SUCCESSOR AGENCY
TO THE COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF HUNTINGTON PARK

Special Meeting
Agenda

Tuesday, June 14, 2016

6:00 p.m.
City Hall Council Chambers
6550 Miles Avenue
Huntington Park, CA 90255

CALL TO ORDER

ROLL CALL

Chair Graciela Ortiz
Vice Chair Marilyn Sanabria
Board Member Valentin Palos Amezquita
Board Member Karina Macias
Board Member Jhonny Pineda

PUBLIC COMMENT

This is the time and place for the general public to address the Successor Agency on matters within their jurisdiction. Items not included previously on the agenda may only be referred to staff for administrative action or scheduled on a subsequent agenda for discussion.

REGULAR AGENDA

1. Approve an Amendment to the Long Range Property Management Plan Pursuant to Health and Safety Code Section 34191.3(b) to Permit a Governmental Purpose Transfer of Property Located at 7116 Rugby Avenue in the City of Huntington Park

IT IS RECOMMENDED THAT THE SUCCESSOR AGENCY BOARD:

1. Authorize an amendment to the Long Range Property Management Plan for disposition of the Rugby Avenue Parking Lots as a governmental purpose transfer to the City of Huntington Park.

ADJOURNMENT

I Donna G. Schwartz, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at City of Huntington Park City Hall not less than 24 hours and made available at www.hpca.gov on the 9th of June, 2016.

Donna G. Schwartz

Donna G. Schwartz, CMC
Secretary

CITY OF HUNTINGTON PARK
Successor Agency to the Community Development Commission
Agenda Report

June 14, 2016

Honorable Chair and Members of the Successor Agency Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Successor Agency Board to the Community Development Commission of the City of Huntington Park:

APPROVE AN AMENDMENT TO THE LONG RANGE PROPERTY MANAGEMENT PLAN PURSUANT TO HEALTH AND SAFETY CODE SECTION 34191.3(b) TO PERMIT A GOVERNMENTAL PURPOSE TRANSFER OF PROPERTY LOCATED AT 7116 RUGBY AVENUE IN THE CITY OF HUNTINGTON PARK

IT IS RECOMMENDED THAT THE SUCCESSOR AGENCY BOARD:

1. Authorize an amendment to the Long Range Property Management Plan for disposition of the Rugby Avenue Parking Lots as a governmental purpose transfer to the City of Huntington Park.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Pursuant to Health and Safety Code Section 34191.5(b), the Successor Agency must prepare a Long-Range Property Management Plan (“LRPMP”) that addresses the disposition and use of the real properties (and interests in real property) of the former City of Huntington Park Community Development Commission (the “Former CDC”). In accordance with State law, the LRPMP was submitted to the Oversight Board and the State Department of Finance (“DOF”). Subsequently, DOF completed its review and issued a letter, dated August 29, 2013, indicating approval of the LRPMP.

In September 2015, SB 107 was enacted into law, providing for certain amendments to the Dissolution Act, including changes to HSC Section 34181(a)(1) by adding “parking facilities and lots dedicated solely to public parking” as an example of real property for governmental purposes. SB 107 also added HSC Section 34191.3(b), which provides that if the DOF had approved a successor agency's LRPMP before January 1, 2016, the successor agency may amend its LRPMP once, to allow for the retention of real properties that constitute "parking facilities and lots dedicated solely to public parking" pursuant to Section 34181. This amendment must be submitted to DOF by July 1st, 2016.

HSC Section 34191.3(c) further provides that, for the purpose of an amendment to the LRPMP pursuant to HSC Section 34191.3(b), the subject property must not be one which, as of the date of transfer pursuant to the amended LRPMP, generates revenues in excess of reasonable maintenance costs of the property.

<u>Summary of Revisions to the Long Range Property Management Plan</u>:

One of the properties contemplated under the LRPMP (located and generally known as 7116 Rugby Avenue) (the "Rugby Avenue Property"), was acquired by the former Redevelopment Agency, a portion in 1981 and the remainder in 1982, for the purpose of constructing and maintaining a public parking lot. The Rugby Avenue Property has been used continuously for public parking purposes since that time. The two parcels, consisting of approximately 24,428 square feet of land, are located behind Pacific Boulevard and include a total of 41 surface parking spaces (Exhibit A). The lots serve as free public parking for shoppers and merchants on Pacific Boulevard.

Due to the location and demand for public parking within the downtown area, the need for public parking remains. Staff recommends that the Successor Agency amend the LRPMP pursuant to HSC Section 34191.3(b) to provide for the transfer of the Rugby Avenue Property to the City at no cost for public parking purposes. Attachment A includes a copy of the LRPMP with revisions.

There is currently no generation of revenue on the Rugby Avenue Property that is in excess of reasonable maintenance costs, and the City has no current intention of imposing parking charges on the Rugby Avenue Property (if such charge is to be imposed) in excess of amounts necessary to cover reasonable costs of maintaining the public parking lot.

<u>FISCAL IMPACT</u>

If the proposed amendment to the LRPMP is approved by the Oversight Board and the DOF, the Rugby Avenue Property will be transferred to the City at no cost and without further action by the Successor Agency and Oversight Board. If the transfer is approved by DOF the City will be assuming ongoing maintenance costs for the property.

CONCLUSION

Upon approval by the Successor Agency, staff will present the recommendation to the Oversight Board and DOF for final consideration and approval.

Respectfully submitted,

Manuel Acosta
Economic Development Manager

Attachment(s):

A. Amendment to Long Range Property Management Plan (redline version showing changes)

HUNTINGTON PARK SUCCESSOR AGENCY

LONG RANGE PROPERTY MANAGEMENT PLAN

June 12, 2013

Amended June__, 2016

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LONG RANGE PROPERTY MANAGEMENT PLAN

Successor Agency to the Huntington Park Community Development Commission

INTRODUCTION

AB X1 26, which outlines the redevelopment dissolution process, requires the Redevelopment Agency of the City of Huntington Park ("RDA") to transfer all of its real estate assets to the Successor Agency (the "Agency")by February of 2012 (the RDA transferred four properties to the Successor Agency). Subsequent legislation, AB 1484, further clarifies the dissolution process; and requires the Successor Agency to submit a Long Range Property Management Plan ("LRPM Plan") to the Oversight Board and Department of Finance ("DOF") that outlines the proposed plan to dispose of or use of the properties formerly owned by the RDA. This document serves as the Long Range Property Management Plan for the Huntington Park Successor Agency.

The approved LRPM Plan will serve to determine if the properties should be:

1. Retained for governmental use;
2. Retained for future development;
3. Retained to fulfill an enforceable obligation; or
4. Sold

REQUIREMENTS FOR APPROVAL OF A LONG RANGE PROPERTY MANAGEMENT PLAN

Prior to approval of a final LRPM Plan and subsequent disposition of real estate assets, the successor agency must comply with several requirements under AB 1484.

The guidelines under AB 1484 outline a 5-step process for the disposition of properties:

1. Due Diligence Reviews ("DDRs")
   - Completed – November 12, 2012 (Housing Funds) and January 8, 2013 (Non-Housing Funds)
2. Remit all cash assets to the County-Auditor Controller and taxing entities
   - Completed – No cash available to remit
3. DOF issues Finding of Completion
   - Completed – issued on April 12, 2013
4. Develop and Approve LRPM Plan
   - Successor Agency Approval – June 3, 2013

- Oversight Board Approval – June 12, 2013
- DOF Approval – LRPM Plan must be submitted to DOF no later than October 11, 2013 (six months after Finding of Completion)
- Pursuant to SB 107, approved by Governor Brown on September 22, 2015, a LRPMP may be amended once prior to July 1, 2016, to designate property used for public parking, which does not generate revenue in excess of the reasonable operation and maintenance costs, as a governmental purpose transfer.

5. Dispose of real estate assets in accordance with LRPM Plan

SUMMARY OF PROPERTIES OWNED BY THE SUCCESOR AGENCY

There are four properties currently owned by the Successor Agency. They are non-contiguous parcels located in different areas of the City, with distinct physical characteristics and land uses: long-term land lease, parking lot, multi-family residential, and retail development sites. As a result, the Agency must develop a distinct disposition strategy for the sale of each property.

The Agency has obtained appraisals for each property and engaged the services of a real estate broker services firm, Jones Lang LaSalle ("JLL"). JLL will assist the Agency, analyzing opportunities for the sale and development of each property, identifying potential buyer(s), and assisting in analyzing and negotiating offers.

Provided below is a brief summary of each property and the recommended disposition strategies:

1. **Heritage Plaza (6325 Pacific Boulevard)** – The property is a 7,405 square feet parcel of land, upon which a 3-story 13,500 square foot brick building is located. The former RDA provided the building owner, Bolo Corporation, a 75-year lease on the land for $100 per year, which commenced in June 1, 1983.

   The Successor Agency recommends the sale of the property. There are 45 years remaining on the term of the land lease; therefore, the appraised value for this property is $17,000 – the discounted value of $100 lease payments for 45 years, plus a terminal value. The "market value" for a similar-sized fee-simple parcel of land along Pacific Boulevard would likely generate a much higher value ($290,000).

   Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the "market value" for this parcel in order to own the land and building, fee-simple. The Agency will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

2. **Downtown Parking Lots (7116 Rugby Avenue)** – The property, which is comprised of two adjacent parcels, currently serves as a small free public parking lot located behind Pacific Boulevard. The total size for both parcels is 22,500 square feet, and the public parking lot includes 41 surface parking spaces. There are no revenues generated by the use of the property as public property which exceed the reasonable cost of operation and maintenance.

   ~~The Agency recommends the sale of this property. The City is interested in purchasing these parcels to continue utilizing them as public parking. The City conveyed one of the two adjacent parcels to the former Redevelopment Agency via a Grant Deed Agreement dated January 12, 1982. The Grant deed stipulates that the parcel is to revert to the City on January 1, 2082. The second parcel was conveyed to the RDA by a private party via a Grant Deed dated December 7, 1981.~~ The Agency recommends the transfer of this property to the City of Huntington Park as a "governmental purpose" transfer for the City's continued use as public parking, pursuant to Health & Safety Code Sections 34181(a) and 34191.3(b).

3. **Carmelita Site (6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street)** - The 80,855 square foot property is currently improved with twelve residential single-family and multi-family residential units. Eleven out of the twelve families that resided at the units were permanently relocated. The former RDA planned to develop the property with a residential project.

   The Agency recommends the sale of this property. The appraised value for the property is $1,515,000, which assumes that the property can be developed with 37 multi-family residential units in accordance with the current zoning for the property.

   The Agency will solicit various proposals from potential buyers. After an initial review, three firms will be recommended to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency.

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

4. **Southland Steel (5959-6169 S. Alameda Street)** – The 236,690 square foot property is considered a Brownsfield site with soil, soil vapor and groundwater contamination. The property is comprised of five adjoining parcels and is subject to a California Land Reuse and Revitalization Agreement with the Department of Toxic Substances Control, which sets forth a process for obtaining immunity for hazardous waste liability if remediation of the property is completed in accordance with the process specified in the Agreement. The RDA's objective was to develop the property with a commercial/retail or an automobile dealership project.

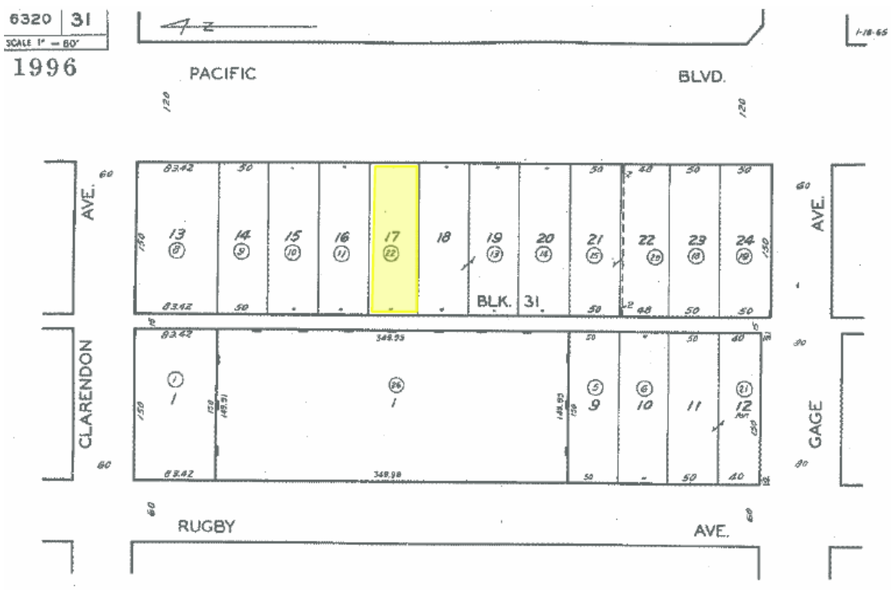
   The Successor Agency recommends the sale of the property and utilize the proceeds from the sale to pay an arbitrage liability on the 2004 Tax Allocation Bonds. The appraised value for the property is $4,735,000 as an industrial warehouse and $6,155,000 as a commercial/retail property. The property has identified environmental contamination; the appraisal assumes a "clean" site. On May 4, 2012, the RDA completed a soil Removal Action Workplan which anticipates soil clean-up costs to be less than $1,500,000. The Agency has performed environmental Phase I studies, soil sampling, and preliminary groundwater investigations but has not obtained a formal cost estimate for groundwater contamination.

   The Agency will solicit various proposals from potential buyers/developers. Given that the parcel has contamination issues, it will require an effective "subsidy and therefore is expected to be sold below the appraised value.

   The City has obtained two proposals for the sale of the property: one for retail development and another one for an automobile dealership project. JLL will solicit additional developer proposals. Upon the initial review of all competitive proposals, the Agency and JLL will negotiate with each firm and provide the best recommended use for the property.

A description and disposition strategies for of each these properties is provided in greater detail in the following sections.

Property #1 Heritage Plaza



Property #1 – Heritage Plaza

1. Date of acquisition and its value at that time and an estimated current value

The City purchased the parcel on May 3, 1972. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition. Based on an appraisal report dated February 28, 2013, the estimated current value of the property is $17,000.

2. Purpose for which property was acquired

The parcel was acquired for the development of retail/commercial and office space on Pacific Boulevard.

3. Parcel data for each property, including address, lot size and current zoning

APN: 6320-031-022

Size: 0.17 Acres

Address: 6325 Pacific Boulevard

Lot Size: 7,500 sq ft.

Zoning: Downtown Huntington Specific Plan, District B, which is a Mixed Use commercial/residential zone district. Primary uses include commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The current appraised value for the parcel of land was $17,000, as of February 28, 2013. The parcel was leased to Ventra, Inc. for a 75-year period ($100 per year), as an unimproved parcel of land.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The City signed a 75-year lease for $100 per year in 1983. There are 45 years remaining on the lease, which is currently held by Bolo Corporation. A copy of the lease is attached (Exhibit A)

Bolo Corporation is the building owner and legal entity that assumed the lease from Ventra, Inc., the original lessee.

6. History of environmental contamination or remediation efforts

There are no known environmental contamination issues.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property has potential for transit-oriented development. It is located within the City's downtown area and is close to public transit bus stations. Additionally, zoning for the property allows for high density mixed-use commercial and residential development projects.

The property is a 3-story brick building occupied by commercial and office uses. The City has already achieved its development objective with this site.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City granted a 75-year lease for $100 per year in 1983 to Ventra, Inc., in order to provide an incentive for the developer to build on this empty parcel. The developer built a 3-story 13,476 square foot building with retail on the first floor and office use on the second floor.

9. Identify the use or disposition strategy the property

a. Retained for governmental use
b. Retained for future development
c. Retained to fulfill an enforceable obligation
d. Sell property

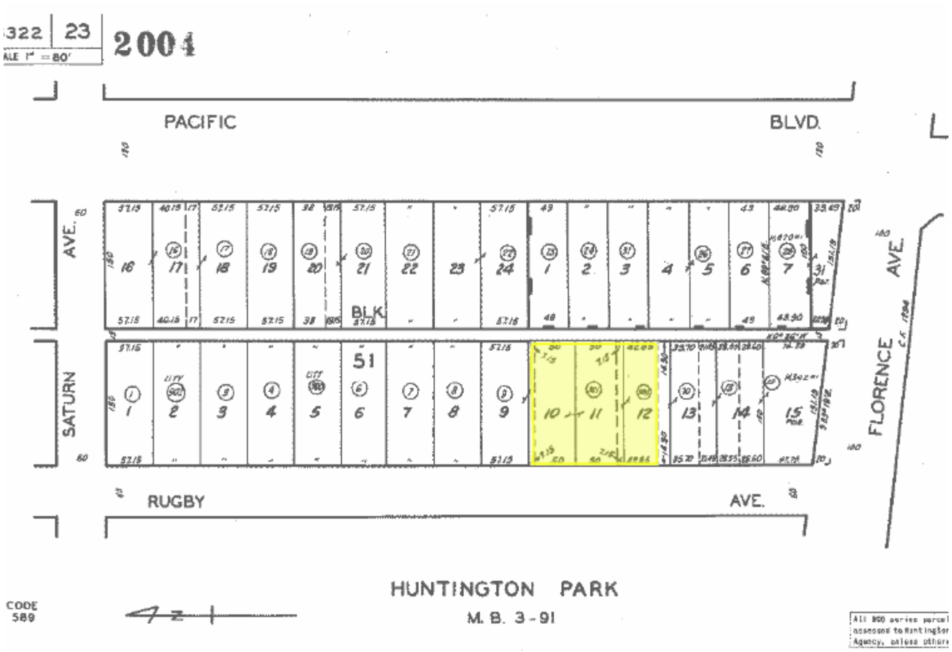
10. Outline your disposition strategy for this property

There are 45 years remaining on the term of the land lease; therefore, the appraised value of this property is $17,000 – the discounted value of $100 lease payments for 45 years, plus a terminal value. The market value for a similar-sized fee simple parcel of land along Pacific Boulevard would likely generate a much higher value ($290,000).

Given the 45-year term remaining on the land lease, the current building owner, Bolo Corporation, is the only party expected to pay close to the “market value” for this parcel in order to own the land and building, fee-simple. The Agency and JLL will negotiate with the building owner directly in order to sell the building for a pre-determined minimum value. The City is prepared to pay the appraised value ($17,000) in the event that Bolo Corporation selects to not purchase the property.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Property #2 – Downtown Parking Lots



Property #2 – Downtown Parking Lots

1. Date of acquisition and its value at that time, and an estimated current value

These parking lots are located in two adjacent parcels (APN 6322-023-901 and 904). The City conveyed one of the parcels (No. 901) to the former RDA via a Grant Deed Agreement dated January 12, 1982. This Grant Deed stipulates that Parcel 901 reverts to the City on January 1. 2082. The second parcel (No. 904) was conveyed to the RDA by a private party on December 7, 1981. Title reports including property profile reports did not provide information regarding the value of the property at the time of acquisition.

An appraisal report completed on March 4, 2013, estimates the property value at $630,000. It is important to note that the appraised value does not take into account the reversionary clause stipulated on the Grant Deed Agreement for Parcel No. 901. Copies of the Grant Deeds are attached to this report (Exhibit B)

2. Purpose for which property was acquired

The parcel was purchased for public parking uses. The parcels are currently improved with 41 surface parking spaces.

3. Parcel data for each property, including address, lot size and current zoning

APNs: 6322-023-901 (15,000 square feet) and 6322-023-904 (7,500 square feet)

Size: 22,500 square feet

Address: 7116 Rugby Avenue

Zoning: Downtown Huntington Specific Plan, District C, which is a Mixed Use commercial/residential zone district. Primary uses include multiple family residential, commercial retail, and office uses on the ground floor, with multiple family residential or office uses on upper levels. Development standards include a minimum 5,000 square feet and maximum development density of 70 dwelling units per acre.

4. Estimate of current value of parcel including any appraisal information

The appraised value for the property is $ 630,000 as of March 4, 2013. The value does not take into account the reversionary clause for Parcel 6322-023-901.

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

This parcel currently serves as free public parking for shoppers and merchants in the City's downtown along Pacific Boulevard. Therefore, there are no lease or rental revenues generated by the parking lots.

6. History of environmental contamination or remediation efforts

There are no known environmental conditions.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The City believes that this land parcel, located within the downtown area, presents an excellent opportunity for (affordable) housing development or other higher density mixed-use projects. The property is situated in proximity to public transit station bus stops and approximately one mile from the Blue Line light rail train station, which runs from downtown Los Angeles to Long Beach. In the event the property is developed, the City will require that these public parking lots be maintained as part of any future mixed-use development projects

8. A brief history of previous development proposals and activities, including the rental or lease of property

This property was originally purchased to provide additional parking spaces for shoppers and vendors for the City's downtown.

9. Identify the use or disposition strategy the property:

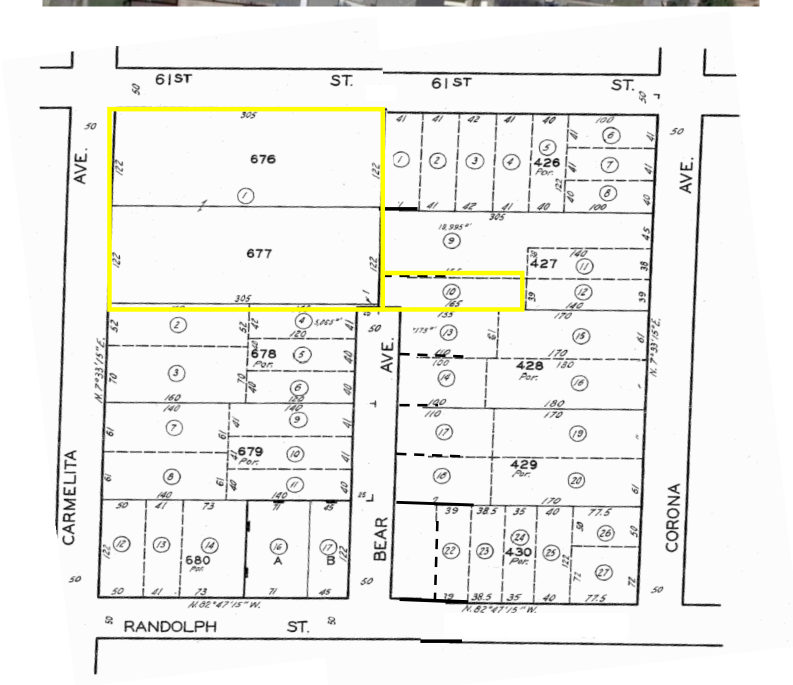
a. **Retained for governmental use**
b. Retained for future development
c. Retained to fulfill an enforceable obligation
d. Sell property

10. Outline your disposition Strategy for this property

The Agency proposes to ~~sell~~transfer the property to the City at no cost as a governmental purpose transfer, pursuant to Health & Safety Code Sections 34181 and 34191.3(b). The City ~~is interested in purchasing the property to~~ will continue utilizing it as its current use - public parking.

~~The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.~~

Property #3 – Carmelita



Property #3 – Carmelita

1. **Date of acquisition and its value at that time, and an estimated current value**

   The former RDA purchased the property on April 13, 2011 for $2,420,000. The estimated current value of the property is $1,515,000 as of February 28, 2013.

2. **Purpose for which property was acquired**

   The property was acquired for the development of a residential project

3. **Parcel data for each property, including address, lot size and current zoning**

   APNs: 6318-028-900 and 6318-029-900

   Address: 6100-6114 Carmelita Avenue, 6126 Bear Avenue, 3806-3828 61st Street

   Size: 80,855 square feet (1.9 Acres)

   Zoning: Property is located within the RH zone classification which permits single-family residential and low to high density multiple family residential development. Current Development Standards include the following – a) minimum lot size of 15,000 square feet, b) minimum street frontages of 100 feet and c) maximum building height of 45 feet. The maximum allowable development density is 20 units per acre or 1 unit per 2,178 square feet. The maximum lot coverage is 65%. Additionally, the zoning allows for two parking spaces per unit, plus one guest space for every three units.

4. **Estimate of current value of parcel including any appraisal information**

   The appraised value of the property is $1,515,000 as of February 28, 2013

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

There are no lease or rental revenues generated by the property. The property is improved with twelve residential units and one large vacant/unimproved parcel. Eleven out of the twelve tenants were relocated.

6. History of environmental contamination or remediation efforts

The property is partially developed with single and multi-family residential structures, comprising of 12 residential dwelling units. A portion of the property consists of unimproved/vacant land which was formerly developed and used as a plant nursery. The former Redevelopment Agency conducted the following environmental assessments:

- Phase I, October 19, 2009 - Identified potential environmental concerns due to pesticides and herbicides used during the time that the nursery was in operation.

- Phase II, October 21, 2010 - Soil samples collected from the property found chlorinated herbicides and pesticides. The environmental assessment concluded that concentrations of these chemicals fell below the State of California Human Health Screening levels for residential properties and therefore, no further investigations were necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The zoning of the property permits single-family residential and low to high density multiple family residential development. The City believes that this land parcel has potential for a housing development project or other higher density multiple-family residential projects. The property is located within a residential neighborhood in proximity to public transit bus stops.

8. A brief history of previous development proposals and activities, including the rental or lease of property

In August 2008 the RDA solicited proposals from qualified residential private developers to develop a residential project on the site. On September 20, 2010, the RDA entered into an Exclusive Negotiating Agreement with Gangi Development to negotiate the potential construction of a residential project. The Agreement with Gangi Development expired on September 20, 2011.

9. Identify the use or disposition strategy the property:

a. Retained for governmental use
b. Retained for future development
c. Retained to fulfill an enforceable obligation
d. <u>Sell property</u>

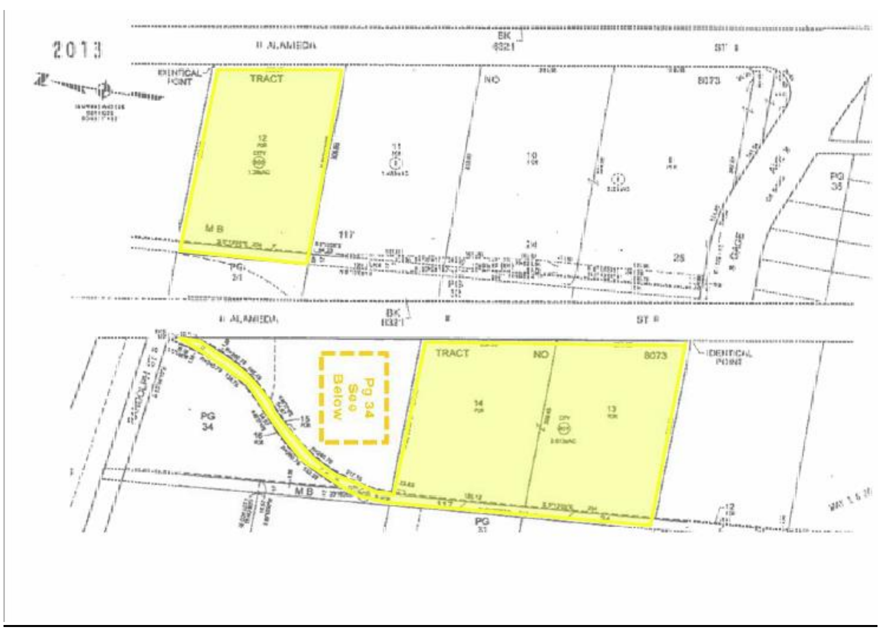
10. Outline your disposition Strategy for this property

The appraised value for the property is $1,515,000, which assumes that the property can be developed with 37 multi-family residential units, in accordance with the current zoning for the property.

The Agency and JLL will solicit various proposals from potential buyers. After an initial review, JLL will recommend three firms to initiate more targeted discussions. JLL will negotiate with each firm and provide the best recommended use to the Agency***.***

The proceeds of the sale of the land will be used to pay outstanding principal on the Neighborhood Preservation Project loan – Item #5 of the Agency's approved ROPS.

Property #4 – Southland Steel



Property #4 – Southland Steel

1. **Date of acquisition and its value at that time, and an estimated current value**

   The RDA purchased the property on March 22, 2005, for $5,430,000. The estimated current value of the property is $4,735,000 as an industrial warehouse (as of January 15, 2013); and $6,155,000 as a commercial/retail property (as of March 18, 2013).

2. **Purpose for which property was acquired**

   The property was purchased to develop a commercial/retail center or an auto dealership. The Redevelopment Agency's goal was to develop a project that would revitalize the area, stimulate economic growth, create new jobs for the community and increase the City's revenues.

3. **Parcel data for each property, including address, lot size and current zoning**

   APN: 6009-033-900, 901, 902
   6009-034-900, 901

   Address: 5959-6169 South Alameda Street

   Size: 236,690 square feet (5.43 Acres)

   Zoning: The property is zoned as Commercial-General, which allows for general retail, professional uses, and service-oriented business activities serving a community-wide need under design standards that ensure compatibility with adjoining land uses. The maximum permitted FAR is 2:1.

4. **Estimate of current value of parcel including any appraisal information**

   The appraised value for the property is $4,735,000 as an industrial warehouse (as of January 15, 2013); and $6,155,000 as a commercial/retail property (as of March 18, 2013).

5. Estimate of any lease, rental, or other revenues generated by the property and a description of the contractual requirements for disposition of those revenues

The RDA has a $7,768 month-to-month lease agreement with Nicolas Alexander, owner of an adjacent BMW and Mini Cooper Auto dealership. Mr. Alexander leases approximately 94,000 square feet (2.15 acres) of the land for automobile storage inventory and employee parking. A copy of the lease agreement is attached (Exhibit C).

6. History of environmental contamination or remediation efforts

The property is considered a Brownsfield site with soil and groundwater contamination. A history of property uses include:

- Early 1900s: Fertilizer manufacturing facility owned by American Agricultural Chemical Company
- 1947-1971: Warehouse and steel manufacturing facility owned by Rawlins and subsequently by Lufkin Foundry
- 1971-2002 : Steel manufacturing facility owned by Southland Steel Company
- 2002-2005: Leased for industrial and office uses and owned by Fallon Family Trust
- 2005- Present: Property was purchased by former RDA in 2005. A portion of the land (approximately 94,000 square feet) is being leased to an adjacent auto dealership (Alexander BMW) for auto storage inventory and employee parking. Most of the buildings occupying the property were demolished in 2008, except for an automotive storage area and an office building on the south side of the property, currently leased by Alexander BMW.

The following Environmental Assessments have been performed at the site:

1. Phase I Assessment - Prior to the acquisition of the property, three Phase I Assessments were performed by Applied Environmental Technologies (July 2, 1999 and an update on September 10, 2001) and Assesco (October 1, 2004).
2. Soil samples were collected by All Phase in 2004
3. Soil Vapor Survey performed by All Phase in 2005

4. Removal of a1,000-gallon underground storage tank (used for gasoline/waste oil) in 2007
5. Supplemental Site Investigations conducted by Pacific Edge in 2007, 2008 and All Phase in 2009

During the environmental investigation process, high levels of contaminants were detected in the soil, soil vapor and groundwater. A Site Characterization Report dated October 6, 2010, indicates that the contaminants of concern relate primarily to past use of the property as a steel manufacturing facility. Contaminants of concern found on the subject property include the following:

1. Soil
   - Volatile Organic Compounds (VOCs)
   - Semi-volatile Organic Compounds (SVOCs) and Polyaromatic hydrocarbons (PAHs)
   - Heavy metals
   - Polychlorinated biphenlys (PCBs)
   - Chlorinated pesticides
   - Total petroleum hydrocarbons

2. Soil Vapors
   - Volatile Organic Compounds

3. Groundwater
   - Volatile Organic Compounds
   - Heavy metals

On December 5, 2005 the Redevelopment Agency entered into a California Land Reuse and Revitalization Act (CLRRA) Agreement with the Department of Toxic Substances Control (DTSC) to facilitate the environmental assessment, clean-up and re-use of the Southland Steel site. The CLRRA Agreement allows the agency to receive immunity from environmental liability upon completion of remediation of the site.

The following documents are required to be prepared under the CLRRA Agreement:

1. Site Characterization Report (SCR) – This report serves to provide a summary of all previous environmental investigations performed at the site. The SCR was completed and approved by DTSC on July 20, 2011.

2. Removal Action Plan – The Removal Action Plan serves to provide methods to remedy contamination issues in the soil, soil vapor and groundwater in a manner that is protective of human health and the environment.

   The RDA completed a Removal Action Workplan for the shallow surface soil on May 4, 2012, which was subsequently approved by DTSC on May 10, 2012. The approved Plan describes the appropriate soil removal procedures for lead, arsenic, cadmium and polyaromatic hydrocarbons. The projected cost for soil remediation is estimated to be less than $1,500,000. Upon completion of soil remediation, the property may be utilized for commercial/industrial uses, provided that DTSC reviews and approves improvement plans.

   The Agency included the cost to implement the Soil Removal Action Work Plan as obligation number 15 in ROPS III. However, the Department of Finance denied this item as an obligation.

   Note: Removal Action Plans for the soil vapor and groundwater contamination have not been completed. Further groundwater investigations may be necessary.

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The property is not suitable for a transit-oriented development due zoning restrictions and environmental conditions.

8. A brief history of previous development proposals and activities, including the rental or lease of property

The City received two proposals to purchase and develop the property. One proposal includes the development of commercial/retail project, and another proposal includes the expansion of an adjacent BMW and Mini Cooper dealership.

9. Identify the use or disposition strategy the property:

a. Retained for governmental use
b. Retained for future development
c. Retained to fulfill an enforceable obligation
d. <u>Sell property</u>

10. Outline your disposition Strategy for this property

The Agency proposes to sell the property. The sale of this property may be more difficult given the complexity of the environmental issues involved. Staff does not propose to sell the property "as-is" to the highest bidder through and auction or RFP process, but rather the process will likely require a concentrated marketing effort to a few interested parties involving the Agency's broker and City staff.

The appraised value for the property is $4,735,000, as an industrial warehouse and $6,155,000 as a commercial/retail property. The property has identified environmental contamination and the appraisal values assume a "clean" site. Based on the Removal Action Workplan for the soil dated May 4, 2012, the cost for soil clean-up is estimated to be less than $1,500,000.

JLL will solicit various proposals from potential buyers/developers. Given that the parcel is not located in a traditional retail location, it will require an effective "subsidy" and is expected to be sold below the appraised value.

The City has obtained two proposals for the sale of the property one for retail development and another for an auto dealership. JLL will solicit additional developer proposals. Upon the initial review with the Agency of all competitive proposals, JLL will negotiate with each firm and provide the recommended best use to the Agency.

The proceeds of the sale of the land will be used to pay the arbitrage rebate liability on the 2004 Tax Allocation Bonds.

Attachements

Exhibit A – Lease Agreement for Property #1
Exhibit B – Grant Deeds for Property #2
Exhibit C – Lease Agreement for Property #4

City of Huntington Park Successor Agency - Property Description

	Property Name	Heritage Plaza	Rugby Avenue Parking Lots	Carmelita Site	Southland Steel
2	**Property Type**	Commercial	Parking Lot - 41 spaces	Residential and vacant land	Industrial building & Vacant lot
3	**Permissable Use**	Commercial/Residential	Commercial/Residential	Residential up to 20 du/acre	Commercial
4	**Acquisition Date**	5/3/1972	6/12/1982	4/13/2011	3/22/2005
5	**Value at Time of Purchase**	Not available	Not Available	$2,420,000	$5,430,000
6	**Estimated Current Value**	$17,000	$65,000	$1,515,000	$4,735,000 Manufacturing ("as if clean")
	value per square foot		*$3*	*$19*	*$20*
7	**Value Basis**	Appraised	Appraised	Appraised	Appraised
8	**Date of Estimated Current Value**	2/28/2013	11/8/2013	2/28/2013	1/11/2013
9	**Proposed Sale Value**	TBD	TBD	$1,515,000	TBD
10	**Proposed Sale Date**	To be determined	To be determined	To be determined	To be determined
11	**Acquisiton Purpose**	Commercial	Public parking lots	Residential development	Auto dealership and/or commercial development
12	**Address**	6325 Pacific Blvd	7116 Rugby Avenue	6126 Bear Avenue 6100-6114 Carmelita Ave 3806-3828 61st Street	5959-6169 South Alameda
13	**APN #**	6320-031-022	6322-023-901 6322-023-904	6318-028-900 6318-029-900	6009-033-900 6009-033-901 6009-034-900 6009-034-901 6009-033-902
14	**Lot Size**	7,500 sq ft/0.17 ac	21,428 sq. ft/0.49 ac	80,855 sq. ft/1.86 ac	236,690 sq ft/5.43 ac
15	**Current Zoning**	Central Business District/ Residential	Central Business District/ Residential	High Density Residential Max units 20 du/ac	Commercial
16	**Estimate of Income/Revenue**	$100/year	$0	$0	$7,768/month