

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: City Manager – Approve consulting contract for implementation of the Del Amo Business District and appropriate funds from the Economic Development Reserve. Expenditure: Not to exceed \$48,000

RECOMMENDATION

Recommendation of the City Manager that City Council approve a contract with The Fransen Company for retail economic development strategy consulting and implementation for the Del Amo Business District, and an appropriation of \$48,000 from the Economic Development Reserve.

Funding

Appropriation of \$48,000 from the Economic Development Reserve.

BACKGROUND

The City has had concern with retail long range planning, visioning and development in the Del Amo Business District (District) for a number of years. This concern has increased significantly with the lack of retail investment and future planning at the Del Amo Fashion Center (Center) under successive ownership, the loss of Mervyns, and the bankruptcy of the SunCal property.

The City entered into a contact with The Fransen Company in September 2009, and augmented in November 2009, for a total of \$35,400 to evaluate and analyze the retail and operational issues in the District and the Center. The City's objectives were:

- ▶ Increased visibility and knowledge of critical issues at the Center under Simon as the managing partner (25% ownership), with responsibility for strategy and long range planning;
- ▶ Understanding of key issues impacting JP Morgan, Simon's joint venture partner (50% ownership) and major store landowners;
- ▶ Review Simon's position at the corporate level reference overall mall strategy and, in particular, the Center; and
- ▶ Obtain and report on ownership and current status of the SunCal property.

The findings of this analysis are that the Center has become outdated in functionality and aesthetically; and due to size, design and the layered lease and land ownership that impact the owner. It is daunting for consumers to navigate and retailers to understand its customer base and traffic flow. However, despite this finding, the Center continues to be considered dominant in its market; its size, retail components and lifestyle wing continue to place the Center as a destination point. It is currently believed to have considerable potential although it faces sizeable longer term challenges including physical plant obsolescence that will require City participation in short and long term planning and may require City participation to stimulate economic activity at the Center and in the District.

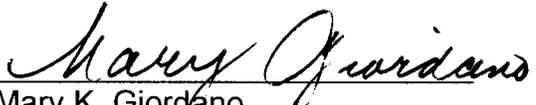
Stemming from this analysis, the City through The Fransen Company began an effort to engage current stakeholders in the District in a strategic process with the goal of leading to new plans, actions steps and significant private sector capital investment in the Center, and to reach out to other retail organizations to generate interest in the District.

ANALYSIS

This outreach effort has generated interest, and needs to be expanded and focused. The contract before Council is to continue engaging the key stakeholders in the District with an objective of achieving support for and participation in a planning process intended to establish a future direction, vision and strategy and plan for the Center and the District.

Respectfully submitted,

LeRoy J. JACKSON
CITY MANAGER

By 
Mary K. Giordano
Assistant City Manager

CONCUR:


LeRoy J. Jackson
City Manager

MKG/dle

Attachments: A) Contract with Fransen Company
B) Map of Del Amo Business District
C) Map of Del Amo Fashion Center Ownership
D) Qualification of The Fransen Company

CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (“Agreement”) is made and entered into as of March 16, 2010 (the “Effective Date”), by and between the CITY OF TORRANCE, a municipal corporation (“CITY”), and The Fransen Company, a California Corporation (“CONSULTANT”).

RECITALS:

- A. CITY wishes to retain the services of an experienced and qualified CONSULTANT to work with the City, mall ownership and major stores to establish a future direction, a vision, a strategy and a plan for the Del Amo Business District.
- B. CONSULTANT represents that it is qualified to perform those services.

AGREEMENT:

1. SERVICES TO BE PERFORMED BY CONSULTANT

CONSULTANT will provide the services listed in the Scope of Services attached as Exhibit A. CONSULTANT warrants that all work and services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner.

2. TERM

Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through July 31, 2010.

3. COMPENSATION

- A. CONSULTANT’s Fee.

For services rendered pursuant to this Agreement, CONSULTANT will be paid in accordance with the Compensation Schedule attached as Exhibit B, provided, however, that in no event will the total amount of money paid the CONSULTANT, for services initially contemplated by this Agreement, exceed the sum of \$48,000 (“Agreement Sum”), unless otherwise first approved in writing by CITY.

- B. Schedule of Payment.

Provided that the CONSULTANT is not in default under the terms of this Agreement, upon presentation of an invoice, CONSULTANT will be paid monthly the fees described in Paragraph 3.A. above, according to the Compensation Schedule. Payment will be due within 30 days after the date of the monthly invoice.

4. TERMINATION OF AGREEMENT

- A. Termination by CITY for Convenience.

- 1. CITY may, at any time, terminate the Agreement for CITY’s convenience and without cause.

2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONSULTANT will:
 - a. cease operations as directed by CITY in the notice;
 - b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
 - c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.
3. In case of such termination for CITY's convenience, CONSULTANT will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.
2. In the event this Agreement is terminated for cause by the default of the CONSULTANT, the CITY may, at the expense of the CONSULTANT and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys due the CONSULTANT under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONSULTANT and its surety from liability for the default. Under these circumstances, however, the CONSULTANT and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.
3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONSULTANT or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event the CONSULTANT or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONSULTANT's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONSULTANT has been given notice and an opportunity to present evidence in mitigation.

5. FORCE MAJEURE

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. RETENTION OF FUNDS

CONSULTANT authorizes CITY to deduct from any amount payable to CONSULTANT (whether or not arising out of this Agreement) any amounts the payment of which may be in dispute or that are necessary to compensate CITY for any losses, costs, liabilities, or damages suffered by CITY, and all amounts for which CITY may be liable to third parties, by reason of CONSULTANT's negligent acts or omissions or willful misconduct in performing or failing to perform CONSULTANT's obligations under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by CONSULTANT, or any indebtedness exists that appears to be the basis for a claim of lien, CITY may withhold from any payment due, without liability for interest because of the withholding, an amount sufficient to cover the claim. The failure of CITY to exercise the right to deduct or to withhold will not, however, affect the obligations of CONSULTANT to insure, indemnify, and protect CITY as elsewhere provided in this Agreement.

7. **CITY REPRESENTATIVE**

Mary Giordano is designated as the “City Representative,” authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONSULTANT.

8. **CONSULTANT REPRESENTATIVE(S)**

The following principal(s) of CONSULTANT are designated as being the principal(s) and representative(s) of CONSULTANT authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

John Fransen

9. **INDEPENDENT CONTRACTOR**

The CONSULTANT is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of the CONSULTANT or any of the CONSULTANT’s employees, except as otherwise set forth in this Agreement. The CONSULTANT may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

10. **BUSINESS LICENSE**

The CONSULTANT must obtain a City business license prior to the start of work under this Agreement, unless CONSULTANT is qualified for an exemption.

11. **OTHER LICENSES AND PERMITS**

CONSULTANT warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement.

12. **FAMILIARITY WITH WORK**

By executing this Agreement, CONSULTANT warrants that CONSULTANT (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, CONSULTANT warrants that CONSULTANT has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONSULTANT discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONSULTANT must immediately inform CITY of that fact and may not proceed except at CONSULTANT’s risk until written instructions are received from CITY.

13. **CARE OF WORK**

CONSULTANT must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. **CONSULTANT'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS**

Records of the CONSULTANT's time pertaining to the project, and records of accounts between CITY and the CONSULTANT, will be kept on a generally recognized accounting basis. CONSULTANT will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to CITY during normal working hours. CONSULTANT will maintain these records for three years after final payment.

15. **INDEMNIFICATION**

CONSULTANT will indemnify, defend, and hold harmless CITY, the Redevelopment Agency of the City of Torrance, the City Council, each member thereof, present and future, members of boards and commissions, its officers, agents, employees and volunteers from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of CONSULTANT, its officers, employees, agents, subcontractors or vendors. It is further agreed, CONSULTANT's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of CITY, the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting solely from the negligence or willful misconduct of CITY, its officers, employees or agents. Payment by CITY is not a condition precedent to enforcement of this indemnity. In the event of any dispute between CONSULTANT and CITY, as to whether liability arises from the sole negligence of the CITY or its officers, employees, agents, subcontractors or vendors, CONSULTANT will be obligated to pay for CITY's defense until such time as a final judgment has been entered adjudicating the CITY as solely negligent. CONSULTANT will not be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

16. **NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES**

No officer or employee of CITY will be personally liable to CONSULTANT, in the event of any default or breach by the CITY or for any amount that may become due to CONSULTANT.

17. INSURANCE

- A. CONSULTANT must maintain at its sole expense the following insurance, which will be full coverage not subject to self insurance provisions:
1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:
 - a. Primary Bodily Injury with limits of at least \$500,000 per person, \$1,000,000 per occurrence; and
 - b. Primary Property Damage of at least \$250,000 per occurrence; or
 - c. Combined single limits of \$1,000,000 per occurrence.
 2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, personal injury and contractual obligations with combined single limits of coverage of at least \$1,000,000 per occurrence.
 3. Workers' Compensation with limits as required by the State of California and Employers Liability with limits of at least \$1,000,000.
- B. The insurance provided by CONSULTANT will be primary and non-contributory
- C. CITY ("City of Torrance"), the Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insured under the automobile and general liability policies.
- D. CONSULTANT must provide certificates of insurance and/or endorsements to the City Clerk of the City of Torrance before the commencement of work.
- E. Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without thirty days notice to CITY.

18. SUFFICIENCY OF INSURERS AND SURETIES

Insurance or bonds required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to CITY, the CONSULTANT agrees that the minimum limits of any insurance policies or performance bonds required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONSULTANT will have the right to appeal a determination of increased coverage by

the Risk Manager to the City Council of CITY within 10 days of receipt of notice from the Risk Manager.

19. CONFLICT OF INTEREST

- A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.
- B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

20. NOTICE

- A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:
 - 1. Personal delivery. When personally delivered to the recipient: notice is effective on delivery.
 - 2. First Class mail. When mailed first class to the last address of the recipient known to the party giving notice: notice is effective three mail delivery days after deposit in an United States Postal Service office or mailbox.
 - 3. Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.
 - 4. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.
 - 5. Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice: notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

6. Addresses for purpose of giving notice are as follows:

CONSULTANT: John Fransen
The Fransen Company
4100 Campus Drive, Suite 200
Newport Beach, CA 92660
Fax: 949-251-1797

CITY: City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90509-2970
Fax: (310) 618-2931

- B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.
21. **PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING**
This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either CITY or CONSULTANT without the prior written consent of the other.
22. **INTEGRATION; AMENDMENT**
This Agreement represents the entire understanding of CITY and CONSULTANT as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.
23. **INTERPRETATION**
The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply.
24. **SEVERABILITY**
If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.
25. **TIME OF ESSENCE**
Time is of the essence in the performance of this Agreement.
26. **GOVERNING LAW; JURISDICTION**

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

27. COMPLIANCE WITH STATUTES AND REGULATIONS

CONSULTANT will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

28. WAIVER OF BREACH

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

29. ATTORNEY'S FEES

Except as provided for in Paragraph 15, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

30. EXHIBITS

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

31. CONSULTANT'S AUTHORITY TO EXECUTE

The person(s) executing this Agreement on behalf of the CONSULTANT warrant that (i) the CONSULTANT is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of the CONSULTANT; (iii) by so executing this Agreement, the CONSULTANT is formally bound to the provisions of this Agreement;

and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the CONSULTANT is bound.

CITY OF TORRANCE
a Municipal Corporation

The Fransen Company
a California Corporation

Frank Scotto, Mayor

By: _____
John Fransen
President

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

Attachments: Exhibit A Scope of Services
 Exhibit B Compensation Schedule

Revised: 10/29/2008

EXHIBIT A**SCOPE OF SERVICES****Del Amo Business District****Strategy, Consulting and Implementation****Re: Immediate, Intermediate and Long Term Issues and Opportunities****Overview**

Over the past several months, The Fransen Company (TFC) has been working in conjunction with City staff to determine the status, motives, potential, timetable, parameters, risk profile, retail performance, and other factors underlying the issues and opportunities in the Del Amo Business District (DABD) from the perspective of the Del Amo Fashion Center (DAFC) and major stores. As part of this effort, TFC has reached out to retail business representatives in conjunction with City staff, as well as major stores and other selected retail tenants. The latter includes key merchants that can change the shopping patterns and image of a shopping center or district, and also serve to validate an area for other stores.

Objective

Gain DAFC owners and major store support for and participation in a planning process intended to establish a future direction, a vision, a strategy, and a plan for the DABD.

Work Product

Over a 4-month period TFC will work with the City of Torrance and the key stakeholders in the DABD to shape a plan for the district's revitalization. TFC will advise the City with regard to a strategy for drawing together retail business ownership and anchor stores in creating a retail-driven plan for the DABD that is responsive to the market and justifies private sector investment by ownership and retail stores.

TFC will drive a process of identifying and testing a range of retail alternatives, including the potential introduction of new, key retailers. Direct interfaces with a targeted number of major retailers will be led by TFC. Market potential for new retailer investment based upon a trade area that TFC will define will form the basis of selected presentations.

TFC will consult with the City on its role in the DABD's redevelopment and regarding major store and business ownership issues and opportunities.

TFC will lead efforts to draw DABD ownership into a strategic planning process and will offer input to ownership that reflects City objectives reference the district.

The overall initiative will be directed toward the identification and pursuit of catalysts for retail redevelopment in a timely manner. Note: the DABD owners including the major stores will require incremental sales/profit to justify capital investment into DABD. TFC will work with these organizations in conjunction with the City to identify the strategic opportunities that can provide this rationale.

Reflecting the strong DABD market, TFC will work to inspire the DABD stakeholders, inclusive of Del Amo Fashion Center and major stores, to rise to the level of the market potential. Demographic presentations and contextual examples from other markets will be utilized to make this case.

Background

TFC has worked for more than 25 years with major department stores and other retailers, shopping malls, and cities throughout the U.S. In addition, the firm has been involved in major projects in Mexico, Canada, and the Caribbean. In addition to John Fransen, President, Ron Arslan, Partner, and Senior Advisor, Ray Klauer will be involved in this work. Mr. Arslan worked in management/strategic planning for May Department Stores for 17 years before joining TFC 18 years ago. Mr. Klauer was the former President of May California and also Vice Chairman of the Board of May Department Stores. TFC interfaces with key retail and mall industry leaders on a regular basis, and is well-positioned to provide a full understanding of the issues and realistic potential for projects such as Del Amo Business District.

Timetable

Upon approval of this proposal, TFC, in conjunction with City officials, will begin implementing the above steps over a four-month period.

EXHIBIT B
COMPENSATION SCHEDULE

Total professional fees for the 120-day period will not exceed \$48,000.

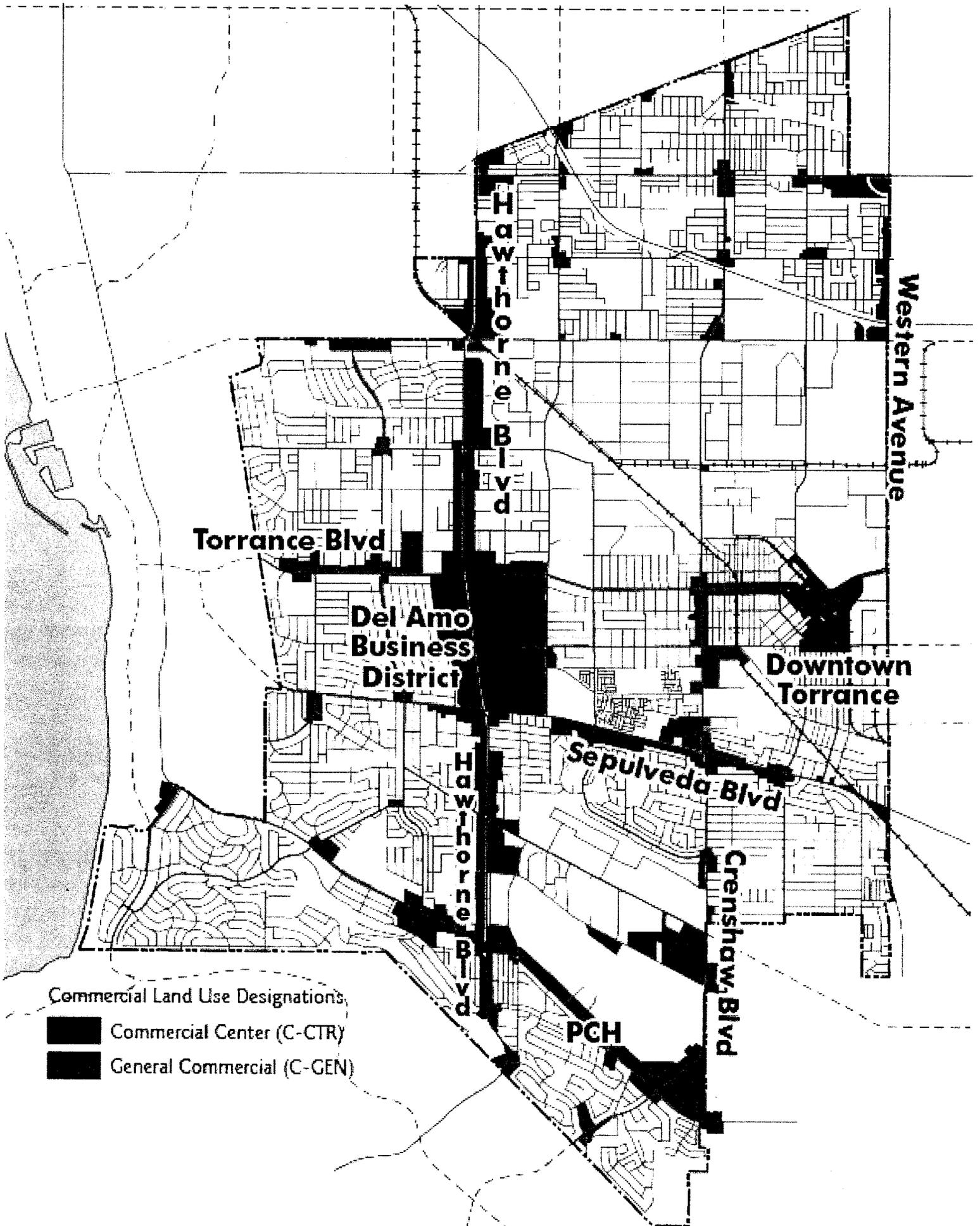
Out-of-pocket expenses

Out-of-pocket expenses, including travel, billed at actual cost. No out-of pocket expense in excess of \$100 will be incurred without the prior approval of the City of Torrance. Invoices will be submitted monthly based upon actual hours at the billing rates below. Progress and billing status reports will be submitted by e-mail semi-monthly.

Billing Rates

John A. Fransen:	\$285/hr.
Ray Klauer:	\$285/hr.
Ron Arslan:	\$220/hr.
Administration:	\$65/hr.

A 1% charge is applied monthly on all past due bills.



ATTACHMENT C
to Item 10B

Map of Del Amo Fashion Center Ownership

Color Copy (11 x 17) included at back of Agenda packet.

**THE FRANSEN COMPANY
CAPABILITIES AND SERVICES**

The Fransen Company provides consulting services to municipalities real estate developers, institutional investors, landowners, lenders, retail companies, and allied organizations. The company was founded in 1984. The firm's principals have been involved in the analysis and planning of projects across the United States, Canada, Mexico and the Caribbean.

The company has conceptualized and assessed retail and mixed-use development opportunities for some of the nation's leading development organizations. In addition, the firm has extensive experience in predevelopment, downtown revitalizations and repositioning existing retail projects.

The Fransen Company provides comprehensive retail/development consulting services:

- Strategic plan development and implementation
- Acquisition consulting
- Transaction consulting
- Tenant mix analysis/user profiles
- Site and development team selection
- Market assessment
- Project concepts
- Feasibility studies
- Ongoing/general retail and mixed-use development consultation

THE FRANSEN COMPANY CLIENTS**SELECTED CURRENT AND PAST CLIENTS (PARTIAL LIST)****PENSION FUNDS / LENDERS**

TIAA/CREF (New York)
 Prudential Realty Group
 CitiCorp
 Pacific Mutual
 The RREEF Funds

RETAIL / MIXED-USE DEVELOPERS / OWNERS

Westfield
 TrizecHahn
 JMB/Urban Development Co.
 Center Trust
 CenterMark
 Madison Marquette
 Homart Development
 Yarmouth Group
 Echelon International
 Watt Commercial Properties

LAND DEVELOPERS

The Irvine Company
 Newhall Land & Farming Company
 Royal Caribbean International
 Cayman Shores Development Ltd.
 Catellus Development Corp.
 Ahmanson Commercial Development
 Thomas Properties Group
 NBC/Universal
 San Manuel Band of Mission Indians

CITIES / DISTRICTS

Third Street Promenade/Downtown
 Santa Monica, CA
 City of Los Angeles Community
 Redevelopment Agency
 City of San Jose, CA
 The Downtown Baltimore/Charles Street
 Association
 City of Coronado, CA
 City of El Centro, CA
 City of Glendale, CA
 City of Long Beach, CA
 City of Sacramento, CA
 The Downtown Sacramento Partnership
 City of San Bernardino, CA
 Fremont Street, Las Vegas, NV
 Santa Monica Pier

RETAILERS

Neiman-Marcus
 Sears
 Nordstrom
 El Puerto de Liverpool (Mexico)
 LBE Technologies (prototype entertainment
 module)
 Great American Broadcasting Co. (retail
 prototype)

BROKERS

Cushman & Wakefield

THE FRANSEN COMPANY EXECUTIVES

JOHN A. FRANSEN is the president of The Fransen Company, a California real estate consulting firm founded in 1984.

Mr. Fransen works with cities, private land owners, developers, and users of property, as well as pension funds and lenders on new projects, redevelopments, and re-positioning of existing properties. The wide range of his experience is typified by recent and current projects: Bloomingdale's and a mixed-use strategic plan for a developer in downtown Chicago, and a mixed-use strategic plan where Big Lots is the anchor store in greater Phoenix. Project sizes have ranged from 12,000sf to more than a 1,000,000sf and single development projects to entire portfolios of projects. Currently, Mr. Fransen is working on a city downtown master plan, where he has provided comprehensive consulting as well as specific development advice on a single catalyst development for the city.

The firm evaluates project potential, provides strategic plans, and in many cases also assists in the implementation of the plan.

Mr. Fransen previously served in management for the 1984 Los Angeles Olympic Organizing Committee (1982-1984) where his responsibilities included all public relations, community relations, and the staff hiring and supervising of all Olympic publications and graphic design. In addition, he headed up special projects including the negotiations for real estate locations for remote Olympic ticket sales in 10 shopping malls. Mr. Fransen reported to Peter V. Ueberroth, President.

Mr. Fransen also served as a vice president for Ernest W. Hahn, Inc., (1975-1982) where he reported directly to the CEO and chairman, Ernest Hahn. At Hahn, Mr. Fransen was a corporate officer and headed all company marketing and market research. His responsibilities included department store and community presentations of Hahn company projects. He is a graduate of the University of Southern California with a Bachelor of Arts degree.

Mr. Fransen has been an active member of The International Council of Shopping Centers for more than three decades and the Urban Land Institute (ULI). He recently served on ULI panels for the University of Southern California downtown Los Angeles campus property, and downtown Westchester (see link to ULI panel). <http://www.uli-la.org/westchester-tap>

THE FRANSEN COMPANY EXECUTIVES**RONALD ARSLAN**

Mr. Arslan, served as a Partner in The Fransen Company, from 1990 through 2008. Currently he works with the firm on a project basis. He brings a broad knowledge of retailing to The Fransen Company based upon his previous 17 years of experience with the May Department Stores—a leading department store operator. During his tenure at May Company, his most recent position was Director of Corporate Development at the corporate office in St. Louis, Missouri, where he was a major participant in retail acquisitions including May's 1986 acquisition of Associated Dry Goods (\$2.5 billion), Foley's/Filene's (\$1.5 billion), Miller & Rhoads (Norfolk, VA) and numerous other acquisition and divestiture deals. Previously, Mr. Arslan held a variety of other executive positions at the Los Angeles-based May Company division, including: Director of Corporate Strategy with responsibilities for the coordination and administration of the Long Range/Strategic Plan process for all divisions and for the overall corporation; Vice President of Marketing with responsibilities for development of advertising plans and strategies to profitably grow an \$800 million, 35-store division; and Vice President of Planning and Research of May Company with direct responsibility for all aspects of sales planning, long-range planning, site research and consumer research.

Mr. Arslan holds a Bachelor of Science degree in Business Administration from the University of California at Berkeley. Mr. Arslan is a member of the International Council of Shopping Centers.

RAYMOND L. KLAUER, ADVISOR

Mr. Klauer advises the Fransen Company on a wide range of retail and business matters. He has collaborated on projects with the firm over the past two decades.

Mr. Klauer has over thirty years experience with major Department stores. Before taking early retirement in 1984, Mr. Klauer served as Vice Chairman and a director of the May Department Stores Company, St. Louis. Mr. Klauer rose from the Executive Training Program with May Company, California, through the Buying, Merchandising and Store Management ranks to become Executive Vice President of Merchandising. He was promoted to President and CEO of May Company, Cleveland, and later returned to May Company California as President and Chief Executive Officer. In 1978 Mr. Klauer was appointed Vice Chairman and a Director of the Company. In addition to his corporate responsibilities, he had direct responsibility of its May Company, California Division, Meier & Frank, Portland, and May D & F, Denver. Since his retirement Mr. Klauer has been active in many consulting assignments in the retail and manufacturing industries. Mr. Klauer was instrumental in starting up a new company, THE FASHION CHANNEL, which went public the same year. Mr. Klauer is a graduate of the Merchandising Institute and Los Angeles College. He has been extensively involved in various community and charitable activities.

At present, Mr. Klauer is active as a private business consultant. His recent involvements have been in department stores and specialty store evaluations in both turn-around and start-up potentials, as well as executive search and retail real estate projects.

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Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: City Manager – Approve consulting contract for implementation of the Del Amo Business District and appropriate funds from the Economic Development Reserve. Expenditure: Not to exceed \$48,000

RECOMMENDATION

Recommendation of the City Manager that City Council approve a contract with The Fransen Company for retail economic development strategy consulting and implementation for the Del Amo Business District, and an appropriation of \$48,000 from the Economic Development Reserve.

Funding

Appropriation of \$48,000 from the Economic Development Reserve.

BACKGROUND

The City has had concern with retail long range planning, visioning and development in the Del Amo Business District (District) for a number of years. This concern has increased significantly with the lack of retail investment and future planning at the Del Amo Fashion Center (Center) under successive ownership, the loss of Mervyns, and the bankruptcy of the SunCal property.

The City entered into a contact with The Fransen Company in September 2009, and augmented in November 2009, for a total of \$35,400 to evaluate and analyze the retail and operational issues in the District and the Center. The City's objectives were:

- ▶ Increased visibility and knowledge of critical issues at the Center under Simon as the managing partner (25% ownership), with responsibility for strategy and long range planning;
- ▶ Understanding of key issues impacting JP Morgan, Simon's joint venture partner (50% ownership) and major store landowners;
- ▶ Review Simon's position at the corporate level reference overall mall strategy and, in particular, the Center; and
- ▶ Obtain and report on ownership and current status of the SunCal property.