout the state, were dissolved as of February 1, 2012.

Pursuant to Health & Safety Code § 34175(b), on February 1, 2012, the real property and other assets of each dissolved RDA were transferred to the ownership and control of their “successor agency.” Health and Safety Code § 34173(g) requires each successor agency to dispose of such properties and to unwind the affairs of the dissolved redevelopment agencies. The City of Commerce has elected to take on the duties of the successor agency to the Commission (the “Successor Agency”), and by operation of law, the Successor Agency currently owns the land formerly owned by the Commission.

Pursuant to Health and Safety Code § 34191.5, within six (6) months after receiving a Finding of Completion from the Department of Finance (“DOF”), each successor agency was required to submit for approval to its oversight board and the DOF, a Long Range Property Management Plan (“LRPMP”) that addresses the disposition and use of the real properties of the respective former RDA. The Dissolution Law mandates that a LRPMP identify that former RDA properties must 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; (3) retention of property for governmental use; (4) of liquidation / sale.

On May 24, 2013, the Successor Agency received a Finding of Completion from the DOF, and on May 19, 2014, the DOF approved the Successor Agency's LRPMP, thereby approving the Successor Agency's proposed use or disposition of all the properties listed on the LRPMP.

Included among the properties listed on the LRPMP is a parcel of approximately 10.62 acres (462,607 Sq Ft) acres located off Telegraph Road and Washington Blvd and specifically identified as APN 6336-010-908 (the "Land"). The Land is zoned for general commercial uses, and the Commerce Casino expressed initial interest in purchasing it.

In order to work toward the goal of creating the "Telegraph Road Commercial/Entertainment Corridor," which was to be a destination retail / entertainment concept wherein both architecture and uses would be compatible with and complementary to the existing Citadel Outlets Shopping Center and the Commerce Casino. Consistent with this intent, the LRPMP indicated the Land would be sold to the Casino.

Subsequently, the Commerce Casino advised the Successor Agency that it has been in discussions with the Craig Realty Group Citadel, LLC, to proceed as a joint venture in pursuing a commercial development on the Land. The development proposal includes the construction of a sheriff's facility remain in question. The construction and operation of a sheriff's facility on the Land would be consistent with the current zoning, as well as the Commission's redevelopment implementation plans and the City's General Plan. It would also satisfy a vital public service need of the community.

ANALYSIS:

In parties have been working to identify financial mechanisms that would allow their respective goals and objectives for the Land to be realized. Several potential barriers to the proposal have been identified, including financing of the proposed sheriffs' station improvements, and timing of the development. That said, the parties have identified the following transaction concept that would address many of these issues:

The Proposed Concept

- 1) The Successor Agency would sell the 10.62 acre parcel to the City for \$1.
- 2) The City would designate up to 1.8 acres for the construction of a Los Angeles County Sheriff's Station.
- 3) The City would sell the remaining 8.82 acres to the Wash-Tel Commerce LLC and Craig Realty Group Citadel LLC for the price of \$8,325,847.50.
- 4) The City would apply the sale proceeds to the construction of the Sheriff's station
 - a. Preliminary Space Program for the proposed station -- approximately 20,000 sq. ft. (subject to change)
 - b. Premised on the 20,000 sq. ft. blue print and construction costs at \$250 per sq. ft., projected cost of the facility would be approximately \$5 million. Add in 15% contingency (\$750,000) for an approximate total of \$5,750,000.

- c. If the blueprint expanded to 25,000 sq. ft., the projected cost could increase to approximately \$7.2 million.

Environmental Analysis

The Successor Agency completed the negotiation of a Agreement of Purchase and Sale and Joint Escrow Instructions with the City of Commerce. The Agreement is made contingent on the completion of an appropriate environmental review and analysis that will be prepared pursuant to the requirements of the California Environmental Quality Act ("CEQA") to analyze the potential environmental impacts of the Project before it is considered by the City's Planning Commission and City Council. In this case, the Successor Agency adopting the Resolution would exempt an environmental review at this time pursuant to the California Environmental Quality Act (Public Resources Code §§ 21000, et seq., "CEQA") and the regulations promulgated thereunder (14 Cal. Code of Regulations §§15000, et seq., the "CEQA Guidelines"). Specifically, the proposed conveyance is exempt from CEQA requirements pursuant to resolution Section 15061 (b)(3) of the CEQA guidelines sets forth a common sense exemption. This section says a project is exempt from CEQA by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

At this time, the development plans for the Land are too speculative to allow for meaningful environmental review. The development concept is contingent on, among other things, the City and Successor Agency's approval of the Agreement, the Oversight Board's approval of the Agreement, identification of the size and location of the proposed sheriff's facility on the Land, the sheriff's departments development needs and requirements, the Joint Venture's application for development entitlements, and the City Council and/or Planning Commission's approval of the Joint Venture's development application. For this reason, at this point it is premature. Selection of the final development plan will be subject to future discretionary action of the City Council; either through funding the improvements if the City self - develops the site, approval of development plans, or through a DDA / processing of entitlements if it sells it to another private or public entity.

Validation for the Proposed Concept

In order to achieve more flexibility, control and to achieve the first stage (construction of the facility) in the development of the site, staff is recommending the City purchase the subject property for the following reasons:

- **Current East Los Angeles Station** -- LASD has a great logistical need for the housing of personnel. ELA station was not designed to accommodate the large staffing needs it is currently addressing, as they currently house personnel for 3 contract cities, unincorporated ELA, additional administrative, detective, and support staff, OSS and COPS Bureaus.

- **The Sheriff's Department Community Partnership Bureau (CPB)** could be relocated to the Commerce facility. CPB is currently responsible for providing the following county wide services: Homeless Services Team, Youth Services, Mental Evaluation Team, and a number of other teams with county wide responsibilities.

The CPB captain and operations staff could be housed at the facility, along with ancillary personnel from the Homeless Services Team, and Metal Health Evaluation Team.

The Homeless Services Team works in collaboration with service providers, patrol stations, other county Departments, and community-based organizations to connect the homeless population with resources, assistance and housing options, consistent with the County's Homeless Initiative. Additionally, Homeless Services Team Deputies provide a safe environment for homeless outreach workers to contact and provide services for the homeless population in Los Angeles County in certain situations. Also, ensure the Los Angeles County Homeless Encampment Protocol is followed and to coordinate the proper resources for outreach during homeless encampment clean ups. The team is also present during any cleanup operation conducted by the County involving the removal of personal property of the homeless, to ensure the rights of the homeless population are preserved.

The Metal Health Evaluation Team (MET) Deputies along with a mental health professional (DMH clinician) respond to patrol deputies' requests to assist in handling calls involving mentally ill citizens in order to evaluate the person's mental health, provide appropriate transportation and place them in an appropriate mental health care facility. MET deputies provide follow up/support services for the mentally ill citizen and their families. They respond to critical incidents (eg., suicides, school shootings, natural disasters, mass casualty incidents) providing critical incident stress management and to barricaded incidents providing supplemental tactical and crisis intervention to defuse potentially volatile situations. Furthermore, MET deputies train LASD personnel and other law enforcement agencies on recognizing and handling the mentally ill. They also network and collaborate with mental health agencies, judicial agencies and assist family members in gaining LPS Conservatorship by giving court testimony regarding the mental health of that individual.

- **Preservation of the Region's Economic Base and New Economic Realities** - Public safety is an important aspect of a region's balanced economic vitality strategy -- preserving (and potentially enhancing) quality of life. It is difficult for there to be economic prosperity and social cohesion without a good degree of safety. The inclusion of a station in this specific area will enhance the efficiency and effectiveness of public safety in the Telegraph Road Commercial/Entertainment Corridor, allowing for a collaborative and active approach to provide for and encourage the type of economic activity that will provide stability for the local economy, as well as the vitality of the entire region.
- **Public transport security** refers to measures taken by a mass transit system to keep its passengers and employees safe, to protect the carrier's equipment, and to make sure other violations do not occur. This includes the enforcement of various rules and

regulations, human and video surveillance, the deployment of a transit police force, and other techniques.

With the potential extension of the Metro Gold Line through Commerce (backside of the Citadel and Casino -- The Atlantic Below-Grade Concept provides a more direct connection between East Los Angeles and Washington Boulevard, serving a vibrant regional commercial center located in the City of Commerce and supporting the historically and culturally important commercial center in East Los Angeles at Whittier Boulevard), the close proximity of the station would enhance public safety measures needed to reinforce the positive perception of public transit.

As highlighted above, the Commerce Sheriff's Station purpose would be to provide efficient and effective use of public safety resources for matters that span beyond the borders of Commerce, while promoting cooperation between multitudes of agencies in addressing security countywide.

RECOMMENDATION:

- 1) Approve the sale of the highlighted Successor Property to the City for \$1.
- 2) Authorize the Successor Agency Executive Director to execute the Agreement of Purchase and Sale and Joint Escrow Instructions between the Successor Agency and the City of Commerce. Pursuant to AB 26 and AB 1484, the Agreement of Purchase and Sale and Joint Escrow Instructions for the properties must also be approved by the Oversight Board for the Successor Agency.
- 3) The sale proceeds would be applied to the construction of the Sheriff Station facility

ALTERNATIVES:

1. Approve staff recommendation
2. Decline staff recommendation and provide further direction

FISCAL IMPACT:

The City will pay \$1 the Successor Agency for the property with General Fund dollars. The proceeds of the sale will be handled in accordance with the requirements of the Dissolution Law.

RELATIONSHIP TO STRATEGIC GOALS:

This report before the Council is not applicable to any specific 2016 Strategic Plan Guiding Principle; however, it is related to the following Strategic Focus Area: Create and pursue opportunities for collaboration and regional partnerships to maximize resources and address regional issues.

Recommended by: Vilko Domic, Director of Finance/City Treasurer
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Edgar P. Cisneros, City Administrator

ATTACHMENTS:

1. Resolution
2. Agreement of Purchase and Sale and Joint Escrow Instructions for the Properties

DS/staff reports, city council/Successor Agency/Stahl Trust/City SR Contingent Agmt StahlTrustProp 3-20-18 VD