



Legislation Text

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Report to Carson Reclamation Authority

Monday, May 23, 2022

Discussion

SUBJECT:

CONSIDER RESOLUTION NO. 22-11-CRJPA “A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY APPROVING A COOPERATION AGREEMENT WITH THE CITY OF CARSON, CALIFORNIA, FOR THE CONSTRUCTION OF INFRASTRUCTURE ON THE FORMER CAL COMPACT LANDFILL, ALSO KNOWN AS THE DISTRICT AT SOUTH BAY

I. SUMMARY

This agreement documents the obligations of the City and the Carson Reclamation Authority (“Authority”) regarding the development of infrastructure on the Former Cal Compact Landfill as part of the District at South Bay Specific Plan (the “157-Acre Site”). By separate action, the City Council is being asked to consider actions related to Cells 3, 4, and 5 of the Site (the “Remainder Cells”), including Resolution No. 22-2831 which would:

- a) Adopt the District at South Bay Specific Plan Amendment No. SPA 27-2021;
- b) Approve General Plan Amendment No. GPA 112-2021; and
- c) Approve Development Agreement No. DA 29-2021.

In addition, the City Council is also being asked to consider Councilmember Arleen Rojas’ appeal of the Planning Commission’s Decision to adopt Resolution No. 22-2830 to the City Council Resolution No. 22-2830, which would:

- a) Approve Site Plan and Design Review No. DOR 1877-2022;
- b) Approve Vesting Tentative Tract Map No. VTTM 83481; and
- c) Adopt CEQA Findings of Fact, Certify Supplemental Environmental Impact Report for The District at South Bay Specific Plan State Clearinghouse No. 2005051059, adopt a Mitigation Monitoring and Reporting Program and adopt a Statement of Overriding Considerations.

The Cooperation Agreement itself is between the City and the Authority, and not an agreement with the Developer, though the Developer acknowledges the obligations set forth in the Agreement. The Developer obligations are included in the Option Agreement with the Authority and the Development Agreement with the City.

II. RECOMMENDATION

1. WAIVE FURTHER READING AND APPROVE Resolution No. 22-11-CRJPA, "A RESOLUTION OF THE CARSON RECLAMATION AUTHORITY APPROVING A COOPERATION AGREEMENT WITH THE CITY OF CARSON, CALIFORNIA, FOR THE CONSTRUCTION OF INFRASTRUCTURE ON THE FORMER CAL COMPACT LANDFILL, ALSO KNOWN AS THE DISTRICT AT SOUTH BAY"
2. AUTHORIZE the Chair to execute the Resolution and Agreement in a form acceptable to the Authority Counsel.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Nature of Transaction

The 157 Acre Site is one of the largest undeveloped properties along the I-405 in Los Angeles County. This continued blight and vacancy is due to the extraordinary remediation costs required prior to any vertical development. While the DTSC-approved RAP was approved in 1995, the Remedial Systems necessary for the overall 157 Acre Site still remain incomplete. Despite decades of efforts by prior developers and by the Authority to remediate and develop the Site, all have failed to-date since they have not been financially feasible due to the substantial environmental remediation costs required to develop the former landfill. Accordingly, the Project represents a unique opportunity to develop a significant portion of the 157 Acre Site and remediate the underlying soil, soil vapor and groundwater issues afflicting the Remainder Cells (which constitute a majority of the Site).

The Authority was created to ensure the remediation of contaminated properties within the City of Carson, and the agreements between the Authority and the City and Developer with respect to the Remainder Cells will serve as a model for establishment of private/public partnerships to carry out development of such properties with specifically defined roles for the parties. As the City does not want to incur liability for the preexisting soil and groundwater contamination on the 157 Acre Site, all work done in the contaminated soil is

the responsibility of its owner, Authority, however, under the terms of the Development Agreement and the Option Agreement, the Developer shall be responsible for all Remedial Systems construction, BPS construction, Site Development Improvements and other construction upon the Remainder Cells to enable the vertical development of the Project. Further, Developer shall contract with the Authority regarding the construction/installation of the Offsite Improvements.

Summary of Obligations

The roles of the Authority, Developer, and City are generally described below (all of which are defined in more detail under the Project Agreements):

- (a) Authority: The Authority has agreed to transfer the Developer Property to Developer pursuant to a Grant Deed, in accordance with the terms and conditions of the Option Agreement, and shall oversee Developer's performance of work on the Remainder Cells, including the construction/installation of the Remedial Systems within the Subsurface Lot of the Remainder Cells, construction of the BPS, and the construction/installation of various subsurface and surface improvements in order to make the Remainder Cells developable, described and defined in the Option Agreement as the "Site Development Improvements". Authority shall retain ongoing responsibility for operation and maintenance of the Remedial Systems (following their construction by Developer) as required by DTSC (subject to the terms and conditions of the Option Agreement). By a separate agreement with the Developer, Authority will contract with the Developer regarding the construction of the Offsite Improvements.
- (b) Developer: The Developer shall be responsible for constructing/installing (i) the Remedial Systems and the BPS, as necessary to cap the landfill and remove gas and contaminants which could pollute the air or pose a health or safety risk underlying the Remainder Cells (which work includes remediating and preparing the Remainder Cells for development, including, without limitation, the relocation and mitigation of trash layers and excavation and grading necessary to install such systems, all in accordance with the RAP, the 1995 Consent Decree, the MAPO, the Phased Development Letter, the CFA, City ordinances, and all other DTSC requirements/regulations applicable to the 157 Acre Site; (ii) the Site Development Improvements (including, without limitation, the Sub-Foundation Work, Utility Work, and Foundation Work), (iii) if applicable, the Offsite Improvements, subject to a separate agreement between the Authority and the Developer (or its designee); and (iv) the Project on the Developer Property, subject to the Conditions of Approval. In addition, Developer shall reimburse Authority for its proportional share of the Carry Costs incurred by the Authority with respect to the 157 Acre Site. After becoming an owner of the Property, Developer will be responsible for payment of impositions under the Citywide CFD and Sitewide CFDs/Amended Sitewide CFDs as set forth in the Development Agreement.
- (c) City: The City is the land use authority providing approval to Developer of the Project

entitlements, the 2022 Specific Plan (and any amendments/modifications/administrative approvals), the Development Agreement (and any modifications, amendments, or administrative approvals), and to undertake environmental review pursuant to CEQA and approve mitigation measures and development applications for the Project, and corresponding conditions of approval, modifications / changes to the SEIR and the SEIR Mitigation Measures applicable to the foregoing. In addition, while the City would typically have the responsibility to construct and provide public infrastructure and services on, over and in the 157 Acre Site, including the Offsite Improvements, pursuant to this Agreement, the City is contracting with the Authority to ensure the construction of the Offsite Improvements. The Offsite Improvements shall be funded with monies from City, Authority, and funds paid by Developer, as more particularly described below. City, by this Agreement, is agreeing to provide to Authority its allocation of Measure R and Measure M bond funds issued by the City against local return revenues received from the Los Angeles Metropolitan Transportation Authority ("Metro") in order to pay for a portion of the costs required for the Offsite Improvements. The City Charter specifically enables the City to coordinate provisions and agreements, such as this Agreement, with other agencies, such as the Authority, for the installation of streets, utilities, and other public improvements, and cooperate with other agencies, such as the Authority, in the formulation and administration of the City's economic development assistance programs, which programs include encouraging private investment and providing public infrastructure within the City. Moreover, pursuant to the City Charter, the City has the authority to empower the Authority to take such actions as are necessary to incentivize private investment upon the 157 Acre Site, by the grant of public resources, reduction of regulatory burdens, infrastructure financing, and utilization of alternative procurement strategies, among other things. As such, the City has ability to transfer the Bond Funds to the Authority to enable the construction of the Offsite Improvements.

General Terms

Since the Authority's resources are insufficient to pay all costs of the Offsite Improvements, City commits to pay / transfer Measure R/M Bond Funding (the "Bond Funds") to the Authority that the City issued to fund transportation projects/transit infrastructure within the City, for the purpose of constructing the Offsite Improvements.

The term of this Agreement shall be concurrent with term of the Development Agreement and/or the Option Agreement (including any amendments/supplement agreements), whichever extends longer, and shall commence on the Effective Date.

CONSTRUCTION OBLIGATIONS

Offsite Improvements

Authority shall fulfill certain obligations of City in accordance with the SEIR and the Project Agreements by enabling the constructing the Offsite Improvements as set forth in the Option Agreement and Development Agreement. Additionally, except for the portion of Stamps Drive south of Lenardo Drive (and other private roads within PA3 as set forth in the Specific Plan), which will be maintained by the Developer, all roads and other Offsite

Improvements built by Authority (and its contractors/consultants) on the 157 Acre Site, after formal acceptance by City or Authority (as applicable) will be maintained by the City or Authority (as applicable) as public streets and improvements. City / Authority hereby agrees to accept such improvements if properly constructed hereunder in accordance with all City standards and will (i) be responsible for all liability claims for public use not resulting from the contamination, and (ii) accept ownership of such improvements. City or Authority (as applicable) will maintain such roadway systems in a finished and attractive manner conducive to the success of the Project.

Contract Administration

Authority shall retain the exclusive right to contract with and direct the work of its contractors constructing the Offsite Improvements. Authority must undertake the work as a public agency subject to all laws of the State of California, as well as ordinances of the City of Carson, and such requirements shall not make the City liable for the Authority's acts, or the condition of the Site (including the Surface Lot and Subsurface Lot). To this end, Authority agrees to perform the construction contract administration for all Offsite Improvements, which shall include actual construction, contract administration, materials testing and construction surveys. Authority may utilize RE Solutions, LLC and/or Developer as its development manager or general contractor for the construction/installation of the Offsite Improvements, and/or an engineering or construction management consultant team that includes a licensed Civil Engineer and a construction inspector or other representative.

Plans and Specifications

To use plans and specifications prepared in accordance with the RAP, CFA, DTSC requirements and regulations, City ordinances, and other applicable laws, and to obtain City's approval of the construction terms and costs (which approval may be granted administratively through the Public Works Director and/or the Community Development Director).

Allowance for Alternative Bidding / Contracting Procedures

All construction work required for the Offsite Improvements shall be awarded in compliance with all applicable laws, including the City Charter and other City standards and policies, to the extent applicable. To that end, the City understands and agrees that pursuant to the City Charter, the Authority is authorized to utilize alternative procurement strategies and contracting methods and procedures to enable the construction and completion of the Offsite Improvements, given the substantial public benefits the City will derive from the completion of such Offsite Improvements, which are required to allow for the remediation and development of the 157 Acre Site, which has been a goal of the City for the past fifty years. As such, to the extent required, the Authority may utilize alternatives to traditional public bidding procedures for the Offsite Improvement work.

Authority shall require its contractors to provide such work and performance security, including, without limitation, bonds securing performance, labor and materials, and other such bid bonds as typically required under City policies for the award of public construction

contracts.

V. FISCAL IMPACT

Authority is agreeing to coordinate and ensure the construction of the Offsite Improvements on behalf of the City as described above, which, after delivery and acceptance, shall be operated and maintained by the Authority in accordance with the terms and conditions herein (except as requires for the signals, sewer, and stormwater improvements included within the Offsite Improvements, which shall be maintained by the County of Los Angeles and its agencies/districts). The total estimated cost of such Offsite Improvements is approximately \$45,000,000 (however, such amount is simply an estimate and there may be contingencies and/or increases in the costs of the Offsite Improvements, in which case, the Authority and Developer shall be responsible to pay for such contingencies/increases in the same manner as otherwise set forth herein and/or in the Option Agreement). As set forth above, City shall be obligated to contribute \$22.4M of Bond Funds to the construction of the Offsite Improvements pursuant to its allocation of Measure R/M Bond funding. Pursuant to the terms and conditions of the Development Agreement and/or the Option Agreement, the Developer has agreed to reimburse the City/Authority for the costs of Offsite Improvements, which reimbursements shall be paid to the Authority within thirty (30) days after receipt of an invoice for any Offsite Improvement costs; provided, however, that Developer's responsibility for the total costs of the Offsite Improvements shall be limited to sixty percent (60%) of the total costs of the Offsite Improvements (less the portion of such costs provided by the City to fund the Offsite Improvements pursuant to the Bond Funds), subject to the terms and conditions of Exhibit C attached hereto. Authority shall coordinate the payment for the remaining forty percent (40%) of the construction costs for the Offsite Improvements (less the portion of such costs provided by the City pursuant to the Bond Funds), which must be paid to the same extent and manner provided above for the Developer's reimbursements for the costs of the Offsite Improvements (i.e., within 30 days after receipt of an invoice for any Offsite Improvement costs).

VI. EXHIBITS

1. Resolution No. 22-11-CRJPA "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING A COOPERATION AGREEMENT WITH THE CARSON RECLAMATION AUTHORITY."

2. Cooperation Agreement by and between the City of Carson and the Carson Reclamation Authority

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