



Legislation Text

---

File #: 2022-513, Version: 1

---

**Report to Carson Reclamation Authority**

Monday, June 06, 2022

Consent

**SUBJECT:**

**CONSIDER RATIFYING CITY OF CARSON'S ORDINANCE NO. 22-2208, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING DEVELOPMENT AGREEMENT 29-2021 WITH CARSON GOOSE OWNER, LLC (DA 29-2021) (CARSON RECLAMATION AUTHORITY)**

**I. SUMMARY**

On May 23, 2022, the City Council approved Specific Plan Amendment No. SPA 27-2021, General Plan Amendment No. GPA 112-2021, and Development Agreement No. DA 29-2021) and as well as considered the appeal hearing for the 2022 SEIR, Site Plan and Design Review No. DOR 1877-2022 and Vesting Tentative Tract Map No. VTTM 83481, since all items concern The District at South Bay Specific Plan Project proposed by Carson Goose Owner, LLC ("Developer").

On April 18, 2022, the Planning Commission held a special public hearing and adopted:

1. Resolution No. 22-2831 to:

- a. Recommend that City Council adopt the District at South Bay Specific Plan Amendment No. SPA 27-2021 (Exhibit No. 3); and
- b. Recommend that City Council Approve General Plan Amendment No. GPA 112-2021; and
- c. Recommend that City Council approve Development Agreement No. DA 29-2021.

2. Resolution No. 22-2830 to:

- a. Approve Site Plan and Design Review No. DOR 1877-2022; and
- 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.

Resolution No. 22-2831 was appealed to City Council, and as part of the appeal hearing, the City Council was asked to consider:

1. Ordinance No. 22-2207. An Ordinance of City Council of Carson, California, amending the District at South Bay Specific Plan Amendment No. SPA 27-2021;
2. Resolution No. 22-073, A Resolution of City Council of Carson, California, Adopting General Plan Amendment No. GPA 112-2021;
3. Ordinance No. 22-2208, An Ordinance of City Council of Carson, California, Approving Development Agreement No. DA 29-2021.

Pursuant to the Development Agreement, the Project provides the following benefits to the City and the Carson Reclamation Authority:

1. Complete all remedial and horizontal work on Cells 3, 4 and 5 at Developer's expense, estimated in excess of \$150,000,000; and
2. Pay the Authority a \$45,000,000 residual land value price (\$32,500,000 of which will be used to restart the outlet mall project back on Cell 2); and
3. Subsidize the City and Authority's construction of Lenardo Drive and other sitewide infrastructure in the amount of 60% of the cost above the City's contribution of the Measure R/measure M bond funds; and
4. Pay the City a \$7,500,000 Development Agreement Fee, which is approximately \$2.3 Million dollar over the DIF amount that the Developer would be otherwise obligated for under the City's DIF Ordinance, and which is paid earlier in the permitting process; and
5. Pay a fair-share contribution of \$3,000,000 toward the reconstruction of the wall along Avalon Boulevard between Elsmere and University; and
6. Provide low-income housing benefits, including one of the following: (i) the participation in any City-wide affordable housing program, (ii) the development of at least 100 Lower-Income units, or (iii) payment of an in-lieu fee for affordable housing; and
7. Develop 9 new sit-down restaurants and a 12-acre community amenity and gathering area in the Carson Country Mart, which will be maintained by developer forever, and work with the City in good faith on an agreement (binding on Developer's operators, tenants, successors and/or assigns) to allow the City to schedule events and use the Carson Country Mart open space/event lawn/park areas up to three times per week and cooperate with the City to determine the feasibility of using portions of the Carson Country Mart for a periodic farmer's market and other similar temporary uses; and
8. Annex into the City-Wide Community Facilities District (CFD No. 2018-01) ("Citywide CFD"). The Project shall be assessed Citywide CFD fees based on the CFD formula and fee structure in place as of January 12, 2021 (which includes certain escalation provisions for assessed fees); and
9. Participate in the sitewide CFDs (CFD 2012-1 and CFD 2012-2) which provide funding for the Authority's permanent operation and maintenance of the remedial systems and the on-site street infrastructure; and

10. Create approximately 2,000 new direct construction jobs, with another 3,000 indirect and induced jobs, as well as approximately 4,600 new permanent jobs and make reasonable efforts to cause all solicitations for full- or part-time, new or replacement employment relating to the construction, operation and maintenance of the Project to be advertised in such a manner as to target local City residents and shall make other reasonable efforts at local employment outreach, including working with the South Bay Workforce Investment Board and its Carson One-Stop Center; and
11. Develop and fund a comprehensive public art program on PA3; and
12. Offer any excess energy generated from the Project's on-site photovoltaic panels (excess being defined as any power produced above what is required to provide energy to those activities on Cells 3, 4, and 5) to the City through a future Power Purchase Agreement ("PPA").

The Carson Reclamation Authority does not have a role in the land use approval process but did separately approve on May 23 a Cooperation Agreement with the City of Carson related to the construction of on-site infrastructure. A Development Agreement is typically between a City and a property owner (in this case, the Authority) or a party with an equitable interest in the Property, which is the Developer in this case by virtue of the Option Agreement between the Developer and the Authority. The Authority would still need to consent to the recordation of the Agreement against its property, and also is a beneficiary of the Development Agreement between the Developer and the City, so the Authority should ratify the Development Agreement in order to consent.

## **II. RECOMMENDATION**

1. RATIFY the City Council's adoption of "ORDINANCE NO. 22-2208 OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, APPROVING DEVELOPMENT AGREEMENT 29-2021 WITH CARSON GOOSE OWNER, LLC (DA 29-2021)".
2. AUTHORIZE the Chair to sign the Development Agreement on behalf of the Carson Reclamation Authority, as appropriate.

## **III. ALTERNATIVES**

**TAKE** such other action as the Board deems appropriate, consistent with the requirements of the law.

## **IV. BACKGROUND**

The City and Developer negotiated a Development Agreement ("DA") as part of the project approvals, detailing the obligations of both the Developer and City of Carson and specifying standards and conditions that will govern future development of PA3 (Cells 3, 4, and 5).

## ***Public Benefits***

The DA outlines the Public Benefits that the Project will contribute to the City. The development of the Project is expected to realize significant regional and community public benefits, including the following:

1. **Overcoming Constraint of Remediation Cost.** The 157-Acre Site is one of the largest undeveloped properties along the entire 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 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 sufficiently financially feasible because of 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 Site.

2. **Community Amenity and Gathering Area.** The Project includes the Carson Country Mart, which will consist of approximately 11.12 acres that will serve to benefit the local community and provide a regional draw for visitors to the Site, based on the commercial uses, restaurant uses, programmed areas, open space and community amenities proposed within such area. Such uses are intended to help establish the 157-Acre Site as a community and regional focus of social activity, which will help to provide a new community center for the City. The City has the option of programming portions of the Country Mart open space areas and will have the ability to use the lawn/event area up to three times per week.
3. **Job Generation.** The Project entails a land use and infrastructure plan that will support the creation of a major job center in the City and significantly improve the City's jobs-to-housing balance. The Project is proposed to provide substantial economic and employment opportunities for the community, with a goal of generating approximately 2,000 new direct construction jobs, with thousands more indirect and induced, as well as thousands of new permanent jobs.
4. **Affordable Housing.** The Developer will contribute to affordable housing in one of the following options prior to the certificate of occupancy for the last light industrial building constructed: (i) participate in any adopted City-wide affordable housing program, (ii) record a deed restriction committing to construct at least 100 units of Lower Income (at or below 80 percent of the Area Median Income) affordable housing off-site either within the Specific Plan area (e.g., PA 1 or PA 2) or at another off-site location anywhere else in the City, or (iii) pay an in lieu affordable housing fee of \$3.11 per square foot of the Project's light industrial floor area.
5. **Insurance.** The Project will contribute to a robust insurance program for the 157-Acre Site to provide coverage to the public entities, developers, property owners and

contractors carrying out construction on the 157-Acre Site, for which the Developer is required to pay its fair share.

6. **Carry Costs.** As part of Developer's agreement with Authority under the Reimbursement Agreement and Option Agreement, Developer has agreed to reimburse CRA for a proportional share of the Carry Costs based on the pro rata acreage of PA3, which will substantially assist the Authority in its ongoing operations and maintenance of the Site.
7. **Financial Support for Future Development.** Once approved, the Developer will be required to pay \$32,500,000 to the Authority (as its second and final Option Payment). Such funds will be used by the Authority to support future development on Cell 2. This amount is in addition to the \$12,500,000 already received by the Authority.
8. **Road Improvements.** The City shall prepare and adopt a fair share ordinance or some other fair share allocation methodology to be determined by the City at a future date to determine the Developer's proportionate obligation to fund required transportation improvements. As part of the Fair Share Contribution Requirement, City and Developer shall coordinate on the timing of funding from Developer to ensure the Developer's contribution of its proportionate share so the City has the funding available for the improvements when they are ready for construction; Developer will also fund at City's request a City commissioned fair share allocation study to determine the appropriate fair share amounts of the transportation-related improvement projects,
9. **Repaving.** As part of the Fair Share Contribution Requirement, the Developer agrees to contribute to the repaving of certain surrounding streets in concrete to reduce future road maintenance costs for the City.
10. **Development Agreement Fee.** A \$7,500,000 payment to the City in lieu of the City's Development Impact Fee (DIF).

In exchange for these benefits to City, the Developer desires to receive the assurance that it may proceed with development of the Project in accordance with the terms and conditions of the DA.

Carson Country Mart will be constructed in the first phase of development. The Carson Country Mart must be substantially completed with certificates of occupancy issued for at least half the commercial square footage and all the park area and amenities must be open to the public before any certificate of occupancy is issued for any of the light industrial buildings. In addition, certificates of occupancy must be issued for eighty percent of the Carson Country Mart's commercial area prior to the issuance of a certificate of occupancy for the last industrial building.

Finally, following substantial negotiations between the City and the Developer following the Special Planning Commission Meeting on April 18, 2022, the terms of the Development Agreement have been revised to provide that the Developer must make a payment in the

amount of \$7,500,000 to the City as a Development Agreement Fee in lieu of the City's Development Impact Fee (DIF) Ordinance (DIF Ordinance), which amount constitutes a substantial increase above the DIF amount that the Developer would otherwise be obligated for under the City's DIF Ordinance. In addition, the Development Agreement Fee will be paid to the City much earlier to the City than would otherwise be the case if the Developer were to pay a DIF under the DIF Ordinance, since it shall be paid prior to the issuance of building permits, however the exact timing of the Development Agreement Fee payment shall be determined pursuant to separate documentation / agreements between the City and the Developer. As such the Project shall be exempt from the City's DIF Ordinance.

## **V. FISCAL IMPACT**

See Development Agreement Section of this staff report.

## **VI. EXHIBITS**

1. City Council Ordinance No. 22-2208 Adopting Development Agreement No. DA-29-2021 with Carson Goose Owner, LLC and which includes District at South Bay Development Agreement No. DA 29-2021 as an exhibit. (Pgs. 7- 207)

Prepared by: John Raymond, Executive Director