



OFFICE OF THE CITY MANAGER

TO: Mayor and City Council

FROM: James DeStefano, City Manager

SUBJECT: Status Report and Discussion Regarding Economic Development Opportunity Sites.

DATE: December 15, 2006

In February 2006 the City Council discussed the City's economic future. Several key economic development opportunity sites were identified and reviewed with the Council in a workshop facilitated by MIG, Inc. As a result of the discussion an action plan was developed for implementation in 2006 and beyond. The purpose of the Special meeting is to provide the Council with a status report and solicit further discussion regarding the development opportunity sites. At the meeting City staff will provide the Council with project updates on each of the sites identified as follows:

Kmart – The Charles Company, the property owner, would like to develop a mixed-use project upon the Kmart Property and adjacent acreage. Recent meetings with The Charles Company and our consultant, Kosmont Companies, have included a discussion regarding the creation of a parking authority. Prior to the City moving forward a more detailed project description to incorporate high volume sale tax producing uses and a project proforma is necessary from the developer.

Honda – Honda continues to move forward with the relocation of the dealership to the City of Industry. The commencement of construction of the new facility is anticipated to begin early next year. According to Honda, building construction should require 10 to 12 months to complete. The Honda Site property owner has engaged a commercial real estate broker to market the 5 acre freeway property for future sale or lease opportunities. We have discussed the City's preferred land uses with the property owner and the broker. Future enhancements to the freeway, Grand Avenue bridge, and the on and off ramps will likely effect the future use of the property however, it remains a viable site for vehicle sales and service, hotel, restaurant and related uses.

Crestline property – Planning staff continues to move forward with the required environmental review, General Plan Amendment and annexation process for this developed property.

Site "D" Property– The school district staff and attorney and the City staff and attorney continue to dialog and meet regarding the preparation of a Memorandum of Understanding between the parties which will outline the preferred uses for this 28-gross acre site. The

fundamental premise remains the desire to prepare a Specific Plan which if approved, would permit the construction of at least 50 percent to the site as a retail shopping center.

Country Hills Towne Center – MCC Capital, owner and developer, continues forward with the construction of the new H-Mart grocery store, Starbucks and Quizno's . The Friends of the Library Bookstore has received a notice to vacate from MCC in order to create a relocation site for the existing State Farm Insurance office.

Tres Hermanos – The Tres Hermanos Conservation Authority Board is in receipt of a Draft Request for Proposal (RFP), prepared by Diamond Bar, which seeks land use concept planning services for the Ranch property. The Authority seeks experts to assist the Board with an understanding of the environmental characteristics of the property, a housing needs analysis, an economic and market study and site /land use planning services. The Authority Board has not discussed the proposal since late August. The next opportunity for the Authority Board to meet is in late January 2007. After the Board authorizes the distribution of the RFP, proposals would be solicited and reviewed by Authority members in the months thereafter.

Reed Property and Industry Property – The City has entered into long term escrows to purchase the 170 acre Reed property and 110 acre Industry property which are located west of the 57 Freeway south of Pathfinder Road. The Industry property is immediately adjacent to the Crestline property currently under consideration for annexation. The City is considering the use of the properties for a public purpose such as publicly held open space and/or the development of a public golf course. Concept drawings have been prepared to learn if a public golf course is viable on the property. The next steps in the feasibility study of a golf course land use on the property include interactive public meetings with the Diamond Bar community and the Rowland Heights neighborhood directly effected by a golf course proposal. In addition, discussions are necessary with Los Angeles County regarding the operation of the course and annexation of the property into the City of Diamond Bar. Many additional steps and public decisions on the appropriateness of the project are necessary which include environmental assessments, financial feasibility, land use designations, etc.

Golf Course – The February workshop discussion and the adopted goals and objectives for 2006-2007 Budget Year include a desire to examine the feasibility of alternative land uses for the existing golf course. Residents request quality restaurants, retail and entertainment experiences in the community. The City has limited land for these activities. The opportunity to develop a long term revenue source for the City warrants a review of the 165 acre freeway adjacent property for such purposes. No decisions have been made regarding the appropriateness of an alternative land use. Should the development of a high quality retail based development have merit, further discussions with the County will be required to secure their approval to relocate the current golf course. Early next year the City will commence a series of public forums to discuss the golf course in order to gain valuable community opinion.

Aera Energy – City staff has prepared a pre annexation agreement for consideration by the City Council on December 19, 2006. Please refer to the Staff Report for more details.

Target Project – A proposal to construct a Chili's Restaurant upon the vacant corner pad site has been received and will be considered by the Planning Commission in early 2007.

Staff looks forward to discussing these opportunities with you on Monday.

