

*Acquisition of the*  
**Los Cerritos Wetlands**

*August 4, 2009*



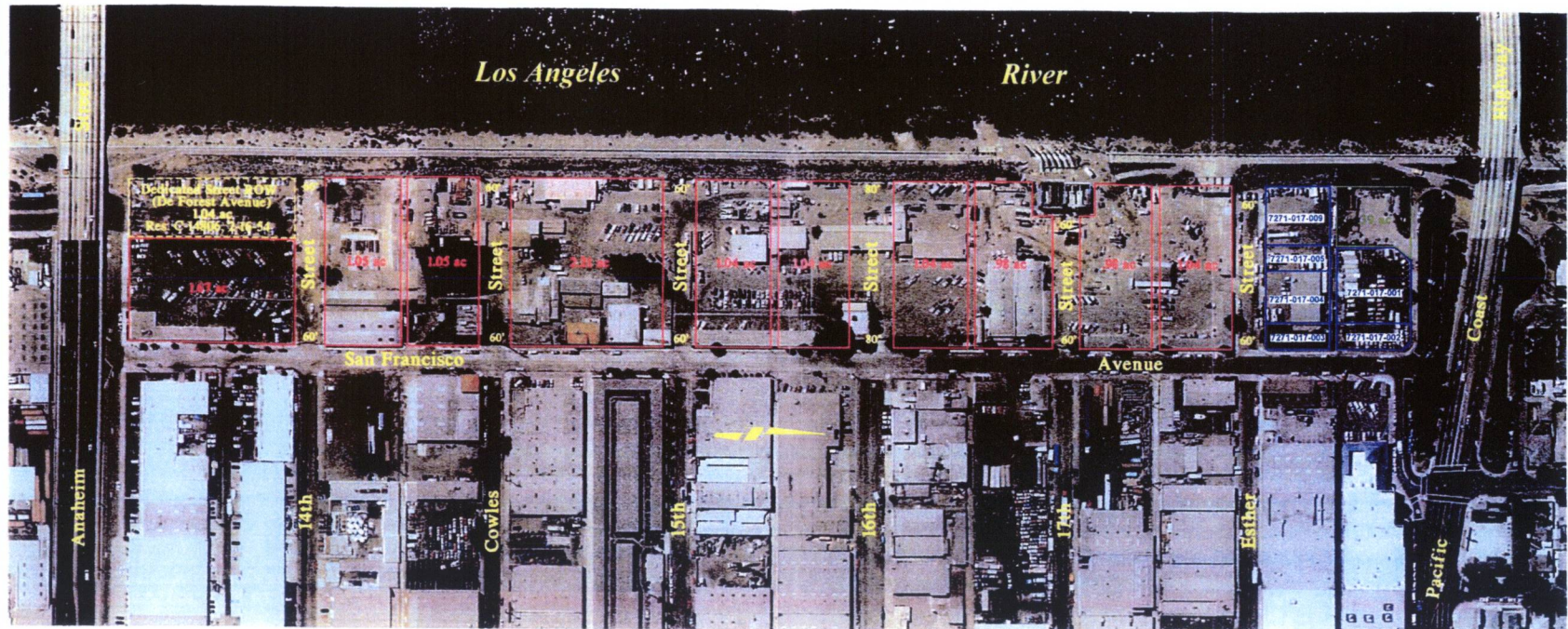
## General Terms

- Swap 13.4 acres of PSY for 33.77 acres of potential wetlands south of 2<sup>nd</sup> Street and 4 acres of property north of 2<sup>nd</sup> Street
- LCW Oil to reserve mineral rights and specified exclusive and non-exclusive surface and subsurface rights for the continuation of Oil & Gas Operations
- City to reserve mineral rights at the PSY, without right of surface entry
- PSB to consolidate onto the northerly 4 acres of the PSY and remain on site rent-free for 6 months post closing
- PSB to lease 4 acres at \$0.10/SF/Mo until permanent facilities are available. Assuming a completed transaction by end of September:
  - \$0 in FY09
  - \$104,544 in FY10 (6 months)
  - \$209,088 in FY11 (12 months)
  - \$174,240 through July 2012 (10 months)



# Public Service Yard

City Owned Property  
east of Los Angeles River between Anaheim Street and Pacific Coast Highway



Zoning : IG (General Industry)

Typical Street Areas: 80' wide (1) @ 25,600 sq ft or 0.59 ac = 25,600 sq ft or 0.59 ac  
 60' wide (4) @ 19,200 sq ft or 0.44 ac = 76,800 sq ft or 1.76 ac  
 Typical Alley Areas: 15' wide (4) @ 4,800 sq ft or 0.11 ac = 19,200 sq ft or 0.44 ac  
 De Forest Avenue dedication area = 45,300 sq ft or 1.04 ac  
 Total Street and Alley area = 166,900 sq ft or 3.83 ac

- City Owned Property total acres = 12.10  
 Street and Alley total acres = 3.83  
 Gross acres = 15.93
- Additional City Property
- Private Property



# Current Alternative Detail

## Value of Public Service Yard

<b>Public Service Yard</b>			
	Original Value	Updated Value	Robertson Value
Land Area (Acres)	12.1	13.44	13.21
\$/SF	\$ 24.00	\$ 24.00	\$ 25.25
Gross Value	\$ <b>12,649,824</b>	\$ <b>14,050,714</b>	\$ <b>14,529,547</b>
Remediation	\$ 2,853,300	\$ 2,853,300	\$ <b>500,000</b>
Demolition	\$ 1,427,491	\$ <b>962,625</b>	\$ -
Historic Relocation	\$ 500,000	\$ 500,000	\$ -
Net Value	\$ <b>7,869,033</b>	\$ <b>9,734,789</b>	\$ <b>14,529,547</b>



# Current Alternative Detail





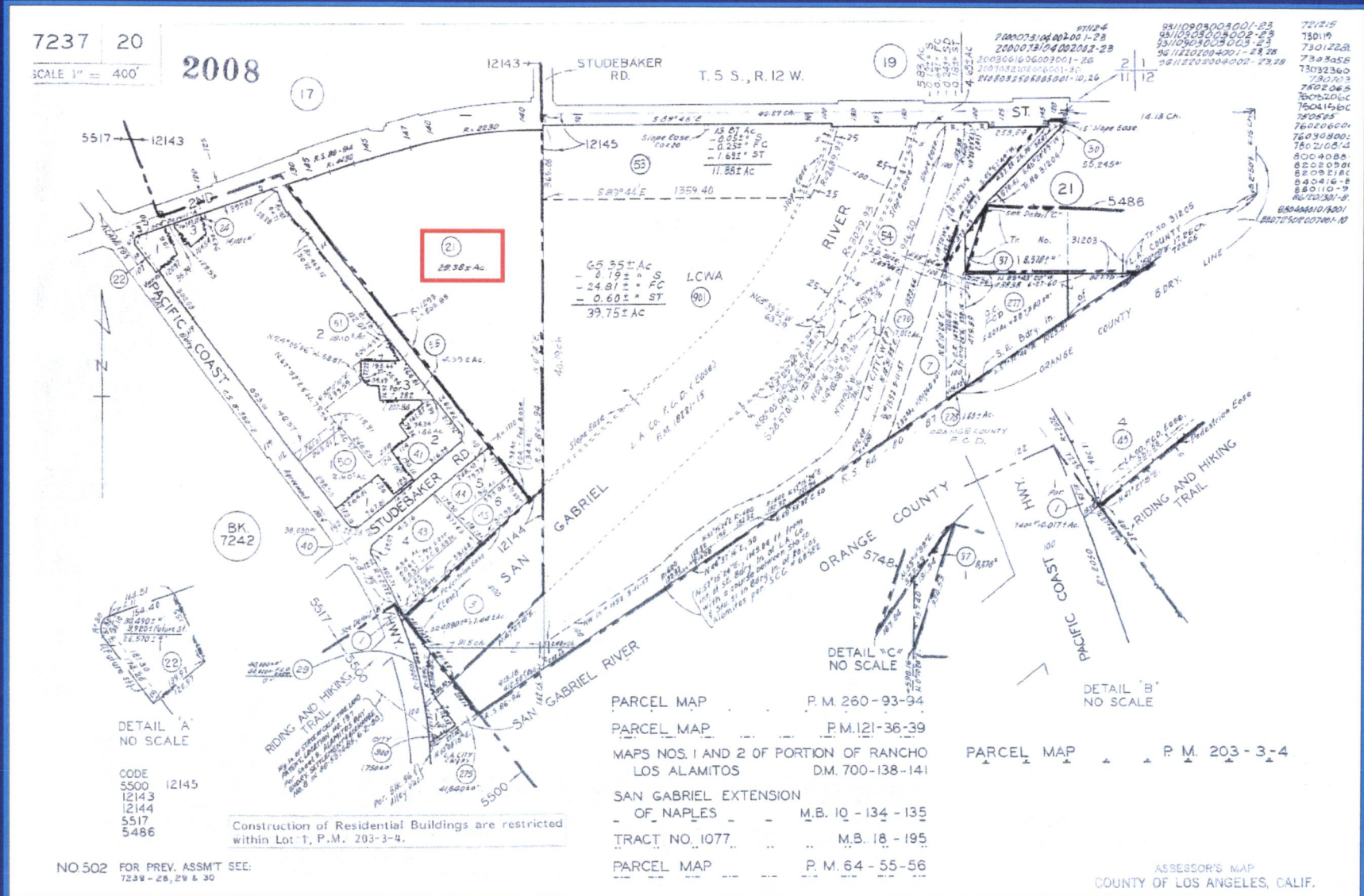
# Current Alternative Detail

## Value of Wetlands

<b>Wetlands</b>			
	Original Value	Updated Value	Robertson Value
Land Area (Gross Acres)	33.77	33.77	33.77
Developable Area (Net Acres)	8.4	7.98	0
\$/SF	\$ 25.00	\$ 32.22	\$ 5.70
Gross Value	\$ 9,147,600	\$ 11,199,956	\$ 8,384,821
Remediation	\$ -	\$ 2,100,000	\$ 1,470,000
Net Value	\$ 9,147,600	\$ 9,099,956	\$ 6,914,821
Remaining Wetlands**	\$ 1,209,150	\$ 1,228,050	\$ 993,168
Total Value	\$ 10,356,750	\$ 10,328,006	\$ 7,907,989
* The updated value reflects a blended rate per FAR square foot.			
** Remaining acreage, less 2.5 acres for Oil & Gas Operations, at \$45,000 per acre			



# Assessor's Parcel Detail





## *Environmental Terms: Wetlands*

- LCW Partners & LCW Oil to indemnify the City for all Oil & Gas Impacts to soils and groundwater up to the closing date
- LCW Oil to indemnify the City for all Oil & Gas impacts to soils and groundwater occurring on and after the closing date

LCW's clean up obligations shall be the standard established for the existing zoning on the property

If clean up standard is raised to a higher level, the incremental cost increase shall be borne by the party restoring the wetlands

If LCW is required to relocate facilities in its exclusive easement area, the cost of relocation and remediation shall be borne by the party restoring the wetlands

The parties shall reasonably negotiate the cheaper of relocation or purchase of oil facilities required to be relocated



## *Environmental Terms: Wetlands*

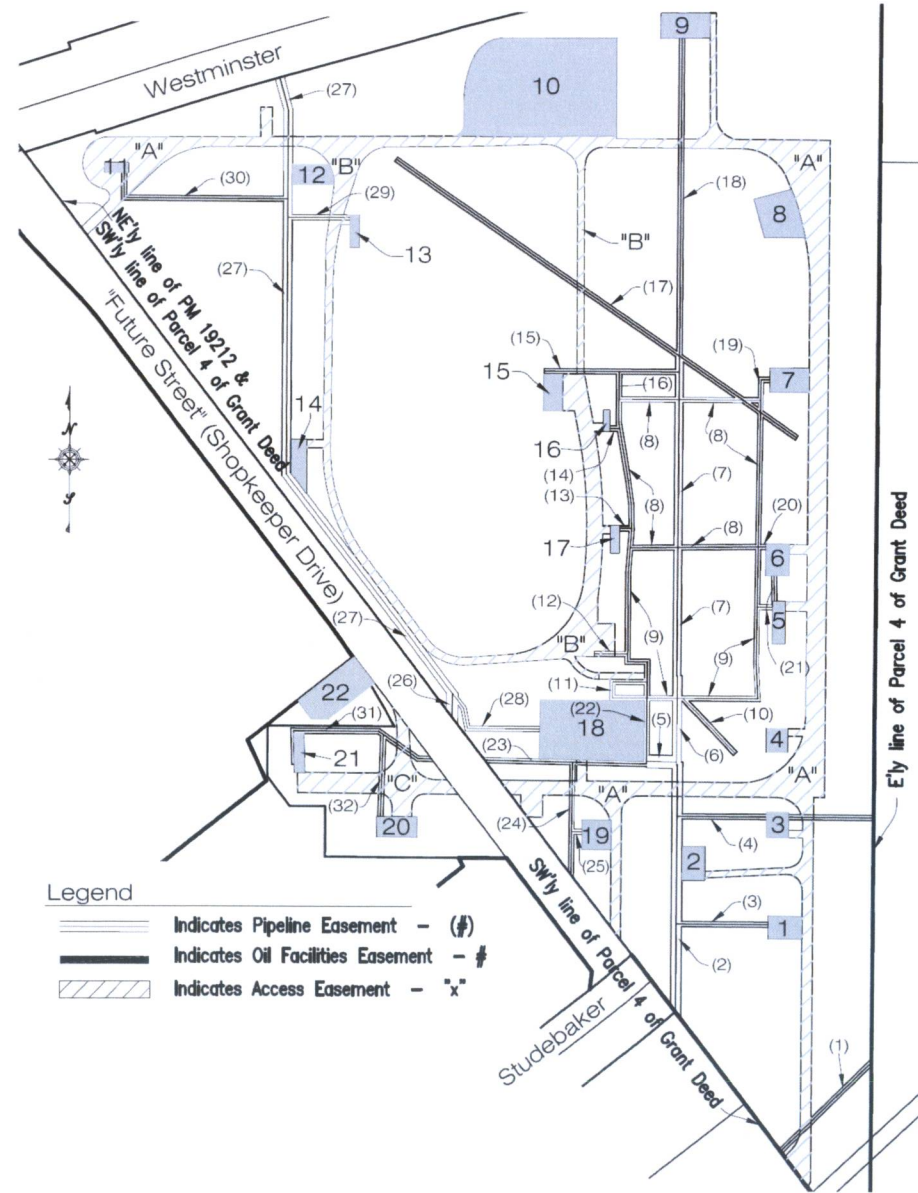
- The City to indemnify LCW Oil for the City's or public's activities on the property after the closing date
- LCW shall include the City as an add'l insured on its Environmental Insurance Policy, which shall remain in effect for 10 years post closing, or until the property is transferred, whichever first occurs
- The parties will enter into an affirmative covenant to reasonably cooperate to minimize environmental liability
- The indemnity shall expire in 20 years, mirroring the PSY indemnity



# LCW Exclusive Easements

SCALE 1:200

## EXHIBIT "B"





## *Environmental Terms: PSY*

- City to indemnify LCW Partners for existing impacts to soils and groundwater up to the closing date

City's cleanup obligations shall be the standard established for the existing zoning on the property

- LCW Partners to indemnify the City for impacts to soils and groundwater occurring after the closing date
- The parties will enter into an affirmative covenant to reasonably cooperate to minimize environmental liability
- The indemnity shall expire in 20 years, mirroring the wetland indemnity



## *Environmental Impacts: Wetlands*

SCS Engineers conducted a Phase I Environmental Assessment dated July 2009, performed in conformance with Standards for Conducting All Appropriate Inquires and containing the following comments:

- The Property was undeveloped wetlands through 1925
- Oil exploration started in 1927 and has continued, uninterrupted, to current date
- Much of the Oil & Gas related contamination has been identified, except for the area protruding into the Marketplace (parcel -055)
- Mounded soil in the northwestern portion of the Property warrants investigation
- Other than Oil & Gas related contamination, no other significant contamination has been identified on the Property
- None of the Property overlies a landfill



## *Environmental Impacts: Wetlands*

- Because of an adjacent, closed landfill, building construction on the Property would require methane mitigation measures
- Suspected contaminated sites surrounding the Property are unlikely to have impacted the Property
- No data gaps were identified
- No pesticides or PCBs were detected
- Metal concentrations tended to be within natural background ranges, with one Arsenic sample being higher than remediation goals. Higher Arsenic levels are permitted at California sites because of a higher natural background
- Volatile Organic Compounds have been scattered and minor
- No petroleum related contamination was found in the groundwater
- The Property does not appear on any environmental databases



## *Potential Clean-Up Costs: Wetlands*

- LCW responsible for remediation of Oil & Gas related contamination to appropriate standards for existing zoning
- For non-drinking water resources, the Regional Board's Cleanup Guidebook indicates 10,000 PPM for TPH in the C13-C22 range and 50,000 PPM in the C23-C32 range for commercial/industrial zone
- Utilizing these cleanup standards, it is estimated that 5,117 cubic yards of soil would need to be disposed south of 2<sup>nd</sup> Street. This amount applies to all operating and idle wells, and 8 of the 10 closed wells
- It is currently estimated to cost, at the highest range, \$225 per cubic yard for remediation planning, approval, excavation, loading, transport, monitoring, disposal and reporting. This results in an estimated cost of \$1.1 million
- If the clean up standards were established consistent with the Bolsa Chica Full Tidal Area Contaminant Cleanup Plan at 1,000 PPM, the add'l amount of soil requiring remediation could rise to 20,000 cubic yards. This results in an estimated cost of \$4.5 million and reflects an incremental cost increase of \$3.4 million



# Potential Clean-Up Costs: PSY

## Former Kerosene UST at northeast corner of Yard

- NFA received, but residual concentrations exist
- Estimated residual clean up costs at \$200,000
- PSB intends to occupy northerly 4 acres, controlling this issue for at least 3 years

## Former Gasoline UST in 14<sup>th</sup> Street right of way

- Soil and groundwater contamination exists
- Remediation of soils at \$240,000
- Groundwater continues to be monitored at a cost of about \$86,000 over 3 years
- We will seek closure after 12 quarterly monitoring events
- This location is in public right-of-way and can be controlled through the street vacation process by reserving surface rights or easements



# Potential Clean-Up Costs: PSY

## Earthquake Fill Area

- Soils issues of unknown extent exist, estimated at \$1.7 million to excavate, remediate and recompact 3-5 feet of soil over approximately 4 acres
- Current land use proposal is to use existing buildings and parking areas. This would serve to minimize exposure to potential soils issues
- Parties will enter into an affirmative covenant to work together to minimize environmental liability



# Acquisition Comparison

## Bryant

- 42 Acres of land
- 26 Acres under River
- 12 Acres of Wetlands
- 12 Operating wells
- 4.7 Acres Exclusive Use
- \$11 Million (w/o oil)

## LCW

- 38 Acres of land +/-
- 0 acres under River
- ? Acres of Wetlands
- 14 Operating wells
- 2.5 Acres Exclusive Use
- \$9.5 Million (w/o oil)



## *Relocation of Public Service Yard*

- PSB to consolidate on site for 6 months for free
- Thereafter, PSB to lease approximately 4 acres
- RDA to loan funds for interim lease payments
- If Wetlands sold to LCWA for less than \$7.9 million, Berger-Dean will pay, dollar for dollar, the difference up to \$500,000 and RDA is reimbursed
- If Wetlands sold for at least \$7.9 million, RDA is reimbursed from proceeds
- Permanent facilities to be constructed at Gas & Oil Property utilizing \$5 million in Gas Prepay funds



## *Outstanding Items*

- Investigate imported fill at northwest corner of wetlands
- Future street vacations
- Certificates of Compliance
- Review updated Title Report
- Concurrence with RMC and CA Coastal Conservancy
- Secure loan from RDA for interim rent of the PSY



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