

**OVERSIGHT BOARD RESOLUTION NO. 15-03**

**A RESOLUTION OF THE MONTEBELLO SUCCESSOR AGENCY OVERSIGHT  
BOARD APPROVING AN AMENDED LONG RANGE PROPERTY  
MANAGEMENT PLAN**

**WHEREAS**, the former Community Redevelopment Agency of the City of Montebello (“Agency”) was a community redevelopment agency organized and existing under the California Redevelopment Law;

**WHEREAS**, the Agency was dissolved effective February 1, 2012, by way of Assembly Bill (“AB”) 1x26 (as subsequently amended, the “Dissolution Act”) and the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos* (2011) 53 Cal.4<sup>th</sup> 231;

**WHEREAS**, the Dissolution Act created a “successor agency” for each dissolved redevelopment agency, and charged them with completing various tasks and obligations geared towards “winding down” the affairs of their respective redevelopment agency;

**WHEREAS**, the Dissolution Act created an “oversight board” for each successor agency, and charged them with overseeing, reviewing, and approving enumerated successor agency actions;

**WHEREAS**, upon dissolution of the Agency, all real property assets of the former Agency were transferred to the Successor Agency for management and disposition in accordance with the Dissolution Act;

**WHEREAS**, the Successor Agency is required to prepare a Long Range Property Management Plan (“LRPMP”) to address the disposition and use of all real property assets of the former Agency, and to submit an Oversight Board–approved LRPMP to the Department of Finance (“DOF”) within six months of receipt of a “finding of completion” (Health & Safety Code § 34191.5);

**WHEREAS**, on November 12<sup>th</sup> 2014 the Oversight Board approved and adopted a initial LRPMP for the Successor Agency (“Original Plan”) in anticipation of its receipt of a “finding of completion”;

**WHEREAS**, in light of new information, and in consideration of the Oversight Board’s contemporaneous approval herewith this Resolution of the transfer of certain properties included in the Original Plan to the City of Montebello as either a “housing asset” or a “governmental purpose” property (the “Property Transfers”), the Successor Agency has submitted an amended LRPMP for the Oversight Board’s consideration, as such attached hereto as Exhibit “A” (the “Revised Plan”);

**WHEREAS**, based upon staff presentations, reports, discussions, public comments, and other evidence presented, the Oversight Board finds the changes to the Original Plan incorporated into the Revised Plan are necessary and appropriate, provided DOF does not object to the Property Transfers.

**NOW THEREFORE, THE MONTEBELLO OVERSIGHT BOARD HEREBY  
FINDS, DECLARES AND RESOLVES AS FOLLOWS:**

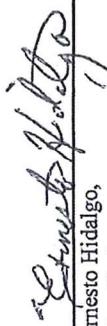
**SECTION 1.** After consideration of staff presentations, reports, discussions, public comments, and other evidence presented, the Oversight Board hereby finds and declares that the foregoing recitals are true and correct and incorporated them herein.

**SECTION 2.** Based upon staff presentation, reports, discussions, public comments, and other evidence presented, the Oversight Board approves the Revised Plan attached as Exhibit “A”; provided that, in the event DOF denies any portion of the Property Transfers, any such properties denied for transfer to the City shall be included in the Revised Plan for disposition in the same manner as proposed in the Original Plan.

SECTION 3. The Oversight Board authorizes and directs the Executive Director of the Successor Agency, or their authorized designee, to submit the Revised Plan to the Department of Finance for review, and to take such further necessary action(s) as reasonably necessary to effectuate the purpose of this Resolution and Revised Plan.

SECTION 4. The Clerk of the Oversight Board shall certify to the passage and adoption of this Resolution, and it shall become effective immediately upon its approval.

PASSED, APPROVED and ADOPTED this 6<sup>th</sup> day of May, 2015.

  
Ernesto Hidalgo,  
Vice Chairperson

ATTEST:

  
Secretary to the Montebello Oversight Board

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the City of Montebello Oversight Board meeting held on the 6<sup>th</sup> day of May, 2015 by the following vote:

AYES: Edgar Cisneros, Angel Barnuevo, Vanessa Delgado, Cheryl Plotkin and Vice Chair Ernesto Hidalgo

NOES: None

ABSENT: Chair Richard Bruckner

ABSTAIN: None

# REVISED LONG-RANGE PROPERTY MANAGEMENT PLAN

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## CITY OF MONTEBELLO SUCCESSOR AGENCY



Original LRPMP Prepared By:



**KOSMONT REALTY CORPORATION**  
1601 Sepulveda Blvd. Suite 382  
Manhattan Beach, CA 90266  
Telephone: (213) 417-3300  
[www.kosmontrealty.com](http://www.kosmontrealty.com)

**MAY 6, 2015**

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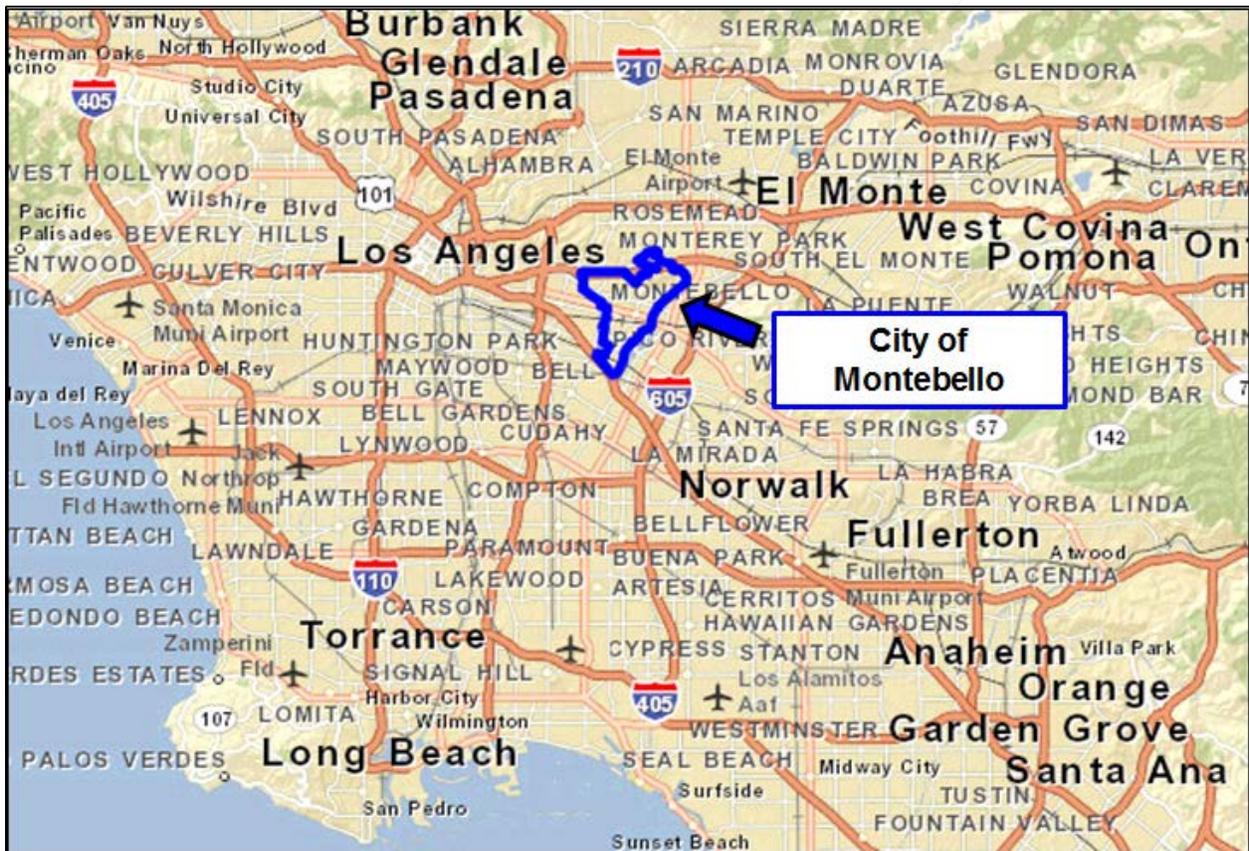
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# 1.0 Introduction

## 1.1 Background & Purpose

Health and Safety Code Section 34191.5, added by AB 1484 (signed into law on June 27, 2012), requires each Successor Agency (“SA”) to prepare and approve a Long-Range Property Management Plan (“LRPMP”) that addresses the disposition and use of the real properties of the former redevelopment agency. Properties held by a successor agency cannot be disposed of until the State Department of Finance (“DOF”) has approved the LRPMP. This document is the LRPMP for the SA to the former City of Montebello Redevelopment Agency (“RDA”).

Exhibit 1.1: City Location Map



## 1.2 Successor Agency Property Summary

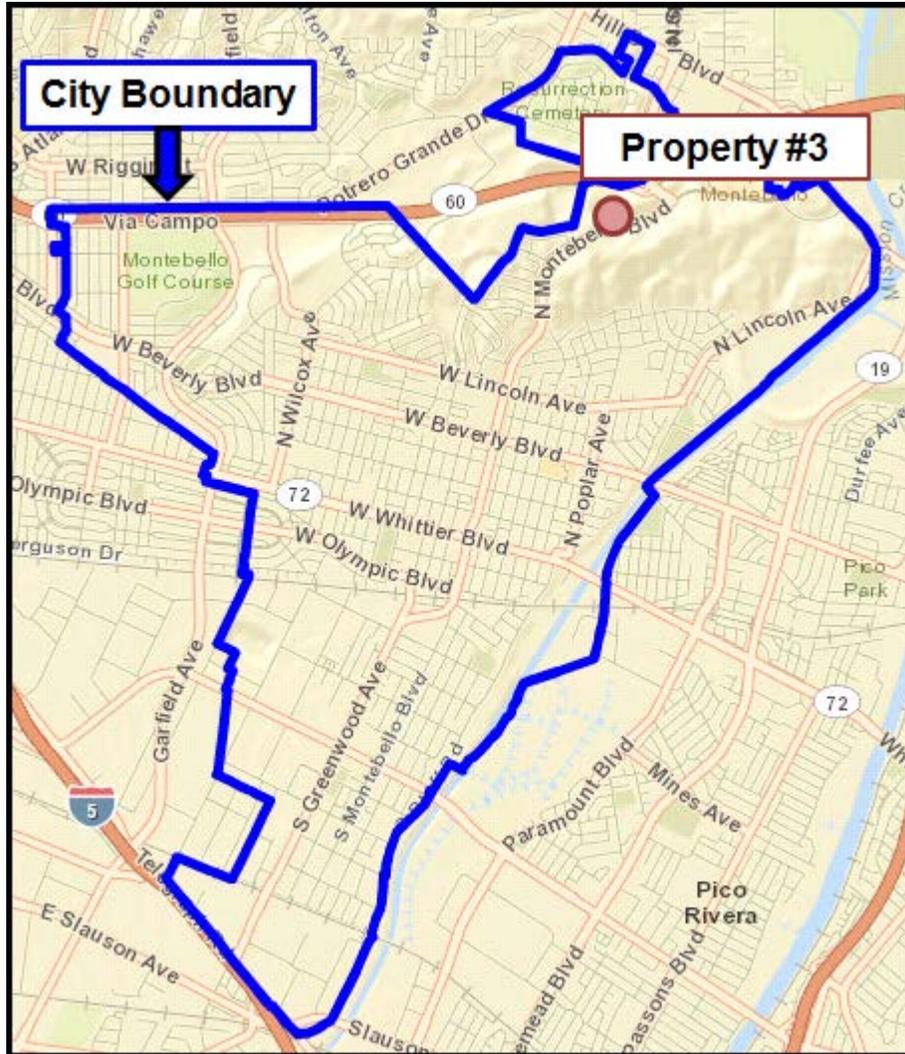
The SA / former RDA owns five (5) distinct properties (comprised of 11 parcels) in the City of Montebello. Of these properties, two (2) properties (comprised of 8 parcels) are designated for use for fulfillment of enforceable obligations. Three (3) properties (comprised of 7 parcels) are designated for liquidation, with sale proceeds to be distributed to local taxing entities based on the presiding property tax apportionment schedule.

Table 1.2: Successor Agency Property Summary

#	Address / Description	APN	Disposition Strategy			
			Gov't	Future Dev.	Liquid.	Enf. Oblig.
1	1345 North Montebello Blvd. (Costco)	5293-001-022 5293-001-023 5293-001-903 5293-001-904				X
2	701-705 West Whittier Boulevard (Restaurant Site)	6349-007-917			X	
3	Union Street / Chapin Road	6354-030-901			X	
4	310 West Whittier Boulevard (Chevrolet of Montebello)	6346-022-900 6346-022-901 6346-023-900 6346-023-901				X
5	121 South 6th Street	6349-006-900			X	

## 2.0 Long-Range Property Management Plan (PMP)

### Property #1: 1345 North Montebello Boulevard (Costco)



Parcel Data – Property #1	
Address	1345 North Montebello Boulevard
APN	5293-001-022 / 5293-001-023 / 5293-001-903 / 5293-001-904
Lot Size	16.85 acres
Use	137,688 square foot Costco Retail Warehouse
Zoning	C-2-PD (General Commercial - Planned Development)
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #1	
<b>Purchase Date</b>	1989
<b>Purchase Price</b>	Not available
<b>Funding Source</b>	Tax Increment
<b>Purpose</b>	Acquired for the purpose commercial retail development and requisite parking
<b>Estimate of Current Value</b>	\$7.1 million
<b>Method of Valuation</b>	Ground lease income capitalization

**Revenues Generated by Property & Contractual Requirements – Property #1**

**Ground Lease Agreement with Costco Wholesale Corporation**

Ground lease revenue of approximately \$423,000 annually, comprised of original rent of \$211,000 plus supplemental rent of \$212,000 based on annual sales of over \$100,000,000 per Lease Agreement dated 1/28/93.

On 9/4/12, Costco exercised its third of four options to extend the Lease term for an additional five (5) year period commencing 5/1/13 and ending on 4/30/18. There is one remaining five (5) year option in the Lease that if exercised would expire on 4/30/23. Costco has an option to purchase the Land (“Purchase Option”) at any time during the Lease.

**History of Environmental Contamination or Remediation Efforts – Property #1**

**None**

Methane gas mitigation system (CSC monitors) in place as passive remediation system. No other notable known history of environmental contamination, designation as Brownfield site, or remediation.

**Transit-Oriented Development & Agency Planning Objectives – Property #1**

**Potential for TOD**

Not applicable

**Agency Planning Objectives**

Future continued development on the existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the construction of a Costco Gas Station component on the property (page 18 of 37 of approved Implementation Plan).

Furthermore, development of the Gas Station component on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households) and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).

It should be noted that City involvement in the development of the Gas Station component is essential for reasons of financial feasibility, per analysis performed by City in close collaboration with Costco Wholesale Corporation.

### History of Development Proposals / Activities – Property #1

#### History

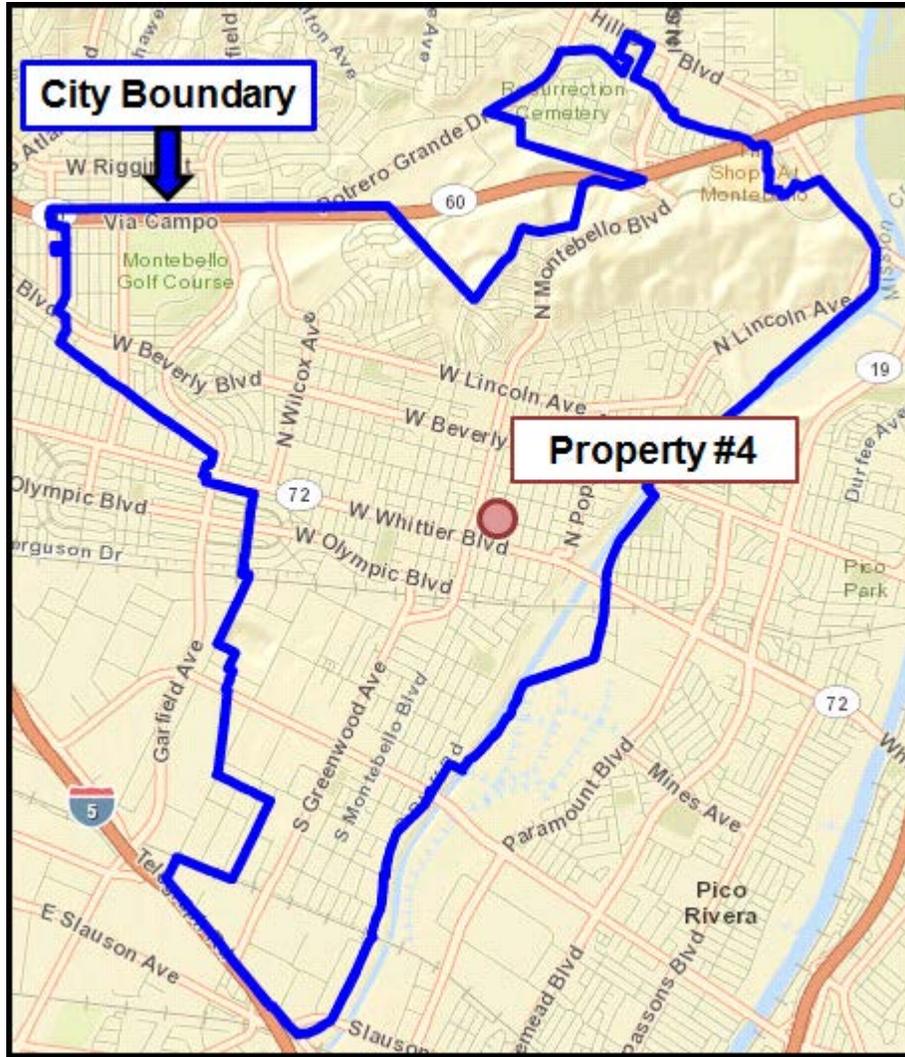
Costco developed site from 1993 to 1995, constructing a 137,688 warehouse store and requisite adjacent parking. City and Costco Wholesale Corporation have collectively undergone extensive engineering and feasibility analysis for the construction of a gas station component on the property. Negotiation and public-private transaction structuring (terms confidential) have been temporarily suspended by redevelopment dissolution, pending Department of Finance approval of a PMP addressing future use and development of the property, and assurance that Costco's present contractual interest and long-term investment efforts in the property will be recognized.

### Recommendation for Disposition – Property #1

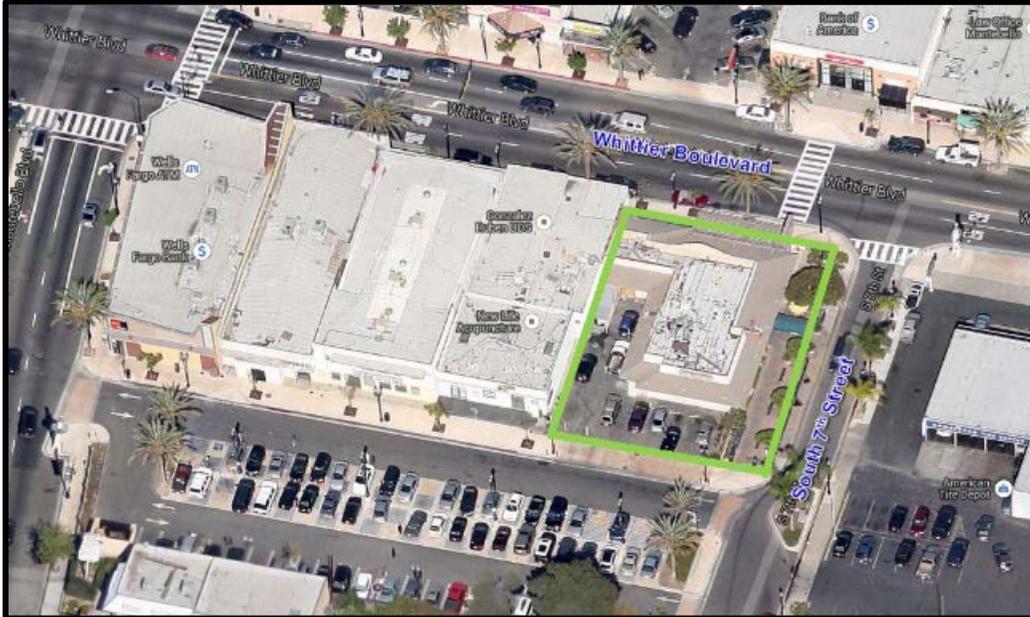
#### Use of the Property for Fulfillment of Enforceable Obligations

The property is recommended for use by the SA for fulfillment of an enforceable obligation as outlined in the lease agreement with Costco Wholesale Corporation dated 1/28/93 (terms include lease extension options through 4/30/23 and Purchase Option by Costco). Use of this property to fulfill the existing Costco lease agreement (inclusive of Costco's right to extend the lease and option to purchase), and future development of the property with a Gas Station component, is consistent with existing contracts burdening the property and the approved redevelopment plans noted above. To the extent that the City or SA must incur costs in order to facilitate the eventual sale of the property to the appropriate buyer consistent with approved redevelopment plans, such costs will be deducted from sale proceeds prior to distribution to taxing entities and placed on the ROPS for the appropriate time period for reimbursement as a cost of disposition (evaluated outside of the administrative cost allowance) as appropriate.

**Property #2: 701-705 West Whittier Boulevard**



Parcel Data – Property #2	
Address	701-705 West Whittier Boulevard
APN	6349-007-917
Lot Size	9,750 square feet
Use	Vacant Restaurant Building (approx.. 4,000 square feet)
Zoning	C-2 (General Commercial); Economic development General Plan designation
Current Title	City of Montebello Successor Agency



**Acquisition & Valuation Information – Property #2**

<b>Purchase Date</b>	12/24/2008
<b>Purchase Price</b>	\$895,000
<b>Funding Source</b>	Tax Increment
<b>Purpose</b>	Restaurant retail development
<b>Estimate of Current Value</b>	\$615,000
<b>Method of Valuation</b>	Comparable sales evaluation

<b>Revenues Generated by Property &amp; Contractual Requirements – Property #2</b>	
<b>None</b>	There are currently no revenues generated by this property, and there are no contractual requirements related to this property.

<b>History of Environmental Contamination or Remediation Efforts – Property #2</b>	
<b>None</b>	Former gas station site. Phase 1 Environmental Impact Report performed. Possibility of underground tanks, however no indications of contamination were discovered.

<b>Transit-Oriented Development &amp; Agency Planning Objectives – Property #2</b>	
<b>Potential for TOD</b>	Not applicable

<b>Agency Planning Objectives</b>	<p>Future continued development on the existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the development of a mixed-use project with ground-level restaurant retail on the property (pages 10, 14, 15, 17, and 18 of 37 of approved Implementation Plan).</p> <p>Furthermore, commercial development on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment), and Agency General Objective #11 (Development of vacant or under-utilized industrial land).</p>
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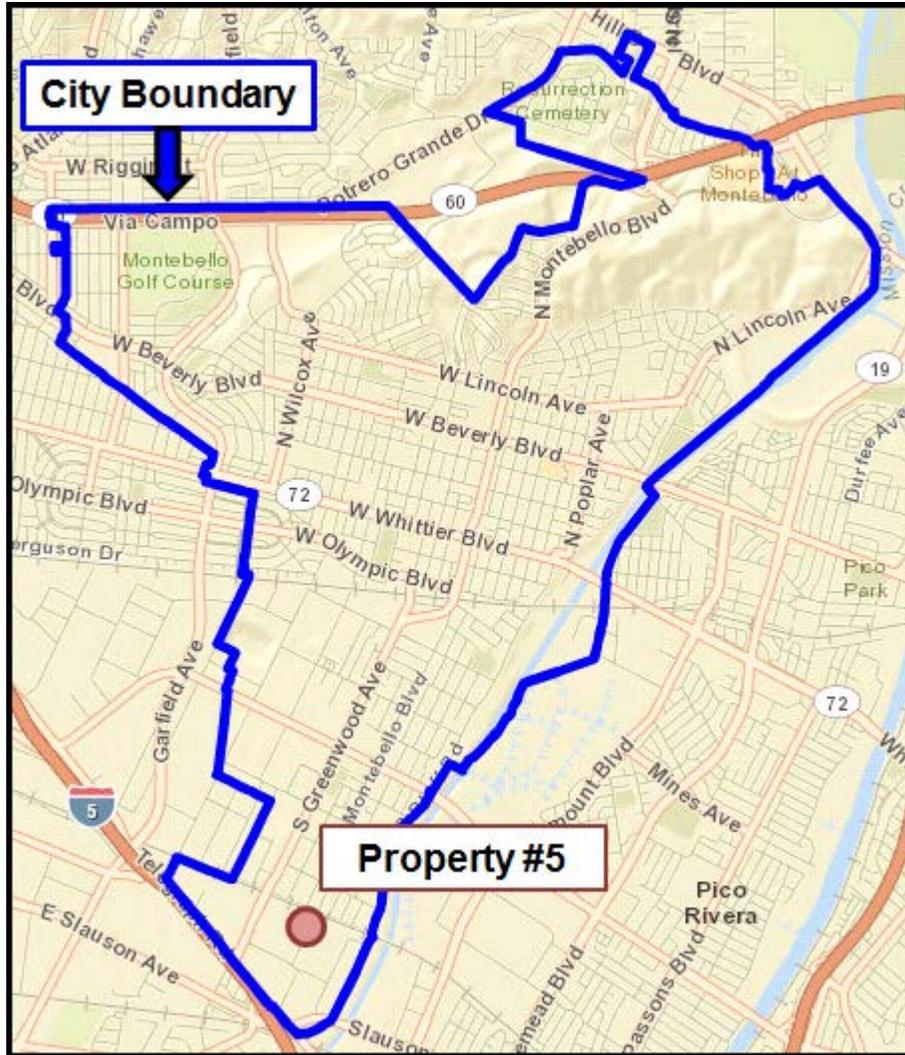
<b>History of Development Proposals / Activities – Property #2</b>	
<b>History</b>	The City has received preliminary interest from potential restaurant retailers, however retail attraction activities were halted by redevelopment dissolution. There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.

**Recommendation for Disposition – Property #2**

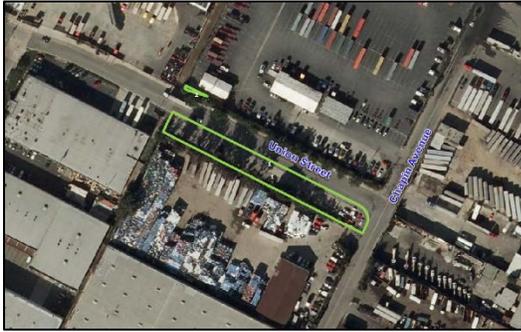
**Liquidation**

Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.

**Property #3: Union Street / Chapin Road**



Parcel Data – Property #3	
Address	Union Street / Chapin Road
APN	6354-030-901
Lot Size	18,760 square feet
Use	Vacant Lot
Zoning	M-2 (Heavy Industrial); General Plan Transportation Easement designation
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #3	
<b>Purchase Date</b>	4/22/1975
<b>Purchase Price</b>	Not available
<b>Funding Source</b>	Tax Increment
<b>Purpose</b>	Support of adjacent industrial warehouse development
<b>Estimate of Current Value</b>	\$0
<b>Method of Valuation</b>	Non-revenue-generating remnant parcel
Revenues Generated by Property & Contractual Requirements – Property #3	
<b>None</b>	There are currently no revenues generated by this property, and there are no contractual requirements related to this property.
History of Environmental Contamination or Remediation Efforts – Property #3	
<b>Brownfield Site</b>	Brownfield site designation

**Transit-Oriented Development & Agency Planning Objectives – Property #3**

<b>Potential for TOD</b>	Not applicable
<b>Agency Planning Objectives</b>	<p>Future contamination cleanup on existing property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the pursuit of additional United States Department of Commerce and Economic Development Administration (“US-EPA”) Grants to implement cleanup (page 14 of 37 of approved Implementation Plan).</p> <p>Furthermore, environmental cleanup on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households) and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).</p>

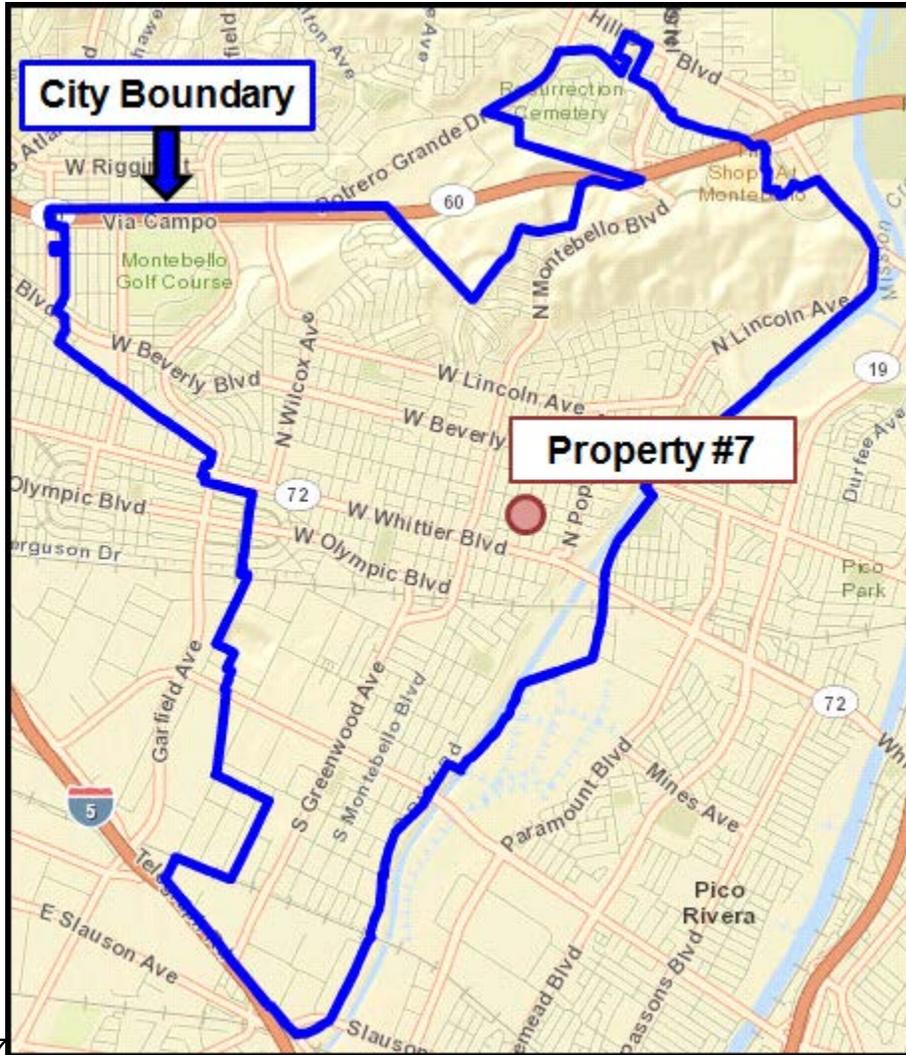
**History of Development Proposals / Activities – Property #3**

<b>History</b>	There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.
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**Recommendation for Disposition – Property #3**

<b>Liquidation</b>	Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.
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**Property #4: 310 W Whittier Boulevard (Chevrolet)**



Parcel Data – Property #4	
Address	310 W Whittier Boulevard
APN	6346-022-900 / 6346-022-901 / 6346-023-900 / 6346-023-901
Lot Size	2.70 acres
Use	Chevrolet of Montebello Automotive Dealership
Zoning	C-2 (General Commercial)
Current Title	City of Montebello Successor Agency



**Acquisition & Valuation Information – Property #4**

<b>Purchase Date</b>	4/17/2009
<b>Purchase Price</b>	\$12,000,000
<b>Funding Source</b>	Tax increment
<b>Purpose</b>	Automotive commercial development
<b>Estimate of Current Value</b>	\$10,400,000
<b>Method of Valuation</b>	Appraisal dated 1/21/2009

**Revenues Generated by Property & Contractual Requirements – Property #4**

<b>Lease Revenues &amp; Enforceable Obligations</b>	<p>Lease payment revenue of approximately \$96,000 annually, comprised of approximately \$72,000 from Arsev, Inc. (dba Chevrolet of Montebello) and approximately \$24,000 from T-Mobile USA, Inc. per Lease Agreement dated 2/18/2009.</p> <p>As part of purchase transaction in February 2009, seller financing was structured in the amount of \$4,265,165.77 due from the former RDA to A. Sevacherian. This loan continues to be included in the Recognized Obligation Payment Schedule (ROPS) as an enforceable obligation (approximately \$337,780 annually) through 1/31/30.</p>
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**History of Environmental Contamination or Remediation Efforts – Property #4**

<b>None</b>	No known history of environmental contamination, designation as Brownfield site, or remediation.
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**Transit-Oriented Development & Agency Planning Objectives – Property #4**

<b>Potential for TOD</b>	Not applicable
<b>Agency Planning Objectives</b>	<p>Automotive commercial use on the property is consistent with redevelopment activities explicitly outlined the adopted 2010-2014 Five-Year Implementation Plan, including the revitalization of the Whittier Boulevard Corridor (pages 10, 14, 15, and 17 of 37 of approved Implementation Plan).</p> <p>Furthermore, commercial development on the property meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), and Agency General Objective #10 (encouragement of private commercial/industrial rehabilitation, development, and capital investment).</p>

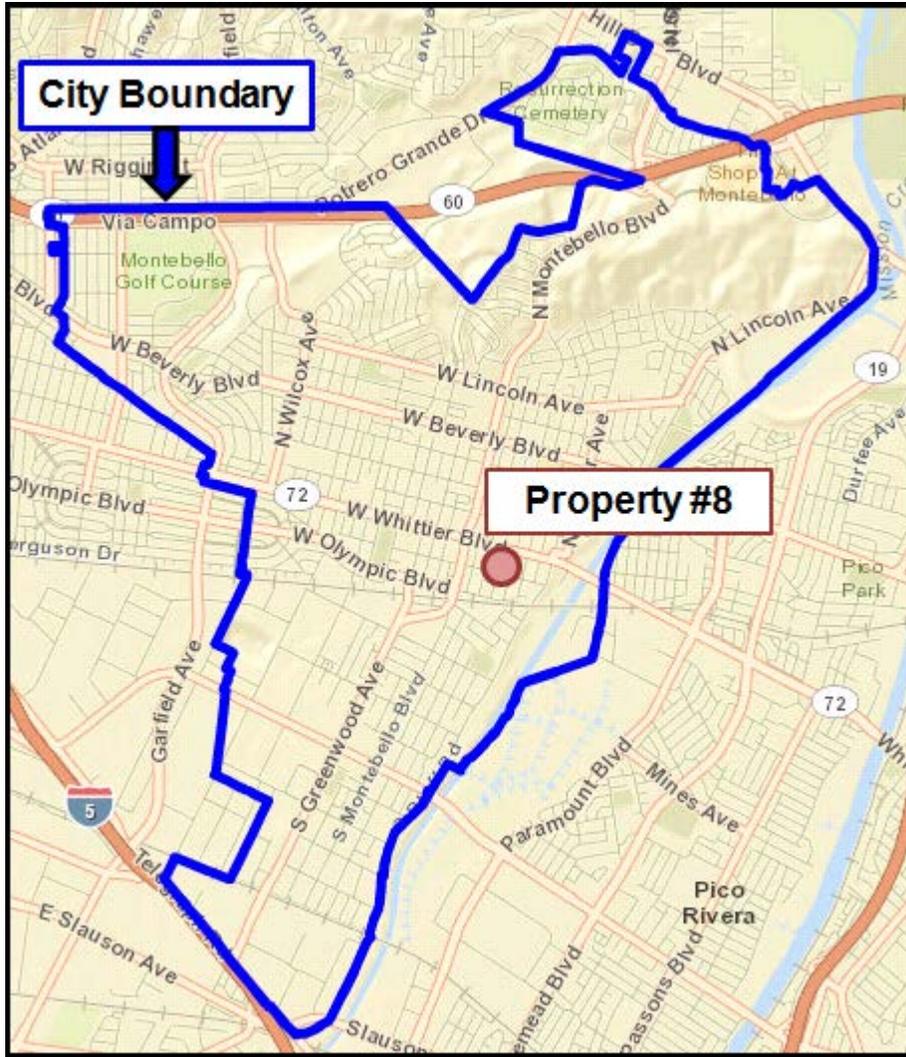
**History of Development Proposals / Activities – Property #4**

<b>History</b>	There has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.
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**Recommendation for Disposition – Property #4**

<b>Use of the Property for Fulfillment of Enforceable Obligations</b>	<p>The property is recommended for use for fulfillment of enforceable obligations outlined above. Following fulfillment of the enforceable obligations (no sooner than 1/31/30), property is proposed for sale (via auction or broker-facilitated sale) with sale proceeds to be distributed to local taxing entities. To the extent that the City or SA must incur costs in order to facilitate the eventual sale of the property to the appropriate buyer consistent with approved redevelopment plans, such costs will be deducted from sale proceeds prior to distribution to taxing entities and placed on the ROPS for the appropriate time period for reimbursement as a cost of disposition (evaluated outside the administrative allowance cap) as appropriate. Use of the property as automotive commercial is consistent with the approved redevelopment plans noted above.</p>
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**Property #5: 121 South 6th Street**



Parcel Data – Property #5	
Address	121 South 6 <sup>th</sup> Street
APN	6349-006-900
Lot Size	6,050 square feet
Use	Vacant lot
Zoning	C-2 (General Commercial)
Current Title	City of Montebello Successor Agency



Acquisition & Valuation Information – Property #5	
<b>Purchase Date</b>	11/26/08
<b>Purchase Price</b>	\$310,000
<b>Funding Source</b>	Tax increment
<b>Purpose</b>	Parking for other support of nearby housing and commercial development
<b>Estimate of Current Value</b>	\$135,000
<b>Method of Valuation</b>	Comparable sales evaluation

Revenues Generated by Property & Contractual Requirements – Property #5	
<b>None</b>	There are currently no revenues generated by this property, and there are no contractual requirements related to this property.

History of Environmental Contamination or Remediation Efforts – Property #5	
<b>None</b>	No known history of environmental contamination, designation as Brownfield site, or remediation.

**Transit-Oriented Development & Agency Planning Objectives – Property #5**

<b>Potential for TOD</b>	Not applicable
<b>Agency Planning Objectives</b>	<p>Future utilization of the property as parking or another supportive use for nearby housing and commercial development (including projects explicitly delineated within the Implementation Plan) meets a number of the Agency’s goals and objectives from the adopted 2010-2014 Five-Year Implementation Plan, including Agency Universal Objective #1 (revitalize specific blighted areas within the City through public and private efforts in order to reshape and encourage private investments that will lead to expanding local business activity, increasing local revenues, increase jobs and housing for low- and moderate-income households), Agency General Objective #9 (encouragement of highest and best use of available land consistent with the General Plan), Agency General Objective #11 (development of vacant or under-utilized industrial land), and Agency General Objective #14 (increase availability of off-street parking).</p>

**History of Development Proposals / Activities – Property #5**

<b>History</b>	<p>Following acquisition of the property in November 2008, the Agency expended approximately \$23,000 for the demolition of the then-existing dilapidated housing improvements and for the installation of fencing around the property. Since that time, the property has been marketed to the development community along with the South Sixth Street Mixed-Use Project. Otherwise, there has been no notable development proposal activity or other activity in connection with this property since Agency acquisition.</p>
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**Recommendation for Disposition – Property #5**

<b>Liquidation</b>	<p>Property is recommended for disposition to developer or end-user for development consistent with Agency planning objectives for a sale price consistent with estimate of current value. Revenue generated from the sale of this property is proposed to be distributed to local taxing agencies based on the presiding property tax apportionment schedule pursuant to AB 1484. Exact disposition methodology is to be determined, however auction and broker-facilitated sale are current being contemplated.</p>
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