

CITY OF HUNTINGTON PARK

Oversight Board Agenda Report

January 25, 2016

Honorable Chair and Members of the Oversight Board
City of Huntington Park
6550 Miles Avenue
Huntington Park, CA 90255

Dear Members of the Oversight Board to the Successor Agency of the Community Development Commission of the City of Huntington Park:

RESOLUTION APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF HUNTINGTON PARK AND THE SUCCESSOR AGENCY IN AN AMOUNT NOT TO EXCEED \$1,234,000, WHICH INCLUDES AN \$800,000 EXISTING LOAN FROM DTSC AND \$434,000 GENERAL FUND FOR COSTS ASSOCIATED TO THE CLEANUP OF THE SOUTHLAND STEEL PROPERTY

IT IS RECOMMENDED THAT THE OVERSIGHT BOARD:

1. Adopt Resolution approving a Loan Agreement between the City and Successor Agency in an amount not to exceed \$1,234,000 (\$800,000 DTSC Loan/\$434,000 General Fund) to pay for costs associated with the cleanup of the Southland Steel property;
2. Authorize the Executive Director to the Successor Agency to execute the Agreement in a form approved by legal counsel; and
3. Authorize the Finance Director to transfer from the City's General Fund the amount of \$434,000 to the Successor Agency, as a loan to be used solely for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On March 2005, the Community Development Commission purchased a 5-acre property located at 5959-6169 S. Alameda Street for \$5.4 million. The property is considered a Brownfield site with contaminants (i.e. lead, arsenic, cadmium, volatile organic compounds) that must be remediated before development occurs. On August 31, 2006, the Commission entered into a California Land Revitalization Reuse Act ("CLRRA") Agreement with the Department of Toxic Substances Control ("DTSC"), to oversee environmental clean-up of the property. The agreement requires environmental characterization of the site and the development of a Response Plan (the "Plan"). On October 2, 2014, after a 30-day public review period, the DTSC approved the City's Response Plan ("Plan") for implementation. This Plan outlines a cleanup strategy for the soil, soil vapor and groundwater.

As a result of the dissolution of redevelopment in January 2012, the Southland Steel Property was transferred to the Successor Agency ("Agency") of the City of Huntington

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Park and required to be sold. This dissolution process required the development of a Long Range Property Management Plan (“LRPMP”) for the sale of all Successor Agency properties. This plan was approved by the State Department of Finance (“DOF”) in August 29, 2013. The Agency identified a single interested buyer for the Southland Steel property, Alexander Imports. However, before completing the sale, the Agency must first remediate the property in accordance with the Response Plan approved by the DTSC.

The Agency and Oversight Boards approved that the sale proceeds from the property be used towards cleanup expenses. However, these funds will not be available until such time as the sale of the property is complete. In the meantime, the Successor Agency will not have sufficient funds to cover all required clean up costs which are necessary to facilitate sale of the property pursuant to the Long Range Property Management Plan. It is therefore determined that it would be necessary for the City to advance the funds through a Loan Agreement in order to complete cleanup as required under the CLRRRA Agreement with the DTSC. It is expected that the loan will be paid upon sale of the property thorough RPTTF funds or proceeds from the sale, whichever funds become available first. The total loan to the City is for an amount not to exceed \$1,234,000, of which \$800,000 will be paid from a loan received by the City from the DTSC to clean up the site (which the City is obligated to repay), and it is recommended that the remaining \$434,000 needed be advanced by the City from its general fund, which will be immediately reimbursed upon the sale of the property.

Approvals for Property Remediation

In 2009, the City received \$200,000 in grant funds from the Environmental Protection Agency (EPA) to clean up the Southland Steel property. Subsequently, on March 3, 2014, the City Council authorized staff to apply for \$1,000,000 in additional funding (\$800,000 loan/ \$200,000 grant) under the California Brownfield Revolving Loan Fund Program administered by the DTSC.

As part of the cleanup plan, the Agency retained an environmental consulting firm, Geosyntec Consultants, and awarded a public works contract to Innovative Construction Solutions to implement remediation at the site. Additionally, on November 12, 2014, and January 7, 2015, the Agency and Oversight Boards adopted two resolutions in connection to the disposition and remediation of the property:

1. Memorandum of Understanding with Alexander Imports for the disposition and environmental soil cleanup of the property
2. Creation of an escrow account for groundwater cleanup expenses incurred by the DTSC

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These resolutions were subsequently approved by the DOF on December 5, 2014, and January 29, 2015, respectively.

FISCAL IMPACT/FINANCING

The total cost to complete soil remediation is \$1,634,000. A total \$1,200,000 will be paid with loan and grant funds the City received from DTSC and EPA. These funds have been allocated in the City’s Budget for FY 15-16 in the following accounts:

- 245-5098-463.56-41 - \$200,000 EPA Grant
- 249-5098-463.56-41 - \$800,000 DTSC Loan
- 250-5098-463.56-41 - \$200,000 DTSC Grant

Staff is requesting that the Oversight Board approve a loan in an amount of \$1,234,000 from the City to the Agency. The loan amount includes the \$800,000 loan the City received from the DTSC to clean up the site. Staff requests that the balance of \$434,000 be covered by general fund to cover all costs for soil remediation. The impact to making a loan further reduces the City’s General Fund balance.

The \$1,234,000 loan will be repaid by the Successor Agency upon the sale of the land, from proceeds from the sale of the property through the escrow process or from RPTTF. It is expected that the sale of the property will be completed by the end of the fiscal year.

The following charts illustrate the sources and uses of the funds for soil remediation:

SOURCES OF FUNDS	
Federal Sources	
DTSC Loan ¹	\$ 800,000
DTSC Grant	200,000
EPA Grant	200,000
Total Federal Sources	\$ 1,200,000
City Funds	434,000
Total Sources	1,634,000

Notes:
DTSC Loan- 3.25% interest, payable on maturity date of 8/24/2019, or upon sale of property.
City Loan to be reimbursed from sale proceeds of property.

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USES OF FUNDS		
Cleanup Costs		
Soil/Soil Vapor VOCs		
Remediation (ICS)	\$	871,000
Construction Mngmt (Geosyntec)		375,000
Lab test fees		150,000
Davis-Bacon monitoring		25,000
	Subtotal	1,421,000
Contingency 15%		213,000
Total Soil Cleanup	\$	1,634,000

It is important to note that the costs for environmental remediation have been approved by the Agency and Oversight Boards and DOF under the ROPS 15-16A.

Groundwater Cleanup:

In addition to soil cleanup costs there are other cost associated with remediation of groundwater contaminants. The DTSC and the Agency have mutually agreed to make a contribution payment equal to \$1,357,000 to cover the property's share of the projected water clean-up costs, and include a reserve contingency of \$500,000. These expenses will be paid at closing through proceeds from the sale and an additional payment from the buyer in an amount of \$700,000.

The attached table (Exhibit B) illustrates all costs for environmental remediation and funding sources. It is important to note that all these costs have been previously approved by the Agency, Oversight Board, and DOF under the ROPS 15-16A, items 41, 42 and 43.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses of the Successor Agency associated with the disposition of property pursuant to the LRPMP, at the discretion of the City, and that the repayment by the Successor Agency of such a loan from the City shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency. As stated, the environmental clean up costs necessary to sell the Southland Steel pursuant to the Long Range Property Management Plan are an approved enforceable obligation; however, the Successor Agency has received insufficient RPTTF and has no other available funds to pay for these approved clean up cost as a prerequisite of sale of the property. Accordingly, the

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loan agreement from the City is necessary as a temporary measure to provide the required funding needed.

The loan agreement, if approved by the Oversight Board, will be added to the Successor Agency's 2016/2017 ROPS as a new enforceable obligation, under the authority of Health and Safety Code Section 34173(h). Upon the sale of the Southland Steel property, the full amount of the loan is expected to be paid through the escrow proceedings, thereby allowing full satisfaction of the Loan Agreement and the enforceable obligation it created

CONCLUSION

Upon approval by Successor Agency and Oversight Board, the Loan Agreement will be forwarded to the DOF.

Respectfully submitted,



MANUEL ACOSTA
Economic Development Manager

Attachment

A - Resolution approving a Loan Agreement between the City and Successor Agency in an amount not to exceed \$1,234,000 to pay for costs associated with the cleanup of the Southland Steel property

B - Southland Steel Project Budget

2016

CITY OF HUNTINGTON PARK

-and-

CITY OF HUNTINGTON PARK AS
SUCCESSOR AGENCY TO THE
FORMER COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF HUNTINGTON PARK

SUCCESSOR AGENCY LOAN AGREEMENT
No. 15-16B:1 for ROPS 15-16B
(Southland Steel Property Pre-Sale Disposition Costs)

(LOAN AMOUNT NOT TO EXCEED \$1,234,000)

THIS SUCCESSOR AGENCY LOAN AGREEMENT NO. 15-16B:1 (the "Loan Agreement" 15-16B:1) is dated as of January 13, 2016 by and between the City of Huntington Park, a municipal corporation (the "City") and the City of Huntington Park, as successor agency to the former Community Development Commission of the City of Huntington Park, a public body corporate and politic (the "Successor Agency") and is entered into in light of the following facts:

-RECITALS-

1. The Huntington Park City Council (the "City Council") authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to state law.
2. The former Huntington Park Community Redevelopment Agency, acting by and through the Community Development Commission of the City of Huntington Park, undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former Community Redevelopment Agency of the City of Huntington Park entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City.
3. The State of California (the "State") has ordered the former Huntington Park Community Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State

legislation identified in this sentence is referred to herein as the “State Redevelopment Dissolution Law.”

4. The City as Successor Agency to the former Huntington Park Community Redevelopment Agency (the “Successor Agency”) has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-cash assets and liabilities and the preparation of land assets for disposition and sale to third parties in accordance with a Long Range Property Management Plan (“LRPMP”), as approved by the State Department of Finance (“State DOF”).
5. One of the properties identified in the LRPMP and designated for sale to a third party was acquired by the former redevelopment agency in 2005 and is referred to in in the LRPMP as the “Southland Steel Property” (5959-6161 Alameda Street, Huntington Park, California).
6. The Southland Steel Property is burdened by the presence of certain chemicals of concern and metals in the soil which exceed regional screening levels.
7. In 2006 the former Huntington Park Community Redevelopment Agency entered into an agreement with the State Department of Toxic Substance Control (“State DTSC”) under the California Land Reuse and Revitalization Act (“CLRRA”) for the removal of shallow surface soils at the Southland Steel Property and a Site Characterization Report, dated July 20, 2011 was prepared by the former redevelopment agency for the Southland Property and submitted to State DTSC, and based upon the information set forth in the Site Characterization Report a remedial action work plan for the Southland Steel Property was approved by State DTSC in July 2012, and based upon further discussion of the Successor Agency with State DTSC, a Response Plan, dated July 21, 2014 was prepared by the Successor Agency to address the remedy of all site media issues present at the Southland Steel Property including adverse shallow soil contamination, soil vapor and the groundwater conditions which burden the Southland Street Property.
8. The Successor Agency has retained the professional environmental engineering services of Geosyntec under a contract dated June 2, 2014, as amended (the “Geosyntec Contract”) to prepare plans and specifications for the performance of the work described in the Response Plan and the Successor Agency has awarded a public works contract to Innovative Construction Solutions, dated April 8, 2015 (the “ICS Contract”) to perform the work of environmental clean-up and remediation on the Southland Steel Property.

9. The Oversight Board to the Successor Agency to the former Community Development Commission of the City of Huntington Park (the "Oversight Board") has adopted its Resolution No. OSB 2014-10, dated November 12, 2015 entitled:

"RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF HUNTINGTON PARK AS SUCCESSOR AGENCY FOR THE FORMER HUNTINGTON PARK COMMUNITY DEVELOPMENT COMMISSION APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE HUNTINGTON PARK SUCCESSOR AGENCY [AND] ALEXANDER IMPORTS REGARDING THE POTENTIAL DISPOSITION OF SUCCESSOR AGENCY LAND AND ENVIRONMENTAL SOIL CLEAN-UP TO BE CONDUCTED AT THE PROPERTY LOCATED AT 5959-6161 ALAMEDA AVENUE, HUNTINGTON PARK (SOUTHLAND STEEL PROPERTY)"

11. The Oversight Board to the Successor Agency has approved ROPS 15-16A which includes the following items as enforceable obligations of the Successor Agency as relate to the costs payable for the environmental remediation of the Southland Steel Property:

ROPS 15-16A Line Item 41 (Soil Clean-up): \$2,079,000
ROPS 15-16A Line Item 42 (Groundwater): \$1,357,000
ROPS 15-16A Line Item 43 (DTSC Escrow Contingency): \$500,000

12. The Successor Agency and Nick Alexander Imports ("Alexander Imports"), a California corporation, intend to finalize negotiations for their mutual approval of a purchase and sale agreement for the disposition of the Southland Steel Property under the Memorandum of Understanding (the "MOU") as authorized under Oversight Board Resolution No. OSB 2014-10.
13. The MOU serves as the basis for finalization of such a definitive purchase and sale agreement for the disposition of the Southland Steel Property by the Successor Agency to Alexander Imports in accordance with the LRPMP subject to compliance by the Successor Agency with the terms of the CLRRRA Agreement with State DTSC as relates to the environmental clean-up of the soil and remediation of local groundwater conditions on the Southland Steel Property.
14. Additional site investigation work undertaken by the Successor Agency on the Southland Steel Property at the direction of State DTSC in May 2015, now appears to indicate that more shallow soil which is contaminated by various chemicals of concern than was originally estimated may need to be excavated and removed from the Southland Steel Property and

transported for off-site disposal at a facility which is licensed to handle certain hazardous wastes.

16. The Successor Agency has determined that the amount of funds which have been remitted to the Successor Agency from the Redevelopment Property Tax Trust Fund for the former Huntington Park Community Redevelopment Agency, for the period of time prior to the disposition of the Southland Steel Property between July 1, 2015 and December 31, 2015 under ROPS 15-16B, together with the cash and other immediately available funds which are reasonably estimated to be available to the Successor Agency or on deposit in the Redevelopment Obligation Retirement Fund of the Successor Agency on or after July 1, 2015, after deducting all previously scheduled payments of principal and interest on the bonded indebtedness identified in Huntington Park ROPS 15-16B, shall not be sufficient to pay the enforceable obligations of the Successor Agency to ICS and Geosyntec for the performance of clean-up work on the Southland Steel Property.
17. The cost estimate for the land, groundwater, and environmental clean-up of the Southland Steel Property dated as of November 6, 2014 and entitled "Cost Estimate Southland Steel Estimate Clean-up Budget," included as part of Oversight Board Resolution No. 2014-10 and thereafter amended by the updated cost estimate dated as of January 7, 2015 included as part of Oversight Board Resolution No. OSB 2015-1, requires further amendment in light of reasonably increased clean-up costs for the Southland Steel Property as confirmed by updated forecasts for remediation provided to the Successor Agency by Geosyntec.
18. Health and Safety Code Section 34173(h) provides authorization for the City to loan funds to the Successor Agency to pay for administrative costs, enforceable obligations, or project-related expenses of the Successor Agency associated with the disposition of property pursuant to the LRPMP, at the discretion of the City, and that the repayment by the Successor Agency of such a loan from the City shall be reflected on the recognized obligation payment schedule of the Successor Agency, which is subject to the approval of the Oversight Board for the Successor Agency.
19. The City and the Successor Agency have both determined that it is necessary and appropriate to enter into the Loan Agreement, as herein provided below, in order that the Successor Agency may comply with the CLRRRA Agreement and State Redevelopment Dissolution Law and pay for certain additional environmental remediation costs under the ICS Contract and under the Geosyntec Contract and complete the disposition of the Southland Steel Property to Alexander Imports.

**FOR AND INCONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS
HEREINAFTER SET FORTH, THE CITY AND SUCCESSOR AGENCY AGREE AS
FOLLOWS:**

SECTION 1. **Recitals.** The City and Successor Agency each represent and warrant that the information set forth in the preceding recital paragraphs is true and correct and is hereby incorporated into this Loan Agreement by reference as if fully set forth. The purpose of this Loan Agreement is to satisfy the provisions of Health and Safety Code Section 34173(h) and to evidence the enforceable obligation of the Successor Agency to repay the Loan to the City which has been incurred by the Successor Agency solely for the purpose of causing the Southland Steel Property to be prepared and made ready for disposal to Alexander Imports in accordance with the LRPMP and the MOU at the earliest feasible time.

SECTION 2. **Loan.** The City hereby agrees to loan to the Successor Agency from the available funds of the City (the "Loan") a sum not-to-exceed One Million Two Hundred Thirty Four Thousand Dollars (\$1,234,000) to be used and applied by the Successor Agency solely as set forth in Section 3. Subject to the approval of this Loan Agreement by the Oversight Board, the City shall make the proceeds of the Loan available to the Successor Agency as of July 1, 2015 upon receipt of a written Loan Draw Request, executed by the Executive Director of the Successor Agency which references Section 3 of this Loan Agreement.

SECTION 3. **Use of the Loan.** The Successor Agency shall utilize the proceeds of the Loan as follows:

to pay for the environmental clean-up costs incurred between June 1, 2015 and December 31, 2015, including, but not limited to, those costs incurred by ICS and Geosyntec under the ICS Contract and the Geosyntec Contract, respectively, and prior to the disposition of the Southland Steel Property in connection with the performance and oversight of the soil and environmental clean-up work at the Southland Steel Property as authorized by Oversight Board Resolution No. 2014-10, including the additional cost of such soil and environmental clean-up work as disclosed by the site investigation work undertaken by the Successor Agency at the direction of State DTSC in May 2015.

SECTION 4. **Source of Repayment of the Loan and Limited Subordination.**

(A) Except as provided in paragraph (B) below, the Loan shall be repaid by the Successor Agency to the City on par with any other enforceable obligation of the Successor Agency falling within Health and Safety Code Section 34183(a)(2)(C) (indebtedness not qualifying as tax allocation bonds and certain revenue bonds).

(B) The City hereby agrees to defer repayment on the Loan during a six (6) month period covered by one or more recognized obligation payment schedules as may

be requested by either the Oversight Board or the Successor Agency any time after the date of approval of this Loan Agreement by the City, to the extent that repayment of the outstanding principal balance of the Loan, in whole or in part, in such a period would leave insufficient funds available to the Successor Agency to satisfy other enforceable obligations covered by Health and Safety Code Section 34183(a)(2)(C) which: (1) are due in that six (6) month period; and (2) were in existence prior to the date of this Loan Agreement.

(C) Unless legally prohibited by law or waived by the City, any portion of the unpaid principal balance of the Loan may also be repaid by the Successor Agency to the City from other revenues available to the Successor Agency, such as from the cash proceeds of the disposition of the Southland Steel Property, or from other land held for resale to third persons. Payments of the Loan, if any, under this paragraph (C) shall augment and supplement the required payments described in paragraph (A), subject to the Loan payment deferral and subordination provisions of paragraph (B).

SECTION 5. Placement of Loan Obligation on the Successor Agency's ANNUAL ROPS (January 1, 2016 – June 30, 2016). Provided that this Loan Agreement is approved, the Successor Agency shall prepare and approve the annual ROPS for Fiscal Year 2016/2017 which shall include the Loan Agreement as a listed enforceable obligation. The amount of that listed obligation for the Loan shall be the not-to-exceed loan amount as set forth in Section 2 which has been disbursed to pay for the costs incurred by the Successor Agency under the ICI Contract and/or the Geosyntec Contract, as applicable, less any amount of the balance of the Loan which may be repaid by the Successor Agency to the City from the land sale proceeds obtained by the Successor Agency from the disposition of the Southland Steel Property to Alexander Imports upon the close of escrow as provided in the MOU. The unpaid balance of the Loan shall be included as an enforceable obligation on each successive recognized obligation payment schedule for the Successor Agency, until the City is repaid the principal balance of the Loan Amount drawn by the Successor Agency as evidenced by the written Loan Draw Requests as set forth in Section 2. The City Manager of the City shall establish a loan repayment ledger for the Loan and shall cause the outstanding unpaid principal balance of the Loan to the Successor Agency, as hereby approved, to be identified in the accounting records of the City, as a financial asset of the City which is payable to the City by the Successor Agency, in accordance with the terms set forth herein.

SECTION 6. Term. This Loan Agreement shall be in full force and effect from the date hereof until such time as the unpaid principal balance of the Loan has been repaid in full to the City.

SECTION 7. Entire Agreement. This Loan Agreement constitutes the entire agreement by and between the City and the Successor Agency with respect to the subject matter of this Loan Agreement, and may be amended only in writing.

SECTION 8. **Notice of Default and Remedies**. In the event of a default, the party who alleges a default shall give the other party thirty (30) days written notice of such default, with a copy of such notice of default to the Oversight Board and to the State Department of Finance. In the event that the party who is alleged to be in default does not promptly initiate a cure of the alleged default, and the applicable party hereto shall be entitled to pursue any and all remedies available under California law for purposes of enforcing the terms and conditions of this Loan Agreement.

APPROVED AND EXECUTED by signature of the authorized representatives of the City and the Successor Agency as of _____, 2015.

[SIGNATURES FOLLOW ON NEXT PAGE]

[City of Huntington Park and Successor Agency Loan Agreement No. 15-16B:1 Not-to-Exceed \$1,200,000 (ROPS 15-16B: January 1, 2016 – June 30, 2016)]

CITY:

City of Huntington Park, a municipal corporation

ATTEST:

By: _____
City Manager

By: _____
Deputy City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

SUCCESSOR AGENCY:

City of Huntington Park As Successor Agency to the former Community Development Commission of the City of Huntington Park, a public body corporate and politic

ATTEST:

By: _____
Executive Director

By: _____
Deputy City Clerk

APPROVED AS TO FORM:

By: _____
Successor Agency Counsel

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RESOLUTION NO. 2016-02

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK AUTHORIZING A LOAN AGREEMENT BETWEEN THE CITY OF HUNTINGTON PARK AND THE SUCCESSOR AGENCY TO THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF HUNTINGTON PARK (SUCCESSOR AGENCY LOAN AGREEMENT NO. 15-16B:1)

WHEREAS, the Huntington Park City Council (the “City Council”) authorized the formation and operation of a community redevelopment agency within the territorial jurisdiction of the City pursuant to state law; and

WHEREAS, the former Huntington Park Community Redevelopment Agency, acting by and through the Community Development Commission of the City of Huntington Park, undertook the redevelopment of certain areas of the City in reliance upon the provisions of state law and the former Community Redevelopment Agency of the City of Huntington Park entered into certain contracts, expended public funds, incurred indebtedness and assumed certain obligations and liabilities with third parties in reliance upon applicable State and federal law in order to eliminate and prevent the spread of blight and to enhance and preserve the supply of affordable housing within the City; and

WHEREAS, the State of California (the “State”) has ordered the former Huntington Park Community Redevelopment Agency to be dissolved under the provisions of ABX1 26 (Stats 2011-12, 1st Ex. Sess., Chapter 5), as amended by AB 1484 (Stats 2012, Chapter 26), and collectively the State legislation identified in this sentence is referred to herein as the “State Redevelopment Dissolution Law”; and

WHEREAS, the City as Successor Agency to the former Huntington Park Community Redevelopment Agency (the “Successor Agency”) has initiated the implementation of the State Redevelopment Dissolution Law including the repayment of existing obligations, the marshaling of cash assets, non-cash assets and liabilities and the preparation of land assets for disposition and sale to third parties in accordance with a Long Range Property Management Plan (“LRPMP”), as approved by the State Department of Finance (“State DOF”); and

WHEREAS, one of the properties identified in the LRPMP and designated for sale to a third party was acquired by the former redevelopment agency in 2005 and is referred to in in the LRPMP as the “Southland Steel Property” (5959-6161 Alameda Street, Huntington Park, California); and

WHEREAS, the Southland Steel Property is burdened by the presence of certain chemicals of concern and metals in the soil which exceed regional screening levels; and

1 **WHEREAS**, in 2006 the former Huntington Park Redevelopment Agency entered
2 into an agreement with the State Department of Toxic Substance Control (“State
3 DTSC”) under the California Land Reuse and Revitalization Act (“CLRRA”) for the
4 removal of shallow surface soils at the Southland Steel Property and a Site
5 Characterization Report, dated July 20, 2011 was prepared by the former
6 redevelopment agency for the Southland Property and submitted to State DTSC, and
7 based upon the information set forth in the Site Characterization Report a remedial
8 action work plan for the Southland Steel Property was approved by State DTSC in July
9 2012, and based upon further discussion of the Successor Agency with State DTSC, a
10 Response Plan, dated July 21, 2014 was prepared by the Successor Agency to address
11 the remedy of all site media issues present at the Southland Steel Property including
12 adverse shallow soil contamination, soil vapor and the groundwater conditions which
13 burden the Southland Street Property; and

14 **WHEREAS**, the Successor Agency has retained the professional environmental
15 engineering services of Geosyntec under a contract dated June 2, 2014, as amended
16 (the “Geosyntec Contract”) to prepare plans and specifications for the performance of
17 the work described in the Response Plan and the Successor Agency has awarded a
18 public works contract to ICI, dated April 8, 2015 (the “ICS Contract”) to perform the work
19 of environmental clean-up and remediation on the Southland Steel Property; and

20 **WHEREAS**, the Oversight Board to the Successor Agency to the former
21 Community Development Commission of the City of Huntington Park (the “Oversight
22 Board”) has adopted its Resolution No. OSB 2014-10, dated November 12, 2015
23 entitled:

24 **“RESOLUTION OF THE OVERSIGHT BOARD TO THE CITY OF
25 HUNTINGTON PARK AS SUCCESSOR AGENCY FOR THE FORMER
26 HUNTINGTON PARK COMMUNITY DEVELOPMENT COMMISSION
27 APPROVING A MEMORANDUM OF UNDERSTANDING BETWEEN THE
28 HUNTINGTON PARK SUCCESSOR AGENCY [AND] ALEXANDER IMPORTS
REGARDING THE POTENTIAL DISPOSITION OF SUCCESSOR AGENCY
LAND AND ENVIRONMENTAL SOIL CLEAN-UP TO BE CONDUCTED AT
THE PROPERTY LOCATED AT 5959-6161 ALAMEDA AVENUE,
HUNTINGTON PARK (SOUTHLAND STEEL PROPERTY)”**; and

WHEREAS, the Oversight Board to the Successor Agency has approved ROPS
15-16A which includes the following items as enforceable obligations of the Successor
Agency as relate to the costs payable for the environmental remediation of the
Southland Steel Property:

 ROPS 15-16A Line Item 41 (Soil Clean-up): \$2,079,000
 ROPS 15-16A Line Item 42 (Groundwater): \$1,357,000

1 ROPS 15-16A Line Item 43 (DTSC Escrow Contingency): \$500,000; and

2 **WHEREAS**, the Successor Agency and Nick Alexander Imports (“Alexander
3 Imports”), a California corporation, intend to finalize negotiations for their mutual
4 approval of a purchase and sale agreement for the disposition of the Southland Steel
5 Property under the Memorandum of Understanding (the “MOU”) as authorized under
6 Oversight Board Resolution No. OSB 2014-10; and

7 **WHEREAS**, the MOU serves as the basis for finalization of such a definitive
8 purchase and sale agreement for the disposition of the Southland Steel Property by the
9 Successor Agency to Alexander Imports in accordance with the LRPMP subject to
10 compliance by the Successor Agency with the terms of the CLRRA Agreement with
11 State DTSC as relates to the environmental clean-up of the soil and remediation of local
12 groundwater conditions on the Southland Steel Property; and

13 **WHEREAS**, additional site investigation work undertaken by the Successor
14 Agency on the Southland Steel Property at the direction of State DTSC in May 2015,
15 now appears to indicate that more shallow soil which is contaminated by various
16 chemicals of concern than was originally estimated may need to be excavated and
17 removed from the Southland Steel Property and transported for off-site disposal at a
18 facility which is licensed to handle certain hazardous wastes; and

19 **WHEREAS**, the Successor Agency has determined that the amount of funds
20 which have been remitted to the Successor Agency from the Redevelopment Property
21 Tax Trust Fund for the former Huntington Park Community Redevelopment Agency, for
22 the period of time prior to the disposition of the Southland Steel Property between July
23 1, 2015 and December 31, 2015 under ROPS 15-16B, together with the cash and other
24 immediately available funds which are reasonably estimated to be available to the
25 Successor Agency or on deposit in the Redevelopment Obligation Retirement Fund of
26 the Successor Agency on or after July 1, 2015, after deducting all previously scheduled
27 payments of principal and interest on the bonded indebtedness identified in Huntington
28 Park ROPS 15-16B, shall not be sufficient to pay the enforceable obligations of the
Successor Agency to ICS and Geosyntec for the performance of clean-up work on the
Southland Steel Property; and

WHEREAS, the cost estimate for the land, groundwater, and environmental
clean-up of the Southland Steel Property dated as of November 6, 2014 and entitled
“Cost Estimate Southland Steel Estimate Clean-up Budget,” included as part of
Oversight Board Resolution No. 2014-10 and thereafter amended by the updated cost
estimate dated as of January 7, 2015 included as part of Oversight Board Resolution
No. OSB 2015-1, requires further amendment in light of reasonably increased clean-up
costs for the Southland Steel Property as confirmed by updated forecasts for
remediation provided to the Successor Agency by Geosyntec; and

1 **WHEREAS**, Health and Safety Code Section 34173(h) provides authorization for
2 the City to loan funds to the Successor Agency to pay for administrative costs,
3 enforceable obligations, or project-related expenses of the Successor Agency
4 associated with the disposition of property pursuant to the LRPMP, at the discretion of
5 the City, and that the repayment by the Successor Agency of such a loan from the City
6 shall be reflected on the recognized obligation payment schedule of the Successor
7 Agency, which is subject to the approval of the Oversight Board for the Successor
8 Agency; and

9 **WHEREAS**, although environmental remediation costs, which are necessary as
10 a prerequisite for the sale of the Southland Steel Property pursuant to the Long Range
11 Property Management Plan, are a previously approved enforceable obligation, the
12 Successor Agency has received insufficient RPTTF and has insufficient other resources
13 to meet this enforceable obligation, thus necessitating the loan from the City as
14 authorized under Health and Safety Code Section 34173(h); and

15 **WHEREAS**, the City and the Successor Agency have both determined that it is
16 necessary and appropriate to enter into the Loan Agreement, as herein provided below,
17 in order that the Successor Agency may comply with the CLRRA Agreement and State
18 Redevelopment Dissolution Law and pay for certain additional environmental
19 remediation costs under the ICS Contract and under the Geosyntec Contract and
20 complete the disposition of the Southland Steel Property to Alexander Imports; and

21 **WHEREAS**, it is anticipated that after the environmental remediation has been
22 completed that the Southland Steel Property will be sold and that the full amount of the
23 loan will be repaid through the escrow proceedings for the sale of the Property, thus
24 allowing full satisfaction of the City Loan Agreement and the enforceable obligation
25 created by it.

26 **NOW THEREFORE BE IT RESOLVED, BY THE OVERSIGHT BOARD TO THE**
27 **SUCCESSOR AGENCY TO THE FORMER COMMUNITY DEVELOPMENT**
28 **COMMISSION OF THE CITY OF HUNTINGTON PARK, AS FOLLOWS:**

SECTION 1. The recitals set forth above are true and correct and incorporated herein
by reference.

SECTION 2. The Oversight Board to the Successor Agency to the former Community
Development Commission of the City of Huntington Park hereby approves the Loan
Agreement (No. 15-16B:1) between the City of Huntington Park and the Successor
Agency to the former Community Development Commission of the City of Huntington
Park, attached to this Resolution as **Exhibit "A."** The Loan in the maximum principal
amount not-to-exceed One Million Two Hundred and Thirty Four Thousand Dollars
(\$1,234,000), as hereby approved, shall be used and applied by the Successor Agency
solely for the purpose set forth in Section 2 and Section 3 of the Loan Agreement.

SECTION 3. The Loan Agreement shall be added to the ROPS 2016/2017 as an

1 enforceable obligation to be repaid by proceeds from the sale of the Southland Steel
2 Property.

3 **SECTION 4.** The Loan Agreement as hereby approved by the Oversight Board shall
4 take effect five (5) business days after the written notice and information as relates to
5 the Loan Agreement and this approving Resolution of the Oversight Board has been
6 given to the State Department of Finance as provided in Health and Safety Code
7 Section 34179(h). For the purposes of any review of this Resolution as may hereafter
8 be requested by the State Department of Finance, the Oversight Board hereby
9 designates the following official to whom the State Department of Finance may make
10 that request This Resolution shall take effect immediately upon its adoption by the City
11 Council and the City Clerk shall certify to the passage and adoption of this Resolution
12 and enter it into the book of original Resolutions.

13 **SECTION 5.** This Resolution shall take effect upon adoption. The City Clerk shall
14 certify to the adoption of this Resolution.

15
16 **PASSED, APPROVED AND ADOPTED** by the Oversight Board to the
17 Successor Agency to the former Community Development Commission of the City of
18 Huntington Park this 13th day of January, 2016.

19
20 _____
21 Chair of the Oversight Board

22 ATTEST:

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24 _____
25 Secretary to the Oversight Board
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EXHIBIT "A" – SUCCESSOR AGENCY LOAN AGREEMENT NO. 15-16B:1