



File #: 2019-120, Version: 1

## Report to Mayor and City Council

Tuesday, February 05, 2019

Discussion

### SUBJECT:

**CONSIDER DIRECTING STAFF TO ORDER COMPLIANCE BY MARATHON OIL (FORMERLY TESORO REFINING & MARKETING COMPANY LLC) AND SHIPPERS TRANSPORT EXPRESS ("SHIPPERS") UNDER RESOLUTION NO. 17-088 REGARDING NON-COMPLIANT TRUCKING OPERATION ON THE SITE LOCATED AT 1150 EAST SEPULVEDA BOULEVARD, CITY OF CARSON AND/OR REQUIRE MARATHON OIL TO PAY COMPLIANCE PAYMENTS AND/OR PAY THE DELINQUENT DEPARTURE PENALTY PAYMENTS DUE (CITY COUNCIL)**

### I. SUMMARY

Shippers operates the largest truck parking and cargo container storage facility in the City of Carson at 1150 East Sepulveda Boulevard (59+/- acre site with approximately 2,600 spaces for trucks and containers) ("Site") in violation of the City's zoning code and City approvals and without any mitigation measures for the environmental impacts of its operations, including impacts caused by the several hundred heavy truck trips traveling to the Site daily (24/7), disturbing adjacent residential communities, causing substantial damage to the City's streets, and creating health impacts due to diesel emissions.

Marathon Oil (herein known as "Marathon," but formerly known and referred to in the agreements as Tesoro Refining & Marketing Company, LLC), the current property owner, has always known about the unpermitted violations and is responsible for correcting them. In 2017, to avoid litigation over such violations, Marathon and Shippers negotiated a Compliance Resolution with the City wherein, the parties agreed: (1) Marathon would pay an initial retroactive impact fee of \$900,000; (2) Shippers would vacate the Site by December 31, 2018 ("Compliance Deadline"); (3) City would allow for an extension of the Compliance Deadline of up to two years if necessary, subject to Marathon/Shippers paying the City extension payments of \$250,000 for each 3 month period of any extension; and (4) if Marathon or Shippers failed to deposit the required extension payments and Shippers continued in occupancy past the Compliance Deadline, the City would levy a \$5,000 per day delinquent departure penalty payment against Marathon and Shippers (see Exhibit No. 1). The City stands to lose \$1,000,000 in 2019 if Marathon and Shippers do not pay the extension fees owed to the City.

Therefore, City staff seeks direction from the City Council to enforce compliance by Marathon of the obligations under the Compliance Resolution.

## **II. RECOMMENDATION**

DIRECT staff to: 1) Order compliance by Marathon Oil (formerly Tesoro Refining & Marketing Company LLC) and Shippers Transport Express ("Shippers") under Resolution No. 17-088 by terminating all operations by Shippers on the site located at 1150 East Sepulveda Boulevard, City of Carson; 2) require Marathon Oil to cause Shippers to vacate the site for failure to comply with the provisions of Resolution No. 17-088; 3) require Marathon Oil to pay the delinquent departure penalty payments due under Resolution No. 17-088; and, 4) take any necessary legal actions required to cause full compliance with Resolution No. 17-088.

## **III. ALTERNATIVES**

TAKE another action that the City Council deems appropriate and consistent with the requirements of the Compliance Resolution.

## **IV. BACKGROUND**

Shippers originally took occupancy of a portion of the Site in November 1999 pursuant to a ground lease for truck parking and the operation of a cargo container facility. Thereafter, Shippers expanded its operations to ultimately include approximately 59 acres in total, which it leases from Marathon Oil (formerly Tesoro Refining & Marketing Company LLC). However, Shippers use and operations on the Site were in direct violation of the provisions of the City's Municipal Code ("CMC") and Shippers and Marathon and its predecessor have failed to obtain required City approvals. Marathon Oil, as the owner of the Site, is also required to correct these violations under the CMC. Such violations include the fact that Shippers operations are illegally operating within 100 feet of residentially zoned property and its truck and container storage yard is operated without a conditional use permit. As a result, was unable to impose conditions of approval to mitigate the environmental impacts of Shippers' operations, including requiring setbacks, buffers, screening, hours of operation, configuration of parking and storage, dust control/drainage requirements, and other measures that would limit the extent of the damage caused to the City's street system as a result of having several hundred heavy truck trips traveling to the Site daily (24/7), together with its associated diesel emissions which are harmful to human health and cause cancer.

### **Compliance Resolution Terms and Conditions**

Tesoro, Marathon Oil's predecessor and the City negotiated a resolution to these matters in 2017, and the terms of the parties' agreement were set forth in Resolution No. 17-088 (the "Compliance Resolution") adopted by the City Council on July 5, 2017, as shown attached hereto as Exhibit No. 1. In addition to requiring certain Development Impact Fee payments

for Shippers previous and continued operations on the Site, under the Compliance Resolution, Shippers and Marathon Oil were ordered to terminate the operation of any cargo container storage and/or any truck parking facilities on the Site by December 31, 2018 (the “Compliance Deadline”).

However, if Shippers and/or Marathon Oil are unable to meet the Compliance Deadline, they could request an extension of up to two additional years under Compliance Resolution (i.e., until December 31, 2020) and if the City approves such extension, either Shippers or Marathon Oil must pay a fee of \$250,000 (“Extension Fee”) for each 3 month period of extension beyond the Compliance Deadline in order to enable Shippers to continue its storage/parking operations on the Site. Thus, the City is entitled to up to \$1,000,000 from Shippers and/or Marathon Oil if operations continue on-site for a full year.

In addition, if an extension is granted, the Compliance Resolution requires Shippers and/or Marathon Oil to pay the City \$500,000 as an advance deposit of Shippers’ and/or Marathon Oil’s required payments of Extension Fees (or any associated compliance costs incurred by the City) within 30 days following the City’s grant of such extension.

Failure to meet the Compliance Deadline or pay the required fees entitles the City to pursue enforcement proceedings and legal actions against Shippers and/or Marathon Oil in order to ensure compliance with the CMC, including, a delinquent departure penalty fee in the amount of \$5,000 for each day of delayed departure / termination starting on January 1, 2019 and continuing until the Site is completely vacated. All legal fees and costs for such enforcement must be repaid by Marathon Oil and/or Shippers under the Compliance Resolution.

#### Extension Request

On October 1, 2018 Shippers/Marathon Oil requested an extension to the Compliance Deadline for a one-year period (i.e., December 31, 2019) in order to terminate its storage and parking operations and vacate the Site. The extension request was considered and approved by the City Council during its closed session meeting held on December 4, 2018. However, the approval was made subject to the required payments due to the City under the Compliance Resolution for such extension by Shippers, or by Marathon Oil, as the landowner of the Site.

To date, the City has not received any of the extension payments due under the Compliance Resolution and therefore, Marathon Oil and Shippers are in violation of the terms of the Compliance Resolution and the City’s Municipal Code. The Compliance Resolution requires Marathon Oil and/or Shipper’s to pay the delinquent departure penalty of \$5,000 per day commencing on January 1, 2019 and continuing each day thereafter until fully vacated.

#### City’s Efforts to Work with Shippers to Assist Them to Move Their Facility in a Legal Fashion.

On August 21, 2018, City Council approved Resolution No. 18-117 to grant an exception to the City’s Logistics Moratorium to allow Shippers to file a Conditional Use Permit (CUP) for a site located at 2149 E. Sepulveda Boulevard with a 5-0 vote, in order to enable them to

relocate their operations. Shippers had proposed to move a portion of their operations to this site. However to date, Shippers has not filed a CUP application with the City.

Despite this, City staff has continued to work to resolve this matter and has set up meet and confer meetings with Shippers. On January 3, 2018, City staff held a meeting with Shippers and discussed the fact that their continued operations on the Site constituted a violation of the Compliance Resolution due to their failure to submit the required extension payments. On January 4, 2019, Shippers responded to City staff's request for the extension payments by asking for a 75% discount in the amount of the required extension payments (see Exhibit No. 2).

## **V. FISCAL IMPACT**

If the City Council rejects the recommendation herein, the City will lose up to \$1,000,000 in calendar year 2019. Note that the City will not incur legal fees and cost to carry out any legal action or enforcement proceeding because the Compliance Resolution allows the City to recover these costs from Marathon Oil.

## **VI. EXHIBITS**

1. Compliance Resolution (pgs. 5-11)
2. Shippers Transport Express Letter Dated January 4, 2019 (pg. 12)

1.

Prepared by: Saied Naaseh, Community Development Director

## RESOLUTION 17-088

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, COMMANDING COMPLIANCE WITH THE CARSON ZONING ORDINANCE REGARDING SHIPPERS TRANSPORT EXPRESS, LOCATED AT 1150 EAST SEPULVEDA BOULEVARD, CITY OF CARSON

**WHEREAS**, on August 10, 1999, pursuant to an application by ARCO Products Company ("ARCO"), the City of Carson Planning Commission approved Tentative Parcel Map No. 25505 (the "TPM") for approximately 85 acres located south of Sepulveda Boulevard and east of Wilmington Avenue (the "Property," also referenced as 1150 E. Sepulveda Boulevard) and within the boundary of the former ARCO refinery. The TPM sub-divided the Property into four parcels for leasing purposes, designated as Assessor Parcel Numbers 7315-001-026 ("Parcel 1"), 7315-001-025 ("Parcel 2"), 7315-001-027 ("Parcel 3") and 7315-001-028 ("Parcel 4"). Parcel 1 was proposed to be leased for cargo container storage, which is allowed in the Manufacturing, Heavy ("MH") zone without a discretionary permit.

**WHEREAS**, the Planning Commission Staff Report provided that the proposed subdivision was in conformance with the General Plan, and would not cause serious health problems or environmental damage. Staff further concluded the TPM was exempt from the California Environmental Quality Act ("CEQA") as a minor land division pursuant to CEQA Guidelines § 15315. The Planning Commission approved the TPM in Resolution No. 99-1775, subject to various "Conditions of Approval" concluding that adoption of the resolution was exempt from CEQA.

**WHEREAS**, on October 12, 1999, the Carson Planning Commission approved Resolution No. 99-1787, granting Relocation Review No. 3035.43 (the "Relocation Review") requesting the use of a commercial coach (trailer) for a cargo container facility on Parcel 1. The Staff Report noted that the commercial coach would be used as office space for the container facility, and that Section 9148.6 of the Zoning Ordinance of the Carson Municipal Code (the "CMC") requires a container facility to be located 1000 feet from residential use and requires development standards including setbacks and landscaping.

**WHEREAS**, the Planning Commission Staff Report opined that the container facility would meet the 1000 feet requirement upon recording of the TPM. The Relocation Review procedure(s) of CMC § 9172.26 was applicable to a structure constructed at one location and moved within the City. The Planning Commission approved the Relocation Review request, subject to various "Conditions of Approval," concluding that adoption of the same was exempt from CEQA pursuant to CEQA Guidelines § 15303.

**WHEREAS**, in or about November 1999, Shippers Transport Express, Inc. ("Shippers") took possession of the approximately 27-acre Parcel 1 pursuant to a ground lease, and thereafter commenced operation of a truck parking and cargo container facility.



**WHEREAS**, on May 13, 2003, Shippers submitted a plot plan review application for a truck yard use to the City's Planning Division.

**WHEREAS**, on July 21, 2003, the City's Planning Division provided a comment letter on the proposed plot plan, and stated "the truck yard use proposed for Parcel 2 requires a Conditional Use Permit (CUP) per Ordinance No. 02-1263 and Ordinance No. 1273."

**WHEREAS**, BP West Coast Products LLC ("BP") and Shippers entered into a Ground Lease dated January 1, 2005. Pursuant to the Ground Lease, Shippers rents 59.11 acres, comprising Parcels 1, 2 and 3 of the Property. The City contends, and Shippers and Tesoro dispute, that this Ground Lease was entered into without the required City approvals.

**WHEREAS**, on January 31, 2011, BP submitted a Development Application for a Conditional Use Permit ("CUP") for a container storage yard at the Property, referenced as CUP No. 861-11 and Relocation Review No. 3044-11. The City's Planning Division provided review comments on the requested CUP, including on February 28, 2011, March 1, 2011, December 20, 2012, and April 8, 2014.

**WHEREAS**, on August 8, 2012, BP and certain of its affiliates entered into a Purchase and Sale Agreement ("PSA") whereby BP agreed to sell certain assets to Tesoro Refining & Marketing Company LLC ("Tesoro") or Tesoro's affiliates, including the former ARCO refinery and the Property. The Shippers Ground Lease was assigned to Tesoro as part of that asset sale. The City contends, and Shippers and Tesoro dispute, that the PSA and Ground Lease were entered into without the required City approvals.

**WHEREAS**, there presently exists a dispute among the City, Tesoro, and Shippers relating to the permitting issues for the Shippers operations. The parties desire to resolve their differences over the CUP application, to avoid litigation between them arising out of such disputes, and without acknowledging fault or responsibility in connection with the positions of any party to this dispute (hereinafter referred to as the "Truck Yard CUP Dispute").

NOW THEREFORE, the CITY COUNCIL of the CITY OF CARSON, CALIFORNIA, does hereby FIND, DETERMINE and ORDER AS FOLLOWS:

**Section 1.** The foregoing recitals are true and correct and incorporated herein by this reference.

**Section 2. Applicable Zoning Regulations & City Staff Findings.**

A. The Property is located in the MH (Manufacturing, Heavy) zone district. Pursuant to CMC § 9141.1, Cargo Container Storage is a permitted use in the MH zone, subject to the special limitations and requirements of CMC §§ 9138 and 9148 the Carson Zoning Code. CMC § 9141.1 also specifies that container storage is "prohibited within 1,000 feet, as measured from lot line to lot line, of residentially zoned property or institutional uses."

B. CMC § 9148 lists Special Requirements for Certain Uses in Industrial Zones. Section 9148.6 addresses Cargo Container Storage Facilities, and specifies development policies and site development standards. The site development standards include setbacks, landscaping and irrigation, configuration of cargo containers, and several other general requirements relating to parking, dust control/drainage, site access, screening and prohibition of hazardous material storage.

C. A truck terminal or truck yard is allowed in the MH zone with a conditional use permit, and subject to the requirements of CMC § 9148.9. (See CMC § 9141.1 [Industrial Zones -- Table of Transportation, Communications, Utilities and Public Service uses].) Section 9148.9 establishes development policies and site development standards for truck terminal and truck yard facilities. The site development standards include setbacks, landscaping and irrigation, fencing, configuration of truck parking and storage, and several other general requirements relating to parking, dust control/drainage, site access, prohibition of hazardous material storage and requirements for habitable structures. (See CMC § 9148.6(B).)

D. A conditional use permit is required for any truck-related uses located less than 100 feet from the lot line of any residentially-zoned property. (See CMC § 9148.8.) A use permit for such a facility must include development standards to mitigate environmental impacts affecting the residential areas, such as walls, fences, buffer zones, and landscaping.

E. CMC §§ 9181.1 *et seq.* authorizes the City to enforce the Carson Zoning Code, and to order action necessary to correct violations and/or assess a penalty when the City determines that a zoning requirement, regulation or standard has been violated.

F. City staff have found and determined that Shippers' operations at the Property on Parcel 2 and Parcel 3 violated CMC §§ 9141.1 and/or 9148, to the extent that cargo container storage was conducted within 1,000 feet of residentially zoned property or industrial uses.

G. City staff have further found and determined that Shippers' operations of the Property on Parcel 2 and Parcel 3 violated CMC §§ 9141.1 and/or 9148.9, to the extent that a truck terminal or truck yard was operated without prior issuance of a conditional use permit.

### **Section 3. Order of Compliance Directed to Tesoro & Shippers, Jointly and Severally.**

In resolution of the Truck Yard CUP Dispute, the City Council issues the following compliance order:

A. Shippers and Tesoro are hereby ordered to terminate, and cease and desist in, the operation of any cargo container storage and/or any truck parking and/or any truck terminal facilities on or at the Property; such compliance shall occur on or before the close of normal business hours on December 31, 2018 (the "Compliance Deadline"). Failure to meet the Compliance Deadline shall subject Shippers and/or Tesoro to enforcement actions as well as such other legal remedies as may be afforded the City by law.



B. In consideration of resolution of the Truck Yard CUP Dispute, Shippers and/or Tesoro shall, within twenty (20) days following adoption of this Resolution, pay to the City a one-time "Retroactive Development Impact Fee" of Nine Hundred Thousand Dollars (\$900,000.00) reflecting compensation for past operations by Shippers up to June 30, 2016. In the event Shippers or Tesoro fails to make timely payment of the "Retroactive Development Impact Fee," then Shippers and/or Tesoro shall pay a daily penalty of One Thousand Five Hundred Dollars (\$1,500.00) for each calendar day such payment is delinquent.

C. In further consideration of resolution of the Truck Yard CUP Dispute, Shippers and/or Tesoro shall pay to the City a one-time "2017 Development Impact Fee" of Two Hundred Fifty Thousand Dollars (\$250,000.00) on or before December 31, 2017, reflecting compensation for operations by Shippers between July 1, 2016 and June 30, 2017. In the event Shippers or Tesoro fails to make timely payment of the "2017 Development Impact Fee," then Shippers and/or Tesoro shall pay a daily penalty of One Thousand Five Hundred Dollars (\$1,500.00) for each calendar day such payment is delinquent.

D. In further consideration of resolution of the Truck Yard CUP Dispute, Shippers and/or Tesoro shall pay to the City a one-time "2018 Development Impact Fee" of Two Hundred Fifty Thousand Dollars (\$250,000.00) on or before December 31, 2018, reflecting compensation for operations by Shippers between July 1, 2017 and December 31, 2018. In the event Shippers or Tesoro fails to make timely payment of the "2018 Development Impact Fee," then Shippers and/or Tesoro shall pay a daily penalty of One Thousand Five Hundred Dollars (\$1,500.00) for each calendar day such payment is delinquent.

E. Subject to the City's election, in its sole and unfettered discretion, to extend the Compliance Deadline, as set forth in Section 4, below, should Shippers and Tesoro fail to meet any Compliance Deadline, Shippers and/or Tesoro shall pay a delinquent departure penalty in the amount of Five Thousand Dollars (\$5,000.00) per day for each day of delayed departure beyond a Compliance Deadline.

F. In the event that any provision of this Resolution is rescinded or revoked by the City, or declared invalid, illegal or otherwise unenforceable by a court of competent jurisdiction, the entire Resolution shall be null and void and shall subject Shippers and/or Tesoro to such enforcement action(s) as well as such other legal remedies as may be afforded the City by law.

G. In the event the City is required to take action to enforce this Resolution, or in the event this Resolution is declared invalid, illegal or otherwise unenforceable by the court of competent jurisdiction and the City is required to commence an enforcement proceeding(s) against Shippers and/or Tesoro, the City shall be reimbursed by Shippers and/or Tesoro for all costs and reasonable attorneys' fees incurred in such action or enforcement proceeding(s).

H. In the event that any claim or litigation is filed to challenge any provision of this Resolution ("Litigation Challenge"), the payment obligations of Shippers and Tesoro under this Resolution shall be tolled and delayed for a period of time equal to the time any such "Litigation Challenge" is pending. If a "Litigation Challenge" is pending on the date that any payment is due and payable under this Resolution, Tesoro shall deposit the entire amount due and payable into a separate interest bearing account ("Escrow Account") with the City. Within thirty (30) days following the final resolution of any "Litigation Challenge," Tesoro shall authorize, in writing, the City to withdraw all funds in the "Escrow Account."



#### **Section 4. City's Discretion to Extend Compliance Deadline.**

A. In the event that Shippers and/or Tesoro are unable to meet the Compliance Deadline, the City may, in its sole and unfettered discretion, extend the Compliance Deadline by the period(s) of time up to two (2) additional calendar years (an "Extended Compliance Deadline").

B. Such discretion shall be exercised by the Carson City Council at a duly noticed public meeting and provided that Shippers and/or Tesoro make(s) a written request to extend such deadline(s) not later than ninety (90) calendar days prior to the Compliance Deadline or any Extended Compliance Deadline.

C. In the event the City grants an Extended Compliance Deadline, then Shippers and/or Tesoro shall pay, prior to the first date of the period covered by any Extended Compliance Deadline, to the City a minimum "Extended Compliance Impact Fee" of Two Hundred Fifty Thousand Dollars (\$250,000.00) for each three (3) months extension beyond the Compliance Deadline or any Extended Compliance Deadline for on-going operations by Shippers at the Property, together with such other additional reasonable conditions and reasonable requirements as the City shall impose in return for any Extended Compliance Deadline.

D. During the term of this Resolution, or any Extended Compliance Deadline, Shippers and/or Tesoro shall pay to the City all normal and customary fees and charges applicable to all permits necessary for the use, and any taxes, fees, and charges hereafter imposed by City in connection with the use which are standard and uniformly-applied to similar entities in the City.

#### **Section 5. Shippers/Tesoro Required Deposit.**

A. Within thirty (30) days from the City's grant of an Extended Compliance Deadline, Shippers and/or Tesoro are hereby ordered to deposit with the City, to be held in a separate City interest bearing account, the sum of Five Hundred Thousand Dollars (\$500,000.00) (the "Reimbursement Fund") which the City may draw upon to reimburse the City for any delinquencies by Shippers or Tesoro in complying with this Resolution, for any "Extended Compliance Impact Fee" approved by the City, for any litigation costs and attorneys' fees incurred by the City arising out of or related to this Resolution, or for any litigation costs and attorneys' fees incurred by the City in any enforcement proceeding(s) the City may be required to undertake against Shippers and/or Tesoro to compel the cessation of the operation of any cargo container storage and/or any truck parking and/or any truck terminal facilities on or at the Property by Shippers and/or Tesoro.

B. Upon the expiration of any Extended Compliance Deadline period, or upon termination of any litigation arising out of or related to this Resolution, or upon termination of any enforcement proceeding(s) by the City to compel the cessation of the operation of any cargo container storage and/or any truck parking and/or any truck terminal facilities on or at the Property by Shippers and/or Tesoro, the City shall refund to Shippers and/or Tesoro the balance of the Reimbursement Fund, if any, not drawn upon by the City.

**Section 6. Finding of Compliance With Interim Urgency Ordinance.**

A. Interim Urgency Ordinance Nos. 17-1615U and 17-1618U (collectively, the "Logistics Moratorium") enacted a moratorium on the establishment, expansion or modification of truck yards, logistics facilities, hazardous materials or waste facilities, container storage, and container parking.

B. The City Council finds and determines that this Resolution is consistent with the Logistics Moratorium because it does not allow for establishment, expansion or modification of any facilities subject thereto.

C. The City further finds and determines that this Resolution furthers the purpose of the Logistics Moratorium by providing for termination of existing facilities otherwise subject to the moratorium.

**Section 7. Resolution Exempt From CEQA.**

A. The City Council finds and determines that this Resolution is exempt from the requirements of the California Environmental Quality Act as a Class 1 Categorical Exemption, Existing Facilities, pursuant to Section 15301 of the CEQA Guidelines.

B. The City Council further finds and determines that this Resolution is exempt from the requirements of the California Environmental Quality Act as a Class 21 Categorical Exemption, Enforcement Actions by Regulatory Agencies, pursuant to Section 15321 of the CEQA Guidelines.

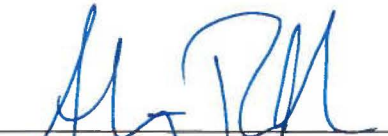
**Section 8. Tesoro Indemnification.**

Tesoro shall indemnify, protect, defend, and hold harmless City, and its respective officials, officers, employees, agents, elected boards, commissions, departments, agencies, and instrumentalities thereof, from any and all actions, suits, claims, demands, writs of mandamus, liabilities, losses, damages, penalties, obligations, expenses, and any other actions or proceedings (whether legal, equitable, declaratory, administrative, or adjudicatory in nature), and alternative dispute resolution procedures (including, but not limited to, arbitrations, mediations, and other such procedures) asserted by third parties against City that may arise from or relate to adoption of this Resolution (herein the "**Claims and Liabilities**"), whether such Claims and Liabilities arise out of or under planning and zoning laws, the Subdivision Map Act, Code of Civil Procedure section 1085 or 1094.5, or any other federal, state, or local statute, law, ordinance, rule, regulation, or any decision of a competent jurisdiction.

PASSED, APPROVED AND ADOPTED this 5<sup>th</sup> day of July, 2017,

APPROVED AS TO FORM:

  
City Attorney Sunny K. Soltani

  
Mayor Albert Robles

ATTEST:

  
City Clerk Donesia L. Gause, MMC

STATE OF CALIFORNIA       )  
COUNTY OF LOS ANGELES   ) ss.  
CITY OF CARSON             )

I, Donesia L. Gause, City Clerk of the City of Carson, California, hereby attest to and certify that the foregoing resolution, being Resolution No. 17-088, adopted by the Carson City Council at its meeting held on the 5<sup>th</sup> day of July, 2017, by the following vote:

AYES:       COUNCIL MEMBERS: Robles, Davis-Holmes, Santarina, Hicks, Hilton

NOES:       COUNCIL MEMBERS: None

ABSTAIN:   COUNCIL MEMBERS: None

ABSENT:    COUNCIL MEMBERS: None

  
City Clerk Donesia L. Gause, MMC





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TEL (562) 424-5525 FAX (562) 424-5934

January 4, 2019

Via U.S. Mail and email: SNaaseh@carson.ca.us  
Saied Naaseh  
Director of Community Development  
City of Carson  
701 East Carson St.  
Carson, CA 90745

Re: City of Carson Pending Resolution 19-\_\_\_\_\_

Dear Saied:

Shippers understands that, as a condition for extending its occupancy of the Marathon property, the City of Carson is renewing its demand for an impact fee in 2019 as it demanded for the years 2017 and 2018. In each of those years, the City required a Development Impact Fee of \$250,000, which is \$62,500 a quarter.

In its pending Resolution, the City is demanding an annual Extended Compliance Impact Fee of \$250,000 a quarter, or \$1,000,000 annually, that is 4 times the annual amount of the two previous impact fees. From Shipper's perspective, there doesn't appear to be a change of circumstance that would merit such a significant increase. Nevertheless, Shippers wishes to continue its occupancy of the Marathon property. It believes that since it would continue on the property, under the same terms and conditions as before, that a continuation of the impact fee at the same amount of \$62,500 a quarter would be an appropriate quarterly impact fee.

Shippers looks forward to your response. Thanks.

Sincerely,

SHIPPERS TRANSPORT EXPRESS, INC.

A handwritten signature in black ink, appearing to read "Kevin Baddeley".

Kevin Baddeley, President.

EXHIBIT NO. 2