

TRANSMITTAL

To:

THE COUNCIL

Date: 08/07/2017

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCEITI
Mayor



ERIC GARCETTI
MAYOR

August 4, 2017

Council File: 12-0709
Council District No: 10
Contact Person and Phone
Number:
Samuel Hughes, (213) 744-9723

The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: REQUEST AUTHORIZATION TO REVISE TERMS FOR DIRECT
SALE OF PROPERTY LOCATED AT 6000 JEFFERSON BOULEVARD TO COFFEE
BEAN AND TEA LEAF FOR DEVELOPMENT**

The General Manager of the Economic and Workforce Development Department (EWDD), or designee, respectfully requests that your office review and approve this transmittal and forward to the City Council for further consideration.

RECOMMENDATIONS

The General Manager of Economic and Workforce Development Department (EWDD), respectfully requests that the Mayor and City Council:

1. AUTHORIZE the General Manager of the Economic and Workforce Development Department (EWDD), or designee, to prepare and execute an amendment to the Purchase and Sale Agreement reflecting a credit to the buyer and reduction to the purchase price totaling \$600,000 as consideration for the City's contribution towards environmental remediation to effectuate the purchase and sale of 6000 Jefferson Blvd; and
2. AUTHORIZE the General Manager of the EWDD, or designee, to make technical corrections or adjustments that may be required and are consistent with this action.

FISCAL IMPACT STATEMENT

The proposed sale is for City-owned property located at 6000 Jefferson Boulevard in Council District 10 to Coffee Bean for the fair market value of approximately \$7,150,000. The property is no longer needed for municipal purposes, pursuant to Council determination (C. F. 12-0709). Sale proceeds minus \$600,000 for cost of environmental remediation will be deposited into the Solid Waste Resources Revenue Fund.

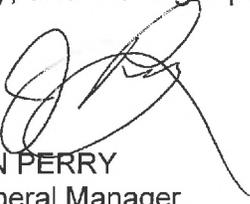
BACKGROUND

On October 23, 2012, Council determined that the City had no further municipal use for a vacant 3.6-acre property located at 6000 Jefferson Boulevard (Property) (C.F. 12-0709). On December 12, 2014, Council approved a direct sale of the Property to a limited liability corporation controlled by Sunny Sassoon, Executive Chairman of the Board for International Coffee and Tea, LLC (Buyer) for the fair market value of \$7,150,000. The Council determination found that the sale and its associated terms were of economic benefit and best served the public interest.

This transmittal recommends modifying and finalizing the terms of sale of the Property to the Buyer serving the same economic development purpose and for the same development proposal anchored by a campus that consolidates Coffee Bean and Tea Leaf's headquarters and production facilities at the Property.

The terms originally proposed called for the City to be responsible for the first Three Hundred Thousand Dollars (\$300,000) of remediation work and negotiate in good faith to identify funds to pay estimated cost of remediation that exceed \$300,000. Upon review of the environmental report and estimated cleanup plan totaling \$2,624,000 the EWDD negotiated for the reduction of an additional \$300,000 from the purchase price to serve as consideration from the City towards the cost of cleanup to help defray the total cost of cleanup to the Buyer.

These recommendations are consistent with the guidance and advice of the City Attorney regarding the sale of City-owned property to serve the public interest or necessity. The Project will serve the public interest through providing economic development benefits to the City including the retention of existing jobs, the addition of net new jobs to the City, facilitating the expansion of an established company in the City, and moving a public property onto the tax rolls and into productive use.



JAN PERRY
General Manager

JP: SH