

Torrance, California
March 25, 1959

MINUTES OF AN ADJOURNED REGULAR MEETING
OF THE TORRANCE CITY COUNCIL

The City Council of the City of Torrance convened in an Adjourned Regular Meeting at 5:30 P. M. Wednesday March 25, 1959, in the Council Chamber, City Hall, Torrance, California.

Those responding to roll call by City Clerk Bartlett were: COUNCILMEN: Beasley, Benstead, Drale, Jahn, Isen. ABSENT: COUNCILMEN: Blount, Bradford. City Manager Stevens and City Attorney Remelmeyer were also present.

The members of the Airport Commission had been asked to be present; Commission President Thos. B. Abrams and Commissioner Dick Floyd were in attendance.

Mayor Isen announced that the purpose of this meeting was to interview the applicants who had made proposals to lease the property at the northwest corner of Pacific Coast Highway and Crenshaw Blvd. from the City.

Councilman Beasley asked if all members of the Airport Commission had been notified of this meeting, and President Abrams of the Airport Commission said they had.

The City Manager told the Council that Airport Manager Egan had the schedule of interviews which the Council had set.

Mr. Egan announced that Tio Vivo had been called to be heard at 5:30 P. M.

Mr. Harry Root, 623 West 9th St., San Pedro, California, spoke for the Tio Vivo Corporation, which he advised the Council was a Corporation set up for the specific purpose of leasing and developing this land.

Councilman Bradford joined the meeting at 5:35 P. M.

Mr. Root, in reply to a question from the Council, said he was an attorney representing this Corporation, and the other members of it were Terry Pultz, who was not present, and Messrs. Everett Bolton and William McKay. He has the papers ready to file, and they are ready to give a complete financial statement of the people who comprise the corporation.

Mayor Isen suggested that a complete financial statement be required of each of the applicants, and that these be filed immediately; in the event of a corporation, he said the Council would want to know about its structure.

The Council was in agreement with the Mayor.

Mr. Root said they are prepared to begin work at once; he presented Mr. Charles Morgan, their architect, who presented the plan they have for development to the Council.

Mr. Root said his corporation, Tio Vivo, would ask for a 6 month period of option at \$500 per month, during which they would prepare to develop the first half of the property, beginning work as soon as the leases there were signed, then they proposed to pay \$1025 per month, and begin work on development of the 2nd half of the property, with ground being broken in not less than six months from that time; in other words, he proposed that ground would be broken on the 2nd half of the property within not more than 12 months from the date the option was executed.

Mr. Root mentioned the recapture clause, and in answer to a question from the Council said if they were given this option and did not fulfill the contract from their own fault, they would forfeit the \$5,000 deposit; he said if they did not fulfill it because of fault on the part of the City, they would not want to forfeit the \$5,000 deposit.

Mr. Root answered a question from Mayor Isen by saying he had mentioned the recapture clause only in connection with the forfeiture of the \$5,000.

In answer to a question, the City Manager said he felt sure the appraiser had kept the recapture clause in mind, and assured the Council that he would check this point.

The City Attorney, in reply to a question, said he felt no doubt that the market value of the property would be greatly increased if the recapture clause were removed, however, while the clause is effective those who develop commercial or industrial property there must get financing from private agencies. He said if the government took the property back, they could take the entire airport without paying anything, but under another phase, they would have to compensate the people for their buildings, rental, etc.

Councilman Jahn felt this was to be considered, and that Mr. Root's statement was fair. We could not blame them if the government took title to the property.

The architect presented their plans, for a carousel-type of center which he said would be occupied by tenants who would complement the shopping available in the area now.

Mr. Root said they would begin construction on the first half of the property within 6 months from the date the option is exercised, and on the other half within 6 months from that time; he said there would be \$1,000,000 worth of improvements there. He pointed out that sales tax from the right kind of development would mean more to the City than property improvements.

He said they must have the lease before they can negotiate with their prospective tenants, although they have a number of such people now who would like to come into such a development as they propose.

Mr. Root told the City Attorney that they would agree to a completion date if an option is worked out.

Mr. Root said they might have a service station on the corner, but their main idea is to develop for specialty shops. He said they had submitted an override of a part of a cent per gallon to the City if the station goes in there.

Mercury International, the next applicant, was represented by W. R. May, an interested party. He presented to the Council brochures containing their proposal, saying they could best study this in detail.

He stated that Mercury International is a parent corporation and would serve as such in connection with the corporation which would be a party to this lease. He believed the corporation which would be on the lease would satisfy the Council's requirements.

Mr. May said Section 2 of the brochure outlined their rental offer including \$25,500 per year as flat ground rental. They are ready to begin paying this when they enter into the lease, and will make advance rental payments. They are aware of the recapture clause and will try to live with it.

He stated that Section #3, which outlines the annual income from the development, is well set forth.

Section #4 as set forth has to do with the property use and improvements. A 'town and country' type of shopping center is planned. He said their plans are not firmed up, adding that every day brings some new idea for improvement.

Mr. May said they have an open mind about the service station, but they do not wish to make a firm decision on it at this time. He said, in reply to a question, that they would pay 6 months' rental in advance if it is needed.

Mayor Isen told him a financial statement would be required, and he said he would furnish it.

Mr. May said they would be willing to have completion dates set.

The matter of the financial statements was discussed by the Council, and it was the consensus that these should be handed to the City Manager for analysis and confidential report to the City Council.

At 6:25 P. M., Mayor Isen declared a recess, with the Council reconvening at 6:35 P. M.

Mr. Ken Peters of Southwest Development came forward, and with consent of the Council withdrew their written offer and deposit.

Mr. Wm. Davis, representing Eltinge & Associates, came forward. The Council looked at their sketch, and Mr. Davis said they plan to put a shopping center on the land if they get the lease. They have built other centers, and he said they would 'anchor' this with a chain market at one end and a large drug store at the other end, thus assuring foot traffic around the stores in the center of such development. They would plan to have about 100,000 sq. ft. of buildings and about 300,000 sq. ft. of parking space. They offered \$27,000 ground rental, and said they would be glad to discuss a percentage arrangement which might be better than a flat rate.

Mr. Hoppe, a member of the Corporation with Mr. Wm. Eltinge and Mr. Phil Yousam, said they are now developing similar centers in other cities, and have one now in Venice. He said they would pay advance rental if the Council wishes, as much as a year in advance, which he suggested could apply when they have completed, say, \$250,000 worth of building. He said the three large stores would be completed within 18 months. They were not familiar with the recapture clause, and said they usually get institutional financing.

The recapture clause was discussed at some length.

A representative of Shell Oil Co. said if the Council wished to hear the offers from service stations, he would discuss their offer.

It was the consensus of the Council that this should be held over until the other offers have been fully considered.

The Council discussed the offers briefly.

Mayor Isen felt this to be a valuable property, and that the City should hear oral bids on it before closing the bidding for the lease.

Councilman Jahn disagreed, saying much consideration should be given to other factors than the lease price, saying sales tax, quality of development, etc., should also be considered.

Councilman Drale agreed with Mayor Isen, as did Councilman Benstead.

Councilman Beasley felt this would not be fair, and moved that under those circumstances, the \$5,000 deposits be returned to the depositors at once.

Motion lost for lack of a second.

Councilman Jahn said this was a 50-year lease, and we must think of the good of the City in the future.

Mayor Isen agreed, but still felt the income for the ground was an important factor.

Councilman Bradford said there had been a closing date on the bids, and the specs on the bid had been advertised. He felt only those who had complied should be acceptable bidders.

Mayor Isen felt that should apply only when the City buys, but when the City has something to sell or lease, he thinks the Council should consider all good offers.

Airport Commissioner Floyd thought the word 'bid' was a misnomer; he suggested that the word 'proposal' be substituted for it in this.

Councilman Drale thought everyone wanted to get the very best possible deal for the City; he felt, however, that the Council must consider oral bids.

In reply to a question, the City Attorney said the Council must make their own rules on these proposals. He said it would not be possible to forecast the value of any of the percentages offered.

Councilman Jahn moved that the bids are closed and only the three people who have made substantial deposits and submitted substantial proposals be allowed to submit further proposals and change their bid prices.

Motion seconded by Councilman Beasley, and carried by the following

roll call vote: AYES: COUNCILMEN: Beasley, Benstead, Bradford, Dralé Jahn. NOES: COUNCILMEN: Isen. ABSENT: COUNCILMEN: Blount.

Mayor Isen said he had voted this way because he felt if other good bids were made, the Council should hear them.

Mr. McIntyre of Shell Oil Co. said they have bid, and have complied with the requirements, although their bid is only for the corner for a service station. He said they had bid for a 25-year lease with a \$500 minimum plus override or a flat rate of \$625 per month.

Mr. Hoppe of Eltinge said they would consider a station there; he said they would file a financial statement.

It was pointed out that all the bidders had submitted written proposals.

Mr. Chas. Cake asked if there was to be a dead-line for counter offers from these people.

The City Attorney pointed out that in comparing ground rent, the Council should remember that all other factors are not equal.

Councilman Jahn moved that counter proposals from the three people covered by the previous motion be submitted to the office of the City Manager no later than 5:00 P. M. Tuesday, April 7, 1959, for analysis by the City Manager and the City Attorney, and to be presented to the City Council on Tuesday, April 14, 1959.

Motion seconded by Councilman Bradford, and carried unanimously by roll call vote of those present (Blount absent).

Mayor Isen advised all those interested that they must file a financial statement before or at the same time they filed these counter-proposals, and that the Council would keep all such information in confidence.

The meeting adjourned at 7:20 P. M.



City Clerk of the City of Torrance,
California

APPROVED:



Mayor of the City of Torrance