

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the proposed purchase of the former Community Redevelopment Agency of Los Angeles (CRA/LA) property at McFarland Avenue/East E Street and sale of said property to Konoike-Pacific, California (Konoike).

Recommendations for Council action, 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 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. AUTHORIZE the Mayor to submit a disposition plan for the property at McFarland Avenue/East E Street (APN 7424-014-900 through 7424-014-917) to the CRA/LA for review and approval as provided for in Attachment B of the October 7, 2016 Municipal Facilities Committee (MFC) report, attached to the Council file.
3. INSTRUCT conflict counsel to prepare a purchase and sale agreement and related documents to effectuate the City's purchase of the property from the CRA/LA, based on the terms specified in Attachment A of the October 7, 2016 MFC report, attached to the Council file, 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.
4. REQUEST the City Attorney to prepare and present a purchase and sale agreement, grant deed, covenant agreement and sale Ordinance to effectuate the City's sale of McFarland Avenue/East E Street to Konoike under the terms described in the October 7, 2016 MFC report, attached to the Council file, for the fair market value.
5. 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 the purchase and sale agreement and to complete the transaction once all contingencies are met, and process the necessary documents to execute the purchase from the CRA/LA and sale to Konoike, as directed in the option agreement and as approved to form and substance by the conflict counsel and City Attorney.
6. AUTHORIZE the 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).

Fiscal Impact Statement: The MFC reports that the proposed sale is not anticipated to have any immediate impact on the General Fund and acquisition funds will flow from Konoike 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.

Community Impact Statement: None submitted.

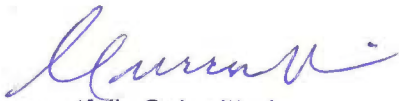
Summary:

On November 8, 2016, your Committee considered an October 7, 2016 MFC report relative to proposed purchase of the former CRA/LA property at McFarland Avenue/East E Street and sale of said property to Konoike. According to the MFC, 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 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. The MFC is recommending 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, 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 CAO is working collaboratively with the Bureau of Sanitation to identify the necessary resources to fund site cleanup.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the September 27, 2016 MFC report and detailed in the above recommendations. This matter is now submitted to Committee for its consideration.



Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	YES

ARL
11/8/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-