



Legislation Details (With Text)

File #: 2015-227 **Version:** 1 **Name:**
Type: Report **Status:** Agenda Ready
File created: 3/10/2015 **In control:** City Council
On agenda: 3/17/2015 **Final action:**
Title: AUTHORIZATION TO ENTER INTO DEPOSIT/REIMBURSEMENT AGREEMENT WITH CARDINAL CAVALRY, LLC: MARKETPLACE SITE
Sponsors: City Attorney
Indexes:
Code sections:
Attachments:

Date	Ver.	Action By	Action	Result
3/17/2015	1	City Council		

Report to Mayor and City Council

Tuesday, March 17, 2015

New Business Consent

SUBJECT:

AUTHORIZATION TO ENTER INTO DEPOSIT/REIMBURSEMENT AGREEMENT WITH CARDINAL CAVALRY, LLC: MARKETPLACE SITE

I. SUMMARY

Cardinal Calvary, LLC ("Developer") is the primary development entity with respect to the proposed NFL Stadium or alternative development of that certain unimproved real property commonly known as the "Carson Marketplace" site. The site is generally bounded by the San Diego Freeway, Avalon Blvd., Main Street and the Torrance lateral channel (the "Site"). The proposed Site development will entail a significant amount of work from independent consultants, City staff, and the City Attorneys' office. Under these circumstances, it is not uncommon for the developer to reimburse many, if not all, the City's staff, legal and consulting expenses.

II. RECOMMENDATION

1. AUTHORIZE staff and City Attorney to enter a deposit and cost reimbursement agreement with Cardinal Cavalry, LLC. The form of such deposit/reimbursement

agreement shall be developed by and agreeable to the City Attorney.

III. ALTERNATIVES

1. DECLINE to direct staff to proceed with a deposit/reimbursement agreement.

IV. BACKGROUND

The Boulevards at South Bay (alternatively referred to as “Marketplace”) is in the Agency’s Consolidated Redevelopment Project Area/ Former Project Area No. 1. The current developer is Starwood and the Owner of the Site is Carson Marketplace, LLC (the “Landowner”). The project entitlements were approved in 2006 and included a specific plan, development agreement, and OPA securing \$120 Million in financial assistance for remediation and infrastructure through the Redevelopment Agency. Starwood was developing a mixed use with a two million square-foot commercial center with two hotels and 1,150 housing units (or multifamily) on the Site. It was envisioned that the City would get \$3 Million to 5 Million in sales taxes at build out. The Site is located on a former landfill and the clean-up of the landfill and remediation systems subject to oversight by the Department of Toxic Substance Control (“DTSC”) through a lawsuit originally filed in 1995 and various consent decrees entered into with ARCO and others between December 1996 and March 2001 (the “Consent Decree”), and a subsequent Remedial Action Plan approved on October 25, 1995. The landfill was located on the part of the Site known as the 157-acre Central Parcel. The 11-acre Del Amo Parcel was located north of Del Amo Boulevard and was not located on the landfill. Due to the sluggish market over the past five years, the complexity of the remediation and phasing of the project, the development and remediation proceeded slower than expected. The lack of committed tenants caused uncertainty as to the ultimate design of the building protection systems and landfill cap. However, the remediation project made significant progress and Starwood has spent almost \$100 million on the remediation project, although decisions will need to be made about the final configuration.

Starwood has been approached by various NFL teams (Chargers and Raiders, herein “Team”) and is interested in developing the site for a 68,000 seat NFL football stadium (the “Stadium”). Any development of the Site as a Stadium would need approval of the 32 NFL owners (3/4 vote) for a Team to move to Los Angeles. Team or entity related to Team is currently in escrow with Landowner to purchase the Del Amo portion of the Site (the “Del Amo Property”) and the Central Parcel.

This potential undertaking will entail a significant amount of work from independent consultants, City staff, and the City Attorneys' office. Under these circumstances, it is not uncommon for the developer to deposit funds with a city to reimburse many, if not all, the City's staff, legal and consulting expenses. Authorization is hereby sought from the Council to permit staff and the City Attorney to enter into a "deposit/reimbursement agreement" requiring Developer to deposit funds with the City to reimburse all costs, including but not limited to, all staff time, third-party consulting costs, financing mechanisms and the City's legal costs associated with the preparation and/or review of such plans, studies and agreement as required by the project.

V. FISCAL IMPACT

None. The proposed deposit/reimbursement agreement would provide cost coverage to the City for development of the Project.

VI. EXHIBITS

None.

Prepared by: City Attorney's office