

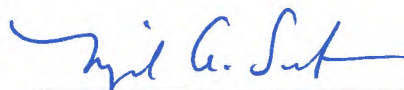
0220-05247-0000

**TRANSMITTAL**

To: Council	DATE 10-07-16	COUNCIL FILE NO. 14-0425
From: Municipal Facilities Committee		COUNCIL DISTRICT 15

At its meeting of September 29, 2016, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached Economic Workforce Development Department report, which is hereby transmitted for Council consideration. Adoption of the report recommendations are consistent with the Community Redevelopment Agency of Los Angeles (CRA/LA) Long Range Property Management Plan for the 10 Future Development Properties and will authorize the City to submit a Disposition Plan and to prepare documents necessary to effectuate the purchase the former CRA/LA property at McFarland Avenue/East E Street from CRA/LA for sale to Konoike-Pacific, California at fair market value for provision of community benefits as detailed in the report.

The proposed purchase and sale is not anticipated to have any immediate impact on the General Fund and acquisition funds will flow from the Buyer to CRA/LA. As an Affected Taxing Entity under the Dissolution Statute, the City will receive a portion of the sales proceeds in the future as property tax income. The amount of the unanticipated income is unknown at this time.



Miguel A. Santana  
City Administrative Officer  
Chair, Municipal Facilities Committee

JAN PERRY  
GENERAL MANAGER

**CITY OF LOS ANGELES**  
CALIFORNIA



ERIC GARCETTI  
MAYOR

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7<sup>TH</sup> STREET  
LOS ANGELES, CA 90017

September 27, 2016

Council File:  
Council District: 15  
Contact Persons & Phone Numbers:  
Sam Hughes: (213) 744-9723

Miguel A. Santana, City Administrative Officer  
Chair Municipal Facilities Committee  
Room 1500, City Hall East

**COMMITTEE TRANSMITTAL: REQUEST APPROVAL OF DEAL TERMS FOR  
ACQUISITION OF MCFARLAND AVENUE/EAST E STREET FROM CRA/LA AND THE  
SALE OF PROPERTY AT FAIR MARKET VALUE TO KONOIKE-PACIFIC, CALIFORNIA  
FOR ECONOMIC DEVELOPMENT PURPOSES**

**RECOMMENDATIONS**

That the City Council:

1. AUTHORIZE the Mayor to submit a Disposition Plan for McFarland Avenue/East E Street (APN 7424-014-900 through 7424-014-917) to CRA/LA for review and approval, as provided here in substantial form as Attachment B; and

That the City Council, subject to the approval of the Mayor:

1. DETERMINE that the sale of the City-optioned property at McFarland Avenue/East E Street to Konoike-Pacific, California (Buyer) will assist in the economic development of the City and that the public interest is best served by the future sale of the property;
2. INSTRUCT Conflict Counsel to prepare a Purchase and Sale Agreement and related documents to effectuate the City's purchase of the Property from CRA/LA, based on the terms specified in Attachment A to this report for the sale of the property at McFarland Avenue/East E Street, for the fair market value to be determined by a third party appraisal;
3. INSTRUCT City Attorney to draft a Purchase and Sale Agreement, Grant Deed, Covenant Agreement and Sale Ordinance to effectuate the City's future sale of

McFarland Avenue/East E Street to Buyer under the terms described in this report for the fair market value;

4. INSTRUCT the General Manager, Economic and Workforce Development Department (EWDD), upon CRA/LA approval of the Disposition Plan to request authority from Council and Mayor to execute all required documents and complete the transaction once all contingencies are met, and process the necessary documents to execute the purchase from CRA/LA and the sale to Konoike-Pacific, California, as directed in the Option Agreement and as approved to form and substance by the Conflict Counsel and City Attorney; and
5. AUTHORIZE EWDD to make technical corrections or adjustments that may be required and are consistent with this action, subject to the approval of the City Administrative Officer (CAO).

## **SUMMARY**

In January 2015, the City entered into an Option Agreement to purchase McFarland Avenue/East E Street (APN 7424-014-900 through 7424-014-917), an approximately 60,452 square foot vacant lot comprised of thirteen parcels within a light manufacturing zone in the community of Wilmington and the Harbor Industrial Center Redevelopment Project Area (Property). The Property is currently owned by the CRA/LA-DLA, successor to the Community Redevelopment Agency of the City of Los Angeles (CRA/LA), and is categorized as a Future Development property in CRA/LA's Long Range Property Management Plan. Through the term of the Option Agreement, the City has the right to acquire the Property for the appraised Fair Market Value, as well as the right to solicit and sell the Property to a buyer that will use the Property to provide community benefits in alignment with the Redevelopment Plan, Five Year Implementation Plan, and Community Plan.

This report recommends approval of the disposition plan as required in the Option Agreement and deal terms for the City to acquire the Property from CRA/LA for the Fair Market Value (FMV), and for the preparation of transactional documents to effectuate the sale of the Property to Konoike-Pacific, California (Buyer), for the same FMV, to provide economic development opportunities and create new jobs in Wilmington. The Buyer will further plan to expand a longtime Wilmington business and cold storage facility. Future approvals by Council and Mayor will be required to authorize the execution of the transactional documents and adoption of the sale ordinance.

Environmental remediation is necessary at the site. The Office of City Administrative Officer is working collaboratively with the **Bureau of Sanitation** to identify the necessary resources to fund site cleanup.

## **FISCAL IMPACT STATEMENT**

As a result of the proposed actions regarding the purchase and sale of McFarland Avenue/East E Street, the City, as an Affected Taxing Entity under the Dissolution Statute, will receive into the General Fund a portion of the sales proceeds as property tax income upon the

future sale of the property. The potential amount of property tax income is unknown at this time.

## **BACKGROUND**

Between 2005 and 2007 CRA/LA acquired parcels within the Wilmington Industrial Park to facilitate the expansion of Union Ice, the adjoining businesses and property owner. Between 2007-2010 CRA/LA and Konoike-Pacific, California's (KPAC) predecessor were unable to agree on the market value of the site. In 2011, as a result of the stalemate in negotiations, CRA/LA decided to issue a Request for Proposals (RFP) to seek other interested developers. KPAC's predecessor was the only respondent to the RFP; however, they were unable to obtain financing for the proposed facility due to restricted capital markets, declining equity in its exiting cold storage facility, and stricter lending criteria. CRA/LA was unable to execute a sale of these parcels with any developer prior to the dissolution of the Agency.

In March 2013, the Los Angeles City Council and Mayor requested that CRA/LA include the Property as a Future Development property on the CRA/LA Long Range Property Management Plan (CF# 14-0425). By doing so and by entering into an Option Agreement with CRA/LA for the property, the City secured the opportunity to ensure ongoing economic development and community benefits, rather than the site being sold at auction to the highest bidder, as otherwise required in the State Dissolution statute.

### Option Agreement Requirements

On December 8, 2014, Council authorized the Mayor to execute the Option Agreement for McFarland Avenue/East E Street property and authorized the Economic and Workforce Development Department (EWDD) to identify development opportunities, solicit development proposals, and to return to Council with a proposed Disposition Plan. KPAC owns the adjoining property, and it is in a unique position to maximize the building footprint which will lead to additional job opportunities for area residents and enhanced tax revenues for the City of Los Angeles. EWDD and the Office of the City Administrative Officer (CAO) subsequently negotiated the terms of the proposed sale to KPAC, in coordination with Council District 15 and the City's CRA/LA dissolution working group as described below and summarized in Attachment A.

The Option Agreement requires the City to submit for CRA/LA's approval a Disposition Plan, as provided here in substantial form in Attachment B, containing the information required for CRA/LA to approve the Plan, including:

- i. An anticipated schedule for acquisition;
- ii. A plan for the development of the Property; and
- iii. Evidence that the proposed use of the Property is consistent with the Redevelopment Plan, the Five Year Implementation Plan, and the Community Plan.

### *Anticipated Schedule for Acquisition*

The City anticipates acquiring the property from the CRA/LA and conveying it to the Buyer in a double escrow into which the Buyer will submit the purchase price and CRA/LA will submit the grant deed to convey the property. Although the City will be a party to the escrow and the



transaction, the City will not utilize any General Funds for acquisition nor receive any of the initial sale proceeds.

#### *Development Plan*

Konoike-Pacific, California proposes to acquire and improve the Property. The Buyer has operated in Wilmington for 22 years. It currently owns 345,000 square feet of cold storage distribution facilities in Wilmington located on California Avenue and E Street respectively. KPAC plans to construct a multi-purpose, temperature controlled production-based facility that will house long term cold storage tenants.

#### *The Buyer: Konoike-Pacific, California*

Konoike-Pacific, California has been a solid corporate member of the Wilmington Community for 22 years and employs 95 people to operate their cold storage, distribution, and trans-loading business services to facilitate imports and exports at the Ports of Los Angeles and Long Beach.

#### *Consistency with Applicable Plans*

The Buyer's plan to acquire and operate from the facility conforms to the stated objectives of the Los Angeles Harbor Industrial Center Redevelopment Plan. Applicable objectives identified in Plan Section 300 include:

- Elimination of blight
- Assembly of land appropriate for industrial development
- Creation of an industrial park integrated with an active oil field operation and providing a new economic and employment base within the Wilmington community
- Development and protection of the industrial integrity and the enhancement of the long-term stability of the area in coordination with the Wilmington community and the City
- Achievement of an environment that will enhance the Wilmington Industrial Park's image, upgrade the quality of the Project Area and reflect a high level of concern for contemporary architectural and urban design principles for industrial development
- Opportunities for community businesses to participate in the development, construction and operation of the Project
- Promotion of new job opportunities

The proposed acquisition, operation, and improvements to the Property align with each of these Redevelopment Plan objectives.

The project is also consistent with the Los Angeles Industrial Center Implementation Plan (2010-2014), Section III.B.6 of which identifies the sale and future development of an industrial facility of the Property as a goal for the CRA/LA. The Buyer's plan to construct and operate a cold storage facility at the property will achieve this goal.

#### *Fair Market Value*

Option Agreement Section 12 defines the method to derive the Fair Market Value of the Property. Accordingly, both CRA/LA and the City engaged separate appraisal firms to estimate the fair market value of the Property supported by an analysis of its highest and best use consistent with the Redevelopment Plan, Five Year implementation Plan, and Community Plan, the physical condition of the property, and all matters of public record pertaining to the

property. The Fair Market Value determined by averaging the two values if they are within 10%, or by hiring a third appraiser if the two indicated values are more than 10% apart. The City appraisal and CRA/LA conducted appraisal are more than 10% apart and will require a determination of fair market value as prescribed above by a third party appraisal and agreed to by the Buyer. The EWDD requested third party appraisal is in progress and will be completed prior to the finalization of the Development Agreement and Purchase and Sale Agreement.

#### Sale for Economic Development Purpose

In May 2016, the Council and Mayor adopted the Asset Management Strategic Planning Framework (Framework) for the evaluation of City properties for economic development uses (CF #12-1549-S3). In the Framework, CRA/LA Future Development properties are included as a separate category of properties, for which EWDD, the Los Angeles Housing and Community Investment Department (HCID) and other departments as necessary will manage solicitation and disposition. Such properties are not subject to the Administrative Code provisions for surplus properties.

The proposed sale of the Property to the Buyer will further the goals of the Redevelopment Plan and serve the economic development goals of the City by alleviating blight, and providing for the expansion of an industrial park that will create jobs and strengthen the employment base. Provision of these community benefits will be secured by a covenant recorded on the Property through the transaction. The sale will be at Fair Market Value, and will require no public subsidy to accomplish significant public benefit. Although sale proceeds will initially go to CRA/LA, the City as a taxing entity will receive approximately 26% of the proceeds as future property tax receipts.

#### Current and Future Council/Mayor Actions

Because of the circumstances related to redevelopment's dissolution in Los Angeles, the Option Agreement sets forth a series of actions and approvals between the CRA/LA and the City, in which the parties agree upon the purchase price and the City exercises the Option to acquire the property, and between the City and the Buyer, through which the City sells the property to the Buyer for the same purchase price and memorializes the conditions of sale through recordation of a covenant.

The actions currently proposed will authorize the submission of the Disposition Plan to CRA/LA, establish the terms of the City's eventual sale of the property to the Buyer, and direct counsel to prepare the transactional documents for the City to acquire from CRA/LA and sell to the Buyer. After approval of the Disposition Plan by CRA/LA, a future report will request authority from Council and Mayor to execute the transactional documents between CRA/LA and the City, and between City and Buyer. The City will not execute the purchase agreement from CRA/LA unless and until the Buyer has executed the agreement to purchase the Property from the City.

#### Environmental Review

The recommended action (Review and Approval of a Disposition Plan) is statutorily exempt from provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15262 (Feasibility and Planning Studies) of the State CEQA Guidelines. Further, pursuant to Section 15004(b) (2) (A) of the State CEQA Guidelines, future use of the property would be subject to

environmental review compliance pursuant to CEQA and CRA/LA approval of the future projects

City Attorney and Conflict Counsel

The Office of the City Attorney, due to its former role as legal counsel to the Community Redevelopment Agency, currently has a conflict on many matters concerning CRA/LA and redevelopment dissolution. Accordingly, the City, under the coordination of the Mayor's Office, has engaged Richards, Watson & Gershon as conflict counsel for matters in which City Attorney has a conflict. For Future Development properties including McFarland Avenue/East E Street, Conflict Counsel will advise the City on the transaction between the City and CRA/LA. City Attorney will advise the City on issues related to the City's sale of the Property to the Buyer.



JAN PERRY  
General Manager

JP:SH

Attachment A: Term Sheet

Attachment B: Proposed Disposition Plan

## TERM SHEET

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This non-binding Terms and Conditions Sheet provides an outline of the terms and conditions under which Konoike-Pacific, California (the "Developer"), or another entity managed by Developer or any affiliate of Developer (collectively, the "Buyer") is willing to purchase from City of Los Angeles (the "City") the real property located at McFarland Avenue/East E Street (APN 7424-014-900 through 7424-014-917) (the "Property").

The Buyer and Seller acknowledge that entering into this non-binding term sheet does not obligate the City to approve any project for development on the Property and that any decision by the City to approve, approve as modified or disapprove a project proposal by the Buyer will be subject to the City's sole and absolute discretion after review and certification of the appropriate environmental documents pursuant to the California Environmental Quality Act ("CEQA") and all other applicable laws, rules and regulations.

With the understanding that all parameters or principles concerning purchase terms set forth in this term sheet are conceptual guidelines only; and that the final components may only be approved by the City Council with approval by the Mayor, it is the present intent of Buyer and Seller (the "Parties") to incorporate the following general terms of this term sheet into a Development Agreement.

- Property:** McFarland Avenue/East E Street (APN 7424-014-900 through 7424-014-917)
- Buyer:** Konoike-Pacific, California
- Seller:** City of Los Angeles
- Applicable Law:** The Parties acknowledge that title to the Property is held by CRA/LA, a DLA. As such, disposition and use of the Property, including the proceeds of the sale, must be made in accordance with the California community redevelopment law, including, without limitation, the appraisal, notice and hearing requirements set forth in California Health and Safety Code Section 33433. The Parties further acknowledge that the Property has not been declared as surplus and is not being disposed of pursuant to the State of California's surplus property law (Government Code Sections 54220-54232) because the City has preliminarily determined, subject to final determination by the City Council, that the use of the Property to promote economic development in the City serves one or more public purposes. As such the conveyance of any interest in the Property to Buyer is subject to the

## ATTACHMENT A

requirements of Los Angeles Administrative Code Section 22.1008(c) which authorizes the City to convey an interest in real property without going through surplus property procedures and which reads in pertinent part as follows "Any such conveyance shall be made pursuant to one or more agreements requiring the development, use and maintenance of such real property for economic development, and such agreement(s) shall additionally require as a condition precedent to the conveyance that one or more deed restrictions be recorded against the conveyed interest restricting the development and use and requiring the maintenance of such real property so as to ensure that the economic development purpose for which the conveyance was made is fulfilled for ten (10) years. The conveyance of any such interest under the terms and conditions stated herein shall not render the real property as "surplus property" within the meaning of Chapter 1 of Article 4 of the Los Angeles Administrative Code (commencing with Section 7.21), nor shall it render the real property as "surplus land" within the meaning of Section 54221 of the California Government Code."

**Purchase Price:** The Fair Market Value (FMV) is determined by averaging the two values obtained by appraisers retained by the City and CRA/LA, respectively if these two values are within 10%, or by hiring a third appraiser if the two indicated values are more than 10% apart. The City appraisal and CRA/LA conducted appraisal are more than 10% apart and will require a determination of fair market value as prescribed above by a third party appraisal. The EWDD requested third party appraisal is in progress and will be completed prior to the finalization of the Development Agreement and Purchase and Sale Agreement. Upon determining the FMV there will be a potential reduction in price to mitigate the cost to clean-up the site.

**Purpose/Project:** The purpose of this term sheet is to promote economic development in the City by providing for the disposition and development of the Property for the construction and operation of a cold storage facility.

**Terms of Conveyance:** Any conveyance shall be made pursuant to interested parties understating that the site is subject to possible environmental clean-up. Buyer shall be responsible for development of the planned development within the time frame set forth in a schedule or performance and scope of development to be approved by the

## ATTACHMENT A

City, which approval shall not be unreasonably withheld by the City. Buyer shall indemnify and defend the City from any claim arising from the conveyance of the Property to the Buyer and/or the development or operation of the Project.

**Escrow Period:** Commencing on full execution of Development Agreement, escrow period should be for one hundred twenty (120) days or sooner with a 45-day due diligence period, to be extended up to two ninety (90) day periods upon mutual written agreement. Escrow can close following the City Council and the Mayor's approval of the Property disposition, City's approval of all entitlements required to a develop cold storage facility on the Property and the City's certification of a CEQA document, including the expiration of all applicable appeal periods and statute of limitations to challenge the project approvals or the CEQA analysis.

**Escrow Deposit:** Within ten (10) days of mutual execution of the Development Agreement, Buyer will deposit earnest money in the amount of \$20,000 in an escrow account at a title company to be selected by Buyer. The earnest money will be nonrefundable (except in the event of a default by the City or, pursuant to the terms of the Development Agreement, when the Buyer is permitted to cancel for specific reasons, including, without limitation, environmental issue, title issue, due diligence issue, etc.) Other than for the refundable reasons set forth above, the earnest money deposit will be released on expressed written instructions of the Buyer after all contingencies have been met or waived and applied towards the Purchase Price, subject to Buyer's discretionary approval of customary due diligence of the Property, including its satisfaction with (i) City's approval of all entitlements for development of the Project, (ii) Phase I, and if necessary Phase II, Environmental Assessment Report(s), and (iii) Geology Report regarding condition of the soils.

**Development:** Development will include improving upon approximately 60,445 square feet of vacant land of which the City has an option to purchase from CRA/LA, a DLA. Planned improvements include the construction of an industrial facility for cold storage. Development of the property shall be completed, as evidenced by the City's issuance of a Temporary Certificate of Occupancy (COO), within twelve (12) months from the City's final approval of all required entitlements necessary to develop the Project on the Property,



## ATTACHMENT A

subject to reasonable extension of Project completion period by the City, delays caused by the City, and Force Majeure.

### **Covenant Provisions:**

As a condition of the City conveying the Property to Buyer, Buyer (and for all purposes hereof, references to "Buyer" include Buyer's affiliated tenant of the property must utilize the Property as a storage facility with associated improvements for a period of not less than 10 years.

Buyer shall additionally create and retain not less than 8 Living Wage Jobs onsite within the first ten years after a Certificate of Occupancy has been issued; enter into an MOU with the City's local workforce development center to post all available positions with the Workforce Center as part of their normal recruitment process for the 1<sup>st</sup> five (5) years of the covenant. For purposes of meeting the Job Creation Requirement, Buyer will be deemed to satisfy such requirement if during any five years of the first ten years (which need not be consecutive years), the number of Living Wage Jobs aggregates at least 8. The Property cannot be sold or otherwise transferred to a third party during the term of development with certificate of occupancy without the City's consent, which consent the City shall not unreasonable withhold, condition or delay. Buyer agrees for a period of ten (10) years that it will not make or create or suffer to be made or created, any transfer, either voluntarily or by operation of law, without the prior written approval of City, which approval shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Property may be sold or otherwise transferred to a third party for a similar commercial use without the prior written approval of City.

Notwithstanding the aforementioned, a transfer creating a Security Finance Interest for construction of the improvements, transfer directly resulting from the foreclosure of a permitted Security Financing Interest or the granting of a deed in lieu of foreclosure on such a permitted Security Financing Interest or the leasing of space by Buyer to a third party in furtherance of the project shall be permitted

**CITY OF LOS ANGELES**

**WILMINGTON BLOCK 27  
PROPOSED DISPOSITION PLAN**

**518 – 530 North McFarland Ave.**

**Los Angeles, California**

OPTION AGREEMENT

CRA/LA, A Designated Local Authority and the City of Los Angeles

October 3, 2016

City Contract C-125176

**DISPOSITION PLAN  
WILMINGTON BLOCK 27**

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**1.**

## EXECUTIVE SUMMARY

### 1.1 Plan Objective

The City of Los Angeles Economic and Workforce Development Department (EWDD) has prepared this Wilmington Block 27 Disposition Plan in accordance with Section 6a of the City-CRA/LA Option Agreement for Wilmington Block 27 (518 – 530 North McFarland Avenue, Los Angeles, CA) (APN 7424-014-900 through 7424-014-917). The objective of this Disposition Plan is to set forth the information required for CRA/LA to approve the Plan, specifically:

- i. A plan for the development of the Property;
- ii. An anticipated schedule for the date of the city's proposed acquisition of the Property from CRA/LA; and
- iii. Evidence that the proposed use of the Property is consistent with the Redevelopment Plan, the Five Year Implementation Plan, and the Community Plan.

The Redevelopment and City Plans referenced in this Disposition Plan can be found online as follows:

- i. Los Angeles Harbor Industrial Center Redevelopment Project – Redevelopment Plan
- ii. Los Angeles Harbor Industrial Center Redevelopment Project – Five Year Implementation Plan
- iii. Wilmington-Harbor City Community Plan

### 1.2 Property Overview

An overview of the Site and its history is necessary to provide context for the Disposition Plan.

The Property is a 60,452 square foot vacant lot in Wilmington Industrial Park. It is comprised of thirteen parcels within a light manufacturing zone. Its current owner is CRA/LA, and it was originally purchased with the assistance of EDI/BEDI funds through the City's Brownfield Program to expand a neighboring industrial cold storage facility. The cold storage company was Union Ice, but during negotiations for future development the company was purchased and postponed expansion interest. Konoike Group is the parent company that purchased Union Ice. Between 2007-2010, CRA/LA and the predecessor to Konoike Group's local subsidiary Konoike-Pacific California (KPAC) were unable to agree upon the market value of the Site.

## 2. DEVELOPMENT PLAN

### 2.1 Industrial Development

KPAC, having completed an expansion to the south of the site and having purchased all remaining property on the block, is currently well positioned to acquire and improve the Site. As the prospective Buyer, KPAC intends to construct a multi-purpose, temperature controlled production based facility that will house long term cold storage tenants. Having operated in Wilmington for 22 years, the prospective Buyer currently owns an adjacent 345,000 square feet of cold storage distribution facilities located on Coil Avenue and E Street.

### 3. ANTICIPATED SCHEDULE

#### 3.1 Project Timeline

The City holds the Option Agreement with the CRA/LA for the Site and will engage in the process of obtaining the Property in order to ensure the viability of any proposal. The Option Agreement requires the City to pay Fair Market Value to the CRA/LA at the time of acting on the Option.

Below is the anticipated Developer schedule.

DEVELOPMENT SCHEDULE: ACQUISITION OF OPTION PARCELS	
WILMINGTON BLOCK 27	
MILESTONES	SCHEDULE
<b>SELECTION OF PROJECT DEVELOPMENT TEAM</b>	Completed
<b>NEGOTIATE MAJOR DEAL POINTS, INCLUDING EXCLUSIVE NEGOTIATING AGREEMENT (ENA) IF APPROPRIATE</b> <ul style="list-style-type: none"> <li>Determine project scope and major deal points</li> <li>Selected developer to initiate entitlement and CEQA actions, as required</li> <li>City prepares Disposition Plan for submission to CRA/LA</li> </ul>	Ongoing
<b>APPRAISALS</b> <ul style="list-style-type: none"> <li>City and CRA/LA agreement on Joint Appraisal Instructions and commencement of FMV appraisals</li> <li>Completion of appraisals and agreement on FMV Purchase Price (including third appraisal if required)</li> </ul>	Under Review
<b>COUNCIL/MAYORAL ACTIONS (1)</b> <ul style="list-style-type: none"> <li>Approve Major Deal Points/ENA with Developer <i>(to be subject to future CEQA documentation/Determination as required)</i></li> <li>Instruct City Attorney to draft Development Agreement (DA), and City-Developer Sale Ordinance</li> <li>Authorize Mayor to submit Disposition Plan to CRA/LA</li> </ul>	30 days, assuming referral only to Economic Development Committee
<b>PROJECT DISPOSITION PLAN</b> <ul style="list-style-type: none"> <li>City submits Disposition Plan to CRA/LA</li> <li>CRA/LA review and approval of Disposition Plan by Governing Board and Oversight Board</li> <li>Initiate preparation of City-CRA/LA Purchase Agreement (Conflict Counsel Richards Watson Gershon)</li> </ul>	30-45 days
<b>COUNCIL/MAYORAL ACTIONS 2</b> <ul style="list-style-type: none"> <li>Authorize execution of City-CRA/LA Purchase Agreement (PA) to acquire CRA/LA parcel(s)</li> <li>Authorize execution of City-Developer DA (subject to completion of CEQA)</li> <li>Authorize Mayor to execute Option and submit acquisition documents to CRA/LA</li> <li><i>NOTE: if CEQA review is completed, Council could take the actions shown at Council/Mayoral Actions 3, below, at this time, including CEQA Determination and adoption of the City-Developer Sale Ordinance</i></li> </ul>	45 days
<b>PREPARATION OF CEQA ANALYSIS AND REPORTS, AS REQUIRED</b>	

#### **4. CONSISTENCY WITH REDEVELOPMENT AND CITY PLANS**

##### **4.1 Los Angeles Harbor Industrial Center Redevelopment Project – Redevelopment Plan**

The plan is consistent with the provisions of the Los Angeles Harbor Industrial Center Redevelopment Project- Redevelopment Plan, as follows:

- 1) “The elimination and prevention of the spread of blight and deterioration ...”
  - The proposed development will address the economic blight that exists in Wilmington by facilitating new industrial development with labor-intensive business, resulting in the creation of living wage jobs for the Wilmington community. In addition, the Site has previously experienced illegal dumping, which development of the Property will eliminate concerns of.
- 3) “The removal of impediments to land disposition and development through the assembly of land into reasonably sized and shaped parcels appropriate for industrial development ...”
  - Having operated in Wilmington for 22 years, the prospective Buyer intends to construct a cold storage operations facility. This will contribute to the industrial development already prevalent in Wilmington Industrial Park.
- 4) “The creation of an industrial park integrated with an active oil field operation and providing a new economic and employment base within the Wilmington community ...”
  - In addition to providing up to 8 jobs to KPAC’s workplace, the potential development will create an estimated 10 to 20 construction jobs for 7 to 8 months.
- 5) “Development and protection of the industrial integrity and the enhancement of the long-term stability of the area in coordination with the Wilmington community and the City”.
  - KPAC already owns all remaining property on the block, so their potential purchase of the Site will contribute to the stability of the community. Its use as a production facility will further add to the industrial integrity of the area.
- 6) “The achievement of an environment that will enhance the Wilmington Industrial Park’s image, upgrade the quality of the Project area and reflect a high level of concern for contemporary architectural and urban design principles for industrial development”.
  - KPAC has a strong influence in Wilmington, with over 22 years of operation and 345,000 square feet of cold storage distribution facilities. The potential development aims to continue their contribution to industrial development in Wilmington Industrial Park.
- 9) “The provision insofar as possible of opportunities for community residents and businesses to participate in the development, construction, and operation of the Project”.
  - Regarding construction, the potential development will create an estimated 10 to 20 construction jobs for 7 to 8 months. It will also add up to 8 jobs to KPAC’s current workplace of 95.



#### **4.2 Los Angeles Harbor Industrial Center Redevelopment Project – Five Year Implementation Plan**

The plan is consistent with the Los Angeles Harbor Industrial Center Redevelopment Project – Five Year implementation Plan, as follows:

The goal for Wilmington Block 27, as described in Section III.B.6 of the Five Year Implementation Plan, is "... to locate a company that will construct an industrial facility that repurposes previously vacant or underutilized industrial land while creating job opportunities for local residents".

The proposed development adheres to the goal above by providing an industrial facility (multi-purpose, temperature controlled production) that repurposes previously vacant land. The prospective Buyer aims to create job opportunities for local residents with the addition of up to 8 jobs to KPAC's current workplace. An estimated 10 to 20 construction jobs for 7 to 8 months will be created as well.

#### **4.3 Wilmington-Harbor City Community Plan**

The plan is consistent with the Wilmington-Harbor City Community Plan, as follows:

The Wilmington-Harbor City Community Plan lists Wilmington Industrial Park, the location of the Site, as a Major Opportunity Site. The Opportunities specific to Wilmington Industrial Park, as listed in Wilmington-Harbor City Community Plan, are below.

- 1) "Encourage the area to continue develop as a major industrial and employment center within the Wilmington community by attracting new industrial uses that create jobs in the local economy".
  - The potential development of a multi-purpose, temperature controlled production based facility will add 8 jobs to KPAC's current workplace of 95.
- 2) "Clean up environmentally-damaged sites, and eliminate crime problems, illegal dumping, and unauthorized uses that discourage new industrial tenants from locating in the park".
  - The site is a vacant lot that has previously experienced illegal dumping. KPAC's potential development will eliminate that concern.