



## Legislation Text

File #: 2020-792, Version: 1

### Report to Mayor and City Council

Tuesday, December 01, 2020

Discussion

#### **SUBJECT:**

**CONSIDER APPROVAL OF A MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF CARSON AND PLENITUDE HOLDINGS, LLC REGARDING THE CREEK AT DOMINGUEZ HILLS PROJECT LOCATED ON THE SOUTHERLY PORTION OF VICTORIA GOLF COURSE ON APPROXIMATELY 94 ACRES; AND A MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF CARSON AND THE COUNTY OF LOS ANGELES REGARDING CITY'S ENHANCED INFRASTRUCTURE FINANCING DISTRICT (CITY COUNCIL)**

#### **I. SUMMARY**

On November 24, 2020, the Los Angeles County Board of Supervisors ("Board") approved the ground lease for the Creek at Dominguez Hills project ("Project") located within southerly portion of the Victoria Golf Course. In addition, the Board approved a Memorandum of Agreement ("MOA") between the City and Plenitude Holdings, LLC ("Plenitude") regarding the obligations of both parties with respect to the Project and a MOA between the City and the County regarding the obligations of both parties with respect to the City's proposed Enhanced Infrastructure Financing District ("EIFD"). The purpose of the two MOAs is to set out the terms and conditions under which the City, County, and Plenitude agree to cooperatively work together to address the matters arising from the development of the Project. The main purpose of the Plenitude MOA is to ensure Plenitude provides adequate mitigation measure to address the City's concerns regarding the impacts of the Project, and in return, the City will agree to retract its challenges to the Project and its Final Environmental Impact Report. The main purpose of the County EIFD MOA is to facilitate the development of the Project and the County's participation in the Carson EIFD.

#### **II. RECOMMENDATION**

TAKE the following action:

- 1. AUTHORIZE** the Mayor to execute the Memorandum of Agreement with Plenitude

pertaining to the Project; AND

**2. AUTHORIZE** the Mayor to execute the Memorandum of Agreement with the County of Los Angeles pertaining to the EIFD.

### **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate, consistent with the requirements of the law.

### **IV. BACKGROUND**

#### Creek at Dominguez Hills Project

The County is the owner of the 167-acre Victoria Golf Course. The Creek at Dominguez Hills project ("Project") is located on the southerly portion of the golf course on approximately 94 acres. The project is proposed to include approximately 532,500 square feet of new building space, including a multi-use indoor sports complex, indoor skydiving facility, enhanced driving range experience, marketplace, clubhouse, recreation and dining center, restaurants, (alternatively, a specialty grocery store may be developed in place of some of the restaurant uses), and a sports wellness center. The Project would also provide zip lining facilities, a community park, open space areas, a putting green, and a jogging path.

#### Carson EIFD

The City is working towards the formation of the Carson Enhanced Infrastructure Financing District (EIFD). Since Carson is a low-property-tax city, a partnership with another taxing entity such as the County would greatly enhance the effectiveness and financial capacity of the Carson EIFD to facilitate economic development and growth within the Carson EIFD. The County has agreed to partner with the City in the EIFD formation provided that a portion of the EIFD's funds are used to facilitate the development of the Project.

#### Plenitude MOA

The City has supported the Project in concept and is committed to joining the County and the Plenitude in making this Project a reality, but has raised issues and concerns beyond those included in the Draft Environmental Impact Report (DEIR). The City enumerated its concerns in its comment letters to the Initial Study and DEIR for the Project, dated September 27, 2018 and June 26, 2019, respectively.

The purpose of the MOA is to set out the terms and conditions under which the City and Plenitude agree to cooperatively work together to address the matters arising from the development of the Project. The MOA is primarily intended to mitigate the City's concerns over the impacts of the Project on the City, including traffic, public services, and other

matters. In return the City will agree to support the Project and not challenge the Project or its Final Environmental Impact Report.

Sections II.A. through E. of the MOA include a more detailed description of the deal points. The following provides a summary:

- **City and Public Access to facilities:**

- Exclusive access to the following facilities for a combined cumulative total of 10 non-peak days per year with no fees charged for the use of the facilities (including parking fees):
  - The multi-use indoor sports complex and adjacent outdoor sports field;
  - The clubhouse.
- City residents who are seniors or students shall be entitled to a 20% discount on all usage fees or charges imposed on or by the Development's various facilities and operators such as zipline adventure course, Skydiving, and enhanced driving range/putting green, except for food, beverage, and merchandise and parking costs.

- **Branding and Wayfinding Programs:**

- Plenitude will make a contribution of \$100,000 towards developing and implementing a branding program along Avalon Boulevard, focused on exemplary athletes;
- Funds may be used for street banners, utility wraps, and civic art.

- **Infrastructure Investments/Improvements:**

- Plenitude will install traffic signals, pedestrian improvements, and other improvements as required by the Mitigation Measures contained in the Final EIR, which must be completed no later than December 31, 2022;
- Plenitude must pay for traffic signals and pedestrian improvements at Avalon and Del Amo Boulevard, and its fair share for signals and pedestrian improvements at Avalon at 192nd Street/ Martin Luther King Boulevard, Avalon/189th/University, Avalon and Elsmere, and Avalon and Turmont (for an estimated total of \$1,017,000). Developer must deposit such amount with the City by June 30, 2021;
- Plenitude will be entitled to receive a DIF credit in the actual amount of the costs

for installing/providing for the following improvements:

- Main and I-405;
- Avalon and Del Amo;
- Figueroa and Del Amo.
- Bike lane improvements:
  - Along the west side of Avalon improvements made shall be consistent with the City's Master Plan of Bikeways;
  - Plenitude shall work with appropriate County agencies in order for the City to secure an easement or use agreement to allow for a bike path through the Property along the southern/western edge of the Property and along Del Amo;
  - The Developer shall additionally provide a by-pass bike lane within the Project in lieu of building a bridge along the Dominguez Channel.
- Sidewalk repairs on the west side as necessary (\$96,000 contribution to the City by June 30, 2021); and
- Plenitude shall fund upgrades to 8 light poles along the West side of Avalon (\$860,000 contribution to the City June 30, 2021).

- **Fire Services:**

Plenitude will contribute \$0.87 cent per square foot "mitigation fee" per square foot of building area for a total of approximately \$443,265 towards the construction of a fire station in City of Carson.

- **Sheriff/Public Safety:**

- Plenitude must ensure on-site private security to provide security services as provided for comparable facilities in Los Angeles County;
- Plenitude must work with the County to prepare a security operation plan and an evacuation plan for the Project, which shall take into consideration any potential "spillover impacts from the Development" into the City ("Security Plan");
- Plenitude shall meet with the Los Angeles County Sheriff's Department, including the Captain for the City (LASD), the Los Angeles County Fire Department (Fire Department), and City representatives to obtain input on the draft Security Plan;
- Plenitude shall, in good faith also consider any recommendations by the City to

the Security Plan;

- For Special Events, if additional law enforcement officers or Fire Department personnel are required by LASD or the Fire Department, the Foundation shall reimburse the LASD and the Fire Department for the services; and
- The County, Plenitude, the LASD (including the Captain for the City), the Fire Department and City representatives shall meet annually re security for the Project and the implementation of the Security Plan.

- **Development Impact Fees**

- A minimum of payment of \$2,338,605;
- A maximum credit of \$1,451,527 for DIF-eligible improvements;
- Estimated total DIF due prior to issuance of building permits is \$887,078.

- **CFD Payments:**

Plenitude shall pay annually the sum of \$160,000 to the City commencing with the start of operations of the Project to cover parking and traffic enforcement, street maintenance, street sweeping, landscape maintenance, code enforcement, maintenance of sidewalks, traffic signals, and other public facilities that serve the Project Site.

### EIFD MOA

The purpose of this MOA is to set out the terms and conditions under which the City and County agree to cooperatively work together to address the matters arising the participation in the Carson EIFD. As part of the negotiation and approval of this MOA, the City agreed to set aside its Carson EIFD funds towards the Project and the County agreed to contribute its property tax increments towards the Carson EIFD. The following provisions are included in the MOA:

- **Sales Tax**

The City and Plenitude have agreed to enter into an agreement pursuant to which the City will agree to pay to Plenitude an amount equal to fifty percent (50%) of the City's Bradley-Burns share of all sales taxes generated by the Project for a period of thirty (30) years.

- **Property Tax**

For the first thirty (30) years of the term of Plenitude's ground lease of the Site, the County will rebate to Plenitude an amount equal to fifty percent (50%) of the County's share of incremental possessory interest and incremental property taxes generated by the Site

- **Carson EIFD**

The County has agreed to participate in the Carson EIFD by contributing 25% of the County's share of all property taxes and possessory interest taxes generated by properties located within the Carson EIFD. In return for County participation on the Carson EIFD, the County has proposed the following terms and conditions:

- An amount equal to ten million dollars (\$10,000,000) of Carson EIFD property tax increment funds received ("EIFD Contribution") will be allocated for the payment of certain on-Site infrastructure and remediation requirements of the Project;
- At least twenty percent (20%) of all annual Carson EIFD revenues will be allocated to the development of low- and moderate-income housing within the City of Carson;
- After the allocation of the affordable housing allocations, fifty percent (50%) of all annual EIFD revenues will be allocated to the Victoria Golf Course Approved Remediation and Infrastructure Projects up to \$10,000,000;
- The Carson EIFD will not include funds to support ongoing operations of oil refinery activities;
- If The Creek at Dominguez Hills or another vertical development on Site explicitly agreed upon by the City and the County is not substantially completed by December 31, 2032, any funds remaining from the EIFD Contribution shall be remitted back to the Carson EIFD.
- County to be lead permitting agency for the Project. City waives all rights to be lead agency for the Project.
- County pays \$50,000 of EIFD costs.

## **V. FISCAL IMPACT**

- 1) The Plenitude MOA will have one time payment of \$2,180,078 to the City plus \$160,000 per year positive impact including the following specific financial contributions from the Plenitude:

- \$100,000 towards developing and implementing a branding program;
- \$80,000 towards upgrading 8 light poles on the east side of Avalon;
- \$96,000 towards sidewalk repairs on the west side of Avalon;
- \$1,017,000 towards intersection improvements;
- \$887,078 payment of DIF (estimated);
  
- **Total of \$2,180,078 plus \$160,000 annually** to pay for the added cost of providing City services.

The project also includes other benefits that do not have a financial benefit specifically to the City:

- Access to the facilities;
- \$0.87 cent per square foot “fire mitigation fee” per square foot of building area for a total of approximately \$443,265 towards construction of a fire station in City of Carson (not a direct positive fiscal impact to the City).

2) The County EIFD MOA will have approximately \$2,466,666 per year positive fiscal impacts for the City include the following specific financial provisions:

- City payment to Plenitude an amount equal to fifty percent (50%) of the City’s share of all sales taxes generated by the Project for a period of thirty (30) years (estimated to be \$26,000,000 over 30 years);
- Sales tax generated for the City over 30 years \$26,000,000 or \$866,666 over 30 years.
- The County participation in the Carson EIFD will add approximately \$80,000,000 over 50 years or approximately \$1,600,000 per year as described below:

County’s contribution of 25% of the County’s share of all property taxes and possessory interest taxes generated by properties located within the Carson EIFD estimated to be \$150,000,000 over 50 years minus \$10,000,000 for the payment of certain on-Site infrastructure and remediation requirements of the Project, minus twenty percent (20%) of all annual Carson EIFD revenues will be allocated to the development of low and moderate income housing within the City of Carson estimated to be \$60,000,000 over 50 years for a net positive impact of \$80,000,000

for the City over 50 years.

**VI. EXHIBITS**

1. Plenitude Memorandum of Agreement (pgs. 9-22)
2. County EIFD Memorandum of Agreement (pgs. 23-30)

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