

## VIII. WIP IMPLEMENTATION STRATEGY

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This chapter sets forth a detailed action plan for CRA consideration, specifying priority development areas, a phased strategy of developing land and capital improvements, the potential use of debt and other instruments to fund infrastructure, design guidelines and approval process for new development, and the potential type and structure of implementing agreements.

The WIP is subject to differing growth pressures from diverse sources of demand. In order to achieve rapid development with the types of high value, high job development sought by the CRA, a multitude of development opportunities must be presented, including stand-alone owner-user projects, speculative light industrial/flex development, and on-going opportunities for accommodation of selected port-related storage, trucking, and yard operations.

The following implementation plan will allow the CRA to correctly position the project to receive increased levels of private investment. Initial actions are recommended that will lead to a larger catalyst project resulting in the substantial buildout of the Wilmington Industrial Park.

### PUBLIC / PRIVATE DEVELOPMENT IMPLEMENTATION

A public/private real estate transaction, by definition, involves the sharing of responsibilities and revenues. All parties secure the financing that they have access to, providing a broad range of available financing sources.

Participants in the redevelopment process include:

- **The CRA.** The CRA should be involved in facilitating the redevelopment of the WIP by coordinating with involved parties, seeking outside funding, and expediting regulatory approvals for desired uses. In particular:
  - 1) The CRA staff should make every effort to streamline the permit process by facilitating information provision and sponsoring key projects in cooperation with private sector proponents. This may mean restructuring the approvals process providing for ministerial approval of projects meeting predetermined design and other criteria.
  - 2) The CRA should coordinate with Port management to establish the WIP as Port relocation repository in concert with the Economic Adjustment Strategy. The City, the Port, and the CRA are all best served by developing a formal process for ensuring the WIP and other strategic City properties are evaluated first as recipients of Port-related relocations.

- 3) The CRA also can organize property owners to fund security and maintenance services, and oversee efforts to coordinate property owners and developers to adopt plans for new projects that take advantage of available public financing and other revenue sources.
  - 4) The CRA should continually update the web page with new information as additional due diligence and development proceed.
  - 5) Elected officials overseeing the CRA play a major role in providing political and financial support to redevelopment efforts and public service provision.
- The WIP Development Advisory Team (WIPDAT). It is recommended that the CRA assemble a development advisory team to expedite Strategic Plan implementation. This is described in further detail below.
  - Third Party Remediation Developer (optional). There are a number of firms that have combined engineering expertise, financial resources, and close relationships with the environmental insurance industry that could play a role by remediating and stabilizing soil, brokering solutions to overseeing backbone infrastructure installation, and otherwise dealing with the risks of taking property from brownfields status to finished pads ready for buildings. This entity is optional and is most appropriate in larger-scale master developments.
  - Vertical Developer/End-User. These entities oversee, coordinate, and apply real estate analysis, architecture, engineering, environmental planning, entitlements, finance, building development, and property management to implement development projects..

The following provides a recommended list of actions associated with structuring projects that best utilize opportunities in the WIP:

**1. WIPDAT Formation.** The WIPDAT would assist the CRA in implementing this Strategic Plan and would be responsible for attaining mutually agreed upon performance milestones. The team should consist of members of the Mayor's Office and professionals in the fields of urban economics, planning, law, engineering, and development. A team leader should be assigned overall responsibility and be a liaison with the CRA. This effort can be funded through developer contract, supplemented through public sources. It would conduct the following tasks in conjunction with the CRA:

- a) Target a specific set of properties, and refine the sequence of development in conjunction with the development community

- b) Meet with major property owners and developers to explain the intent of the EAS, the rationale and alternative choices associated with the recommended approach to development,
- c) Negotiate and structure deals with property owners, developers, and oil companies,
- d) Assist in making key judgments regarding the type and timing of due diligence,
- e) Assist in the selection, definition of uses for, and development of applications for strategic grant funds,
- f) Determine types and timing of capital improvements,
- g) Develop RFQ/RFP documents,
- h) Review, interview, select, and negotiate with prospective developers in close cooperation with CRA staff, and
- i) Provide other technical assistance intended to expedite development decisions and improve efficiency.

**2. Select Appropriate Developers for Master Development Opportunities.** Each phase of the program has master development potential. There is a five-step process for selecting a highly qualified developer for exclusive negotiations. These five steps include establishing initial economic parameters, settling on a solicitation approach, issuing the request for qualifications, structuring and issuing the request for proposals, and selecting a preferred developer from a short list of top candidates.

**Step 1: CRA Economic Due Diligence.** An accurate assessment of regional market conditions and projected financial performance of a facility's land and building assets is critical to a successful developer selection and negotiation process. Most of this information is contained in the three volumes of this Economic Adjustment Strategy. Additional analysis should be focused on updating and augmenting baseline information, with specific emphasis on determining the extent of liquefaction threat and the City's willingness to consider alternatives to pile driving and other prohibitively expensive liquefaction mitigation measures, as well as pursuing dialogue with major oil companies still operating in the project area.

**Step 2: Determine Solicitation Process.** The competitive RFQ/RFP solicitation process offers a valuable opportunity to hold discussions with prospective developers to explore how each would approach redevelopment, coordinate with the CRA, the City, and existing property owners, and minimize public subsidy through application of private debt and equity sources. Stating clear and specific requirements based on realistic expectations, establishing a consistent format for proposal submissions, providing input regarding expectations during pre-bid

discussions, and evaluating past examples of candidate developers' work can all contribute to a high-quality pool of proposals.

**Step 3: Issue the RFQ.** At this stage, the CRA should structure an RFQ and distribute the document to a list of candidate master developers, asking for qualifications relating to the following key attributes:

- Experience in managing and controlling high-density industrial land assets.
- Experience conducting master planning, developing design/use guidelines, and securing entitlements in brownfields environments.
- The financial capability to absorb high front-end costs.
- The capability to provide effective marketing, brokerage, and asset management services through knowledge of regional market conditions.
- Clarity and appropriateness of initial development concepts.

Assuming the RFQ solicits interest in the project among well-qualified developer teams, the CRA should then narrow the field to three or four teams with the assistance of the WIPDAT.

**Step 4: RFP, Developer Selection and Contractual Agreements.** There may be owner users present in the WIP who are interested in crafting a deal and wish to participate in WIP redevelopment. If they meet CRA requirements (as discussed above), the CRA will sign an Owner Participation Agreement (OPA). This may be augmented or completely replaced by an outside developer, whereby a Development and Disposition Agreement (DDA) would be signed.

In either case, subsequent to qualifications statement review, the CRA must evaluate developer business plans to determine: 1) the degree of comprehension of CRA goals, 2) ability to help develop a sensible risk/reward framework addressing the needs and financial resources of both parties, 3) expertise in urban industrial park development and management, and 4) market knowledge and local network necessary to market to of capturing industrial demand driving manufacturing, assembly, cold storage, and light industrial/flex users. Owner user proposals would be judged on the basis of employment generation and assessed value creation, relative to substitute land uses.

Developers would need to have working relationships with oil companies, salvage operators, and industrial tenants in the South Bay Area. For example, they must be capable of assisting the CRA in negotiating for parking space within oil rig maintenance easements.

Any RFP offered to developers would include the following elements:

- a) Development opportunities.
- b) Land use and other regulatory constraints.
- c) The status of current land improvements.
- d) Functions the CRA intends to perform.
- e) Current market expectations.
- f) Preliminary phasing concepts.
- g) Summary of CRA sources and uses analysis (optional).

The RFP should establish a uniform response format, including categories of costs and revenues, and should specify desired public facilities and design features. As a result, developer business plans will reflect CRA requirements regarding due diligence, development packaging (land and infrastructure improvements), scheduling, and financial requirements.

Following evaluations of proposals and ensuing selection, the CRA should execute an Exclusive Negotiating Agreement (ENA) determining the parameters of the negotiation, including type of agreement, funding of due diligence and negotiation, timing of the entitlement and development process, ownership of information, assignment limitations, and other bylaws. Once in exclusive negotiations, the parties seek to agree on price consideration (if the CRA owns property), a development schedule, and an investment plan, among other items.

The negotiated value of the land should reflect analysis of residual land values, taking into account market assumptions and development costs. Where there is disagreement in these factors, an alternative approach that sets a minimum price for the land and provides for a distribution of upside revenue may provide a means for deal closure.

### **Risk Management and Third Party Remediation Developers**

A third party remediation (3PR) developer could, in larger projects, become a principal in a three-way deal also involving the CRA and a traditional industrial developer. This entity participates by "purchasing" the environmental liability of the project. This is done by signing an agreement with property owners that they will remediate property at a negotiated fixed price. The 3PR attempts to earn revenue by coming in with costs that are, say, 20 percent lower than the bid amount. The 3PR retains liability for any and all ensuing environmental claims for a defined period of time, and is backed by an environmental liability insurance policy. Again, disagreement on initial assumptions and return requirements may be assuaged by factoring the 3PR in as a participant in profit distribution negotiated between the CRA, the Developer, and the 3PR.

### **Marketing**

A joint marketing effort should be pursued. The CRA's website provides a substantial investment in a state-of-the-art informational tool providing land use, geotechnical,

economic, and redevelopment implementation information. Developers should develop marketing strategies for the park in coordination with CRA representatives to address employment and investment goals. The private sector will need to mount a separate and comprehensive marketing plan that brings the park its fair share of development. Key components of the marketing strategy include:

- **Development of collateral marketing materials.** Develop signage indicating site development opportunities, send mailers including schematics of key project areas and vital statistics.
- **Public Outreach.** Meet with current property owners, tenants, and key members of the community including the PCAC. Present the Strategy's goals, assumptions, recommendations, and intended results. Follow-up with interested parties to provide additional information and to develop a collaborative relationship over time.
- **CRA GIS/Website System.** Interested parties can, from this source, quickly understand the major opportunities and constraints of development in this area. Supporting the summary information, a substantial amount of subsurface soil, infrastructure, and other data are available at the parcel level. Developers and brokers may also post listings, ask questions of CRA staff, and review key regulatory, market, planning, and financial information that will vastly reduce the level of uncertainty within the WIP.
- **Developer Marketing Strategy.** Developers should provide marketing materials, brochures, and web site coordination with the CRA.
- **Commercial Brokerages.** An exclusive brokerage agreement may help the CRA if: 1) it finds itself holding significant land assets that are not already indentured by a developer advance; 2) a broker can demonstrate significant performance improvements as a result, and 3) the CRA can enhance project economics by reducing commission payments.

## **INITIATE SITE REMEDIATION PROCESS**

There are excellent opportunities to reduce the level of uncertainty and developer funding responsibility associated with contaminated soils. Specific steps include:

1. Hold discussions with property owners actively pumping oil. Discuss potential for immediately surrounding soil contamination, conducting appropriate records and other investigations to determine incidence of clean-up responsibility, and identification of EPA assessment and cleanup funds if the contaminating party cannot be identified or is no longer financially solvent. Discuss valuation of wells, and whether financial incentive exists to adopt alternative design of wells (e.g., slant drilling) as a substitute for compensating owners for lost income.

2. For oil and other types of contamination, conduct environmental records search and visual property inspections (Phase I Analysis) for areas outside the coverage of the SCS Engineering Study commissioned by the CRA and completed October 27, 2000. Areas needing additional Phase I analysis include Blocks 34, 35, 53, the western halves of Blocks 26 and 45, and the eastern half of Block 27.
3. Line-up financial resources through the preparation of a Phase-specific financing plan - focus on obtaining EPA assessment and / or cleanup funding for costs of characterizing site clean-up strategies.
4. Focus on regional groundwater solution. This may involve the development of a specific seminar on the topic including contributions by top industry specialists with an audience including DTSC, the Regional Water Quality Control Board, the City of Los Angeles, the CRA, and selected developers and property owners.
5. Develop detailed site plans in conjunction with developers and regulators. Explore alternatives for subsurface improvements and soil remediation including cost effective foundations, and remediation strategies such as placement of parking lots to cap contamination.

### IMMEDIATE UPGRADE STRATEGY

The following steps will assist in creating an environment more conducive to substantial near-term investment:

1. Develop and implement a planting and maintenance plan for the entire park with special emphasis on Eubank Avenue and E Street.
2. Install low-cost chain-link fencing with fast growing screen planting within the rights-of-way at all blighted properties along Eubank Avenue and E Street first, and then throughout the WIP. Use the landscaped fence as a temporary measure to screen blighted uses until new development occurs.
3. Enforce zoning ordinance restrictions to eliminate salvage yard storage height violations and other use violations. Many of these uses have cars, boats and other salvage materials stacked far higher than their conditional use permits allow.
4. Demolish all illegal temporary structures and require owners to erect appropriate facilities.

## MODIFY REGULATORY FRAMEWORK

Effective redevelopment of the WIP will require augmentation of the regulatory environment controlling the property, including the following:

1. Produce and adopt a Design for Development Plan for the park that incorporates the expedited approval process, development standards and design guidelines, and a land use matrix. The Design for Development Plan establishes a clear framework that identifies land uses, infrastructure improvements, and other features that are essential to evaluate development criteria and costs, and guarantee a consistent level of improvements across the site. It should be both restrictive and flexible, developing minimum development criteria within a flexible framework to respond the market conditions. These plans have been used effectively in master planned communities and developments throughout California and coordinate well with CEQA goals and directives. It is imperative that the Design for Development be comprehensive, establishing agreements between the various regulatory agencies having approval authority over environmental, infrastructure, design, and engineering issues associated with development projects.
2. Initiate an EIR for the entire WIP site defining maximum development criteria and infrastructure improvements, and associate it with the Design for Development land use matrix, development standards and design guidelines and other necessary CEQA requirements. The value of initiating the EIR for development of the WIP is that project applicants that conform to the Design for Development and EIR would bypass subsequent CEQA review processes.
3. Develop a land use matrix that incorporates permitted uses that allow for an expedited application approval process. This matrix would develop zoning regulations that are more restrictive than the existing zoning regulations for light industrial districts, developing a regulatory basis for future development within the WIP. It would allow the WIP to restrict development to the uses that support the goals outlined in the CRA's recently adopted Amended Redevelopment Plan.
4. Produce and adopt development standards and design guidelines that set forth the minimum requirements necessary for developing the WIP as they relate to site planning, architecture, infrastructure, streetscapes, landscape, furnishings, signage and lighting. The standards and guidelines identify common interests and a shared vision that ensure all development is held to the same standards of quality. Owner/builders and developers are assured that their levels of investment in the WIP will be matched throughout the site.
5. Develop an expedited application approval process that allows proposals conforming to the Design for Development Plan, the development standards and design guidelines, and the land use matrix to proceed from CRA review to building permit review without additional CEQA and public review processes.

Often these expedited approval processes can reduce the entitlement process duration from 6-12 months to 3 months, saving project applicants valuable time if they conform to the approved Design for Development and EIR.

## DEVELOPMENT QUALITY STRATEGY

Enforceable and comprehensive development standards and design guidelines protect the value of the existing anchor developments and assure compatibility of future development with the goals of the community.

These guidelines must be carefully thought through so as not to develop standards that are incompatible with the economic realities of potential development.

At a minimum, the following topics should be addressed in the guidelines:

- Site Planning Guidelines -
  - Building location, orientation and build-to lines.* Buildings within the WIP should be located to emphasize appropriate orientation in relation to the street, to other buildings, to truck docks, to parking and to environmental conditions.
  - Building entrances, plazas & courtyards.* Building massing should help to create a clear sense of entry expressing where the lobby spaces are located.
  - Parking and vehicular access.* Parking and truck access should be located at the side or rear of buildings and should not conflict with pedestrian entrances along public streets.
  - Service, Storage, Loading and Equipment.* Service, storage, loading and equipment should be located adjacent to parking away from streets and entries, and adequately screened.
  - Vacated street easements, oil wells, and other site restrictions.* Site plans should have a comprehensive strategy for dealing with restrictions on sites to incorporate them into the design in a useful and compatible manner.
- Architectural Guidelines -
  - Building massing, character and materials.* The architecture guidelines should address specific issues such as building height, the location of building entries, the form and massing of buildings, the use of appropriate materials, the level of design quality, façade requirements, appropriate color and textures, and fenestration.
- Circulation Guidelines -
  - Vehicular and Pedestrian Circulation system components.* Circulation guidelines serve to create a comprehensive hierarchy of streets to

facilitate the logical, safe and enjoyable movement of vehicles, bicycles and pedestrians throughout the site. There are three distinct types of streets within the WIP in addition to the perimeter streets of Harry Bridges Boulevard, Alameda Street, Broad Avenue and Anaheim Street. The guidelines for all of these streets should address road width, intersection treatment, landscape treatment, paving materials, parking requirements, and sidewalks.

- Streetscape Guidelines -  
*Public Streets and Private Access Drives.* Streetscape guidelines need to address the character of the streets throughout the WIP. They should include a unifying concept for sidewalks, street trees and understory planting, irrigation, furniture, lighting, and wayfinding. In addition, design guidelines should be adopted to create distinctive, appropriate landscape entrances to the WIP.
- Landscape Guidelines -  
*Public and private landscape elements.* Landscape guidelines describe appropriate planting character and materials that are appropriate to the context and the climate, walls and fences and other structures, irrigation systems, grading and drainage, water conservation guidelines, and maintenance.
- Signage Guidelines -  
*Private Signage.* While the development of a planned signing program is likely too ambitious for the WIP, a minimum set of guidelines that identify generally appropriate character, sizes, materials, and lighting of temporary and permanent signs.
- Lighting Guidelines -  
*Public and private lighting.* The objective of lighting guidelines is to provide safe, attractive outdoor lighting that reinforces the daytime and nighttime functional requirements of the industrial uses, including street lighting, exterior building lighting, loading area lighting, parking area lighting, and accent lighting.

Finally, prepare a comprehensive landscape plan for all public rights-of-way that includes a common vocabulary of street trees and plantings.

The following pages of images demonstrate an appropriate level of design and materials for industrial development. They should be considered as levels that can and should be achieved within the WIP. Producing the development standards and design guidelines outlined above will provide guidance to prospective developers and end users, and a regulatory basis for evaluating design submittals.



















## DESIGN AND DEVELOP COMPREHENSIVE CIRCULATION SYSTEM

Implementation of the phasing strategy will require the redesignation of streets according to a long-term strategy of implementing the ultimate circulation concept. This will also involve the strategic vacation of streets. Specific steps are discussed in the phasing strategy -- overarching steps include the following:

1. Engage a traffic engineer to test the feasibility of the proposed circulation plan and propose road sections and widths, intersection criteria, and directional controls.
2. Rigorously enforce the truck access restrictions along Anaheim Street.
3. Incorporate the circulation recommendations of this strategy into the 5-year implementation plan circulation plan to reflect the proposed street vacations.
4. Vacate McFarland Street and dedicate the right-of-way to rail only.
5. Repair all paved streets, curbs and gutters identified in the circulation plan, and develop a work plan for paving all unpaved streets that are proposed to become part of the circulation plan.
6. Prepare an improvement plan for the Alameda Street right-of-way adjacent to the WIP that is compatible with the ultimate improvements for Harry Bridges Boulevard Boulevard.
7. Carefully review the planned I-110 off-ramp at Anaheim Street to enhance the movement of light vehicle traffic, and inhibit the movement of trucks onto Anaheim Street and other local residential streets.

## COORDINATE CRA AND LAND OWNERS

The CRA and the WIPDAT should immediately begin focused discussions with property owners. **Table 21** identifies major landowners in the WIP. Landowners within the WIP can be organized into two groups:

### OPA CANDIDATES

Property owners interested in developing employment-generating projects within the WIP are candidates for OPAs with the CRA. It is expected that many OPAs will involve

acquisitions of neighboring properties. The CRA would be available to provide assistance in property acquisition as necessary.

### RELOCATION CANDIDATES

This includes property owners not considered “anchor” tenants, as determined by the CRA based on employment and investment levels that are in the recommended path of development and have attributes the CRA would like to retain within the WIP.

Through a business retention strategy, relocations within the WIP provide pre-sale and pre-leasing opportunities. Although the CRA may need to step-in and bridge the financial gap between the fair market value of current facilities and the cost of new facilities, the identification of nearby, readily available space in virtually the same location will minimize interruption to existing businesses, and could provide an opportunity for these businesses to reorganize and expand as desired. Developers benefit from pre-leasing or pre-sales of planned buildings, which will assist in securing construction financing.

**Table 21**  
**Major Owners by Phase Within the WIP**  
**Wilmington Industrial Park Economic Adjustment Strategy**

Major Land Owners	Block	Total Land Sqft	Total Land Acres	% of Total Acres for Each Phase	# of Properties
<b>Phase I</b>					
Carson Dominguez	18	148,375	3.41	20%	12
Bojorquez	28	31,540	0.72	4%	6
Emme / Chen	28	63,080	1.45	8%	12
Hinson / Ronan	28	37,408	0.86	5%	7
Huges	27	26,136	0.60	3%	7
Tinti	27	35,937	0.83	5%	11
Tieman	27	22,259	0.51	3%	7
Menzel	26	37,026	0.85	5%	3
Cross	26	18,478	0.42	2%	1
Swift Transportation	34	280,091	6.43	37%	1
<b>Subtotal Phase 1</b>		<b>700,330</b>	<b>16.08</b>	<b>93%</b>	<b>67</b>
		<b>PHASE 1 TOTAL ACRES [1]</b>	<b>17.20</b>	<b>100%</b>	
<b>Phase 1A</b>					
B & C Properties	38	56,846	1.31	15%	7
B & C Properties	45	80,175	1.84	21%	13
Zarate	53	51,819	1.19	14%	12
Zarate	54	17,927	0.41	5%	15
<b>Subtotal Phase 1A</b>		<b>206,767</b>	<b>4.75</b>	<b>55%</b>	<b>47</b>
		<b>PHASE 1A TOTAL ACRES [1]</b>	<b>8.60</b>	<b>100%</b>	
<b>Phase 2</b>					
Watson Land Co.	11	129,252	2.97	28%	8
Spiropoulous	11	18,556	0.43	4%	2
Watson Land Co.	14	147,751	3.39	32%	11
Guzman	32	147,668	3.39	32%	1
<b>Subtotal Phase 2</b>		<b>443,227</b>	<b>10.18</b>	<b>97%</b>	<b>22</b>
		<b>PHASE 2 TOTAL ACRES [1]</b>	<b>10.49</b>	<b>100%</b>	
<b>Phase 2A</b>					
Tropp	10	28,665	0.66	7%	4
Chang	10	37,157	0.85	9%	4
Rick Hordson	10	18,382	0.42	5%	2
<b>Subtotal Phase 2A</b>		<b>84,204</b>	<b>1.93</b>	<b>21%</b>	<b>10</b>
		<b>PHASE 2A TOTAL ACRES [1]</b>	<b>9.11</b>	<b>100%</b>	
<b>Phase 2B</b>					
Murat	9	55,467	1.27	20%	1
Fero Industrial	9	65,214	1.50	24%	1
Murat	30	71,440	1.64	26%	4
Jones	30	28,576	0.66	10%	7
<b>Subtotal Phase 2B</b>		<b>220,697</b>	<b>5.07</b>	<b>80%</b>	<b>13</b>
		<b>PHASE 2B TOTAL ACRES [1]</b>	<b>6.33</b>	<b>100%</b>	
<b>Phase 3</b>					
Bragg Investment	19	148,452	3.41	50%	12
Meiselman	20	30,013	0.69	10%	9
Ruggeri	20	38,682	0.89	13%	9
Wolfenden	20	41,688	0.96	14%	7
<b>Subtotal Phase 3</b>		<b>258,835</b>	<b>5.94</b>	<b>88%</b>	<b>37</b>
		<b>PHASE 3 TOTAL ACRES [1]</b>	<b>6.76</b>	<b>100%</b>	
<b>Phase 3A</b>					
Tieman	21	18,557	0.43	7%	1
Rice	21	27,879	0.64	11%	3
Straus	25	63,337	1.45	25%	12
Koch	25	13,822	0.32	5%	3
Lee	25	25,613	0.59	10%	3
<b>Subtotal Phase 3A</b>		<b>149,208</b>	<b>3.43</b>	<b>59%</b>	<b>22</b>
		<b>PHASE 3A TOTAL ACRES [1]</b>	<b>5.83</b>	<b>100%</b>	

"owners"

[1] From Table 13  
 SOURCE: Stewart Title

### DEVELOP PHASE-SPECIFIC FINANCING STRATEGIES

Each phase of development should have a specific financing plan prepared by the developer and/or owner in conjunction with the CRA as part of contractual negotiations. The financing plan should:

1. Identify the type and nature of outside funding requirements, if any, based on an analysis of project revenues, costs, and developer return.
2. Describe the amount and uses of private debt and equity sources applied to the project.
3. Describe the specific uses of funds generated by assessment districts and/or Mello-Roos Community Facilities district facilitating tax-exempt bonds. As discussed in **Chapter VII**, examples include clean-up, seismic safety, infrastructure, and maintenance.
4. Involve close coordination between the CRA and the developer to most efficiently utilize grant funds, industrial development bonds, revolving loan fund proceeds, and other publicly-facilitated sources based on specific project needs.
5. Describe how landscaping and other maintenance will be accomplished.

### INTERIM DEVELOPMENT STRATEGIES

Truck parking and salvage yard uses, including internal relocations, should be limited to the Southwest Quadrant areas potentially affected by liquefaction. These uses should be considered "interim", as the expansion of the Port of Los Angeles over the next decade will require infill parcel availability to accommodate port-related business relocations.

- **Salvage Yards.** The relocation strategy should include consideration of relocation sites for salvage yards, including on-site and off-site options. On-site relocation should be pursued only if off-site options do not exist. The CRA should contract with a broker to explore the presence of viable off-site alternatives. If relocation is provided on-site, it should be directed to the potential liquefaction zone in the Southwest quadrant. Relocation costs should be reduced by allowing inventory depletion for 45-90 days. The CRA has the opportunity to develop a "Demonstration Project" in which a suitable site is located and prepared, either by the CRA or through an RFQ/RFP process with a qualified salvage yard developer/operator, and made available for relocations of salvage operations in strategic locations. This project could be designed to be a

“good neighbor” by incorporating screen walls and landscaping to shield the operation, and by utilizing pre-engineered metal buildings to house the various steps in the salvage process.

- **Truck Parking.** Truck parking should be considered as an interim use in liquefaction zone that could help fund the clearing of property. This use has the highest residual value of all land uses (often in the \$18-20/square foot range), because the use does not require significant capital improvement or remediation responsibilities, other than paving. Cleared sites can be more easily marketed.

### CRA POLICY INITIATIVES

The CRA should immediately pursue the following policy initiatives:

1. **Modifications to development regulations.** Should include streamlining the approval process, including addressing the regional groundwater situation, and seeking cooperation with City building department on considering cost effective foundational techniques.
2. **City commitment to funding initial costs,** through inclusion of major capital items in the City CIP, as well as general fund revenue sharing (e.g., 50 percent of business license and utility user tax revenues over the next ten years).
3. **CRA/Port agreement** on WIP repository status. The CRA could agree to reserve the southwest quadrant for port relocations, allowing interim use as parking and other port-support activities.

### SPECIFIC IMPLEMENTATION PRIORITIES

1. Structure disposition strategy for development in Phases 1 and 1A. These properties are key infill sites, with locations on major entrances and highly-visible corridors. **Table 21** presents major property owners, developable acreage, infrastructure upgrades, and other key attributes of the Phase. In particular, the CRA should begin focused discussions with American Soccer, Union Ice, Electronic Balancing, and other major property owners to determine the correct approach toward property disposition, including the degree of owner participation that can be expected.
2. Market and develop least complicated parcels in Phase I first to capitalize Phase 1a. If outside funding can be brought to bear in the initiation of detailed due diligence, land acquisitions, clean-up, and tenant relocation aspects of Phase 1a, then the CRA should move aggressively to improve the area. Otherwise, the more desirable Phase I properties should commence development with the intent

- of generating funds and development momentum that will assist in the steady improvement of Phase IA.
3. Structure an agreement with the Phase I developer, such that first right of refusal on exclusive negotiation for subsequent phase development rights is granted, if performance standards are met.
  4. Agreement with property owner(s) and developer(s) should provide for a public/private financing strategy specifying the use of tax increment revenue, land secured financing, and public loans and grants discussed in **Chapter VII**. Financing districts should be organized as discussed herein.
  5. Develop specific improvement strategy for the Phase in conjunction with property owners, developers, and regulators, designed to achieve cost savings through strategic design, optimizing geotechnical and oil well constraints with market opportunities.
  6. Facilitate sales and pre-leasing of new Phase I buildings by relocating businesses presently located in the Phase II and Phase III areas.
  7. Begin discussions with City regulators on liquefaction threat, seismic standards, and acceptable approaches to building safe structures at reasonable costs.
  8. Develop RFQ/RFP document for Phases I and IA Project.
  9. Install infrastructure including improvements to the primary circulation routes, installation of temporary fencing and landscape improvements along Eubank Avenue and E Street, installation of irrigation systems to support these streetscapes, improvements to secondary streets, and repair of damaged and missing curb and gutter throughout the site.
  10. Vacate streets including in accordance with the Circulation Plan in **Figure 5**. Retain easements over underground infrastructure to reduce capital cost requirements.
  11. Coordinate improvements to Alameda Street with those of Harry Bridges Boulevard once it is approved.
  12. Continue aggressive enforcement procedures to remove illegal businesses and upgrade existing properties within the project area and surrounding industrial neighborhood.

The planning of development on Phase II should be done immediately, in parallel with the planning and development of the Phase I areas discussed above. The overall sequence of actions is similar, including soils testing, City regulator discussions, and organization of financing districts. The CRA should conduct targeted due diligence on

Phase II properties (soils testing) in addition to holding initial relocation discussions with tenants. This should be done as soon as funding is available. Within a year or two of Phase I project inception, the CRA should select a developer for Phase II, and pursue development according to negotiated terms. Phase III development should move forward as opportunities to re-locate existing businesses allow for land consolidation. This phase will accommodate new owner-user prospects with smaller development site requirements.

## **CONCLUSION**

The successful implementation of the project will produce economic benefits to the local community, the private sector, the CRA, and the City of Los Angeles. By redeveloping the underutilized land within the phasing strategy, the CRA will enhance the economic performance of the WIP in terms of employment, revenue generation, and private investment. Specifically, redevelopment will benefit the local labor force, will attract significant investment resulting in higher assessed values, and will produce revenue accruing to both CRA and City budgets. With the completion of Phase III, approximately 1,500<sup>9</sup> net new jobs, \$1.4 million in annual tax increment revenue, and \$2.8 million<sup>10</sup> in annual revenue to the City is expected. Moreover, the project will serve as a catalyst for additional investment throughout the surrounding harbor communities.

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<sup>9</sup> Existing employment within the phasing strategy area was calculated by estimating the employment density for the phasing strategy area to be two-thirds of the park-wide employment density, or 3.5 employees per acre.

<sup>10</sup> Figure is net of estimated revenue currently generated in the WIP. Estimate assumes revenue contribution is equal to estimated intensity of employment.