

STAFF REPORT

City of Lancaster, California

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Date: July 27, 2010

To: Mayor Parris and City Council Members

From: Elizabeth Brubaker, Director of Housing & Neighborhood Revitalization

Subject: **Extension of Option Agreement for the proposed County of Los Angeles Multi-Specialty Ambulatory Care Center (MACC) Project and Re-Mapping of the Site**

City Recommendation:

Concur with the Agency's action to amend the Option Agreements extending the existing contracts to acquire Agency-owned property to develop a Multi-specialty Ambulatory Care Center ("MACC") at 3rd Street East and Avenue I, and approve waiving application fees in amount not to exceed \$7,313 for the required Tentative Parcel Map for the purpose of re-subdividing the subject Agency-owned Property.

Fiscal Impact:

Waive fees in amount not to exceed \$7,133 for work, funded with general fund, associated with the processing of the Tentative Parcel Map.

Background:

On December 15, 2009, the Lancaster Redevelopment Agency (the "Agency") approved Option and Sale Agreements (the "Agreement") with the County of Los Angeles (the "County") providing the County a period of review for "due diligence" prior to acquiring a 20.89 acre Agency-owned site (the "Property"). The disposition of Property is intended for development of the new Multi-specialty Ambulatory Care Center (the "MACC") on Parcel "A" having 14.91 acres and the development of related uses on Parcel "B" having 5.98 acres. The Agreements for Parcel "A" and Parcel "B" provide outside termination dates of October 30, 2010 and October 30 2011, respectively. These termination dates originally were thought to be sufficient time for the County to complete its review and exercise its exclusive right to purchase the property. However, based on the current schedule, the complexity of the project, and the tasks that remain, it is unlikely that the Property acquisition issues with respect to Parcel "A" will be resolved before the current Option Term deadline. Unfortunately, without fully knowing what was needed, the required tasks were underestimated and both parties now agree that an amendment is necessary to extend the time to sufficiently investigate and complete the transfer of the Property.

Under the terms of the Agreements, Section 1.2 "Option Term", as well as Section 26 "Amendments", an extension may be considered, but this first requires that the County and Agency agree to an extension in writing. Therefore, it is with this proposed Amendment No. 1 that an extension of an additional term of six (6) months is requested for Parcel "A" to the original Option Term termination date, resulting in an amended date of April 30, 2011. To

further simplify the process, staff is also recommending that the Option Agreements for Parcel "A" and Parcel "B" be amended to authorize the Executive Director of the Agency to have the ability to approve up to three additional extensions of three (3) months each. The added flexibility authorizing the Executive Director to provide for extensions to the Option Term helps deal with delays that are beyond the control of staff. The proposed amendment also further simplifies the process of otherwise having to seek a formal action of the Agency and Board of Supervisor to approve an amendment that could more easily be handled "administratively."

During the time of the proposed extension, the Redevelopment Agency will be preparing a Parcel Map assembling the entire project site (Parcel "A" and "B") to define the project boundaries and assist in the County's due-diligence efforts relative with the reuse of the Property. Since this map is Agency sponsored and being prepared to facilitate the sale and development of the site to benefit the City and its residents, relief from the payment of fees from the City Council is requested for processing the application. The mapping process will run concurrent with the County's investigation and planning of the site, which ultimately will help expedite the transfer of the Property from the Agency to the County.

Attachment:

Amendment No. 1 to the "Option and Sale Agreement" (Parcel "A")

Amendment No. 1 to the "Option and Sale Agreement" (Parcel "B")