

COMMUNICATION FROM CHAIR AND MEMBER, ENERGY AND ENVIRONMENT COMMITTEE relative to the direct sale of property located at 6000 Jefferson Boulevard to International Coffee and Tea, LLC, the corporate parent of Coffee Bean and Tea Leaf (Coffee Bean) for development.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. DETERMINE that the sale of the City-owned property at 6000 Jefferson Boulevard to Coffee Bean will assist in the economic development of the City and that the public interest is best served by the direct sale of the property.
2. APPROVE the form and substance of Purchase and Sale Agreement, Grant Deed, and Covenant Agreement, prepared by City Attorney and attached to the Council file, based on the terms specific in this report for the sale of the property of 6000 Jefferson Boulevard to Coffee Bean for the fair market value \$7,150,000, less a potential credit not to exceed \$300,000 for remediation costs.
3. REQUEST City Attorney to prepare an Ordinance providing for the sale of the property to Coffee Bean as described in this report, without notice of sale or advertisement of bids, as justified by the economic benefits the Project will generate in the public interest.
4. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD), to execute the Purchase and Sale Agreement and to complete the transaction if all contingencies are met, subject to completion of California Environmental Quality Act review, and process the necessary documents to execute the sale and deposit the proceeds into the appropriate accounts, as directed by the Los Angeles Administrative Code (LAAC) and as approved to form and substance by the City Attorney.
5. APPROVE receipt of sales proceeds into the Solid Waste Resources Revenue Fund.
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 CAO/EWDD report that the proposed sale is for City-owned property located at 6000 Jefferson Boulevard 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 on October 23, 2012 (Council File No. 12-0709). Sale proceeds will be deposited into the Solid Waste Resources Revenue Fund. Upon occupancy, the project as described in the November 14, 2014 Joint CAO/EWDD report, attached to the Council file, is projected to generate ongoing annual Property and Utility Users tax revenues estimated at \$68,000, in addition to Business Tax revenues not yet estimated. The proposed transaction is in accordance with Charter Section 385 (Sale of Property), and LAAC Sections 7.27 and 7.27.2.

Community Impact Statement: None submitted.

Summary:

On December 3, 2014, the Committee Chair and one member of the Energy and Environment

Committee considered a November 14, 2014 Joint CAO/EWDD report relative to the direct sale of property located at 6000 Jefferson Boulevard to Coffee Bean for development. According to the CAO/EWDD, 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; Council File No. 12-0709). The CAO/EWDD is proposing the sale of the Property to International Coffee & Tea, LLC, corporate parent of Coffee Bean for the fair market value of \$7,150,000, less potential remediation costs, for development of a campus that consolidates the company headquarters and production facilities.

The sale will contribute to the economic development of the City by moving a public property onto the tax rolls as a site for employment and economic activity, and by providing a location for the consolidation and expansion of a Los Angeles-based company that has a critical need to relocate to larger facilities. Coffee Bean will develop the site into a corporate campus comprised of at least 50,000 square feet of office and light manufacturing space, ensuring at least 200 permanent Living Wage jobs on the site, representing the retention of 150 jobs currently located in the City, and 50 net new jobs to the City (Project). Construction of the \$20+ million Project is also expected to generate approximately 121 construction jobs.

Coffee Bean will purchase the property at a fair market value of \$7,150,000, as indicated in a February 2014 appraisal prepared by General Services Department Real Estate Division. Prior to the close of escrow, the appraisal may be updated to reflect any remediation costs discovered through due diligence. Although the site was remediated of hydrocarbons by the prior owner before the City's acquisition of the property in 1996, it is possible that additional remediation may be required to develop the Project. During the escrow period, the buyer will have the opportunity to test the soil for contamination. If it is determined that remediation is necessary to complete the Project, the City may opt to either perform the required remediation, or discount remediation costs up to \$300,000 from the purchase price, for the buyer to perform remediation and accept all liability. If necessary remediation costs are expected to surpass \$300,000, both parties shall negotiate to identify the additional funding for a period on 60 days. If funds are not identified at that time, either party may terminate the agreement.

After consideration, the Committee Chair moved to recommend approval of the recommendations contained in the November 14, 2014 Joint CAO/EWDD report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

COUNCILMEMBER FELIPE FUENTES, CHAIR

#### ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	YES
LABONGE:	ABSENT
HUIZAR:	ABSENT

KORETZ: ABSENT

ARL

12/3/14

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**