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**Title:** ASSIGNMENT OF RIGHTS UNDER OPA & DEED OF TRUST FROM CITY AND SUCCESSOR AGENCY TO CARSON REMEDIATION JPA: MARKETPLACE SITE

THIS IS A JOINT AGENDA ITEM WITH CITY COUNCIL

**Sponsors:** City Attorney

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No. 1 - Carson NFL Assignment AGREEMENT DEED of Trust etc

Date	Ver.	Action By	Action	Result
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**Report to Successor Agency**  
 Monday, March 23, 2015  
 New Business Discussion

**SUBJECT:**

**ASSIGNMENT OF RIGHTS UNDER OPA & DEED OF TRUST FROM CITY AND SUCCESSOR AGENCY TO CARSON REMEDIATION JPA: MARKETPLACE SITE**

**THIS IS A JOINT AGENDA ITEM WITH CITY COUNCIL**

**I. SUMMARY**

I. It is proposed that the City and the Successor Agency jointly assign to the Carson Remediation JPA all their rights, obligations and interests under (1) an Owner Participation Agreement (“OPA”), and (2) a Promissory Note secured by a Deed of Trust (“DoT”), which OPA, Note and DoT pertain to the “Carson Marketplace” development generally bounded by the San Diego Freeway, Avalon Blvd., Main Street and the Torrance lateral channel (the “Site”). The OPA, Note and DoT as related to the Marketplace Site present precisely the type of potential environmental remediation activities within the intended purview of the Remediation JPA. Therefore, it is proposed that the City and the Successor Agency assign all their rights, obligations and interests in the OPA, Note and the DoT to

the JPA.

## II. **RECOMMENDATION**

1. Jointly ASSIGN all rights and obligations of the City and Successor Agency under the OPA & the Note and Deed of Trust to the Carson Remediation JPA via execution of that form of assignment agreement attached hereto at Exhibit 1 and to be recorded upon the Site.

## III. **ALTERNATIVES**

DECLINE to assign the OPA, Note and/or DoT to the JPA.

## 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 was Starwood and the Owner of the Site was Carson Marketplace, LLC (the “Landowner”). The project entitlements were approved in 2006 and included a specific plan, development agreement, and OPA securing \$120 Million of 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 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.

As noted above, development of the Site and certain financial assistance related to the Site are the subject of an OPA. The OPA was executed between Landowner and the Carson Redevelopment Agency (now, Successor Agency) on July 25, 2006, and amended on May 20, 2008, and February 17, 2009. Further, performance obligations and monetary obligations under the OPA, as amended, were reflected in a Promissory Note secured by the DoT dated February 17, 2009, which DoT is recorded on the Site’s title.

In light of abolishment of the Carson Redevelopment Agency by state law, the Council authorized formation of the Carson Remediation Joint Powers Authority. The Remediation JPA is responsible for undertaking remediation activities that may pose substantial liabilities. The JPA provides some protection from tort liability to its member agencies and other taxing agencies, including protecting the City general fund from environmental liabilities while allowing the City to meaningfully provide a mechanism for clean-up, maintenance and potential development of contaminated properties.

The OPA, Note and DoT as related to the Marketplace Site present precisely the type of potential environmental remediation activities within the intended purview of the Remediation JPA. Therefore, it is proposed that the City and the Successor Agency assign all their rights, obligations and interests in the OPA, Note and the DoT to the JPA. This would be accomplished via joint execution of that Assignment Agreement by the City and the Successor Agency attached hereto as Exhibit 1. The Assignment Agreement would need to be “assumed” by the Carson Remediation JPA once it is fully formed.

## **V. FISCAL IMPACT**

None at this time.

## **VI. EXHIBITS**

1. Exhibit 1 - Form Assignment Agreement (pgs. 4-11) Prepared by: City Attorney's office