

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY**  
**CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**  
**Meeting Date: January 15, 2019**

*Request to Amend Infill Grant Documents under the California Recycle Underutilized Sites  
("CALReUSE") Remediation Program*

Prepared by: *Ethan Wieser*

<b>Applicant:</b>	Carson Reclamation Authority	<b>Type of Funding:</b>	Grant
<b>Project Name:</b>	(Approved) Factory Outlets of Los Angeles <i>(Proposed) Los Angeles Premium Outlets</i>	<b>Amount Disbursed:</b>	\$5,000,000
<b>Project Location:</b>	City of Carson (Los Angeles County)	<b>Resolution No.:</b>	19-03-01
		<b>Prior Actions:</b>	Application No. 19 Approved 11/19/08 Amended 10/20/15 Amended 04/19/16 Amended 08/16/16

**Summary.** The Carson Reclamation Authority ("Grantee" or "CRA") has requested an amendment to the Infill Grant Agreement to extend the term of the Infill Grant Agreement until December 31, 2021 under the CALReUSE Remediation Program ("Program"), to change the name of the project, and to amend and incorporate certain benchmarks into the Infill Grant Agreement.

**Background of the Approved Project.** On November 19, 2008, the Board approved a grant in the amount of \$5,000,000 to Carson Marketplace, LLC to fund remediation at the Boulevards at South Bay Site ("Site"), and the construction of a 400-unit apartment complex, 61 of which were to be designated as affordable. The Infill Grant Agreement was executed on July 29, 2009.

The 157-acre Site was historically operated as a Class II landfill. The Site has been vacant since landfill operations ceased in 1968. The former landfill consists of five waste cells separated by haul roads which were built on native soil. Hazardous substances associated with the landfill have been detected in subsurface soil and groundwater on the property. The contaminants of concern include volatile organic compounds, heavy metals, methane, and petroleum hydrocarbons.

In 2009, Carson Marketplace, LLC received the entire \$5,000,000 of the CALReUSE award as an eligible reimbursement for remediation cost. The funds were used for the purchase and installation of Linear Low Density Polyethylene Liner that will act as the barrier between the landfill and surface development. A substantial amount of the remaining remediation required by the Department of Toxic Substances Control ("DTSC") has been accomplished, while the remaining

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remedial work is currently on hold as it must take place concurrently with the vertical development of the Site.

Due to the serious real estate and economic recession, the completion of the Brownfield Infill and Infill Development Projects was delayed. In 2015, Carson Marketplace, LLC sold the Site and the Carson Reclamation Authority took title and indemnified Carson Marketplace, LLC. On October 20, 2015, the CPCFA Board approved the transfer of the Infill Grant to CRA and extended the term of the grant until April 30, 2016. This extension was approved to provide the CRA an opportunity to submit an amended application that included new affordable housing.

On April 19, 2016, due to an unforeseen setback with CRA's proposals, the CPCFA Board granted a second extension allowing CRA to submit an alternate Infill Development proposal to CPCFA.

On July 15, 2016 the Grantee submitted an amended application to CPCFA that satisfied the requirements of the Infill Grant Agreement.

Due to the complexity of developing the entire 157 acre site, the Grantee proposed to reduce the Brownfield Infill Project to approximately 42 acres of the larger site, now identified as Cell 2, as part of a phased development approach. CRA executed a memorandum of understanding with CAM-Carson, LLC for the development of an outlet mall on the Cell 2 site.

To satisfy the housing requirement of the program, the Carson Reclamation Authority proposed two separate affordable housing projects by different development companies, one a 40-unit Veterans affordable housing project to be developed by Carson Figueroa Affordable Housing LP, and the other a 46-unit Artist Colony affordable housing project to be developed by Carson Arts, LP. Together these two affordable housing projects increased the number of affordable units under the original grant from 61 affordable units to 84 affordable housing units.

To better ensure the project remained on schedule CPCFA and CRA incorporated benchmarks into the Infill Grant Agreement. Failure to meet these benchmarks would allow for CPCFA to declare an event of default. The benchmarks agreed upon were:

- 1) Recordation of development agreements restricting affordability of both housing projects by March 31, 2017.
- 2) Execution of a development agreement for the Brownfield Development Project (outlet mall on Cell 2) by October 31, 2017.
- 3) Completion of a Health Risk Assessment Report completed by the DTSC by January 31, 2019.
- 4) Occupancy permits for the Brownfield Development Project by December 31, 2020.

On August 16, 2016 the CPCFA Board approved the reduction of the brownfield project from 157 acres to the 42 acres known as Cell 2, the 40 unit Veterans Housing project and the 46-unit Artist Colony project, the benchmarks agreed upon by CRA and CPCFA, and an extension of the project until December 31, 2020.

**Current Status.**

CRA has successfully completed the requirements on time for the first two benchmarks. Both affordable housing projects are under construction and on track for completion by December 31, 2019. The first phase of the design of the remedial systems for the Brownfield Infill Project was submitted to DTSC for review and approval on November 29, 2018 with the remaining phases of design anticipated to be approved and completed by June 30, 2019.

In addition, construction of the Brownfield Development Project on Cell 2 began in October 2018. Soil stockpiles have been moved in preparation for grading activity, and 26 structural test piles have been driven on the site over the past few weeks. These test piles are being evaluated by the geotechnical engineer and pile designer for any design changes, and the test pile program is nearly completed.

However, due to delays with DTSC approval of a phased occupancy plan, CRA will be unable to meet the upcoming third and fourth benchmarks and has requested modifications of the benchmarks and an extension to the term of the Infill Grant Agreement. The delay stems from the length of negotiations between CRA and DTSC regarding approval for phased occupancy of the landfill site. CRA anticipated DTSC's approval of the Phased Occupancy Plan would take 2-3 months, however, it ultimately took 18 months. The Phased Occupancy Plan received DTSC's final approval in May of 2018.

**Current Request.**

CRA has requested a one year extension to the term of the Infill Grant Agreement from December 31, 2020 until December 31, 2021, and has proposed modifying the dates of the remaining two benchmark dates, and adding five additional benchmarks to the Infill Grant Agreement. CRA has also requested to change the name for the project to Los Angeles Premium Outlets. CRA has proposed the following benchmarks:

- 1) The CRA agrees to provide CPCFA with a certificate of occupancy for the Carson Figueroa Affordable Housing, LP Veterans Village of Carson housing development by December 31, 2019.
- 2) The CRA agrees to provide CPCFA with a certificate of occupancy for the Carson Arts, LP Carson Arts Colony housing development by December 31, 2019.
- 3) The CRA agrees to provide CPCFA with the Department of Toxic Substances Control's written approval of the design of remedial systems for the Brownfield site by June 30, 2019, which will allow for the remedial systems to be put in place and vertical development of the outlet mall.
- 4) The CRA agrees to provide CPCFA with a copy of a Health Risk Evaluation ("HRE"), approved by the Department of Toxic Substances Control for the Brownfield site by January 31, 2020, which will allow for non-hazardous trained workers to construct the outlet mall.
- 5) The CRA agrees to provide CPCFA with a copy of a Remedial Action Completion Report ("RACR"), approved by the Department of Toxic Substances Control for the Brownfield site by March 31, 2020, which certifies the remediation has been completed.

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- 6) The CRA agrees to provide CPCFA with a copy of a Health Risk Assessment (“HRA”), approved by the Department of Toxic Substances Control for the Brownfield site by December 31, 2021, which allows the City of Carson to issue occupancy permits for the buildings.
- 7) The CRA agrees to provide CPCFA with occupancy permits for the Brownfield Development Project no later than December 31, 2021, which will demonstrate to CPCFA that the outlet mall is complete and available for economic use.

CRA acknowledges that failure to meet any of the benchmarks may result in CPCFA declaring the failure an event of default under the Infill Grant Agreement.

DTSC has reviewed the proposed Brownfield Development project timeline provided by CRA, and has indicated in writing that it believes the timeline is feasible.

**Staff Recommendation.** Staff recommends approval of the Resolution No. 19-03-01, extending the term of the Infill Grant to December 31, 2021, changing the name of the project, and the modification and inclusion of specific benchmarks the Grantee must meet to avoid a potential event of default under the extended Infill Grant Agreement.

**A RESOLUTION OF  
THE CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY  
APPROVING THE REQUEST TO AMEND THE INFILL GRANT DOCUMENTS  
UNDER THE CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION  
PROGRAM**

**January 15, 2019**

**WHEREAS**, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, on November 19, 2008 approved a grant for the Boulevards at South Bay project (the “Project”) in the amount of \$5,000,000 and pre-approved additional grant funding in an amount not to exceed \$10,000,000 subject to certain conditions, as reflected in that Resolution (the “Resolution”); and

**WHEREAS**, the grant was transferred to the Carson Reclamation Authority, a California Joint Powers Agency, whose members include the Carson Housing Authority and Community Facilities Districts 2012-1 and 2012-2, at the Authority’s October 20, 2015 Board meeting; and

**WHEREAS**, on October 20, 2015 the Authority extended the term of the Infill Grant Agreement to April 30, 2016 to provide the Carson Reclamation Authority an opportunity to submit an amended application with adequate information regarding the Brownfield Remediation Project and Infill Development Project to this Authority by February 16, 2016; and

**WHEREAS**, the amended application submitted by the Carson Reclamation Authority on February 16, 2016 did not meet the regulatory requirements of the CALReUSE Remediation Program; and

**WHEREAS**, based on information and good faith representations submitted by the Carson Reclamation Authority on April 18, 2016 the Authority found that due to a recent change in leadership and direction related to the development project it was in the public interest to grant a short term extension of 120 days solely to provide the Carson Reclamation Authority with a final opportunity to substantiate to the Authority the reasonable likelihood that it would complete all required elements of the Infill Grant Agreement dated July 29, 2009 including but not limited to:

1. A timeframe and schedule for the completion of the Remediation Work for the entire Project Site, including final approval by the Department of Toxic Substances Control;
2. A timeframe and schedule for the development of the Brownfield Infill Project for the entire Project Site, including all required certificates of occupancy; and
3. An Infill Development Project including a residential component which meets or exceeds the housing commitment in the original Infill Grant Agreement and which is promoted by the Carson Reclamation Authority’s acquisition of the Infill Grant Award.

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**WHEREAS**, the Carson Reclamation Authority provided an amended application to CPCFA on July 15, 2016, which proposed specific project amendments to meet the regulatory requirements of the CALReUSE Remediation Program; and

**WHEREAS**, on August 15, 2016 the Authority extended the term of the Infill Grant Agreement to December 31, 2020, reduced the scope of the Brownfield Development Project from the larger 157-acre Site to the easternmost 42 acres, now defined as Cell 2, accepted the two Infill Housing Projects, and the inclusion of specific benchmarks the Grantee must meet to avoid an event of default under the extended Infill Grant Agreement; and

**WHEREAS**, on December 12, 2018, the Carson Reclamation Authority proposed modifications to the Infill Grant Agreement; and

**WHEREAS**, the name of the project will be changed to Los Angeles Premium Outlets; and

**WHEREAS**, the Carson Reclamation Authority has proposed to extend the term of the Infill Grant Agreement until December 31, 2021; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with a certificate of occupancy for the Carson Figueroa Affordable Housing, LP Veterans Village of Carson housing development by December 31, 2019 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with a certificate of occupancy for the Carson Arts, LP Carson Arts Colony housing development by December 31, 2019 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with the Department of Toxic Substances Control's written approval of the design of remedial systems for the Brownfield site by June 30, 2019 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with a copy of a Health Risk Evaluation, approved by the Department of Toxic Substances Control for the Brownfield site by January 31, 2020 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with a copy of a Remedial Action Completion Report, approved by the Department of Toxic Substances Control for the Brownfield site by March 31, 2020 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with a copy of a Health Risk Assessment, approved by the Department of Toxic Substances Control for the Brownfield site by December 31, 2021 as a project benchmark; and

**WHEREAS**, the Carson Reclamation Authority agrees to provide CPCFA with occupancy permits for the Brownfield Development Project no later than December 31, 2021 as a project benchmark.

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**WHEREAS**, the Authority finds that extending the term of the Infill Grant Agreement to December 31, 2021 is in the public interest and advances the purposes of the Program; and

**WHEREAS**, the Authority identifies the California Pollution Control Financing Authority's Executive Director and Deputy Executive Director as the authorized person to take steps necessary with respect to the Applicant, to approve any changes in the project, and modify the aforementioned benchmarks if the modifications are determined to be in the public interest; and

**WHEREAS**, approval for amending the Infill Grant Agreement dated July 29, 2009 is sought;

**NOW THEREFORE BE IT RESOLVED** by the California Pollution Control Financing Authority, as follows:

**Section 1.** The Infill Grant Agreement dated July 29, 2009 is amended to change the name of the project from Factory Outlets of Los Angeles to the Los Angeles Premium Outlets.

**Section 2.** The Infill Grant Agreement dated July 29, 2009 is hereby extended to December 31, 2021.

**Section 3.** The Infill Grant Agreement dated July 29, 2009 is hereby amended to expressly include the project benchmarks described in this Resolution as mandatory terms and conditions of the agreement, and the failure to meet each milestone may constitute an event of default.

**Section 4.** Except as specifically amended by this Resolution, all provisions and conditions of the Infill Grant Agreement dated July 29, 2009 as amended thereafter shall remain unchanged and in full force and effect.