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CRA File No. 9297  
Council District: CD8  
Contact Person: Jennifer Jones Barrera  
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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on December 16, 2010, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

Vermont Manchester Shopping center Legal Services. Purchase Order Increase of \$418,430 (from \$436,500 to \$854,930) for Lewis, Brisbois, Bisgaard & Smith for Legal Services Related to Vermont Manchester Commercial Development Project in the Vermont Manchester Recovery Redevelopment Project Area.

SOUTH LOS ANGELES REGION (CD8)

**RECOMMENDATION**

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The proposed action to fund legal counsel services does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA"). As the Project components are finalized, appropriate CEQA review will be conducted and the appropriate CEQA document prepared for the Project.

**FISCAL IMPACT STATEMENT**

There is no fiscal impact to the City's General Fund, as a result of this action.

Christine Essel, Chief Executive Officer

cc: Sharon Gin, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA

Steve Ongele, Office of the Mayor  
Noreen Vincent, Office of the City Attorney

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

MEMORANDUM

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DATE: DECEMBER 16, 2010 VM2040  
TO: CRA/LA BOARD OF COMMISSIONERS 100227  
FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER  
STAFF: CAROLYN HULL, REGIONAL ADMINISTRATOR  
JENNIFER JONES BARRERA, ASSISTANT PROJECT MANAGER  
CURT HOLGUIN, DEPUTY CITY ATTORNEY  
SUBJECT: **Vermont Manchester Shopping Center Legal Services.** Purchase Order Increase of \$418,430 (from \$436,500 to \$854,930) for Lewis, Brisbois, Bisgaard & Smith for Legal Services Related to Vermont Manchester Commercial Development Project in the Vermont Manchester Recovery Redevelopment Project Area  
  
SOUTH LOS ANGELES REGION (CD8)

**RECOMMENDATION(S)**

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

1. Authorize the Chief Executive Officer, or designee, to increase purchase order for Lewis, Brisbois, Bisgaard & Smith ("Lewis Brisbois") in an amount not to exceed \$418,430 (from \$436,500 to \$854,930) using Vermont Manchester tax increment in budget line item Community Facilities (Objective VM2040) for legal services related to site assembly litigation for Vermont Manchester Shopping Center Project in the Vermont Manchester Recovery Redevelopment Project Area; and
2. Amend the FY11 Budget and Work Program to recognize FY10 carryover tax increment funds in the amount of \$418,430. These funds were not included in the recently adopted Carryover Amendment because CRA/LA regional staff anticipated presenting this purchase order increase to the Board of Commissioners prior to said mid-year Amendment.

**SUMMARY**

The recommended purchase order increase of \$418,430 will fund legal services provided by Lewis Brisbois for completion of CRA/LA's eminent domain action to acquire 13 parcels of land owned by Eli Sasson ("Mr. Sasson") for the Vermont Manchester Shopping Center Project ("Project"), which services include two trials related to this action. The budget increase is necessary due to the protracted nature of the litigation and the Superior Court's granting of a separate trial on the issue of Mr. Sasson's alleged pre-condemnation damages.

The primary remaining components of the eminent domain litigation are the trial of Mr. Sasson's claim for pre-condemnation damages, now scheduled for April 11, 2011, and the trial on the valuation of his property which will occur after the first trial. At the first trial, Judge Palmer of the Los Angeles Superior Court will determine if Mr. Sasson is entitled to any damages for actions allegedly taken by CRA/LA prior to commencement of its eminent domain action (on April 3, 2008) that adversely impacted the value of his property. In the second trial, a jury will determine the amount of compensation CRA/LA must pay for acquisition of Mr. Sasson's 13 parcels of land, for fixtures, furniture and equipment, and for loss of business goodwill.

The recommended purchase order increase will fund Lewis Brisbois': (i) defense of Mr. Sasson's pre-condemnation damage claims against CRA/LA; and (ii) preparation for the valuation trial. The Lewis Brisbois' budget for the described remaining work has been reviewed and approved by the City Attorney's Office.

### **PREVIOUS ACTIONS**

September 22, 2009 – City Council approval of a purchase order increase for Lewis Brisbois of \$230,250 for prosecution of eminent domain case and preparation of Project documents.

August 20, 2009 – CRA/LA Board of Commissioners approval of a purchase order increase for Lewis Brisbois of \$230,250 for prosecution of eminent domain case and preparation of Project documents.

### **DISCUSSION & BACKGROUND**

At its meeting of August 2, 2007, the Board of Commissioners ("Board") approved issuance of a purchase order for Lewis Brisbois in an amount not to exceed \$206,250 for negotiation and documentation of the Project. Specifically, Lewis Brisbois' scope of services included the acquisition of one parcel of land owned by Joseph Sasson within the Project Site (defined below), and the negotiation and preparation of a Disposition and Development Agreement ("DDA") with 8300 South Vermont Avenue, LLP ("8300 SVA"), a development entity controlled by Eli Sasson, for development of a contemplated retail/commercial shopping center project located on South Vermont Avenue between 83<sup>rd</sup> Street and Manchester Avenue ("Project Site").

The DDA negotiations were terminated later in 2007 when CRA/LA and 8300 SVA were unable to come to terms on a scope and schedule of development for the Project. Thus, CRA/LA began the eminent domain process to acquire Eli Sasson's 13 parcels and Joseph Sasson's 1 parcel.

At its meeting of April 3, 2008, the Board approved Resolutions of Necessity to acquire the 14 parcels of land.

A settlement agreement was reached with Joseph Sasson for the acquisition of his parcel and CRA/LA took possession of it in April 2009. As to Eli Sasson, CRA/LA staff, pursuant to the Board's direction, continued to negotiate with 8300 SVA to determine if the developer could propose a viable development plan. A final CRA/LA development proposal was sent to Mr. Sasson's representative on May 7, 2010. That proposal was rejected.

As stated above, both the pre-condemnation and land valuation actions are proceeding to trial and Mr. Sasson's legal team is mounting vigorous opposition in each.

**SOURCE OF FUNDS**

Vermont Manchester Tax Increment Funds.

**PROGRAM AND BUDGET IMPACT**

Amend FY11 Budget and Work Program to recognize FY10 advance carryover funds in the amount of \$418,430 in budgeted line item Community Facilities (Objective VM2040). There is no fiscal impact on City's General Fund as a result of the proposed action.

**ENVIRONMENTAL REVIEW**

The proposed action to fund legal counsel services does not constitute a "project" as defined by the California Environmental Quality Act ("CEQA").

Christine Essel  
Chief Executive Officer

By:

  
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Calvin E. Hollis  
Chief Operating Officer  
Real Estate and Economic Development

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.