



City of Carson Report to Mayor and City Council

June 15, 2011
New Business Consent

SUBJECT: CONSIDER AUTHORIZING THE CARSON REDEVELOPMENT AGENCY TO LEASE THE 0.43-ACRE PARCEL OF PROPERTY LOCATED AT 21208 SHEARER AVENUE FROM THE CITY OF CARSON (CARSON CONSOLIDATED PROJECT AREA)

Submitted by Clifford W. Graves
Economic Development General Manager

Approved by Clifford W. Graves
Interim City Manager

THIS IS A JOINT AGENDA ITEM

I. SUMMARY

The subject of this report is a ground lease (Exhibit No. 1) by and between the Carson Redevelopment Agency (Agency) and the city of Carson (City) for the approximately 0.43-acre parcel of City-owned property located at 21208 Shearer Avenue (Site) (Exhibit No. 2), within the Carson Consolidated Project Area. The Agency will lease the Site, which it is developing as a park, from the City through a ground lease that will be for a 20 year period at a rate of \$57,222.00 per year with an annual increase of 3%.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE the Lease Agreement by and between the Carson Redevelopment Agency and the city of Carson, which will become effective upon transfer of lease funds from the Agency to the city of Carson.
2. AUTHORIZE the Mayor to execute the Lease Agreement following approval as to form by the City Attorney.

III. ALTERNATIVES

1. MODIFY the Lease Agreement as the City Council may require.
2. TAKE another action the City Council deems appropriate.

IV. BACKGROUND

In March 2011, the Agency conveyed title of the Site to the City with the intention of developing a neighborhood passive park (Park) at the Site. While the Agency will develop the Park, the City will operate and maintain it. However, due to the history of the Site, the Agency is compelled to maintain a level of oversight regarding activities in and around it. To that end, the Agency desires to lease the

Site, even as it develops the Park, from the City for a term of 20 years at an effective rate of \$57,222.00 per year with an annual increase of 3%.

The Agency has been involved with the Site for more than 25 years. During that time it has sold the Site and then re-acquired it from the buyer due to the existence of environmental contamination. In 2006, the Agency remediated the soil on the property to a depth of 13 feet below grade. However, the Regional Water Quality Control Board (RWQCB), the environmental oversight agency for the Site, wanted the Agency to make further investigations into the condition of the ground water below the Site. Believing such action unwarranted, the Agency filed suit against the RWQCB to make it relent, and was successful. The RWQCB then issued the Agency a no-further-action (NFA) letter, dated August 11, 2010, for the Site soil to a depth of 13 feet. Other environmental covenants and land use restrictions, which must be observed in perpetuity, were also placed on the Site by the RWQCB. Leasing the Site will, among other things, allow the Agency to preclude activity in or on the Park that could jeopardize the covenants and restrictions, as well as help monitor future development adjacent to the Site, again, to ensure compliance with the NFA letter.

The Agency will make a one time, lump sum advance lease payment of \$1,144,448.00 representing the entire amount due for the 20 year lease period to the City upon authorization of the Agency Board. The lease payment was derived, based on an appraisal, by Goeppner and Associates dated June 3, 2011, for the fair market value of the land and the cost of improvements. The analysis was performed by the Agency's economic consultant, Keyser Marston Associates, and is attached as Exhibit No. 3.

V. FISCAL IMPACT

The Agency will expend \$1,144,448.00 in tax increment bond funds to lease the Site from the City and the City will receive those funds as payment in full for a 20 year lease term.

VI. EXHIBITS

Exhibits listed below are included with the Carson Redevelopment Agency Joint Item.

1. Lease Agreement between the Carson Redevelopment Agency and the City of Carson. (pgs. 4-15)
2. Vicinity Map. (pg. 16)
3. Lease payment analysis by Keyser Marston Associates. (pgs. 17-19)

Prepared by: Jeff F. Westbrook, Redevelopment Manager and Amelia Soto,
Redevelopment Analyst

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Reviewed by:

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| City Clerk | City Treasurer |
| Administrative Services | Development Services |
| Economic Development Services | Public Services |

Action taken by City Council

Date_____ Action_____

