CRA/LA
Building communities with jobs & housing

Community Redevelopment Agency
of the CITY OF LOS ANGELES

DATE / AUG 7 - 2008

FILE CODE /

354 South Spring Street / Suite 800
Los Angeles / California 90013-1258

T 213 977 1600 / F 213 977 1665
www.crala.org

CRA File No. 8305
Council District: 9
Contact Person: David Riccitiello
Jenny Scanlin
Pauline Lewicki
(213) 977-1711

Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:
Transmitted herewith, is a Board Memorandum adopted by the Agency Board on August 7, 2008 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:
CONTINUATION OF PUBLIC HEARING: APPROVAL OF AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT WITH SLAUSON CENTRAL LLC FOR THE DEVELOPMENT OF THE SLAUSON CENTRAL RETAIL CENTER ON APPROXIMATELY 6.5 ACRES LOCATED AT 944-1010 E. SLAUSON AVENUE AND 1040 E. SLAUSON AVENUE AND ASSOCIATED ENVIRONMENTAL ACTION COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA
DOWNTOWN REGION (CD9)

RECOMMENDATION
That City Council approves recommendations on the attached Board Memorandum.

ENVIRONMENTAL REVIEW
The CRA/LA Board of Commissioners' adopted the MND for the Slauson Central Shopping Center Project on June 5, 2003. CRA/LA staff caused to be prepared additional environmental analysis to determine if (1)~~if~~ any new significant effects or a substantial increase in the severity of previously identified significant effects, (2) substantial changes occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, or (3) new information of substantial importance which was not known and could not have been known at the time the previous MND was adopted. The analysis concluded that an Addendum to the MND is the appropriate environmental document pursuant to CEQA. CRA/LA staff recommends the adoption of the Environmental Resolution.

AUG 08 2008
HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT

CRA/LA
Building communities with jobs & housing

FISCAL IMPACT STATEMENT
There is no fiscal impact to the City's General Fund, as a result of this action.

Cecilia V. Estolano, Chief Executive Officer

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, City Attorney's Office
Councilmember Jan Perry, 9th Council District

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

3

MEMORANDUM

REVISED as underlined

DATE: AUGUST 7, ~~JULY 17~~, 2008 (continued from July 17th, 2008) C9 2120

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DAVID RICCITIELLO, REGIONAL ADMINISTRATOR
JENNY SCANLIN, PROJECT MANAGER
PAULINE LEWICKI, PRINCIPAL PLANNER

SUBJECT: CONTINUATION OF PUBLIC HEARING: APPROVAL OF AN AMENDED AND RESTATED DISPOSITION AND DEVELOPMENT AGREEMENT WITH SLAUSON CENTRAL LLC FOR THE DEVELOPMENT OF THE SLAUSON CENTRAL RETAIL CENTER ON APPROXIMATELY 6.5 ACRES LOCATED AT 944-1010 E. SLAUSON AVENUE AND 1040 E. SLAUSON AVENUE AND ASSOCIATED ENVIRONMENTAL ACTION
COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY RECOVERY REDEVELOPMENT PROJECT AREA
DOWNTOWN REGION (CD9)

COMMITTEE REVIEW: RECOMMENDED BY LOAN COMMITTEE, OCTOBER 31, 2007

RECOMMENDATION

That the CRA/LA Board of Commissioners:

1. Hold a Public Hearing and request that the City Council hold a Public Hearing pursuant to Health & Safety Code Section 33433 regarding the proposed disposition of 944-1010 E. Slauson Avenue and 1040 E. Slauson Avenue.

2. Adopt an Environmental Resolution to:

   a. Adopt the Initial Study/Mitigated Negative Declaration (MND) for the Slauson Central Retail Center, as supplemented by the August 2008 Addendum to the MND, together with the Mitigation Monitoring Program included in the Initial Study/MND, finding on the basis of the whole record that there is no substantial evidence that a supplemental EIR or subsequent Initial Study/MND need be prepared for the Slauson Central Retail Center because none of the conditions described in Section 15162 of the State CEQA Guidelines has occurred; and

   b. Certify that the information contained in the August 2008 Addendum and Initial Study/MND for the Slauson Central Retail Center has been reviewed and considered by the CRA/LA Board of Commissioners and that the <u>August</u> 2008 Addendum and Initial Study/MND reflect the CRA/LA Board of Commissioner's independent judgment and analysis.

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

3. Adopt a Joint Resolution authorizing the sale of Property and making certain findings pursuant to Health and Safety Code Section 33433, and find that (i) the proposed Slauson Central Retail Center (the "Project") will assist in eliminating blight; (ii) the Community Redevelopment Agency of the City of Los Angeles' (CRA/LA) sale of that Property is consistent with the Five Year Implementation Plan for the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project; and (iii) the consideration to be received by the CRA/LA is not less than the fair re-use value of the Property in keeping with Health and Safety Code Section 33433 and request that City Council adopt the Joint Resolution;

4. Authorize the Chief Executive Officer or designee to execute the Amended and Restated Disposition and Development Agreement with Slauson Central LLC for the development of the Slauson Central Retail Center; and

5. Authorize the Chief Executive Officer to negotiate indemnification language that would provide full indemnification of Slauson Central LLC in connection with any potential damages related to the current or future appeals by M&A Gabaee or Kramer of the right to take decisions.

<u>SUMMARY</u>

The recommended actions will allow for the execution of an Amended and Restated Disposition and Development Agreement ("DDA") between CRA/LA and Slauson Central, LLC ("Developer"). The original DDA was adopted in December 2003 and this is the first amendment to the document since its execution. <u>The original DDA is still in full force and effect and will remain so until such time as an amended DDA is approved and executed or either party to the original DDA chooses to terminate under provisions of the DDA. To date, the CRA/LA and Slauson Central, LLC have acted in good faith under the original DDA and are working towards meeting their contractual obligations.</u> However, aAs originally adopted, the DDA anticipated the Slauson Central Retail Center ("Project") located at 944-1010 E. Slauson and 1040 E. Slauson (see Site Map - Attachment A) to be constructed and operable in calendar year 2005. Due to the extended acquisition process, the Project is now expected to be fully constructed and operable by March 2010. As a result, the Project's economics and anticipated development program were both impacted causing the CRA/LA and Developer to review and revise the DDA to reflect the new circumstances under which this development can remain feasible.

The new economics of the Project are analyzed in the Health and Safety Code Section 33433 Summary Report provided as Attachment D to this Board Memorandum and include increased construction and acquisition costs; revisions to the repayment schedule of the Section 108 Loan anticipating the lack of available site specific City and CRA/LA revenues available in the first six years; an increase in Net Operating Income of the Project once built; a revised Presale Agreement between the Developer and Slauson Central Partners, L.P., the approved purchaser of the Project, changing the capitalization rate from 10% to 7.25%; and a change in the approved profit margin allowed for the Developer from 9.88% to 18% with the CRA/LA receiving 50% of any additional profit after the Developer meets this percentage. These changes reflect the current market for both the sale and development of a commercial retail center of this size and consider the risk factors and community benefits triggered by the Project itself.

The fair reuse value of the Project is based on the difference between the Project's estimated development costs (including an appropriate Developer profit recognizing the risks anticipated for the Project) and the Project's anticipated revenues. The DDA imposes extraordinary public benefit obligations on the Project. Specifically, the Developer must pay prevailing wages to all contractors and subcontractors employed to construct the Project, construct 1,000 square feet of Educational Training Center space, make that space available to a community organization at a cost of One Dollar per year for 25 years, and accept a contingent liability for the repayment of the $2,004,600 Section 108 Loan. Additionally, the Developer has agreed to sell the Project upon completion to a development partnership that includes a community not-for-profit organization. The sales price has been established using a 7.25% return level for the buyer. This results in a profit of approximately $3,718,733 million for the Developer, or almost 25% of project costs. This is at an acceptable level of profit for the risks assumed by the Developer. Further, the Developer has agreed to share any excess proceeds with the CRA/LA in the event that profits from the sale of the Project exceed the required 18% return on cost. The extraordinary public benefit provisions reduce the value of the Project Site from $9,012,837 at the highest use allowed by the Site's zoning and the requirements imposed by the Redevelopment Plan, to the established fair reuse value of $2,047,714.

Three sources of public funding are being utilized to assist in financing the project's acquisition, relocation, environmental remediation and debt. These sources are AB1290, tax increment and site specific City tax proceeds. AB1290 funds are a result of State law requiring the passthrough of a specific percentage of tax increment from the redevelopment agency to the city once a project area has been established. In this case, the City chose to obligate future year AB1290 funds allocated to the CRA/LA as a source of repayment for the $6.58 million Section 108 Loan originally obtained by the CRA/LA to pay for acquisition costs. The total AB1290 expenditure is expected to be approximately $6.7 million. The site specific and areawide tax increment will be utilized to cover acquisition-related expenses, relocation expenses, and a portion of the debt service on the Section 108 Loan. Total tax increment obligations are estimated at $6.9 million, however the CRA/LA can expect to recover a portion of this when it receives the fair reuse value payment from the Developer and any additional profit share from the sale of the Project. In addition, although the Developer can draw on up to $1.8 million in site specific tax increment for debt service, only $950,000 is estimated to be needed at this time. These two factors could reduce the total CRA/LA contribution to approximately $4 million. Lastly, a combined accounting of the site specific utility user, business license and sales tax receipts make up the site specific City tax proceeds obligated to the Section 108 loan debt repayment for this Project. Total site specific City tax proceeds to be spent are estimated at $1.76 million. This contribution of public funds is necessary and appropriate based on the associated risks of the development, the obligations of the community benefits package and the cost of land acquisition in an environment where available land for such large commercial projects in urbanized areas is very hard to come by. Due to the fact that the public funding obligation was debt financed through a Section 108 Loan, there is an added cost to the funds not normally seen in other publicly subsidized projects.

Due to the elongated predevelopment process, the original plan for an 80,000 square foot shopping center with Food For Less as the anchor tenant, a pad for a drive-thru restaurant and miscellaneous shop spaces has also changed. To the benefit of the community, the Developer is now proposing a revised Site Plan (See Attachment E) and Development Scope that includes Northgate Gonzalez as the anchor tenant with a store sized at 45,000 square feet, a 13,000 square foot pad for a drug store, a 6,500 square foot pad for a sit down restaurant or other commercial use that does not generate more traffic than a sit down restaurant during either morning or evening peak hours~~or full service bank~~, and up to 11,800 square feet of shop space that will include a variety of other food options and services as well as 1,000 square feet for an Educational Training Center. Northgate Gonzalez Markets, the proposed major tenant, is a family-owned supermarket chain operating 23 stores in Southern California. This will be their second store in the City of Los Angeles and will include a full service meat department, bakery, tortilleria, and extensive prepared foods and produce sections, with a seating area for consumption of their prepared goods. The store will also be served by a shuttle van service which Northgate Gonzalez will operate to pick up and drop off customers and an in-store check cashing service that will not charge any fees to customers. The grocery store alone expects to employ between 150 to 250 employees depending on store volumes and will pay living wages to all employees.

Aside from updating the DDA to include all appropriate CRA/LA Policies that have been revised since 2003, there is only one modification to the community benefits agreed to under the original DDA, with the required space for the Educational Training Center reduced from 2,000 square feet to 1,000 square feet. The reduction achieved additional shop space for the smaller tenants and was approved by Concerned Citizens of South Central Los Angeles (CCSCLA), the anticipated operator of the Educational Training Center. CCSCLA believes the Educational Training Center will be able to operate at its full potential within the allotted space.

The proposed changes have extended the Schedule of Performance on the DDA and will allow for the additional time needed for all Parties to meet their required obligations. The Schedule of Performance has also been adjusted to include an opportunity for both the Developer and CRA/LA to determine, based on the status of any existing or pending litigation related to the condemnation, whether to terminate the DDA or move forward with the shopping center improvements. This decision will take place the earlier of October 1, 2008 or the beginning of any grading work. If either party elects to terminate the DDA, the CRA/LA will be responsible for reimbursing selected costs related directly to the work program incurred by the Developer between the date of execution of the DDA and the date of decision to terminate.

As a result of outstanding litigation which is expected to continue through the fiscal year and the need for the Developer to have clear title in order to finance construction, the CRA/LA may need to consider providing indemnification to a title company in order to transfer title without exceptions. If this is not possible, the CRA/LA may need to consider developing an indemnity for the Developer that provides them with the assurances needed to move forward with construction and Project financing. Therefore, authority is being requested to allow the Chief Executive Officer to negotiate and execute indemnification language suitable to ensure the Project can continue to construction without requiring further board action.

RE

March 20, 2008 – Rescission of Approval of an Amended and Restated Disposition and Development Agreement with Slauson Central LLC relating to the Development of the Slauson Central Retail Center at 944-1010 E. Slauson Avenue and 1040 E. Slauson Avenue

February 8, 2008 – City Council approval of December 20, 2008 CRA/LA actions

December 20, 2008 - Approval of an Amended and Restated Disposition and Development Agreement with Slauson Central LLC and Recognition of 4$350,000 in Additional Funds in the Fiscal Year 2008 Budget for the Development of the Slauson Central Retail Center at 944-1010 E. Slauson Avenue and 1040 E. Slauson Avenue

January 4, 2007 –Approval of budget transfers between Project Area objectives in an amount not to exceed $1,500,000 for acquisition costs related to 944-1010 E. Slauson Avenue and 1040 E. Slauson Avenue for the Slauson Central Shopping Center Project

May 5, 2005 – CRA/LA Board adopted amended and restated Resolution of Necessity Number 6216 concerning acquisition of parcels 6007-003-010, 6007-003-019, 6007-003-020, and 6007-003-021, located at 1040 East Slauson Avenue and 944-1010 East Slauson Avenue.

July 15, 2004 – CRA/LA Board adopted a Resolution of Necessity to initiate condemnation proceedings to acquire parcels 6007-003-019, 6007-003-020, and 6007-003-021, located at 944-1010 East Slauson Avenue.

March 4, 2004 – CRA/LA Board adopted a Resolution of Necessity to initiate condemnation proceedings to acquire parcel 6007-003-010, located at 1040 East Slauson Avenue.

October 14, 2003 – City Council approval of June 5, 2003 CRA/LA actions (CF00-0801-51)

June 5, 2003 - Public Hearing and approval of the Disposition and Development Agreement for the Proposed Slauson Central Shopping Center Project with Slauson Central LLC (Concerned Citizens of South Central Los Angeles and Regency Realty Group, Inc.), approval of Minor Variation to the Council District Nine Corridors South Of The Santa Monica Freeway Recovery Redevelopment Plan, and related actions.

SOURCE OF FUNDS

CD9 Project Area Tax Increment and Bond Proceeds

PROGRAM AND BUDGET IMPACT

There is no impact on the City's General Fund from the proposed actions. The City's obligations to this Project were approved in the original financing plan and DDA and have not changed.

ENVIRONMENTAL REVIEW

The CRA/LA Board of Commissioners' adopted the MND for the Slauson Central Shopping Center Project on June 5, 2003. CRA/LA staff caused to be prepared additional environmental analysis to determine if (1)if any new significant effects or a substantial increase in the severity of previously identified significant effects, (2) substantial changes occurred with respect to the circumstances under which the project is undertaken which will require major revisions of the previous MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, or (3) new information of substantial importance which was not known and could not have been known at the time the previous MND was adopted. The analysis concluded that an Addendum to the MND is the appropriate environmental document pursuant to CEQA. CRA/LA staff recommends the adoption of the Environmental Resolution.

BACKGROUND

Project Selection

On April 20, 2000 the CRA/LA authorized the development of the Slauson Central Retail Center at the southwest corner of Slauson Avenue and Central Avenue by Slauson Central, LLC, a

Delaware limited liability company, ~~a~~ and partnership of national retail developer and builder of close to 400 similar shopping centers, Regency Realty Group, Inc., and their local nonprofit partner, Concerned Citizens of South Central Los Angeles. The Developer was selected through a competitive Request for Proposal ("RFP") process. In June 1999, the owners of the Property were provided with an opportunity to participate in this redevelopment project when the CRA/LA solicited Statements of Interest and through the subsequent RFP pursuant to the CRA/LA's Owner Participation Rules. Although one of the owners of the subject Property did respond as an interested party, their proposal did not meet the criteria in the RFP and was rejected. The CRA/LA (on April 3, 2003) and the City Council (on May 7, 2003) authorized initiating land assembly for the Project and made necessary environmental findings. Following these actions, a Disposition and Development Agreement was executed on December 1, 2003.

Project Milestones

Construction of the Slauson Central Retail Center is anticipated to begin in fall 2008. Critical milestones that must be completed prior to start of construction include: site work, environmental remediation activities and the State Department of Toxic Substance Control ("DTSC") approval of those activities (November 2004 through November 2008); CRA/LA staff approval of final drawings (by August 2008); building permit and other government approvals (through October 2008); commencement of grading (December 2008); ~~and~~ completion of construction (December 2009); commercial center stabilization (March 2010).

Project Benefits

In addition to creating retail uses serving nearby residents, other tangible benefits of the Project include increased sales tax revenues and improved employment opportunities for residents in the surrounding neighborhood. The Project will facilitate the cleanup of a currently contaminated Brownfield site; and create a safe, modern and attractive community-serving commercial facility. As a result of the Project, the current physical blighting conditions will be eliminated.

The Developer has agreed to a Community Benefits Plan including:

- Payment of prevailing wages to construction workers;
- Utilization of local and disadvantaged businesses;
- Development of a Job Outreach program, in coordination with the City of Los Angeles' Community Development Department ("CDD") and trade unions to ensure recruitment for jobs (construction and permanent) is available to the workforce residing within three miles of the Project site;
- Establishment of a local hiring goal of 50% of new permanent jobs;
- Agreement that the Developer and Supermarket operator will pay wages and benefits equal to, or greater than, the City's living wage ordinance and comply with CRA/LA's Living Wage Policy;
- Agreement to support the Business Improvement District within the Goodyear Industrial Tract;
- Inclusion of a Public Art Program in conformance with CRA/LA policy; and
- Development of a 1,000 square foot Education Training Center made available at a cost of One Dollar per year, for a period of 25 years, to be used as a computer education center for the local community.

Goodyear Industrial Tract

The Goodyear Industrial Tract was the second designated "Brownfields Demonstration Site" under the City of Los Angeles' Brownfield Program. The Project site has been the subject of numerous environmental investigations, most recently by the CRA/LA under provisions of the Polanco Redevelopment Act ("Polanco Act") and an environmental oversight agreement between the CRA/LA and DTSC. Investigations under the City's Brownfield Program have shown the site to be contaminated with a variety of heavy metals. A subsequent environmental cleanup plan ("Property Mitigation Plan") has been approved by DTSC, and will be implemented by the CRA/LA and Developer concurrently with the Project's development.

The proposed actions implement a critical component of the CRA/LA's strategy for the revitalization of the Goodyear Industrial Tract. This Tract is the largest contiguous and self-contained industrial area in the City of Los Angeles. It consists of 208 acres, incorporating 281 industrial parcels that are owned by 157 property owners, with approximately 120 businesses currently operating. Revitalization of the Goodyear Industrial Tract is one of the primary redevelopment strategies for the CD9 Project Area. The Goodyear Industrial Tract is located in a State Enterprise Zone, making tax incentives and other benefits available to area businesses. The CRA/LA's activities in the Goodyear Industrial Tract were a key factor in the City being designated by the federal government as one of sixteen national Brownfields Showcase Communities. In November 1998, the Goodyear Industrial Tract was awarded a Brownfields Economic Development Initiative (BEDI) Grant to provide $1.7 million in grant funds and $10.4 million in Section 108 Loan Guarantee funds to support three projects in the Tract, including the Slauson Central Retail Center.

Cecilia V. Estolano
Chief Executive Officer

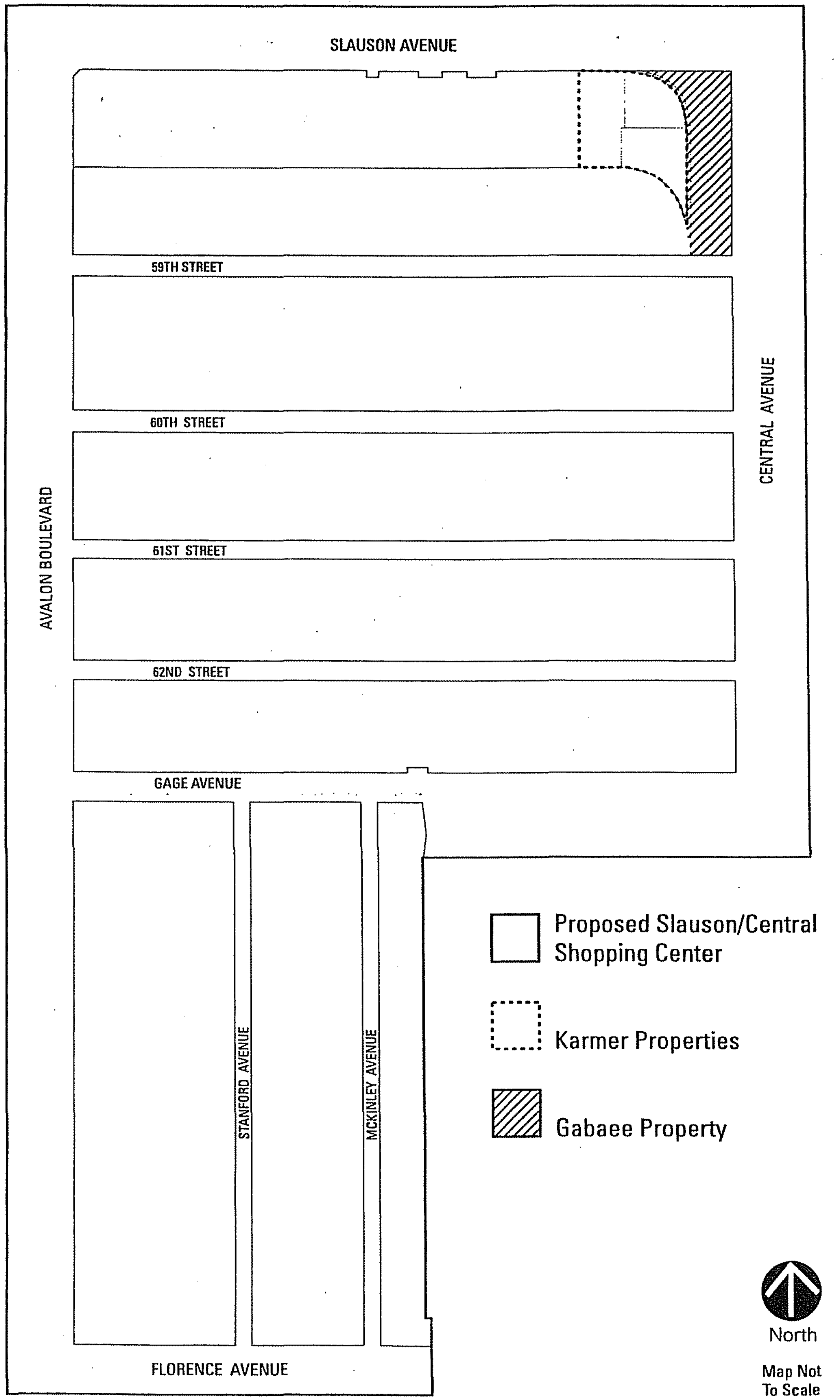
By

Glenn F. Wasserman
Chief Operating Officer

There is no conflict of interest known to me that exists with regard to any CRA/LA officer or employee concerning this action.

Attachment A - Project Location Map
Attachment B – Environmental Resolution
Attachment C - Resolution Authorizing Sale and Findings pursuant to H&S 33433
Attachment D - 33433 Summary Report
Attachment E – Site Plan

Attachment A



Attachment B

RESOLUTION NO. ________

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA ("CRA/LA"), CERTIFYING THAT THE AGENCY HAS REVIEWED AND CONSIDERED THE INFORMATION IN THE AUGUST 2008 ADDENDUM TO THE FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION FOR THE SLAUSON CENTRAL PLAZA PROJECT IN THE COUNCIL DISTRICT NINE CORRIDORS SOUTH OF THE SANTA MONICA FREEWAY REDEVELOPMENT PROJECT

WHEREAS, in 2001, Slauson Central LLC proposed the construction of the Slauson Central Plaza Project ("Original Project") consisting of the demolition of the existing uses and the removal of the abandoned railroad spur and the construction of an approximately 80,111 square-foot retail center; and

WHEREAS, in compliance with the California Environmental Quality Act ("CEQA") of 1970, as amended, and State and local guidelines adopted pursuant thereto, the CRA/LA caused to be prepared an Initial Study and Mitigated Negative Declaration ("IS/MND") of the environmental effects of the proposed demolition and construction of the Slauson Central Plaza Project; and

WHEREAS, the CRA/LA adopted the Final IS/MND and approved the original Project on June 5, 2003; and

WHEREAS, the Project description has been revised to reduce the square footage to 77,300 square feet and change the mix of commercial uses ("Revised Project") and the CRA/LA proposes to approve these changes through an amended and restated Disposition and Development Agreement with Slauson Central LLC for the development of the Revised Project; and

WHEREAS, the CRA/LA has caused to be prepared an Addendum to the Final IS/MND (the "August 2008 Addendum") to determine if any of the conditions described in CEQA Guidelines Section 15162 have occurred; and

WHEREAS, in accordance with CEQA Guidelines Section 15162 and based on the evidence contained in the August 2008 Addendum, no supplemental EIR or subsequent IS/MND need be prepared for the Revised Project based on the following:

1. The revised Project would not require major revisions to the IS/MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

2. No substantial changes have occurred with respect to the circumstances under which the revised Project is undertaken which will require major revisions of the IS/MND due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

3. No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the IS/MND was

adopted, shows any of the following:

a. The revised Project will have one or more significant effects not discussed in the IS/MND, or

b. Significant effects previously examined will be substantially more severe than shown in the IS/MND, or

c. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the revised Project, but the project proponents decline to adopt the mitigation measures or alternative, or

d. Mitigation measures or alternatives which are considerably different from those analyzed in the IS/MND would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative; and

WHEREAS, the CRA/LA Board of Commissioners has reviewed and considered the information contained in the August 2008 Addendum and the Final IS/MND for the Slauson Central Plaza Project, together with the comments received during the public review process for the IS/MND.

NOW THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Los Angeles, California as follows:

1. The CRA/LA Board of Commissioners hereby finds and determines that all of the foregoing recitals are true and correct.

2. The CRA/LA Board of Commissioners hereby readopts the IS/MND as supplemented by the August 2008 Addendum, together with the attached Mitigation Monitoring Program ("Exhibit One"), finding on the basis of the whole record before it that there is no substantial evidence that a supplemental EIR or subsequent IS/MND need be prepared for the Revised Project because none of the conditions described in Section 15162 have occurred.

3. The CRA/LA Board of Commissioners certifies that the information contained in the August 2008 Addendum and Final IS/MND for the Slauson Central Plaza Project has been reviewed and considered by the CRA/LA Board of Commissioners and reflects the CRA/LA's Board of Commissioners independent judgment and analysis.

4. The CRA/LA Board of Commissioners designates the CRA/LA Records Department, located at the CRA/LA Central Office, 354 South Spring Street, 5th floor, Los Angeles as the custodian of documents and materials, which constitute the record upon which the CRA/LA Board of Commissioners' decision is based.

5. The CRA/LA Board of Commissioner's instructs staff to prepare and file a Notice of Determination with respect to the CRA/LA Board of Commissioner's findings and approval of the Revised Project as required by *Public Resources Code*, §§21108(a), 21125(a); 14 *Cal Code Regulations* §§15075(a) and 15094(a).

ADOPTED:

MITIGATION MONITORING PROGRAM FOR SLAUSON CENTRAL SHOPPING CENTER

MITIGATION MONITORING PROGRAM PROCEDURES

Section 21081.6 of the Public Resources Code requires a Lead Agency to adopt a "reporting or monitoring program for the changes to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment" (Mitigation Monitoring Program, Section 15097 of the CEQA Guidelines provides additional direction on mitigation monitoring or reporting). The Community Redevelopment Agency ("CRA/LA") of the City of Los Angeles is the lead agency for the Slauson Central Shopping Center (Project).

This Mitigation Monitoring Program ("MMP") is designed to monitor implementation of all mitigation measures, which have been adopted for the Revised Project. As shown in the following pages, each required mitigation measure for the Revised project is listed and categorized by impact area, with accompanying discussion of:

- Monitoring Phase, the phase of the project during which the mitigation measure shall be monitored.
  - Pre-Construction, including the design phase
  - Construction
  - Occupancy (post-construction)
- The Implementation Party, the party responsible for implementing the mitigation measure
- The Enforcement Agency, the agency with the power to enforce the mitigation measure
- The Monitoring Agency, the agency to which reports involving feasibility, compliance, implementation and development are made.

The MMP for the Revised Project will be in place throughout all phases of the project. The City's existing planning, engineering, review and inspection processes will be used as the basic foundation for the MMP procedures and will also serve to provide the documentation for the reporting program.

CRA/LA in conjunction with the project developer shall assure that project construction occurs in accordance with the MMP. The South Coast Air Quality Management District shall be responsible for the implementation of corrective actions relative to violations of SCAQMD rules associated with mitigation. Departments listed below are all departments of the City of Los Angeles unless otherwise noted.

A. AIR QUALITY

AQ1 Construction contracts shall explicitly stipulate that the construction site and its vicinity (within a 500-foot radius) shall be swept and watered such that a 12 percent surface soil moisture content throughout any site grading or excavation activity is maintained.

AQ2 Construction contracts shall explicitly stipulate that all unpaved parking or stating areas shall be watered at least four times daily. Any site access points shall be swept or washed within thirty minutes of visible dirt deposition on any public roadway.

AQ3 Construction contract shall explicitly stipulate that onsite stockpiles of debris, dirt, or rusty material shall be covered or watered at least twice daily.

AQ4 Construction contracts shall explicitly stipulate that all trucks hauling dirt, sand, soil, or other loose substances and building materials shall be covered, or maintain a minimum freeboard of two feet between the top of the load and the top of the truck bed sides.

AQ5 Construction contracts shall explicitly stipulate that all haul trucks shall have a capacity of no less than twelve and three-quarter (12.75) cubic yards.

AQ6 Construction contracts shall explicitly stipulate that all operations on any unpaved surfaces shall be suspended during first and second stage smog alerts, and when winds exceed 25 miles per hour.

AQ7 Construction contracts shall explicitly stipulate that all diesel power equipment shall be properly tuned and maintained.

Monitoring Phase: **Construction**
Implementation Party: **Developer**
Enforcement Agency: **South Coast Air Quality Management District**
Monitoring Agency: **Department of Building and Safety**

AQ8 Objectionable construction –related odors shall be reduced to the maximum degree possible or eliminated by prohibiting construction on windy days.

Monitoring Phase: **Construction**
Implementation Party: **Developer**
Enforcement Agency: **CRA/LA, Department of Building and Safety**
Monitoring Agency: **CRA/LA, Department of Building and Safety**

AQ9 The Applicant shall install energy-efficient lighting fixtures beyond Title 24 requirements.

Monitoring Phase: **Pre-Construction, Construction**
Implementation Party: **Developer**
Enforcement Agency: **CRA/LA, Department of Building and Safety**
Monitoring Agency: **CRA/LA, Department of Building and Safety**

B. ARCHITECTURAL/HISTORIC RESOURCES

CR1 Construction contracts shall stipulate that should archaeological resources be discovered, all activities in the vicinity of the find shall be halted and a certified archeologist shall be called upon to assess the importance of the find and develop appropriate follow-up measures.

CR2 In the event that any human remains are encountered, the coroner of the county in which the remains are discovered must be contacted to determine that no investigation of the cause of death is required. Further, if Native American human remains are discovered, a lead agency shall work with the appropriate Native Americans as identified by the Native American Heritage Commission as provided in Public Resources Code SS5097.98. No further excavation or disturbance of the site will occur until the land owner, or the person responsible for the excavation work develops an agreement for treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in Public Resources Code 5097.98.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**CRA/LA**
Monitoring Agency:	**CRA/LA**

C. GEOLOGY AND SOILS

GS1 A California Certified Engineer and/or Geologist shall conduct a detailed subsurface engineering geologic/geotechnical investigation prior to completing design plans for the Revised Project. The site-specific geotechnical investigation should comply with the Division of Mines and Geology, Special Publication 117 Guidelines to avoid seismic hazard impacts. The investigation shall recommend mitigation measures, if applicable, and provide for an agency review of the investigation procedures. The investigation shall include soil borehole logs to evaluated surface rupture, liquefaction and settlement potential.

Monitoring Phase:	**Pre-Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Department of Building and Safety**
Monitoring Agency:	**Department of Building and Safety**

D. HAZARDS AND HAZARDOUS MATERIALS

HM1 A subsurface investigation shall be conducted to determine the potential presence of Poly Chlorinated Biphenyls and Total Petroleum Hydrocarbons. If the evidence of soil contamination or the presence of an underground storage tank is revealed, excavation shall be conducted to remove the underground storage tank and/or remediate contaminated soils and groundwater. The procedure shall be performed by a qualified environmental professional in conformance with applicable city, state, and federal standards.

HM2 A Preliminary Endangerment Assessment Report shall be prepared, and shall identify the existence and analyze the risks associated with hazardous materials and wastes located on the project site. Based on the conclusion of the Preliminary Endangerment Assessment Report a Removal Action Workplan or Remedial Action Plan shall be prepared by the Department of Toxic Substances Control ("DTSC") which will identify measures that will mitigate the potential impacts resulting from the exposure of the public or the environment to hazardous materials or from the release of hazardous or toxic substances into the environment.

HM3 A Phase II Environmental Assessment shall be conducted to further investigate the potential for soil and groundwater contamination. This assessment shall include, at minimum, a preliminary geological survey, followed by a soil matrix and possible soil vapor sampling in several areas of the site.

HM4 An asbestos and lead-based paint survey shall be conducted prior to building demolition.

Monitoring Phase:	**Pre-Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**DTSC, Department of Building and Safety**
Monitoring Agency:	**DTSC, Department of Building and Safety**

E. HYDROLOGY AND WATER QUALITY

HW1 The contractor shall prepare a Stormwater Pollution Prevention Plan ("SWPPP") and implement the Best Management Practices ("BMPs") necessary to control stormwater pollution from sediments, erosion, and construction materials leaving the construction site (as described in the Development Best Management Practices Handbook – Part A, Construction Activities). The SWPPP document shall include the following information:

- The name, location, period of construction, and a brief description of the project.
- Contact information for the Contractor, including name, address, and telephone number.
- Name, location and description of any environmentally sensitive areas located on or adjoining the project.
- A list of major construction materials, waste, and activities.
- A list of BMPs to be used to control pollutant discharges from major construction materials, wastes and activities.
- A site plan (a construction plan may be used) indicating the location of BMPs where appropriate.
- A developer's certification statement that all required and selected BMPs will be effectively implemented.

HW2 Prior to issuance of permits from the City of Los Angeles Department of Building and Safety (DBS), the Contractor shall submit the SWPPP document to the DBS for review and approval.

HW3 A Standard Urban Stormwater Mitigation Plan ("SUSMP") shall be prepared for the proposed project. The SUSMP shall include Best Management Practices (BMPs). The BMPs shall be incorporated into the design plans for the proposed project. The SUSMP may include, but are not limited to, the following BMPs:

- The project site, particularly the parking lot, shall be landscaped with drought tolerant plants, trees, and other vegetation.
- Drainage shall be designed to minimize run-on and run-off of storm water.
- Direct connections to storm drains from depressed loading docks (truck wells) shall be prohibited.
- Where possible, permeable materials shall be used for parking lots and roadway surfaces.
- Oil and petroleum hydrocarbons at parking lots shall be removed periodically.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Department of Building and Safety**
Monitoring Agency:	**Department of Building and Safety**

F. NOISE

Construction

N1 Construction contracts shall specify that all construction equipment shall be equipped with mufflers and other suitable noise attenuation devices.

N2 In coordination with the City of Los Angeles, haul truck routes shall be planned to avoid residential areas. Construction contracts shall specify that haul routes and delivery routes avoid residential streets and residential areas.

N3 A sign, legible at a distance of 50 feet, shall be posted on the construction site. This sign shall indicate the exact date of construction activities and its duration. The sign shall also provide a telephone number where residents can inquire about the construction process and register complaints.

N4 Construction activity shall be limited to between the hours of 7:00 a.m. and 6:00 p.m. during the weekday, between 8:00 a.m. to 6:00 p.m. on any Saturday and at any time on Sunday, consistent with the City of Los Angeles Noise Ordinance.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Department of Building and Safety**
Monitoring Agency:	**Department of Building and Safety**

Operational Impacts

N5 Truck delivery routes shall be designated and approved by the City of Los Angeles Department of Transportation (LADOT). These routes shall avoid residential streets.

Monitoring Phase:	**Occupancy (Post Construction) Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Los Angeles Police Department**
Monitoring Agency:	**CRA/LA and Los Angeles Police Department**

G. POPULATION AND HOUSING/DISPLACEMENT (SOCIOECONOMIC)

PH1 Displaced businesses shall be eligible to receive monetary and advisory relocation assistance consistent with the California Relocation Assistance and Real Property Acquisition Law (Government Code, Sections 7260, et seq) and the Department of Housing and Urban Development Tenant Assistance, Relocation and Property Acquisition Law (49 CFR 24.303). The CRA/LA may not proceed with any approval of a project or other activities, which would directly result in the displacement of any business or person until it makes the following determination as part of the approval of a Plan and Method of Relocation.

- Fair and reasonable relocation payments shall be provided to eligible businesses and persons as required by the Act, the State of Guidelines, and CRA/LA rules and regulations adopted pursuant thereto.
- Eligible displaced businesses shall be offered appropriate financial and advisory assistance to help relocate, which can include:

- Payment for moving expenses;
- Displaced businesses may receive either a payment for actual reasonable moving and related expenses, or a fixed payment;
- Displaced businesses may receive referrals to suitable replacement locations and other help to re-establish their businesses and minimize the impact of the move, including help in preparing a claim form for relocation payment.

PH2 Eligible businesses sand persons shall be adequately informed of the assistance, benefits, policies, practices and procedures, including grievance procedures, provided for the State and Federal Guidelines and Relocation Rules and Regulations.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**CRA/LA**
Monitoring Agency:	**CRA/LA**

H. PUBLIC SERVICES

Police Protection

PS1 The proposed project shall incorporate security features into its design, such as provision of onsite security, security cameras, doll-down gates, fencing, etc., as appropriate.

PS2 The proposed project shall be required to undergo review by the Los Angeles Police Department regarding the design of the security systems for each commercial establishment to verify the adequacy of site security.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Department of Building and Safety**
Monitoring Agency:	**LAPD**

I. TRANSPORTATION AND CIRCULATIONS

Traffic

TT1 The project shall contribute toward the installation of the City's Automated Traffic Surveillance and Control ("ATSAC") System at the intersections of Slauson Avenue/Avalon Boulevard and Slauson Avenue/Central Avenue.

TT2 A Construction Activity Plan outlining any necessary traffic detour plans, etc. will be submitted and approved by the Los Angeles Department of Transportation and/or the Department of Building and Safety as required by City standards for this type of project.

Monitoring Phase:	**Pre-Construction, Construction**
Implementation Party:	**Developer**
Enforcement Agency:	**Department of Transportation**
Monitoring Agency:	**Department of Transportation**

ATTACHMENT C

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

THE LOS ANGELES CITY COUNCIL

RESOLUTION NO. ____________

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA AUTHORIZING SALE OF CERTAIN PROPERTY BY THE COMMUNITY REDEVELOPMENT AGENCY, AND MAKING CERTAIN FINDINGS PURSUANT TO HEALTH AND SAFETY CODE SECTION 33433 REGARDING THE TRANSFER OF PROPERTY AND DEVELOPMENT OF A RETAIL SHOPPING CENTER

WHEREAS, the City Council ("City Council") of the City of Los Angeles ("City") has adopted a redevelopment plan, as amended from time to time (the "Redevelopment Plan"), for redevelopment of the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area ("Project Area"); and

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles ("CRA/LA") is responsible for administering the Redevelopment Plan to cause redevelopment of the Project Area; and

WHEREAS, the CRA/LA has acquired 944-1010 E. Slauson Avenue and 1040 E. Slauson Avenue within the Project Area, located at the southwest corner of Slauson and Central Avenues ("Site"); and

WHEREAS, the CRA/LA expects to spend approximately $4,403,872 in tax increment on acquisition related expenses;

WHEREAS, the CRA/LA expects to contribute net tax increment of approximately $2.3 Million over 18 years to repay the proceeds of a Section 108 loan being arranged by the City for the purchase of the Site; and

WHEREAS, the CRA/LA desires to cause redevelopment of the Site through construction of a retail shopping center thereon with 76,300 square feet of retail uses including a 45,000 square foot grocery store, ancillary retail space, and a 1,000 square foot community computer lab ("Project"); and

WHEREAS, the CRA/LA has selected Slauson Central, LLC, a Delaware limited liability company ("Developer") to develop the Project on the Site; and

WHEREAS, the CRA/LA desires to amend and restate a Disposition and Development Agreement ("DDA") with the Developer, substantially in the form on file with the City Clerk and the CRA/LA Secretary, under which the CRA/LA would sell the Site to the Developer, and the Developer would develop the Project on the Site; and

WHEREAS, the Project will benefit the Project Area and serve major Redevelopment Plan goals and objectives by alleviating blight in the Project Area by remediating a contaminated brownfields site and improving it with a commercial development with 76,300 square feet of new commercial space; by enhancing shopping opportunities for quality goods and services for residents in the Project Area; by providing participation and investment opportunities for local businesses; by encouraging job training and employment opportunities in the Project Area; and by serving as the catalyst for the revitalization of the South Los Angeles area; and

WHEREAS, the CRA/LA has placed on file a copy of the Amended and Restated DDA and the Summary Report as required by Health and Safety Code Section 33433 ("Section 33433 Summary Report"), and has made the DDA and the Section 33433 Summary Report available for public inspection and copying pursuant to that Section, which is incorporated in this Resolution by this reference; and

WHEREAS, the City Council and the CRA/LA have conducted a duly noticed public hearing on the DDA pursuant to Health and Safety Code Section 33433 for the purpose of receiving the input and comments of the public on the Section 33433 Summary Report and the DDA; and

WHEREAS, by the CRA/LA staff report accompanying this Resolution and incorporated into this Resolution by this reference ("Staff Report"), the City Council and the CRA/LA have been provided with additional information upon which the findings and actions set forth in this Resolution are based.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA DO HEREBY RESOLVE AS FOLLOWS:

1. The City Council and CRA/LA find that the above Recitals are accurate.

2. Pursuant to Health and Safety Code Section 33433, the City Council and CRA/LA hereby find that the consideration to be paid by the Developer under the DDA is not less than the fair reuse value of the Site at the use and with the covenants, conditions, and development costs required by the DDA. This finding is based on the facts and analysis set forth in the Staff Report and the Section 33433 Summary Report accompanying this Resolution.

3. Pursuant to Health and Safety Code Section 33433, the City Council and CRA/LA hereby find that the conveyance of the Site pursuant to the DDA will assist in alleviating blight in the Project Area, and is consistent with the Implementation Plan adopted pursuant to Health and Safety Code Section 33490. These findings are based on the facts and analysis set forth in the Section 33433 Summary Report and the Staff Report accompanying this Resolution.

ATTACHMENT C

I HEREBY CERTIFY that the foregoing Resolution was introduced at a regular meeting of **The Community Redevelopment Agency of the City of Los Angeles** held on July 17, 2008, by ________________ who moved its adoption and passage by the following vote:

AYES:

NOES:

ABSENT:

SECONDED:

APPROVED ____

ATTEST: ______________________________________

I HEREBY CERTIFY that the foregoing Resolution was introduced at a regular meeting of the **Los Angeles City Council** held _____________2008, by _______________ who moved its adoption and passage by the following vote:

AYES:

NOES:

ABSENT:

SECONDED:

APPROVED ____

ATTEST: ______________________________________

ATTACHMENT D

ERA

Economics Research Associates

Memorandum Report

Date: June 17, 2008

To: Community Redevelopment Agency of the City of Los Angeles

From: Economics Research Associates (ERA)

Re: Reuse Valuation of Land – Slauson Central Shopping Center
ERA No. 17537

INTRODUCTION

The Community Redevelopment Agency of the City of Los Angeles (the Agency) and Slauson Central, LLC (the Developer) have entered into a Disposition and Development Agreement (DDA) under which the Agency will convey a parcel of approximately 6.6 acres at the southwest corner of Slauson and Central avenues to the Developer for development of a retail shopping center of approximately 76,300 square feet of building area. Slauson Central, LLC is a venture of Regency Realty Group, Inc., and Concerned Citizens of South Central Los Angeles (CCSCLA). The purpose of this report is to determine the reuse valuation of the site under the terms and conditions proposed by the agreement, in accordance with the California Health and Safety Code Section 3343.

DESCRIPTION OF PROPOSED PROJECT

The site area comprises a net land area of 287,317 square feet after dedications, with frontage and access from both Slauson and Central avenues.

The proposed shopping center will consist of approximately 76,300 square feet of building area, including a 45,000-square-foot supermarket with a draft Letter of Intent from Northgate Supermarkets, a drug/general merchandise store of approximately 13,000 square feet, a pad for a sit-down-style family restaurant with approximately 6,500 square feet of building area, 10,800 square feet of space for smaller shops, and a 1,000-square-foot computer lab to be operated as a community resource by CCSCLA.

The original DDA between the Agency and Developer was executed on December 1, 2003. The agreement called for conveyance of the parcel for a value then estimated at $1,100,000. Over the past four years, the site has been assembled and the former occupants have been relocated, during which time the project has been refined slightly in response to market conditions. The Developer deposited $1,100,000 for the land in December 2005.

The owners of the shopping center will be responsible for a Section 108 loan with an initial balance of $2,004,600, with a 20-year term and interest estimated at 5.25 percent. Debt service on this loan is projected to be paid from increased property and sales taxes from the shopping center, but the owners will be responsible for any shortfall.

PUBLIC ASSISTANCE PACKAGE

The CRA/LA and City of Los Angeles has agreed to provide the following assistance package to the Project:

1. The CRA/LA will assemble the Site from third parties. (Actual land cost is $9,012,837.)
2. The CRA/LA will pay for all relocation costs of existing tenants. (Estimated at $2,575,000.)
3. The CRA/LA will use AB1290 and area-wide tax increment to carry the amortization costs of a $6.583 million Section 108 Loan until 18

months after conveyance of the Property. (Estimated at $1,156,963.)

4. AB1290 Funds as well as Site Specific taxes collected by the City and Site Specific Tax Increment will be used as sources for repayment of the Section 108 Loan over the remainder of its term. (Payments estimated at $8,650,241.)

5. The CRA/LA will sell the Site to the Developer for a purchase price of $1.1 million; plus the assumption of the remaining balance of $2,004,600 of the Section 108 Loan; plus $150,000; plus any payments due as a result of the Share of Cost agreement incorporated in Section 4.9 of the Disposition and Development Agreement. This purchase price is less than the fair market value of the Site at the highest and best use permitted by the Council District Nine Corridors South of the Santa Monica Freeway Recovery Redevelopment Project Area Redevelopment Plan.

REUSE VALUATION

The fair reuse value of a site is equal to the difference between the estimated value of the overall project, based on the net income projected to be anticipated by the project, and the estimated costs of development, with costs including an appropriate profit for the Developer, as appropriate to the characteristics of the project and any particular conditions within the development plan or the DDA.

The Developer has a presale agreement that has been approved under the DDA to sell the shopping center upon its completion to Slauson Central Partners, which is a comprised of CCSCLA and Infinity Reinvestments, LLC. The purchase price is to be computed based on a capitalization rate of 7.25

percent to be applied to net operating income, plus $100,000. Therefore, the Developer's profit will be a function of this purchase price agreement.

The financial analysis by which fair use value of the site has been estimated is summarized in the following pages.

DEVELOPMENT COSTS

Total development costs excluding land have been estimated by the Developer at $13,912,575, as illustrated in Table 1. Economics Research Associates (ERA) has reviewed these cost estimates for reasonableness, as summarized below.

Cost estimates reflect the assumption that all construction will be subject to a Prevailing Wages agreement.

Hard Costs

Total site costs of $3,681,464 are net of reimbursements from pad tenants of $523,000, as called for in draft Letters of Intent. Off-site costs of $1,131,406 are for relocation of overhead electrical power lines as well as improvements to Slauson and Central avenues. On-site costs including grading, some demolition, surface parking, landscaping, and utility connections equate to $9.65 per square foot of site area, and appear reasonable.

Shell costs for the in line retail stores and computer lab are projected at $144 per square foot, plus a 7 percent contingency allowance. This cost factor, which allows for Prevailing Wages, is in line with current cost factors for similar retail centers, and should be sufficient to provide a high quality retail shell. The shell cost for the supermarket is projected at $95 per square foot, summarized under tenant improvements since the building will be constructed by the tenant while funded and owned by the Developer. Tenant improvements for the in line retail stores and computer lab are projected at $11.39 and $10.00 per square foot, respectively.

Mitigations and fees of $525,975 were estimated by the Developers after discussions with the Building and Safety and Planning departments. This includes $186,000 to synchronize two off-site signals; $59,700 for building and plan check fees; approximately $125,600 for the art development fee; plus storm drain, sewer connection, school, and liquor license fees; and contingencies.

Soft Costs

Indirect or soft costs include $441,200 in leasing commissions, which equals 28.4 percent of one year's scheduled gross rent, a typical factor. Predevelopment costs of $376,554 include primarily legal fees, design fees, and environmental studies.

Regency's overhead is limited to 2.5 percent of total costs. Including 1.5 percent development fees to CCSCLA, overhead charges from both parties in the development joint venture together total $600,503, equivalent to 4.0 percent of total costs. A 4 percent overhead charge is consistent with typical industry standards for commercial developments of this type.

Net interest charges have been computed at an 8 percent interest rate, with no fees. Funding is to be provided by Regency, and the 8 percent interest rate is consistent with current available financing which would typically include points or fees, with a lower basic interest rate, but with an effective rate at or perhaps exceeding the projected 8 percent, and with a substantially higher rate applied to an equity layer. Net Interest of $1,080,981 is net of approximately $91,000 in rental income received in the month prior to projected stabilization.

This projected interest exceeds a typical level, since it includes approximately $425,000 in interest charges for carry of the land and certain predevelopment charges from the time of the $1,100,000 land payment on December 1, 2005 through expected project construction start in May 2009. This is a reasonable interest charge for actual cash expenditures.

Net Operating Income

As shown in Table 2, the project is projected to generate net operating income of $1,438,266, based on projected rent of $16 per square foot for the supermarket, rents of $300,000 for the drug store pad, and $100,000 for the restaurant pad, a base rent of $38 per square foot for most of the shops, and with a 1,500-square-foot portion bringing a premium rent of $40 per square foot. Rents for the supermarket and drug store pad are based on draft Letters of Intent which have been negotiated with, but not executed by, the prospective tenants. Projected restaurant pad rent is in the mid-range of discussions with sit-down and fast food restaurants. Projected shop rents are in line with recent market comparables for newer centers.

The terms of the acquisition by Slauson Central Partners calls for including a rental equivalent value of $18 per square foot for the computer lab in the NOI used in this price calculation, although no rent will actually be paid for this space. Also, for purposes of determining the acquisition, a vacancy allowance of 10 percent on the major portion of the shops and 5 percent on the drug store pad, restaurant pad, and premium shops is to be applied, creating a vacancy loss allowance of $68,140. These vacancy factors reflect leasing risk in the untested market for national tenants. The vacancy factors may be reduced in determining NOI at time of sale if justified by actual leasing. Subtracting projected total operating expenses of $6.60 per square foot, less reimbursements of $5.98 per square foot, yields a pro forma net operating income for purposes of acquisition of $1,438,266.

VALUATION OF SHOPPING CENTER

Upon completion and stabilization, under the terms of the joint venture, the center will be purchased from the Developer by Slauson Central Partners, at a price calculated by applying a capitalization rate of 7.25 percent to actual net operating income subject to the vacancy allowances, plus $100,000. Including the additional $100,000, the equivalent capitalization rate is 7.214 percent. As shown in Table 3, based on pro forma net income, this yields a selling price of $19,938,000.

It is our understanding that CCSCLA will contribute $300,000 towards funding the purchase price, and will receive a 5 percent ownership in the shopping center.

In our judgment, 7.214 percent is an appropriate and reasonable capitalization rate for committing to future purchase of a shopping complex in the subject neighborhood. Although high quality shopping centers in typical market areas were transacting at capitalization rates in the 6 percent range during late 2006 to mid-2007, over the past ten months capitalization rates have trended upwards, primarily due to the residential mortgage-backed securities markets crisis, which has impacted the mortgage market for commercial properties. Also, committing to a purchase 20 months in the future requires an upward adjustment in capitalization rates. In addition, the responsibilities of the Section 1.08 loan, noted previously, add a slight risk factor to the appropriate cap rate.

Although the 7.214 effective capitalization rate appears reasonable, from the Developer's (seller's) standpoint, committing to a future sale at this level limits upside potential, and has a corresponding negative impact on residual land value, since the possibility of achieving greater profits from a future sale at a lower cap rate is eliminated.

PROFIT ALLOCATION

The lower portion of Table 3 shows the allocation of profits as proposed and as agreed by the partners of Slauson Central LLC.

Total closing costs, including commissions, are projected at $709,603. This includes a 1.5 percent brokerage commission to Curtis Frailin, a principal of Infinity Reinvestments, and a 1 percent commission to CCSCLA. A total brokerage commission of 2.5 percent is reasonable in transactions for commercial properties of this magnitude.

Subtracting total development costs including the original land price of $1.1 million yields an overall profit of $4,215,948. Regency requires a preferred profit margin of 18 percent on total costs as a minimum first priority profit margin. Subtracting this yields additional profits of $1,513,685, of which the CRA receives a 50 percent share. In addition, the CRA will receive

$150,000 first priority from the other half, leaving excess profits of $606,842 to be divided equally between CCSCLA and Regency.

As noted previously, in addition to a projected profit share of $303,421, CCSCLA will also receive a development fee projected at $225,189, and intends to contribute $300,000 towards the project purchase, and will receive a 5 percent ownership interest in the shopping center.

Based on the pro forma, Regency would receive total returns of $3,005,684, equivalent to a 20.0 percent profit margin on costs, or 15.1 percent on selling price. In our judgment, this represents an acceptable and reasonable level of profit for this form of development, consistent with market opportunities. The typical profit target for active shopping developers is in the 20 to 25 percent of cost range.

LAND VALUATION

Based on the pro forma, the CRA would receive total additional payments of $906,842 as compensation for the land in addition to the price of $1,100,000 as set forth in the original DDA. Since these funds will be received in the future, and are subject to variation based on the actual profitability of the venture, they must be discounted to a present value. Also, since the $1.1 million payment for the land was paid to the CRA in December 2005, that payment has been accruing interest and must be brought forward at an appropriate interest rate to represent a current value equivalent. The following text table estimates current equivalent value for the land.

The 2005 land payment is brought forward as to the date of value at an interest rate of 7.0 percent. The $150,000 additional payment is discounted to the present based on an assumed March 2010 closing date, at a 10 percent discount rate, reflecting a slight risk premium over the interest rate, since the entire $150,000 would be paid under the agreement so long as total profits exceed the preferred minimum by at least $300,000. The Agency's $756,842 share of additional profits is discounted to the present time at a 12 percent rate, reflecting a higher degree of uncertainty, particularly for receiving the entire amount of the payment.

	Estimated Payment Amount	Date	Discount Rate	Present Value
Original Payment	$1,100,000	Dec. '05	7%	$1,302,562
50% of Profit Over Preference	756,842	Mar. '10	12%	620,673
Additional Payment	150,000	Mar. '10	10%	126,941
Total	$2,006,842			$2,050,176

As shown, the combined payments yield a present value equivalent to approximately $2,050,176 for the land, equivalent to approximately $7.16 per square foot of land area after dedications.

It should be noted, if profitability exceeds the amount projected, either through higher net income or lower costs, the Agency would receive half of the incremental profits as future land payment. The Agency has the right to audit all project costs and ensure the appropriate basis for profit computation.

Table 4 shows a calculation of residual land value based on a return-on-cost approach. Costs are from Table 1, except that interest and overhead charges have been computed to reflect a current transaction. The projected net income includes (actual) zero rent from the computer lab, with 5 percent vacancy on the restaurant and 7 percent on the in line stores and full occupancy on the major tenants.

Applying a 9.0 percent return on costs, which is a reasonable market rate of return, considering that the project must be sold upon stabilization at the equivalent of a 7.214 percent equivalent capitalization rate, a project value of $16,160,755 is determined. Subtracting 3 percent transaction costs and development costs of $13,628,219, a residual land value of $2,047,714 is computed, comparable to the estimated present value of the projected payments.

In conclusion, in consideration of the characteristics of the proposed shopping center, current conditions in the commercial properties investment markets, and the terms and conditions set forth in the DDA between the Agency and the participants in the development joint venture, the proposed transaction appears to generate a fair reuse value for the site.

SALE ASSISTS WITH ELIMINATION OF BLIGHT

The Project Site at purchase was occupied by a metals scrap yard, an automobile oil filter recycling facility, a variety of auto and bicycle repair and salvage tenants, an abandoned railroad right-of-way, and a used car lot. The Project Site is known to be contaminated. In addition, new public infrastructure including the undergrounding of utilities, wider sidewalks, increased pedestrian lighting and street trees, and bus stop amenities will be added as a result of this Project. As a result of the Project, the current physical blighting conditions will be eliminated. Additionally, the Project will stabilize local businesses, provide local retail opportunities for residents, and provide new employment opportunities. Thus, the proposed Project fulfills the blight elimination requirement of California Redevelopment Law.

ATTACHMENT D

Table 1
Development Costs

	Total $	$PSF	
Land Price			
Original Land Price	1,100,000	3.56	
Site Costs		(Net Land Area)	
On-site	2,773,000	9.65	
Off-site	1,131,406	3.94	
Other	300,058	1.04	
Reimbursements	(523,000)	-1.82	
Total Site Costs	3,681,464	12.81	
Mitigation Fees			
Traffic	186,000	0.65	
Other	339,975	1.18	
Total Mitigation Fees	525,975	1.83	
Hard Costs		(Facility SF)	
Shell			
Supermarket	0	0.00	
Drug Store	0	0.00	
In-line Retail	1,555,200	144.00	
CCSCLA Computer Lab	144,000	144.00	
Contingency	118,944	1.56	
Total Shell Costs	1,818,144	23.83	
Tenant Improvements			
Supermarket	4,275,000	95.00	
Drug Store	0	0.00	
In-line Retail	123,000	11.39	
CCSCLA Computer Lab	10,000	10.00	
Contingency	9,310	0.12	
Total Tenant Improvements	4,417,310	57.89	
Total Hard Costs	6,235,454	81.72	
Soft Costs		(Total Building SF)	
Leasing Commissions	441,200	5.78	
Predevelopment	376,554	4.94	
Professional Fees	376,255	4.93	
Taxes & Legal	457,264	5.99	
Overhead	375,314	4.92	--1--
Joint Venture Development Fee	225,189	2.95	--2--
Miscellaneous	136,924	1.79	
Total Soft Costs	2,388,700	31.31	
Financing Costs		(Gross Land Area)	
Interest	1,080,981	3.50	--3--
Total Development Costs, excluding Land	13,912,574	45.06	PSF Land Area (Gross)
		182.34	PSF Building Area
Total Develoment Costs, including Land	15,012,574	48.62	PSF Land Area (Net)
		196.76	PSF Building Area

Notes

--1-- 2.5% of Total Costs
--2-- 1.5% of Total Costs
--3-- Internal Financing by Regency

ATTACHMENT D

Table 2
Income Statement

		Total $	$PSF (Building Area)	
Gross Income				
Supermarket		720,000	16.00	
Drug Store		300,000	23.08	
Restaurant Pad		100,000	15.38	
In-line Retail		413,400	38.28	
CCSCLA Computer Lab		18,000	18.00	
Total Gross Income		1,551,400	20.33	
Vacancies				
Supermarket	0%	0	0.00	
Drug Store	5%	(15,000)	(1.15)	
Restaurant Pad	10%	(10,000)	(1.54)	
In-line Retail	10%	(41,340)	(3.83)	
CCSCLA Computer Lab	10%	(1,800)	(1.80)	
Total Vacancies		(68,140)	(0.89)	
Reimbursements				
CAM		150,311	1.97	
Security		112,924	1.48	
Taxes		131,999	1.73	
Other		61,040	0.80	
Total Reimbursements		456,274	5.98	
Effective Gross Income		1,939,534	25.42	
Operating Expenses				
CAM		(152,600)	(2.00)	
Security		(114,450)	(1.50)	
Taxes		(133,525)	(1.75)	
Insurance		(34,877)	(0.59)	--1--
Management Fee	3.0%	(58,186)	(0.76)	
Subtotal Operating Expenses		(493,638)	(6.60)	
Capital Reserves		(7,630)	(0.10)	
Total Operating Expenses		(501,268)	(13.31)	
Net Operating Income		1,438,266	18.85	

Notes

--1-- Earthquake insurance excludes Drugstore and Pad square footage.

ATTACHMENT D

Table 3
Returns

		Total $	$PSF	
Sale Price				
Net Operating Income		1,438,266	18.85	--1--
Cap Rate	7.25%			
Capped Sale Price		19,838,151		
Additional Contribution		100,000		--2--
Total Sale Price		19,938,151		
			261.31	PSF Building Area
			64.58	PSF Land Area (Gross)
Closing Costs				
Transfer Tax	$5.60 psf	(111,485)		
Misc. Costs	0.50%	(99,691)		
Sales Commission - Broker - CF	1.50%	(299,072)		
Sales Commission - CC	1.00%	(199,382)		--3--
Total Closing Costs		(709,630)		
Net Sale Proceeds		19,228,522		
Less Development Costs		(13,912,574)		
Less Land Costs		(1,100,000)		
Net Profit		4,215,948		
Returns				
Tier 1 - Preferred Return				
Regency	18%	(2,702,263)		--4--
Residual Net Profit		1,513,685		
Tier 2 - CRA LA Pref				
CRA LA - 50/50 Split	50%	(756,842)		
CRA LA - Additional Return	-	(150,000)		--5--
Residual Net Profit		606,842		
Tier 4 - 50/50 split				
Concerned Citizens	50%	(303,421)		
Regency	50%	(303,421)		
Residual Net Profit		0		

Notes

--1-- Regency NOI calculates at $1,436,077, yielding capped sale price of $19,807,959.

--2-- Contributed by Concerned Citizens in return for 5% ownership stake.

--3-- Negotiated rate as part of DDA.

--4-- Return on cost.

--5-- Negotiated rate as part of DDA.

ATTACHMENT D

Table 4

Return on Cost with Residual Land Value

	Total $	
Projected Net Operating Income	1,454,468	--1--
Capitalization Rate	9.00%	
Capitalized Value	16,160,755	
Less Sales Costs @ 3%	(484,823)	
	15,675,933	
Development Costs		
Site Costs	3,681,464	
Mitigation Fees	525,975	
Shell	1,818,144	
Tenant Improvements	4,417,310	
Soft Costs	2,333,326	--2--
Construction Financing	852,000	--3--
Total Adjusted Costs	13,628,219	
Residual Land Value (Capitalized Value less Costs)	2,047,714	

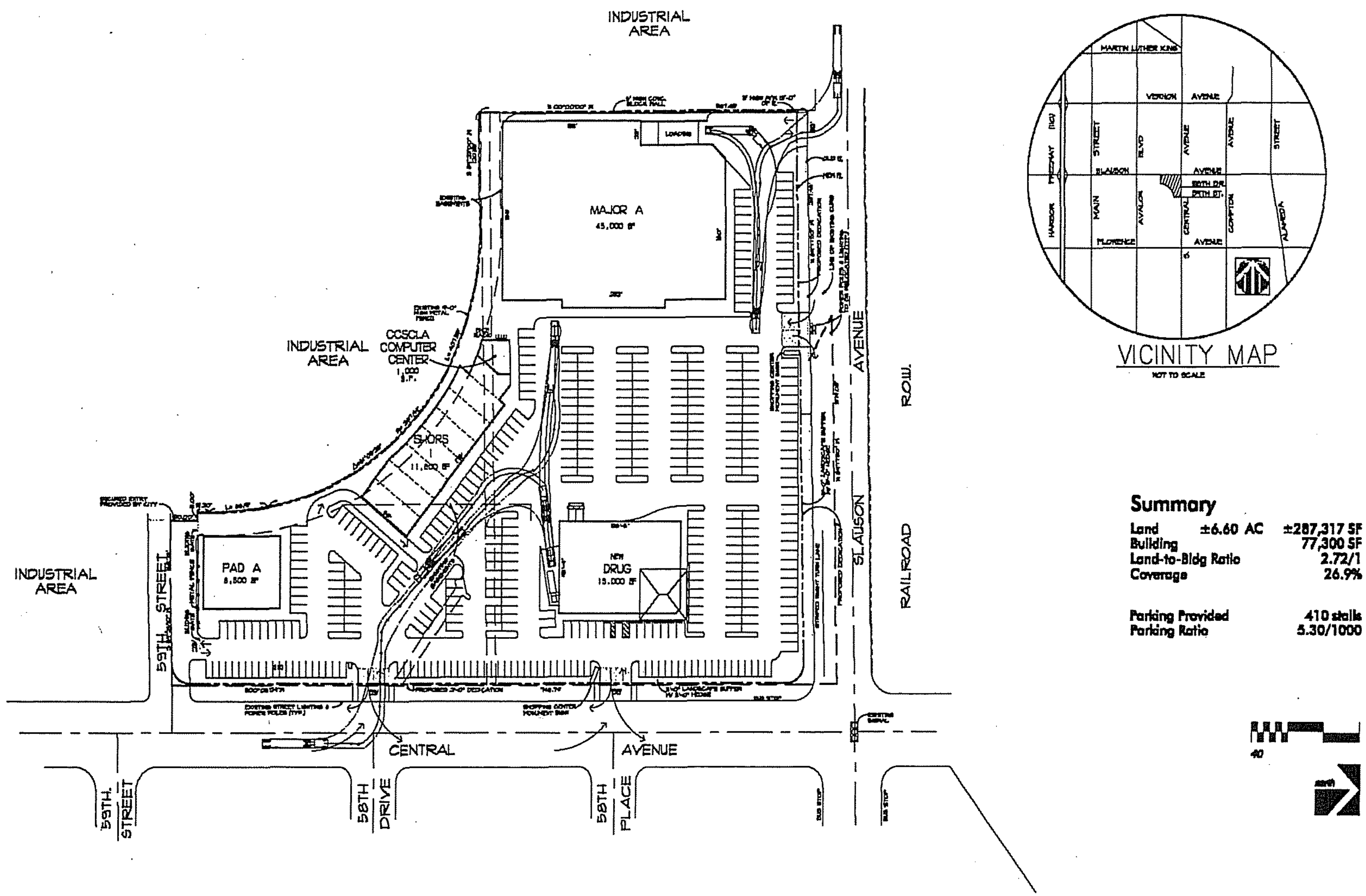
Notes

--1-- NOI adjusted per ERA estimates.

--2-- Soft costs adjusted to account for overhead related to financing.

--3-- Traditional financing without interest carry.

ATTACHMENT E



Summary

Land	±6.60 AC	±287,317 SF
Building		77,300 SF
Land-to-Bldg Ratio		2.72/1
Coverage		26.9%
Parking Provided		410 stalls
Parking Ratio		5.30/1000

PRELIMINARY SITE PLAN - B9c

SLAUSON CENTRAL PLAZA
LOS ANGELES, CA.

NADEL RETAIL