



**Date:** November 18, 2008  
**To:** Tonia Reyes Uranga, Councilmember, District 7  
**From:** Patrick H. West, City Manager *PWest*  
**Subject:** Agenda Item NB-35 - Amerigas

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At 12:50 p.m. today, we received the attached memorandum containing 25 questions regarding the Amerigas land purchase. At this late time, I am unable to respond to these questions in writing prior to this evening's Council session. I will be more than pleased to respond to each of these items orally later when Item #35 comes before us.

I would like to point out that one of the key reasons we are attempting to purchase the Amerigas site is to protect the City from potential liability. If this property is purchased and developed by an outside party, the City loses all control over grading and related environmental liability. While we have attempted to put together a funding package to purchase this property for the past decade, we have been unsuccessful. Tonight's item allows us to acquire this property and restrict its development, which will allow us to direct the development of this site in the context of the larger Hilltop Property. Without such restrictions, the City could be exposed to significant unknown liability relative to both remediation and grading. While this acquisition is not time sensitive to the City, if the City fails to take action, Amerigas will promptly market the property to third-party buyers, eliminating the City's ability to control the development and minimize its liability.

PW/kmb


Att.

cc: Mayor and Members of the City Council



**Date:** November 18, 2008

**To:** Patrick H. West, City Manager

**From:** Council Member Tonia Reyes Uranga, Seventh District 

**Subject:** **Purchase and Sale Agreements for Acquisition of Amerigas Propane Property.**

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I am requesting responses to the following questions prior to the City Council's consideration of New Business Item #35. The requested information is necessary to assist in making a decision on the viability and benefits of the purchase and sale agreements and escrow Instructions and all necessary documents for the acquisition of 8.0 acres of land from Amerigas Propane ("Amerigas") and subsequent conveyance of the same property on identical terms to Wilmington-Lomita Blvd, LLC ("WLB").

I would like responses to the following questions to be prepared as a memorandum to the City Council.

1. What is the purchase price of the Amerigas property and when was the appraised price established?
2. When is the proposed close of escrow?
3. Can WLB negotiate directly with Amerigas, and why is the city involved in the negotiations of the property in light of the following statement in the Council letter? *"Without identified funding, the Sports Park project is not achievable, and there is no need for the City to acquire the Site."*
4. How much has the City invested in the Sports Park project and surrounding properties? Please detail costs i.e. staff time, federal, state, county and local dollars.
5. Is the City's purchase from Amerigas and sale to WLB contingent upon the sale and development of the adjacent Hilltop parcel? If so, why?
6. Why can't WLB negotiate directly with Los Cerritos Wetlands Authority ("LCWA") to buy the wetlands property that is proposed to be "exchanged" for the Hilltop property?

7. Given the Hilltop site is virtually in the geographic center of the city and the 6<sup>th</sup> and 7<sup>th</sup> Council districts are in desperate need of parks and open space, why is it necessary to trade this project for the wetlands project?
8. The second paragraph of the Council Memo staff indicates this site is a "potential" location for a crane sale business. What is the likelihood of the relocation and when would it occur? What would be the impact to traffic, noise and air quality in the California Heights neighborhood? Especially in light of the City Council's rejection of a Negative Declaration for light industrial use adjacent to the hilltop property.
9. What is the total proposed sales tax the city would receive from WLB?
10. Has the City reviewed audited financials and tax returns to verify the projections of sales and sales tax are accurate?
11. What is the annual revenue generated by the City's royalty interest in oil production?
12. Explain in detail why the City is placing a restriction on the development of the property until the adjoining Hilltop property is developed. Given the second paragraph of the report extols the virtues of the WLB relocation to the site why would the City restrict the relocation. What happens if the Hilltop property is not developed?
13. Is the City retaining the royalty interest in the property following the "exchange" of the Hilltop property to WLB?
14. What is the "level of responsibility regarding the environmental effects of the oil operations" the City will incur and the potential cost associated with this responsibility?
15. The report indicates the demolition and presumably the environmental cleanup, is "proposed" to be at the expense of WLB. Does the City intend to require WLB be solely responsible for the cost or is this issue unresolved?
16. Explain in detail why the City needs to be involved in the "demolition, grading and remediation activities and reuse alternatives to minimize risk and reduce liability." To what extent is the city remaining financial liability

for the environmental cleanup of the property and why? What are the potential costs?

17. Given no development will be allowed on the site until the adjacent Hilltop property is developed and given that there is not a Council approved development project for the Hilltop property, what is the urgency of approving these Purchase and Sale Agreements?
18. Explain in detail the issues and potential cost involved with the "holdover status" of the lease between Signal Hill Petroleum, Inc. ("SHPI") and Amerigas. Could the City be named in legal actions on the matter?
19. Why is the City accepting responsibility for resolving the lease issues between SHPI and Amerigas? Could WLB not negotiate this to their satisfaction? Should not WLB assume the cost of negotiations and settlement of the issues?
20. Has SHPI ever expressed an interest in acquiring the Amerigas property prior to the City's acquisition and conveyance to WLB?
21. Will the approval of this purchase and sale create some potential legal liability for the City if the Hilltop project does not go forward?
22. What have been the discussions with the City of Signal Hill and SHPI?
23. What level of community notice have you given to the California Heights neighborhood, West Long Beach neighborhoods, Planning Commission, Parks and Recreation Commission, The Commission on Youth and Children, and the Redevelopment Agency?
24. Are we required to repay any dollars received from governmental entities under the auspices of developing a Sports Park which now appear to be corporate subsidies as opposed to for the good of the public interest?
25. Why is this item time sensitive for the City?

Cc: Mayor and City Council

rrp