

STAFF REPORT

Lancaster Redevelopment Agency

RCC 3
08/26/08
MVB

DATE: August 26, 2008

TO: Chairman Parris and Agency Members

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

SUBJECT: **Extension of Option Term By And Between the Lancaster Redevelopment Agency And Larwin Investment Company**

Recommendation:

Approve an extension to the Option Term with Larwin Investment Company for an eighteen month period, to be effective from August 26, 2008 to December 31, 2010, and authorize the Executive Director or his designee to execute an amendment to the Option Term. (Northeast corner of Avenue G and 47th Street West in the Fox Field Industrial Corridor.)

Fiscal Impact:

The Option Price to purchase the Agency-owned parcels 3105-001-915 & 916 is \$468,115 in 2010 including the 3% per annum escalator.

Background:

On November 5, 2003, the Agency entered into a Purchase and Sale Agreement with Three Springs Corporation to sell approximately 15 acres at the northeast corner of Avenue G and 47th Street West in the Fox Field Industrial Corridor. The Developer would purchase 6 acres immediately (Phase One) and would have an Option Term to acquire the remaining adjacent 9 acres. Due to current credit and market conditions the developer requests additional time to work on the second phase of the project.

Since Larwin has assumed the development responsibilities for Three Springs Corporation, the first phase of the development has been completed, which included 14 buildings totaling over 90,000 square feet. The Fox Field Business Park, as the development was named, is now home to expanding businesses including SC Pools, SCE Gaskets and Morton Fasteners. Most recently, Larwin made headlines by selling three of its buildings. One buyer, TCL Woodworking Inc., wanted to relocate to Lancaster after having commuted out of the Valley to Santa Clarita for years. Acme Archives, an entertainment service company, bought their industrial facility for storage of the company's media archives. The last sale was to Me Gusta Mexican Food Specialties, a Pacoima-based Mexican foods manufacturer.

Extension of Option Term By and Between the Lancaster
Redevelopment Agency and Larwin Investment Company
August 26, 2008
Page 2 of 2

With the success of Phase One, Larwin has been in discussions with potential companies desiring larger space to move up from the San Fernando Valley, as well as local businesses looking to expand operations. Larwin has processed plans for Phase II and needs the extension to enable it to secure entitlements, and then exercise the Option to purchase the remaining 9 acres. The Option Term includes 3% annual increases until the Option is exercised, which would bring the total purchase price for the Option Term to \$468,115 in 2010.

VL:MGB:ad