



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

Item No. _____

FROM: City Manager

SUBJECT: Resolution approving the legal transfer of property located at 6350 East Washington Boulevard from the City of Commerce to the Successor Agency to the Community Development Commission

MEETING DATE: July 7, 2020

RECOMMENDED ACTION:

Approve the proposed Resolution to execute and record a Grant Deed to formally transfer property located at 6350 East Washington Boulevard, Commerce, California, from the City of Commerce to the Successor Agency to the Community Development Commission. This action will ensure consistency with the Successor Agency's approved Long Range Property Management Plan.

BACKGROUND:

Pursuant to ABx1 26 ("AB 26") enacted in June 2011, the Commerce Community Development Commission (the "Commission"), and all other redevelopment agencies throughout the state, were dissolved as of February 1, 2012. AB 1484 was enacted in June of 2012 and substantially amended AB 26, and was codified in the Health and Safety Code.

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. 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.

One property identified in the LRPMP is located at 6350 East Washington Boulevard in the City of Commerce. The subject property consists of approximately 1.17 acres (51,136 square feet) commercially zoned parcel that is encumbered by a lease with the McDonald's Corporation, who operates a 3,318 square foot fast food restaurant on site. The subject property is located within a shopping center that is anchored by Costco, just east of Interstate 5.

ANALYSIS:

On May 14, 2019, the Successor Agency entered into a Contingent Agreement of Purchase of Sale between the Successor Agency to the Commerce Community Development Commission and Burger Partners, LLC/Tom Malkasian, for property located at 6350 East Washington Boulevard in the City of Commerce. After negotiations, the buyer (Burger Partners, LLC/Tom Malkasian) offered to pay \$1,250,000 with the intent to keep the integrity of the subject property, including the current lease with McDonald's Corporation.

During escrow it was discovered that the City of Commerce is the legal title holder of the subject property, not the Successor Agency. As previously noted, the subject property is identified in the approved Successor Agency's LRPMP. However, after the dissolution of RDA the property was not formally transferred to the ownership and control of the Successor Agency. In order to finalize the transaction between the Successor Agency and the buyers, the subject property must first be legally transferred from the City of Commerce to the Successor Agency. To formally document the transfer, a Grant Deed must be executed and recorded before the close of escrow.

Staff recommends approval and execution of a Grant Deed to allow the legal transfer of the subject property from the City of Commerce to the Successor Agency to ensure consistency with the approved LRPMP.

ALTERNATIVES:

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

FISCAL IMPACT:

The Successor Agency will not be the beneficiary of the sale. The proceeds of the sale will be handled in accordance with the requirements of ABx1 26 and AB 1484.

Recommended by: Edgar P. Cisneros, City Manager
Respectfully submitted by: Edgar P. Cisneros, City Manager
Approved as to form: Noel Tapia, Legal Counsel

ATTACHMENTS:

1. Resolution
2. Grant Deed