

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY (CPCFA)  
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM  
Meeting Date: April 19, 2022**

**Request to Approve an Updated Feasible Plan to Fund the Completion of the  
Remediation and Under the California Recycle Underutilized Sites (CALReUSE)  
Remediation Program**

Prepared by: *Alison French-Tubo*

<b>Applicant:</b>	Carson Reclamation Authority	<b>Type of Funding:</b>	Grant
		<b>Amount</b>	\$5,000,000 (fully
		<b>Disbursed:</b>	disbursed on 11/30/09)
<b>Project Name:</b>	Los Angeles Premium Outlets	<b>Resolution No.</b>	
<b>Project Location:</b>	City of Carson (Los Angeles County)	<b>Prior Actions:</b>	Approved 11/19/08 Amended 10/20/15 Amended 04/19/16 Amended 08/16/16 Amended 01/15/19 Amended 06/16/20 Amended 10/20/20 Amended 01/20/21 Amended 07/20/21

**Summary**

As requested by the CPCFA Board at the July 20, 2021, CPCFA Board meeting, the Carson Reclamation Authority (“Grantee”) delivered a letter to CPCFA on March 11, 2022, (Attachment A), and an addendum on March 28, 2022 (Attachment B) describing an updated funding plan for the remediation of and to address project benchmarks of a portion of a former landfill.

An abbreviated timeline of events for this CALReUSE Infill Grant Agreement (“Grant”) is provided immediately following the Background of Default section.

**Background of the Project**

The CPCFA Board approved a Grant to Carson Marketplace, LLC, (“Carson Marketplace”) on November 19, 2008, to fund a portion of the costs of the remediation of a 157-acre former landfill (original “Brownfield Site”) and to require housing that would be completed, but not funded, as a condition of the Grant. The Brownfield Site had last operated in 1968 and hazardous substances associated with the landfill had been detected in subsurface soil and groundwater. The Remediation Action Plan (“RAP”) approved by the Department of Toxic Substances Control (“DTSC”) reflected the physical division of the landfill into Cells 1-5 and included a groundwater extraction and treatment system, a landfill gas extraction and treatment system, and a liner system

## **Agenda Item 4.B.**

over each cell. While completion of the entire RAP would be necessary for the closeout documentation of the Grant, the entire estimated cost of nearly \$160 million exceeded the Grant amount of \$5 million. Therefore, a portion of the remediation required by the RAP was identified as the scope of the Grant's Brownfield Infill Project ("Remediation"), specifically the purchase and installation of \$5 million of geotextile liner to serve as the barrier between the cells and future development. Carson Marketplace's intended multi-use development called Boulevards at South Bay included a 400-unit (61 affordable) apartment complex identified for the Infill Development Project ("Housing") required by the Grant.

In 2009, Carson Marketplace received the entire \$5 million CALReUSE Grant as an eligible reimbursement for Remediation expenses. A substantial portion of the Remediation was accomplished, with the remaining work on hold as the final closure is designed to be coordinated with the design and construction of the vertical portion of the multiple land uses of the planned development. Due to the serious economic and real estate impacts of the Great Recession of 2008, the completion of both the Remediation and Housing were delayed, as was the case for many other CALReUSE projects during that time.

In 2015, Boulevards at South Bay was sold in a series of transactions intended to result in the development of a National Football League ("NFL") stadium. During that process the Grantee took title and indemnified Carson Marketplace as part of a Settlement, Release and Indemnity Agreement ("Settlement") with the Grantee, the City of Carson ("City"), and the Carson Successor Agency ("Successor Agency") to the Carson Redevelopment Agency ("Successor") in lieu of foreclosure. The Settlement was approved by the Department of Finance ("DOF"). The transfer of the Brownfield Site and the obligations to complete the RAP were approved by DTSC. When CPCFA was notified after these events had occurred, CPCFA invited the Grantee to submit a request to transfer the Grant from Carson Marketplace to the Grantee and for a short-term extension in order to prepare an amended CALReUSE Grant application ("Amended Application") based on the NFL stadium. The CPCFA Board approved the request on October 20, 2015, for a short-term extension to April 30, 2016, with the deadline for the Amended Application being February 16, 2016.

The Grantee was forced to adjust the intended development at the Brownfield Site when the NFL approved a different location for the NFL stadium on January 11, 2016. As required, the Grantee submitted an Amended Application to CPCFA. However, a CPCFA staff evaluation concluded that due to the limited timeframe, not all elements were adequately developed. On April 19, 2016, the CPCFA Board approved a six-month extension to allow the Grantee to submit an updated Amended Application, with the understanding that the Housing location would not be at the Brownfield Site due to the technical and oversight challenges that had been found to exist.

In July 2016, the Grantee provided an updated Amended Application. Due to the complexity of developing the entire 157-acre former landfill, the Grantee proposed narrowing the Brownfield Site to the approximately 42-acre Cell 2 ("Cell 2") as part of a

## **Agenda Item 4.B.**

phased development approach. The Grantee and the City had entered a negotiation agreement for a high-end fashion outlet mall (“Outlet Mall”) on Cell 2 with CAM-CARSON, LLC, (“CAM-CARSON”), an entity of mall developer Macerich. The Amended Application also included 86 housing units (84 affordable) between two housing developments known as Carson Figueroa Affordable Housing, LP, Veterans Village of Carson (“Veterans Village”), and Carson Arts, LP, Carson Arts Colony (“Arts Colony”). The Amended Application satisfactorily addressed CPCFA staff’s previous concerns. Since the entire landfill was contaminated, the RAP and phased development plan required sub-surface remedial work under Cells 1-5 in order to develop any single cell or any combination of cells in the Brownfield, Therefore the Grant funds disbursed in 2009 were necessary and allocable to the ability to complete the Remediation and Outlet Mall on Cell 2. Although the total housing units were a lesser quantity than the original Grant stated, the percentage and number of affordable housing units was higher than what would have been provided for in the original Grant. In addition, the housing developments were new to the City’s development pipeline and compliance with the terms of the Grant was instrumental in the negotiations between the City and the developers.

On August 16, 2016, the CPCFA Board approved the amendment of the Brownfield Site and Housing, the addition of four benchmarks, the extension of the Grant term to December 31, 2020, and a changed project name of Factory Outlets of Los Angeles.

As of late 2018, the Grantee succeeded in meeting the first two of the four benchmarks required for the Grant:

- 1) Recordation of development agreements restricting affordability of both housing projects by March 21, 2017.
- 2) Execution of a development agreement for the Outlet Mall by October 31, 2017.
- 3) Completion of a Health Risk Assessment (“HRA”) completed by DTSC by January 31, 2019.
- 4) Occupancy permits for the Outlet Mall by December 31, 2020.

In addition, at the end of 2018 both the Veterans Village and the Arts Colony were on track for completion by December 30, 2019, the first phase of Cell 2’s remedial systems design for vertical development had been submitted to DTSC, and construction of the Outlet Mall had begun with pile driving tests. Due to the negotiations between the Grantee and DTSC regarding the approval of a phased occupancy plan taking 18 months rather than the two to three months anticipated, the Grantee recognized it would be unable to meet the upcoming benchmarks and requested modifications of the benchmarks with a variety of due dates (seven benchmarks) and an extension of the Grant term to December 31, 2021.

On January 15, 2019, the CPCFA Board approved the request, including a changed project name of Los Angeles Premium Outlets after a new partner, Simon Property Group, was admitted to the project.

### **Background of the Default**

## Agenda Item 4.B.

Three of the seven modified benchmarks contained in the extension of the Grant approved by the Board on January 15, 2019 were met:

- 1) Certificate of Occupancy for the Veterans Village Housing was due December 31, 2019, and was provided on December 30, 2019.
- 2) Certificate of Occupancy for the Arts Colony Housing was due December 31, 2019, and was provided on December 30, 2019.
- 3) DTSC's written approval of the design of remedial systems for Cell 2, which allows the remedial systems to be constructed and the vertical development of the Outlet Mall, was due by June 30, 2019, and was provided on June 24, 2019.

As noted above in items 1 and 2, the Housing portion of the Grant was completed on time. On Cell 2, work proceeded under a complex arrangement between the Grantee and CAM-CARSON with all work touching the landfill to be performed by the Grantee's contractor but certain of it to be reimbursed by CAM-CARSON. The schedule on Cell 2 was impacted by excessive rainfall, then lagged further and the costs increased as the actual volume of landfilled waste to be consolidated was found to be significantly more than what had been estimated based on the sampling performed in the preparation of the RAP. CAM-CARSON and the Grantee disputed charges and reimbursements and in late 2019, the Grantee had no more available funds so the activities for the Remediation portion of the Grant came to a halt. The Grantee subsequently missed the next two benchmarks:

- 4) A copy of a Health Risk Evaluation ("HRE"), approved by DTSC for Cell 2, which would allow non-hazardous trained workers on-site to construct the Outlet Mall, due by January 31, 2020.
- 5) A copy of a Remedial Action Completion Report ("RACR") for Cell 2, approved by DTSC for Cell 2, due by March 31, 2020.

In addition, two benchmarks specific to the development of the Outlet Mall, rather than the Remediation of Cell 2, although not due at this point, remained outstanding:

- 6) A copy of a HRA, approved by DTSC for Cell 2, due by December 31, 2021.
- 7) Occupancy permits for the Outlet Mall due by December 31, 2021.

At the June 16, 2020, CPCFA Board meeting, the Grantee stated remedial work was approximately 80% complete. However, the Grantee still needed to pursue further funding sources to complete the Remediation on Cell 2. On June 16, 2020, the CPCFA Board approved the removal of benchmarks six and seven that addressed the development of the Outlet Mall while leaving in place benchmarks four and five that addressed the Remediation of Cell 2. Further, the CPCFA Board found the Grantee to be in default for benchmarks four and five and provided the Grantee an opportunity to cure the default of the two benchmarks by:

- 1) Presenting the CPCFA Board with a feasible plan to fund the completion of the Remediation of Cell 2 at the October 20, 2020, CPCFA Board meeting; and
- 2) Presenting the CPCFA Board with amended project benchmarks acceptable to the CPCFA Board at the November 17, 2020, CPCFA Board meeting.

## **Agenda Item 4.B.**

The Grantee, per a letter dated September 21, 2020, provided a feasible plan to fund the Remediation of the Cell 2 site. The primary sources of funding were the proposed sale of Cells 3, 4, and 5 (which are not part of the Grant), and the issuance of bonds by the Successor (subject to approval by Los Angeles County Consolidated Oversight Board and DOF). The Grantee asserted that the funding plan amount was based on an estimate for completing the Remediation of Cell 2, to be finalized after a lawsuit brought against the Grantee in the spring of 2020 by CAM-CARSON is settled.

At the October 20, 2020, CPCFA Board meeting, the CPCFA Board acknowledged that the Grantee delivered a feasible plan to fund per the direction of the CPCFA Board at the June 16, 2020, CPCFA Board meeting; that the Grantee spent considerable effort and funding toward completing the Remediation of Cell 2; and that the Grantee completed the Housing with affordable units as required by the Grant. The CPCFA Board further acknowledged the uncertainties associated with the proposed funding sources and the uncertainty for all California development projects caused by the COVID-19 pandemic. Accordingly, on October 20, 2020, the CPCFA Board approved extending the default cure period to January 18, 2021.

The Grantee, per a letter dated January 5, 2021, provided an update on the proposed feasible plan to fund and amended project benchmarks as directed by the CPCFA Board on October 20, 2020. The letter outlined a pending deal for the sale of Cells 3, 4, and 5 to Faring Capital, LLC, ("Faring") for \$45 million for residual land value that was in the due diligence period; the possible issuance of bonds to raise a revenue source currently subject to ongoing litigation; and the efforts to resolve the lawsuit brought by CAM-CARSON in order to continue the development of Cell 2 with either CAM-CARSON or a new developer. In addition, the installation of the remaining geotextile liner was proposed as an amended project benchmark to replace benchmarks four and five.

At the January 19, 2021, CPCFA Board meeting, due to the still-evolving impacts of the COVID-19 pandemic on retail, gathering places, and the entire development process in California, as well as the pending nature of the sale to Faring, the possible bond issuance, and the situation with CAM-CARSON limiting the data available for evaluation of future events and amended project benchmarks, approved the feasible plan to fund and extended the cure period to allow for the submission and evaluation of an updated feasible plan to fund and amended project benchmarks by July 6, 2021, to be presented at the July 20, 2021, CPCFA Board meeting.

On June 30, 2021, the Grantee delivered a letter to CPCFA staff with a further update to the feasible plan to fund; a proposal of amended project benchmarks centered on the sale of Cells 3, 4, and 5 to Carson Goose Owner, LLC (an affiliate of Faring); and having received the first \$12.5 million in residual land value proceeds from Carson Goose Owner, LLC on January 21, 2021. The letter described the Supplemental Environmental Impact Report process; City Council approval process for the Cells 3, 4 and 5 sale; and expectation of the remaining \$32.5 million payment from Carson Goose Owner, LLC. In addition, the Grantee stated it anticipated mediation, scheduled for July

## Agenda Item 4.B.

16, 2021, could result in CAM-CARSON returning to the project and the Grantee receiving a settlement of \$25 million for work performed, unpaid carrying costs, and an advance on site infrastructure. Additionally, the Grantee reported that a hearing was scheduled for mid-August 2021 regarding the possible issuance of bonds. Finally, the letter proposed two amended project benchmarks: a Cell 2 HRE by October 31, 2022, and a Cell 2 RACR by December 31, 2023.

At the July 20, 2021, CPCFA Board meeting, the CPCFA Board approved extending the term of the Infill Grant Agreement to April 30, 2022, and an extension of the cure period until the April 2022 Board meeting to allow the Grantee to submit its written proposal by March 11, 2022, and appear at the April 2022 Board meeting to present an updated feasible plan to fund the completion of the site remediation and, if necessary, to present amended project benchmarks for the Authority's consideration.

### Timeline of Events

- **November 2008** – The CPCFA Board approved a \$5 million CALReUSE grant for Carson Marketplace for the remediation of a 157-acre former landfill and the development of 400 housing units (61 affordable).
- **November 2009** – The entire \$5 million CALReUSE Grant is disbursed to Carson Marketplace.
- **June 2015** – CPCFA staff learned that the 157-acre site was sold without CPCFA Board consent to an entity proposing an NFL stadium on the site. Additionally, the property was transferred to the Grantee for pollution liability reasons.
- **October 2015** – The CPCFA Board approved the transfer of the CALReUSE Grant to the Grantee and a Grant extension from October 2015 until April 2016. The Grantee also agreed to submit an Amended Application detailing the new brownfield Remediation project and the associated infill Housing project by February 2016.
- **January 2016** – The NFL ownership group declined the request by the Oakland Raiders and San Diego Chargers to develop a shared stadium at the 157-acre Brownfield Site.
- **February 2016** – The Grantee delivered an amended application to CPCFA staff. Staff's assessment was that the application lacked a development timeline and that the proposed affordable housing did not meet the CALReUSE Remediation Program's requirements to produce or promote housing.
- **April 2016** – The CPCFA Board provided the Grantee with a six-month extension to the CALReUSE Grant to provide the Grantee time to amend the application and address CPCFA staff's concerns.
- **August 2016** – The CPCFA Board approved the Grantee's request provided in the amended application to: extend the project from October 2016 to December 31, 2020; redefine the Brownfield Site from the 157-acre site to the 42-acre portion known as Cell 2; and develop 86 housing units (84 affordable). The CPCFA Board also approved four specific benchmarks for the Grantee to meet.

## Agenda Item 4.B.

- **January 2019** – The Grantee met the first two benchmarks. /the CPCFA Board approved the Grantee’s request for a modification of the benchmarks and a one-year extension of the CALReUSE Grant until December 31, 2021.
- **December 2019** – The Grantee completed both housing projects.
- **January and March 2020** – The Grantee was unable to complete the Remediation and consequently missed the January 31, 2020, and March 30, 2020, benchmarks. At this time the Grantee stated that they were about 80% complete with the Remediation.
- **June 2020** – The CPCFA Board held the Grantee in default for the missed January 2020 and March 2020 benchmarks. The CPCFA Board provided the Grantee with an opportunity to cure the default by providing the CPCFA Board with a feasible plan to fund the Remediation by the October 2020 CPCFA Board meeting and presenting the CPCFA Board with alternative benchmarks to consider at the November 2020 CPCFA Board meeting.
- **September 2020** – The Grantee provided a plan to fund the Remediation, identifying two potential funding sources: proceeds from the sale of Cells 3, 4, and 5 and proceeds from the sale of \$90 million in bonds as a result of an enforceable obligation, which requires DOF approval.
- **October 2020** –The CPCFA Board provided the Grantee with an extension of the cure period until the January 19, 2021, CPCFA Board meeting.
- **January 2021** – The CPCFA Board approved an additional extension to the cure period to the July 20, 2021, CPCFA Board meeting.
- **July 2021** – The CPCA Board approved an extension of the Infill Grant Agreement to April 30, 2022, and a further extension of the cure period until the April 2022 Board meeting.

### Current Situation

On March 11, 2022, the Grantee delivered a letter to CPCFA staff analyzing the factors which will determine a feasible plan to fund. The Grantee notes the residual land payment of \$45 million for the Faring project on Cells 3, 4 and 5 is intended to fund Cell 2 remediation. However, a portion of the original payment of \$12.5 million was used to settle claims by subcontractors not paid for the CAM-CARSON work, and the remaining \$32.5 million will be applied to three sets of costs:

- 1) Grantee’s portion of the construction of site-wide infrastructure including streets.
- 2) Within Cell 2, construction of the buffer structure alongside the streets and the Gas Collection and Control System (GCCS) vaults required when streets are constructed.
  - a. The GCCS vaults will allow some of the GCCS system in Cell 2 to be activated, but will not be enough to receive a RACR on Cell 2 without the full installation of the liner.
- 3) On-going site-wide Operations & Maintenance (O&M) (Grantee’s portion is approximately \$100,000 per month).

The Grantee acknowledges the residual land payment is not enough to complete the remediation for Cell 2 and that obtaining funding through Successor Agency bonds or new State funding is currently not probable Therefore the remaining remediation of Cell

## Agenda Item 4.B.

2 must be funded as part of the development of Cell 2. The Grantee has determined any development proposal must address the following factors in order to be a feasible plan to fund the completion of Cell 2.

- 1) Land use value and zoning
  - a. Current land values in the City of Carson are high for industrial-zoned land and much lower for other uses.
  - b. Cell 2 is relatively long and narrow so will not support the typical configuration of many industrial uses that require room for trucks to park and maneuver.
  - c. Cell 2 is zoned for an outlet mall in the current City of Carson's "The District" Specific Plan."
    - i. Due to current market conditions for retail, another retail-only project is not probable.
    - ii. Obtaining community acceptance for another use and revising The District Specific Plan will be an extensive process
    - iii. Obtaining DTSC and CEQA approval for another use will be extensive processes as well.
- 2) Usability of any or all existing infrastructure
  - a. At the onset of work stoppage, structural piles were 100% complete, GCCS wells were nearly 100% complete, liner was 40% complete and slab was 6% complete.
  - b. Over time, pile cap excavations and trenches have eroded and been damaged by vegetative growth.
  - c. Estimated time frames upon restart for completion of GCCS and liner
    - i. Three months of repair work
    - ii. Five months of construction work
  - d. The structural piles are designed for a specific load and layout.
    - i. New project design may require additional piles.
- 3) Economics
  - a. Grantee remains the owner of Cell 2 but a new developer would need to be able to pay CAM-CARSON enough to settle the on-going litigation.
  - b. A new project will need to address the land use value, zoning and usability of existing infrastructure and require little or no subsidy to complete the remediation or the development, as the Grantee has no new sources of funding to access.

The letter reports that despite mediation CAM-CARSON has not yet returned to the project as they do not intend to pursue "pure malls" in the next several years, but that CAM-CARSON is working with the Grantee to develop possible alternative projects using the structural infrastructure previously installed if appropriate. Even though the parties are in the mediation/negotiation process, litigation with CAM-CARSON is on-going and the Grantee continues to meet with other developers about other possible projects for Cell 2.

The Grantee delivered an addendum to the March 11, 2022, letter on March 28, 2022, stating that they have received proposals to develop Cell 2 from two respected entities



## **Agenda Item 4.B.**

that would address the factors above, including having some retail along the 405 Freeway. One proposal is further into the process than the other, but neither are ready for public disclosure. There is also a third proposal received only two days before that the Grantee is reviewing. The Grantee hopes it will be appropriate to share more information about the proposals publicly by the time of the April 19, 2022, CPCFA Board meeting.

In the addendum, the Grantee notes that regardless of what new proposal is selected, there will be months of planning, engineering, design and review, and that even if the CAM-CARSON project was restarted there would be time needed to review and analyze the existing conditions in comparison to the design. The Grantee anticipates the CEQA process for a new design would be six to 18 months, and then a period of time for construction. The DTSC approval of the RACR could be several years shorter than the full completion date, but the start date for the resumption of the GCCS construction and the project construction would be determined by the selected project's land use, and the amount of re-design and re-entitlement needed for that project. Therefore, the Grantee calculates that a reasonable estimate for the completion would be June 30, 2026.

### **Staff Analysis**

The Grantee appears to have met the CPCFA Board's request to provide an updated feasible plan to fund, by acknowledging they cannot rely on possible third-party funds (i.e. Successor Agency bonds) for the costs of completing the remediation of Cell 2 and that remediation must be included along with the costs of a development proposal for Cell 2.

The Grantee reported that they have received two proposals, which meet those criteria, as well as a third still in the review process at the time this report was prepared.

As to timing (i.e. project benchmarks) the anticipated completion date, June 30, 2026, is in line with the other CALReUSE Remediation projects which have the longest time frames at this time. Although the longest time frames exceed the time frames of the original Infill Grant Agreements, the time frames reflect the inherent complexity and large footprint of certain projects, which were present when CPCFA awarded the CALReUSE Grants.

Looking back to its initiation as part of the Proposition 1C, the Housing and Energy Shelter Trust Fund Act of 2006, the CALReUSE Remediation Program has functioned as a pilot for the state of California for the alignment of three public policy goals: cleaning up contaminated sites; replacing blight with new housing development; and investing in disadvantaged and low-income communities. Many of CALReUSE Remediation's elements are reflected in the newly funded DTSC's Office of Brownfields Equitable Community Revitalization Grant. As a pilot, the CALReUSE program guidelines allowed remediation for a wide variety of sites to be funded, including Octavia Court, a 0.10 acre site with 15 units (14 affordable) on the site of a former freeway on-ramp; COMM 22, LLC, with 200 rental (197 affordable) and six for-sale housing units, a childcare center, a community medical clinic, and a county school facility at the 3.45

## Agenda Item 4.B.

acre site of a former school district maintenance yard and operations center; as well as Curtis Park Village, the 72-acre site of a former railroad maintenance yard with 91 senior rental units (90 affordable) plus another 400 residences, multiple transit connections and three commercial/retail areas.

Previously, during analysis performed while applying for recapitalization, staff concluded that the common factor in the lengthiest/delayed projects was not type of original use, type of contamination, type of land use for planned development, or the grant recipient being a certain type of entity. Instead, the factors for the lengthiest/delayed projects are larger site acreage and/or having multiple land uses in the planned development, and the Remediation costs reflecting such conditions, especially in comparison of total costs relative to the CALReUSE Grant. It should be noted that the original Brownfield Site is 157 acres with multiple land uses planned for its development, and Cell 2 alone is 42 acres--only three other CALReUSE Remediation projects are on larger brownfields than Cell 2.

While some CALReUSE Remediation projects were able to complete all of their remediation for significantly less than \$1 million, the Grantee and two other large acreage projects were only able to perform a portion of their total remediation using their \$5 to \$7 million CALReUSE Grant awards. This indicates that those projects, due to the amount of acreage, are essentially more complex and subject to more variables that can be affected by delays, or cause a "domino-pattern" of delays. One domino for all the CALReUSE Grant awards was the Great Recession, then this project had the domino of the dissolution of the Redevelopment Agencies, as well as the site-specific dominos of the NFL's intersection with and then elimination of the site. After having recovered from both of those, the Covid-19 Pandemic was yet another domino.

Staff finds the history of physical challenges of this site are due to the geotechnical limitations of a former landfill and the necessity of integrating the systems that will complete the Remediation with the facilities to be constructed upon the site. Building on a landfill requires additional structural work including piers driven deep into the ground while sealing off a landfill requires a flexible material at the surface that must be tailored around every pier, the GCCS wells, and any other penetrations of the ground. The interaction and sequencing of the remedial systems and site construction is part of the RAP approved and overseen by DTSC, and each time there is a change in the intended use of the site various controlling documents must be revised and approved again, at a cost of both funds and time. Therefore, this project is an inherently slow-turning ship and exemplifies the challenges of brownfield development.

However, staff observes the project also demonstrates the intention of the CALReUSE Remediation Program to improve the quality of life in communities living beside brownfields. Although the oversight agencies ensure that human health is protected from brownfields by closing them off, the side effect is communities having blank spaces instead of assets. The Los Angeles Premium Outlets Project has contributed to the completion of two new affordable housing projects and eventually the entire 157-acre former landfill will be developed into a variety of uses.

## Agenda Item 4.B.

Staff notes that in addition to the civic responsibility of the Grantee to residents of the City of Carson, the financial liability of holding the site undeveloped (including monthly O&M costs) ensures that the Grantee will proceed with development, and the oversight of DTSC ensures that the work detailed in the RAP will proceed as the site is developed. Forfeiture of the Grant would remove resources from the historically underserved and pollution-burdened City of Carson community, as documented by the CalEnviroScreen 4.0 ranking of the surrounding census tracts as being in the highest CalEnviroScreen percentile. Forfeiture would not result in another community's brownfield remediation project receiving funding as the window for redistribution of CALReUSE Remediation Program grant funds has closed. Forfeiture of funds would also remove the two developments totaling 86 housing units (84 affordable) from the portfolio of CALReUSE housing and reduce the leverage ratio for the program as a whole.

Extending the grant expiration date as far as 2026 will not significantly alter the workload of CPCFA staff assigned to the remaining remediation projects, particularly if monitoring returns to the quarterly reports and removes or limits project benchmarks.

**Board Action** Staff is available to answer Board questions.

# CARSON RECLAMATION AUTHORITY

March 11, 2022

Alison French-Tubo  
California Pollution Control Financing Authority  
P.O. Box 942809  
Sacramento, California 94209

Re: Carson Reclamation Authority – Information on Feasible Funding Plan

**VIA EMAIL – Hard Copy to Follow**

Dear Ms. French-Tubo:

This letter is in response to the CPCFA Board’s request made at the July 20, 2021 meeting for a full business plan from the Carson Reclamation Authority (“CRA”). The CRA delivered a letter to the CPCFA on June 30, 2021, describing an updated feasible plan to fund the remediation and proposal of alternative project milestones of a former landfill as requested by the CPCFA Board at the January 19, 2021, CPCFA Board meeting. The CRA’s request met the CPCFA Board’s direction; however, due to the still evolving nature of the various funding and legal issues, CPCFA staff recommended an extension of the CAL ReUSE Grant Agreement and cure period until April 30, 2022. CPCFA staff recommended having the CRA appear at the April 2022 CPCFA Board meeting to present an updated funding plan and alternative project milestones.

The CPCFA Board approved the following as alternative project milestones:

- A copy of a HRE, approved by DTSC for Cell 2, which would allow non-hazardous trained workers on-site to construct the Outlet Mall, completed by October 31, 2022.
- A copy of a RACR for Cell 2, approved by DTSC for Cell 2, completed by December 31, 2023.

The update should include steps moving forward from the litigation with CAM-Carson, LLC (“CAM”) and the California Department of Finance (“DOF”) discussed in the meeting. It was clarified as a request for a “feasible funding plan” for the completion of Cell 2, the Project Site subject to the amended Grant Agreement. Such a plan could include but is not limited to negotiations to restart work on the Cell 2 Los Angeles Premium Outlets project (the Brownfield Project under the grant); the status of potential bonding for additional Successor Agency funds to be able to complete not just Cell 2 (the Outlet project) but Cells 3, 4, 5 and 1 as well; and, negotiation with an additional developer for Cells 3, 4 and 5, which agreement would provide the CRA \$45 million in up-front money available to complete Cell 2.

This letter updates all those activities.

The recent NFL Super Bowl at nearby SoFi Stadium in Inglewood provides a frame for the time period that the CRA has owned the former Cal Compact Landfill site and been subject to the terms of the Grant Agreement. The City of Carson wanted to facilitate the development of an NFL Stadium on the Site by the then-San Diego Chargers and then-Oakland Raiders, and the creation of the CRA as a separate joint powers authority to manage the environmental liability issues was deemed the prudent course. With the selection of Inglewood in 2016 as the successful stadium proposer, the CRA was placed in the position of being the Master Developer of the Site. The CPCFA Board is familiar with the CRA's ups and downs of the past six years, and in 2022 Inglewood hosted the Super Bowl that in 2015 Carson believed was ours.

### Project History

Since the acquisition of the Brownfield Project Site for the purpose of an NFL Stadium, the CPCFA Board has approved a number of amendments to the Project as circumstances changed: the Infill Project obligation was amended to be the development of two affordable housing projects off-site, for a total of 95 units, and were completed (a Regulatory Agreements recorded) by the end of 2019; the overall Brownfield Project site was reduced from the entire 157-acre site and five (5) landfill cells to a single cell (Cell 2) of about 41 acres to be the Los Angeles Premium Outlets ("LAPO"); and, certain project milestones were removed or extended to meet the development schedule of the LAPO project.

As adopted in January 2019, the modified Milestone Schedule concluded with the DTSC approving the Health Risk Assessment ("HRA") for Cell 2 by December 2021. This would have assumed DTSC approving the Construction Completion Report by September 2021 and the Brownfield Completion Report being submitted to CAL ReUSE by October 2021. All these reports would have been prepared after the installation of the remedial systems and the approval of the Remedial Action Completion Report ("RACR"), plus the completion of the vertical development – the Outlet Mall – before being prepared. While the construction of the remedial systems is necessary for the Outlet Mall to be completed, the completion of those improvements is generally the extent of the remedial obligations of the CRA in the project.

In 2020, the CRA returned to the CPCFA with a new situation: because of a dramatic increase in the remedial system costs (which fell on the CRA) there was now a dispute between the CRA and CAM and work had stopped as of January 2020. The CRA had previously documented unforeseen events and unknown conditions on the Site that made adhering to the project milestone schedule during 2019 extremely challenging, including pile refusal and a waste consolidation issue, which have had a substantial impact on both schedule and cost and have contributed to the CRA's resulting funding shortfall and the contractual dispute with CAM. However, in terms of overall progress, it was noted that a significant amount of the remedial system work on Cell 2 is complete, which includes the installation of the LFGS headers and lines and the installation of a portion of the liner. Pile caps and utility trenching would need to be completed before additional liner is installed, as well as the Building Protection System ("BPS") above the liner.

The CRA continued to authorize construction of the remedial systems until late January 2020, to demonstrate to CAM that we were serious about continuing our work. In February the CRA and City received a Notice of Claim from CAM, seeking recovery for the \$80M it claimed it had already invested in the Site Development Improvements and the Project (note: the CRA has been reimbursed \$27M by CAM to date). The CRA believed that if it demonstrated it had available funds to pay for the remaining Remedial Systems on Cell 2, CAM would restart paying for the Site Development Improvements costs and retract its Claim. The CRA pursued two approaches to raising the necessary funds to complete: requiring a “residual land value payment” from potential developers on Cells 3, 4, and 5; and authorizing additional Successor Agency bond funding against the existing Enforceable Obligation of the remedial system costs.

### CAM Litigation

On April 30, 2020, CAM filed a lawsuit against the City, the CRA and RE|Solutions, the horizontal master developer on the project, and later amended the complaint to add the Successor Agency. The CRA responded to the suit, denying all claims. It was anticipated that this litigation, as well as the DOF litigation, would be settled by Fall 2020 in time to remobilize the contractors on site to restart construction work in January 2021. On March 15, 2021, the Los Angeles Superior Court granted a demurrer to the City of Carson and the Carson Successor Agency, removing them from the action (and awarded the City attorney’s fees), and approved the removal of the negligence and negligent supervision claims against the CRA, making the legal action largely contractual (notwithstanding the appeal rights of CAM). CAM appealed that dismissal and the opening and respondent’s briefs have been filed. CAM’s reply brief is due in March. We do not have confirmation on when oral arguments will be held, but we do not expect them prior to September.

The CRA filed a cross-complaint against CAM on April 5, 2021 which included a cause of action seeking a determination that the remedies for breach set forth in the Conveyancing Agreement are the exclusive remedies. The Conveyancing Agreement, in addition to setting forth available remedies, clearly states CAM “shall have no recovery against other assets” of the CRA. CRA is preparing to file a motion that should result in a judgment in the CRA’s favor on the issue of the available remedies. CAM still owes the CRA more than \$11.2 million in unreimbursed Site Improvement Costs, plus interest, a \$10 million commitment toward infrastructure, and delinquent carrying costs, in a total amount of nearly \$25 million. The settlement of these amounts would also be necessary before proceeding with a modified deal with CAM. The CRA has already incurred the following unreimbursed costs on CAM’s behalf:

- \$7,945,296 (plus accrued interest) on CAM-Carson Work paid to Snyder Langston and its subcontractors pursuant to a Settlement Agreement approved in December 2020.
- \$3,271,216 (plus accrued interest) in CAM-Carson Work from October 2019. This is work the CRA already paid but which was not reimbursed by CAM-Carson.
- \$2,000,000 (estimated) in unpaid carrying costs. This (so far) represents two years’ worth of unpaid carrying costs.

- \$10,000,000 in contribution toward off-site improvements. This was to be a “loan” from CAM-Carson paid from the first several years of sales tax reimbursements.

Discovery has been delayed by an attorney-client privilege issue which became the subject of proceedings before a discovery referee. The discovery referee recently filed her recommendation with the court and just set a hearing on that for March 24. Discovery should get underway in a significant way in May. The June 20, 2022 trial date is still in place, but that is likely to change. CRA filed a motion for judgment on the pleadings on the cross-complaint, which is set for hearing on April 22, 2022. If that motion is granted, it could force a settlement of the entire case, but it is possible that the granted motion could be appealed. Settlement discussions are ongoing.

Mediation with CAM was conducted on July 16, 2021. While the mediation did not fully resolve the litigation, CAM did indicate some interest in redesigning the project to introduce a certain amount of non-retail uses into the project to reduce the retail risk from COVID. CAM indicated that they do not plan to construct any “pure malls” over the next several years but acknowledged the quality of the location and the significant investment in the Site still make it attractive for some type of facility there, perhaps in conjunction with other land uses.

CRA staff has been working with CAM and provided additional technical information for CAM’s designers to develop project alternatives for the CRA to review. In November, CAM provided a conceptual alternative to the CRA which features certain other industrial uses and about 50,000 s.f. of “other uses” such as retail or performance facilities. The plan attempts to use a substantial amount of the structural infrastructure already installed, particularly the pile grid (though much of the trenching for plumbing may be unnecessary).

The buildings are designed to sit on the existing installed piles on the site and would not require further changes to the remedial work already undertaken by the CRA, though a significant amount of liner and BPS would still need to be installed. The smallest of the four buildings could be used for some sort of artistic or performance venue. There would be a small, landscaped area that would be adjacent to the park area that is part of Faring’s project.

#### Oversight Board and DOF Litigation

When the work stoppage occurred, the CRA looked to the historical source of funding for the project: the former redevelopment agency. On January 28, 2020, the Carson Successor Agency (former RDA) approved the issuance of new 2020 Series C Bonds, which went to the County Oversight Board for approval on March 17. Under the Redevelopment Dissolution Act, the County Oversight Board maintains jurisdiction over the Carson Successor Agency. The Oversight Board, however, did not approve the issuance of the Bonds. DOF also reviewed the Oversight Board approval of the bond debt service (but not the bonds), and in May 2020 rejected the debt service and the Successor Agency’s arguments on the financing. As a result, the Successor Agency petitioned the court to compel the Oversight Board to act upon and approve the issuance of new bonds to satisfy the Successor Agency’s existing and outstanding

enforceable obligations to finance to the completion of this project and gave notice to DOF that it was considering the action. The suit was filed in Sacramento Superior Court, the venue for all redevelopment-related lawsuits. The litigation briefs were filed in Q2 2021 and the hearing was held on August 13, 2021, when the Court ruled against the Successor Agency. The Successor Agency has decided to appeal. The briefs to the Court of Appeals are being finalized and will be filed in the next several weeks.

The 2022 ROPS once again includes a line item for debt service as a placeholder in the event of settlement, though the DOF has disallowed it again.

The CRA and Successor Agency have consistently asserted that this obligation was established in various contracts between the former RDA and private parties pursuant to the Remedial Action Plan approved by DTSC in 1995. DOF had determined in 2015 that the Project was an “existing enforceable obligation” and the Series 2015B bonds would be repaid through the Agency’s tax increment.

#### Development on Remainder Cells (Faring)

The first alternative for project funding in early 2020 was the negotiation with developers on the development of a project on Cells 3, 4, and 5. While no longer part of the scope of the Brownfields Project for the purposes of the Grant Milestones, this agreement required the developers to pre-fund \$45M in residual land value payments to the CRA at the beginning of the project, for the CRA to be able to use on Cell 2. The CRA was able to negotiate for that because both the City and the CRA finally acknowledged the real estate economics of the site and of Carson generally: industrial development can pay three times or more for land than commercial, retail, or hospitality, and have larger, flatter buildings and therefore likely less expensive site work. This proposal has large industrial buildings as part of it.

In December 2020, the CRA approved an agreement with Carson Goose Owner, LLC (affiliated with Faring Capital, LLC) for Cells 3, 4, and 5, who agreed to (i) construct all the remedial systems on their cells at their own cost without a contribution or subsidy from the CRA or from the Enterprise Fund, and (ii) pay a “residual value” of \$45,000,000 for the site in two payments, generally upfront. It was estimated in early 2020 that such an amount would be enough to complete the Cell 2 work, though such work will need to be rebid prior to resumption.

The first deposit of \$12,500,000 (plus accrued carrying costs and other costs) was paid to the CRA in January 2021; the second \$32,500,000 is due upon the earlier of (i) receiving the entitlement for the Faring project from the City, or (ii) CAM is prepared to recommence its work on Cell 2 and has paid the CRA its outstanding obligations under the original Conveyancing Agreement.

Of equal importance to the upfront payment for the land is the agreement that Faring is also responsible for funding and performing all the horizontal development and vertical development on their cells; in other words, taking all the financial risk on the project. They have also agreed



to fund site infrastructure, such as the construction of the main road through the site and other off-site improvements, on a pro rata (60/40) basis. The \$45,000,000 payment, though, was intended to be sufficient to complete the remedial work on Cell 2 and bring CAM back into the project and fulfill its obligations.

The Supplemental EIR (SEIR) for the Faring project was released in late summer 2021. The project approval with the SEIR is expected to go to Planning Commission and City Council in April 2022. The comment period for the SEIR concluded on December 13. Four letters were received, one of which raised several issues. The CRA and Faring continue to plan the Site and Offsite Infrastructure obligations, which would include the Cell 2 Buffer Zone, which is the requirement to construct at least part of the Cell 2 remedial system improvements (the completion of the GCCS headers in Lenardo, as well as a portion of the Cell 2 liner along Lenardo to increase the distance from human occupants of Cells 4 and 5 and the unclosed Cell 2. While such improvements would not lead to a RACR on Cell 2, the completion of some additional remedial systems on Cell 2 would occur as part of the Cell 3, 4, and 5 project even ahead of the resolution of the litigation with CAM or the resulting completion of Cell 2.

Because Faring will be constructing the remedial system improvements it needs to close on the acquisition of the property and take fee title to the surface lot as soon as possible after entitlement and the challenge period. This means all documents needed for closing need to be ready at the time of project approval and as a result the work undertaken by the CRA and the City to finalize the Faring project is considerable. In addition to amending the District at South Bay Specific Plan and finalizing the SEIR to ready it for certification, the following other closing documents are currently being prepared or amended:

- Development Agreement with the City of Carson
- Insurance Administration Agreement
- Tentative Tract Map for the 157 Acre Site
- Restructuring of Community Facilities District 2012-1 (Remedial Systems O&M) and 2012-2 (Sitewide infrastructure O&M)
- Property Development CC&Rs
- Environmental CC&Rs
- Environmental Covenant
- Institutional Control Plan for the Remedial Systems

The last three of these need DTSC participation and concurrence.

#### Use of the \$45M Residual Land Payment

As previously noted, the Faring project and its residual land payment was always a main part of the Feasible Funding Plan to restart Cell 2. However, a portion of the initial \$12.5M payment received in January 2021 was used to settle claims by subcontractors not paid for the CAM work (see detail on Pages 3-4) and is a large part of the cross complaint against CAM.

The use of the remaining \$32.5M would be divided among three uses: (1) continuing to pay for the CRA's share of the ongoing site-wide O&M (Faring currently pays up to 60% of the O&M costs up to \$250,000 per month); (2) the CRA's share of the construction of Lenardo Drive and other site-wide infrastructure; and (3) and the construction of the "Cell 2 Buffer" required when the streets are constructed. The latter is approximately 4,000 linear feet of buffer along the side of Lenardo and extending 20' laterally onto the Cell 2 site, as well as the installation of the 13 Landfill Gas ("GCCS") Vaults in Lenardo that serve Cell 2 and allows the GCCS system in Cell 2 to be activated. These improvements, however, are not extensive enough to receive a RACR on Cell 2.

### Feasible Funding Plan for Cell 2

Barring an infusion of millions of dollars of State funding or the ability to issue Successor Agency bonds, as described above, the CRA cannot close Cell 2 and receive a RACR from DTSC without the participation of a well-funded developer and a feasible project. Notwithstanding the CAM litigation, the CRA is still talking with other quality developers about the Cell 2 property (the CRA is still the owner of the site). The three main issues are how to resolve the CAM litigation (would the developer pay CAM enough to settle?); the usability of any or all of the existing installed infrastructure (e.g. the structural piles are all installed, all of the GCCS wells are in, 40% of the liner is installed, and 6% of the slab is poured); and, what the development economics are on a going-forward basis.

The usability of the existing work is a big question: with the work stoppage, completion percentages of the remedial work have decreased due to weather and other impacts. For example, some of the excavations for pile caps, grade beams, and trenches have been eroded by weather and damaged by vegetative growth. These structures will need to be re-constructed. TRC, the original environmental general contractor, estimates that upon restart of work, there would be 3 months of repair work and 5 months of construction work, for total of 8 months of work left, for completion of the remedial systems.

Working with a development partner is the only feasible funding plan. It would require an offer sufficient to entice CAM to settle, from a developer well-capitalized enough to use equity to get them through the pre-development and early development activities to complete the necessary remedial improvements, and with enough sales tax revenue for the City to share with the project to make up feasibility gaps in the project. The variable that is then solved for is land use.

### Land Use Issues

The simple formula for an economic land use anywhere in Carson (including Cell 2) is that industrial-zoned land is now selling from more than \$100/sf or more. Land for retail or commercial in the city is a fraction of that amount. From a strictly land value perspective, repurposing the Site for industrial could be the best option. But there are several site constraints that affect this calculation:

1. Even if a developer and the CRA could develop community acceptance of industrial uses on Cell 2 (which is nearly ½ mile of frontage on the 405 Freeway) the site itself is relatively long and narrow, and only 700' wide at the widest point. The site dimensions is one of the factors that caused Macerich (CAM) to revise its outlet mall design from a slab on grade with parking structures at either end to a podium design with parking at grade and the shops above the parking on the second level. The shape will drive the design of the building and ultimately the uses that could go in there and would severely restrict the number and maneuverability of large trucks on the site. There is also a potential geotechnical issue with the narrow site as well if a design pushes a significant amount of truck traffic or parking to the 405 Slope, which is the interface of the sloped clay cap and the flat LLPDE landfill liner.
2. The existing installed pile grid is designed for a retail building, with a 100 lb/sf "live load" (i.e. the amount of weight in addition to the building the piles can support). Industrial/warehouse buildings are now typically designed for a 300 lb/sf live load because of high cube storage or multi-level buildings. The existing piles would not be sufficient for that load and the grid would need to be redesigned and new piles driven. Reworking the site over existing installed liner will also add additional expense (e.g. driving pile through installed liner).
3. The site is not zoned for industrial uses. The District at South Bay Specific Plan was amended in 2018 to conform the Plan to CAM's proposed use as an Outlet Mall and an SEIR that analyzed the environmental impacts was certified. The current Faring project is processing a new Specific Plan Amendment and a new SEIR and is anticipated to be reviewed by the City Council in April. That amendment and SEIR assume the current Cell 2 uses as outlet retail are unchanged. A new project would require a new Specific Plan Amendment and perhaps an EIR Addendum but would now need to consider the cumulative traffic impacts of the just-approved project on Cells 3, 4, and 5.
4. It is not clear, in light of these factors, if an industrial project would still need some form of subsidy from the CRA to make it feasible. In CAM's industrial project proposed in the mediation, their offer was still heavy on CRA subsidy: CRA to complete the remedial systems and the CRA and CAM would leave the sales tax sharing agreement in place. It isn't clear if those terms were based on the economics of the project they presented, and a roundabout way to get the CRA to continue to pay for a portion of the current claim.

### Conclusion

The only truly feasible funding plan for the completion of Cell 2 is for the CRA to negotiate a development deal that (a) pays off CAM to settle the CRA litigation; (b) is fundamentally sound from a business- and land-use perspective; (c) can be approved through the CEQA and land use process; and (d) can proceed under terms that do not require major cash commitments from the CRA during pre-construction or construction. The question is what type of project meets all of those conditions?

In addition to the CAM settlement proposal, we currently have two significant entities that we are negotiating with right now under the terms described above. Both have proposed at least

some retail on the 405 Freeway, which is important. We have a number of other developers “interested” in the site but who have not committed resources to studying the pile grid or considering the economic balancing act between the CAM settlement payment, reusability of the installed improvements, and total development costs. The final factor to be balanced is the desires of the community for something significant on the cell beyond just more warehouses. With the significant progress being made on Cells 3, 4, and 5 and the impending hearing dates in the CAM litigation, the CRA is confident some form of a deal will come to us for consideration in the next 60 days.

We are grateful that CPCFA has continued to be patient and cooperative while the CRA works out the issues described in this letter. I am available by email at [jraymond@carsonca.gov](mailto:jraymond@carsonca.gov) or telephone at (310) 952-1773 or my cell phone at (760) 902-1903. Thank you again for your support.

Respectfully,

A handwritten signature in blue ink, appearing to read "John S. Raymond". The signature is fluid and cursive, with a large initial "J" and "R".

John S. Raymond  
Executive Director

cc: Sunny Soltani, Aleshire & Wynder (*via email only*)  
Danny Aleshire, Aleshire & Wynder (*via email only*)  
David Roberts, City Manager, (*via email only*)  
Stuart Miner, RE|Solutions, LLC (*via email only*)  
Mary Hashem, RE|Solutions, LLC (*via email only*)  
Saied Naaseh, Community Development Director (*via email only*)

# CARSON RECLAMATION AUTHORITY

March 28, 2022

Alison French-Tubo  
California Pollution Control Financing Authority  
P.O. Box 942809  
Sacramento, California 94209

Re: Carson Reclamation Authority – Information on Feasible Funding Plan

**VIA EMAIL – Hard Copy to Follow**

Dear Ms. French-Tubo:

This letter is to update my March 11, 2022 letter in response to the CPCFA Board's request for a full business plan from the CRA and the completion of the Cell 2 project (the Brownfields Project for the purposes of the Grant).

As I described in detail on March 11, the only truly feasible funding plan for the completion of Cell 2 is for the CRA to negotiate a development deal that (a) pays off CAM to settle the CRA litigation; (b) is fundamentally sound from a business- and land-use perspective; (c) can be approved through the CEQA and land use process; and (d) can proceed under terms that do not require major cash commitments from the CRA during pre-construction or construction.

In addition to the CAM settlement proposal, we currently have two entities that we are negotiating with right now under the terms described above. Both have proposed at least some retail on the 405 Freeway, which is important. Over the weekend we received a third proposal which uses the existing pile grid and design as-is without modifications. Any deal would require an offer sufficient to entice CAM to settle, from a well-capitalized developer, and with enough tax revenue for the City to potentially share to make up feasibility gaps in the project.

Even if a deal were to be negotiated in the next several weeks, however, (which now appears more likely than at any time in the past two years) there is still a considerable amount of work to do on the Site just to begin to undertake the design and entitlement. The usability of the existing work remains a big question: with the work stoppage, remedial work has deteriorated due to weather and other impacts including excavations for pile caps, grade beams, and trenches which have been eroded by weather and damaged by vegetative growth. These structures will need to be reconstructed. Estimates are that upon restart of work, there would be 3 months of repair work and 5 months of construction work for completion of the remedial systems.

From the redesign perspective (for a different land use), the existing installed pile grid is designed for a retail building. Industrial/warehouse buildings are now typically designed for a higher load because of high cube storage or multi-level buildings, and other multi-story reuse

Alison French-Tubo  
California Pollution Control Financing Authority  
March 28, 2022  
Page 2

projects (e.g. residential) may face the same issues. The existing piles may not be sufficient for that load and the grid would need to be redesigned and new piles driven. Working the site over existing installed liner will also add additional expense (driving piles through installed liner).

Site zoning and CEQA. The Specific Plan was amended in 2018 to conform the Plan to CAM's Outlet Mall and an SEIR that analyzed the environmental impacts was certified. The current project is processing a new Specific Plan Amendment and SEIR and will be reviewed by the City Council in May. That amendment and SEIR assume the current Cell 2 uses as outlet retail are unchanged. Any new project would require a new Specific Plan Amendment and perhaps an EIR Addendum but would now need to consider the cumulative impacts of the just-approved project on Cells 3, 4, and 5. The CEQA process could take between 6 and 18 months after a complete project description is developed.

The message is that we think the CRA is close to arriving at a solution to the funding and development issues on Cell 2 but will likely not have a definitive deal in hand by the Board meeting on April 19. On the other hand, any project on the site, include a mere restart of the Los Angeles Premium Outlets project, would still involve months of engineering, planning and design before work could commence on the Site, and such schedule challenges would be exacerbated by the CEQA, Specific Plan, and entitlement issues regarding any change of use. The completion of the project is several years away even under the best of circumstances. The completion of the project to approval of the RACR by DTSC could be several years shorter than the full completion date, but the start date for the work would be determined by the selected land use and the amount of redesign and re-entitlement would need to occur on the project. An outside date of June 30, 2026 is reasonable.

We are grateful that CPCFA has continued to be patient and cooperative while the CRA works out the issues described in this letter. I am available by email at [jraymond@carsonca.gov](mailto:jraymond@carsonca.gov) or telephone at (310) 952-1773 or my cell phone at (760) 902-1903. Thank you again for your support.



John S. Raymond  
Executive Director

cc: Sunny Soltani, Aleshire & Wynder (*via email only*)  
Danny Aleshire, Aleshire & Wynder (*via email only*)  
David Roberts, City Manager, (*via email only*)  
Stuart Miner, RE|Solutions, LLC (*via email only*)  
Mary Hashem, RE|Solutions, LLC (*via email only*)  
Saied Naaseh, Community Development Director (*via email only*)