



Legislation Details (With Text)

File #: 2016-1266 **Version:** 1 **Name:** 2254 Extension 7th Amendment
Type: Consent **Status:** Agenda Ready
File created: 12/5/2016 **In control:** Successor Agency
On agenda: 1/24/2017 **Final action:**
Title: CONSIDER APPROVING THE SEVENTH AMENDMENT TO THE PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY AND PANATTONI DEVELOPMENT COMPANY, INC. FOR THE SALE OF AGENCY-OWNED PROPERTY LOCATED AT 2254 E. 223RD STREET (SUCCESSOR AGENCY)
Sponsors:
Indexes:
Code sections:
Attachments: 1. Exhibit No. 1 - Vicinity Map, 2. Exhibit No. 2 - Seventh Amendment

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Report to Successor Agency

Tuesday, January 24, 2017

Consent

SUBJECT:

CONSIDER APPROVING THE SEVENTH AMENDMENT TO THE PURCHASE AND SALE AGREEMENT BY AND BETWEEN THE CARSON SUCCESSOR AGENCY AND PANATTONI DEVELOPMENT COMPANY, INC. FOR THE SALE OF AGENCY-OWNED PROPERTY LOCATED AT 2254 E. 223RD STREET (SUCCESSOR AGENCY)

I. SUMMARY

The Carson Successor Agency (Agency) is being asked to approve the seventh amendment to the Purchase and Sale Agreement (Agreement) for sale of Agency-owned property located at 2254 E. 223rd Street (Property) (Exhibit No. 1) to Panattoni Development Company, Inc. (Developer) to develop an industrial park. This seventh amendment (Seventh Amendment) (Exhibit No. 2) would extend the closing date up to six months from January 30, 2017 or upon receipt of entitlements, whichever is sooner.

There were a number of unusual site conditions related to this property. The City's entitlement process requires that the Developer submit plans and soils reports to the LA County Department of Public Works before the City's planning department can formally process its approvals. Delays at the county level lead to most of the Agency approvals of extensions to the closing date; these extensions were in exchange for a total (so far) of

\$220,000 in non-refundable deposits by the Developer. The amendments brought the closing date to January 30, 2017.

The project has now received County sign-off and is now slated to go the Planning Commission in early February. Staff expects that the sale will close during this extension period.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Seventh Amendment.
2. AUTHORIZE the Agency Chairman to execute the Seventh Amendment following approval as to form by Agency Counsel.

III. ALTERNATIVES

TAKE another action the Agency may deem appropriate.

IV. BACKGROUND

On January 21, 2014, the Agency entered into the Agreement to sell the Property to the Developer. Due to the environmental condition of the Property, the Developer was required to enter into a contract with the Department of Toxic Substances Control (DTSC) for project development oversight. The process to enter into the agreement with DTSC took longer than anticipated and necessitated an extension of the Developer's original due diligence period. On July 15, 2014, the Agency approved the first amendment to the Agreement extending the closing date to January 24, 2015.

Upon completion of the oversight agreement with DTSC, the Developer was able to conduct its geotechnical survey. During that time the Developer discovered the potential for significant liquefaction. Existing water quality monitoring wells, located at proposed building locations, also became an issue due to the prohibitive cost of relocating said wells. For these reasons the Developer requested an extension to redesign the project and complete its entitlement process. On January 20, 2015, the Agency approved a second amendment extending the closing date to July 31, 2015 to allow the Developer time to redesign the project.

The Developer analyzed various development scenarios for the Property, taking into consideration the Property's significant environmental constraints. To continue with plans to develop an industrial park, excessive over-excavation and the relocation of monitoring wells caused a significant impact to the project's development costs. Due to the increased environmental costs, on April 21, 2015 the Agency approved a third amendment to the Agreement reducing the price from \$5,000,000 to \$2,457,677. The reduction in price was subsequently approved by the Agency's oversight board and the California Department of Finance (DOF).

The City's entitlement process requires that the Developer submit plans and soils reports to the LA County Department of Public Works before the City's planning department can formally process its approvals. Delays at the county level lead to the Agency approval of

extensions to the closing date, in exchange for a total of \$220,000 in non-refundable deposits by the Developer. The amendments brought the closing date to January 30, 2017.

The Developer continued to experience delays with the county, but has finally received the required approvals and can now proceed with the City's Planning Department to finalize entitlements. However, the current closing deadline will not provide enough time to process entitlements, which is a requirement prior to closing. Therefore, the Developer has requested a Seventh Amendment which would allow the closing date to be extended for three months from January 30, 2017 in exchange for monthly non-refundable deposits of \$20,000. This is a \$5,000 increase from the previously required monthly deposit. Should the Developer require more time to close, the Agency will grant three additional months in exchange for monthly non-refundable deposits of \$25,000 (total of up to \$135,000).

The deposits shall be credited towards the purchase price upon close of escrow. Should escrow not close, the total amount of the deposits shall be non-refundable and shall be distributed pursuant to the DOF approved Long Range Property Management Plan (LRPMP).

The Developer is working in good faith to complete the project, having invested over \$600,000 in architectural plans, engineering plans, geotechnical reports, city fees, and non-refundable extension deposits so far. Therefore, approval of the Sixth Amendment is recommended.

V. FISCAL IMPACT

The \$2,457,677.00 in sales proceeds will be used by the Successor Agency in accordance with the DOF approved LRPMP.

VI. EXHIBITS

1. Vicinity Map. (pg. 4)
2. Seventh Amendment. (pgs. 5-8)

Prepared by: Amelia Soto, Project Manager