

STAFF REPORT

Lancaster Redevelopment Agency

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05/13/08
MVB

DATE: May 13, 2008

TO: Chairman Parris and Agency Members

FROM: Vern Lawson, Jr. Economic Development/Redevelopment Director

SUBJECT: **First Amendment to Owner Participation Agreement By And Between the Lancaster Redevelopment Agency and Antelope Valley Ventures LLC, (APN: 3114-010-011) located at the northeast corner of Avenue G and 30th Street West**

Recommendation:

Approve the First Amendment to Owner Participation Agreement (OPA) with Antelope Valley Ventures LLC, extending each phase of the project an additional eighteen months effective May 13, 2008, providing the Agency with a not-to-exceed infrastructure construction cost of \$2,000,000, and authorizing the Executive Director or his designee to execute the First Amendment to Owner Participation Agreement.

Fiscal Impact: Sufficient funds are available in Account No. 259-15BA003924 and 940-5901-942 to fund the design and infrastructure construction specified in the OPA; no additional funds are required from the Agency for this extension of time.

Background:

On January 24, 2006, the Agency entered into the OPA with Antelope Valley Ventures LLC. The owner/developer, The Buzz Oates Group of Companies, has constructed more than 60 million square feet of office and warehouse space, and has direct contact with over 600 companies utilizing such space. The OPA commits the Agency to fund a portion of the required infrastructure including an extension of the sewer from Avenue F-8, extension of a gas line from Avenue G-8 and the pave-out of 30th Street West adjacent to the site; extension of this backbone infrastructure is strategically located to facilitate future development in the Fox Field region. The First Amendment provides a not-to-exceed cap for Agency infrastructure costs.

The OPA required the first phase of the project to develop 175,000 sq. ft. in the two-year period following the Agency's execution of the agreement, and an additional 250,000 sq. ft. within five years. During the initial project timeframe, the Principle on the project passed away and the project management team was forced to restructure. The developer has been working with the Agency and recently submitted plans to construct a 181,944 square foot building in phase one, almost 7,000 square feet more than required by the OPA. This first phase more than meets the requirement established in the OPA and it is the developer's intention to proceed with construction of this facility as soon as possible.

The developer has worked cooperatively with the Agency to build larger buildings to meet an unmet market demand. In fact, once completed, this project will be the largest combination of spec buildings ever constructed in Lancaster. Approval of this extension of time will allow the City of Lancaster to be competitive for larger deals that are the norm in areas like Valencia and the San Fernando Valley. As the Santa Clarita Valley and the San Fernando Valley continue to run out of land for these projects, Lancaster can become the logical alternative if we have buildings and sites ready to go.