



Legislation Text

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**Report to Carson Reclamation Authority**

Tuesday, October 01, 2019

Discussion

**SUBJECT:**

**ISSUE A "DEVELOPER INFORMATION PACKAGE AND INVITATION TO PROPOSE"  
TO QUALIFIED DEVELOPERS FOR CONSIDERATION OF CELLS 3, 4, AND 5**

**I. SUMMARY**

The Carson Reclamation Authority ("Authority") previously issued a Request for Qualifications ("RFQ") in June, 2016 and an Invitation to Propose in October, 2017 to partner with a Proposer to develop the 157-acre former landfill site ("Project Site"). The Project Site is owned by the Authority.

This current Invitation to Propose process is neither a RFQ process nor a RFP. The Authority will review site plans and Proposers' detailed pro formas and make a decision as to which developer(s) it chooses to move forward in negotiation. Proposers shall describe their conceptual project proposal, articulate how their development concept conforms (or does not conform) to the Specific Plan, demonstrate the market and financial feasibility of the project proposal, and describe their experience in developing such a project on other sites. As the Project Site is a former landfill, Proposers should be able to demonstrate familiarity with developing on contaminated land or that they have or will have a strong team of environmental advisors.

**II. RECOMMENDATION**

1. APPROVE issuance of Invitation to Propose for Cells 3, 4, and 5.

1.

**III. ALTERNATIVES**

TAKE another action the Board deems appropriate.

**IV. BACKGROUND**

The Carson Reclamation Authority ("Authority") previously issued a Request for

Qualifications (“RFQ”) in June, 2016 and an Invitation to Propose in October, 2017 to partner with a Proposer to develop the 157-acre former landfill site (“Project Site”). The Project Site is owned by the Authority and is shown in Exhibit A-1 of the Invitation to Propose (Exhibit 1).

This current Invitation to Propose process is neither a RFQ process nor a RFP. The Authority will review site plans and Proposers’ detailed pro formas and make a decision as to which developer(s) it chooses to move forward in negotiation. Proposers shall describe their conceptual project proposal, articulate how their development concept conforms (or does not conform) to the Specific Plan, demonstrate the market and financial feasibility of the project proposal, and describe their experience in developing such a project on other sites. As the Project Site is a former landfill, Proposers should be able to demonstrate familiarity with developing on contaminated land or that they have or will have a strong team of environmental advisors.

This process involves three of the five former landfill cells on the Project Site (Cells 3, 4 and 5, shown on Exhibit A-2), as the Authority has entered into various agreements with CAM-Carson, LLC for the development of the “Los Angeles Premium Outlets” and in exclusive negotiations with Grapevine Development, LLC for a hotel project on Cell 1. Cells 3, 4, and 5 are referenced as “PA 3” under The District at South Bay Specific Plan (“Specific Plan”) for the Project Site as shown on Exhibit B.

Given the significant environmental remediation costs of developing a former landfill site, *the single key factor in selecting a developer* for the next round of negotiation is for the developer to have a solid project pro forma that captures the Authority’s understanding of responsibilities for environmental and project costs and which demonstrates sufficient revenues to justify the project’s feasibility. The Authority’s further objective is that the completed project be a “signature” property for Carson. The Authority understands that sales tax and transient occupancy taxes (“TOT”) may be required for the financial feasibility of any project proposed as set forth below.

For the purposes of this proposal, the Proposer is not required to prepare detailed site plans or elevations, but rather present their firm’s qualifications as well as a conceptual design and development pro forma encompassing the features of the proposal based on the current entitlements. The Authority could choose to negotiate with the successful developer based on the firm’s qualifications, the conceptual proposal, or a combination of the two. The successful Proposer will be the one with a high quality development with a demonstrably feasible development plan (as shown in the pro forma) that allows a project to be financed with the least amount of subsidy from the Authority. The Authority reserves the right to select more than one Proposer for further consideration and negotiation.

The Proposer shall provide an initial draft pro forma showing the estimated budget for the development and construction of the project on a building by building and/or Cell by Cell basis, public revenues from the project (i.e., taxes), and projected return on investment. If the developer anticipates seeking any financial assistance from Authority, including direct financial assistance or installation of offsite public improvements, the pro forma should justify the requested assistance showing the developer’s return on investment. The pro forma should break down revenues and costs on a building by building basis and shall also

include developer share of overall on-site and off-site costs and Remedial Systems costs and any estimated "gap" in the economics for the project and assumed Authority/City assistance.

Based on the Authority's experience on the Project Site, the economic feasibility of any proposed project is the most important aspect of the project, followed by the economic strength and prior experience of the developer. In addition, both the City's and the Authority's goal for the development of Cells 3, 4, and 5 is that the proposed development would create a community amenity and sense of place for Carson and surrounding communities.

## **V. FISCAL IMPACT**

There is no financial impact from the Invitation to Propose, as developers will be required to submit Participation Fees with their proposals to cover the Authority's costs of processing them.

## **VI. EXHIBITS**

1. Developer Information Package and Invitation to Propose

1.

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