Altadena Lincoln Crossing Project Area Committee Report to Town Council
Respectfully submitted by Michele Zack, May 19, 2009

Last night the West Altadena Project Area Committee met at the Business Technology Center. The good news is that our development has two strong and thriving businesses, 24-hour Fitness and Super King Market — and Bank of America opened today adding a third anchor. This is highly unusual for such a small development, and bodes very well for the future in terms of attracting good tenants as space becomes available for lease.

The bad news is that the bank opened at least two years behind schedule, the developer is in default on the project, and owes about $250,000 in back taxes. He's also been involved in lawsuits brought by contractors he has failed to pay. The upstairs rental units are finally ready to rent out, but the elevator to get to them is not yet functioning. Three or four million dollars are required to finish Phase One.

So right now we are in a strange fix, as the PAC and the County try to sort out confusing language in the Development agreement obstructing forward movement. The project was originally awarded to WAD-C (West Altadena Development Corporation) a partnership that included Northwest Development. But its leader Harold James died, and remaining partner WAD-C brought on Dorn Platz as managing partner (he came with money). They formed ALC specifically to build the project, and ALC is listed as the developer in the agreement. But Dorn Platz has turned out to be insolvent and appears unable to complete the project. So WAD-C is invoking provisions in its operating agreement with DP that declare that since its partner has failed several financial tests, they can get rid of him and bring in a new developer that is competent and financially healthy. Needless to say, this is raising legal questions for many, including the county. Dorn Platz's managing director Greg Galletley has not shown his face at a PAC meeting in two years, and is very selective about whose calls he will return. He has been unwilling to face the community or answer questions.

WAD-C, on the other hand has been present at just about every PAC meeting, discussed problems openly, and taken a consistent position that they wanted to get the partnership and the development back on tract. **But finally (and historically) last night**, Ray Carlilse of WAD-C went public about his desire to get a divorce from Dorn Platz and bring in a reliable developer to finish Phase 1 and move on with Phase 2. There seems to be some community support behind this proposal because everyone is eager to move ahead and finish our development (now three years behind schedule), and WAD-C seems to have both the will and the ability to bring in a better developer. But the County's legal counsel, as well as lawyers for various other parties, are currently puzzling over how to get beyond the confusion embodied in the language of the development agreement.

Mr. Carlilse reported that since DP went public in a letter to the PAC (earlier that very evening) about details of the operating agreement the two partners had formally agreed to keep private, he will no longer feel bound by the privacy provision. He declared that DP simply does not have the capacity to secure financing to go forward, that it has a bad reputation, hundreds of creditors (including the US treasury,) and that therefore there is no way he can complete the project. He stated, however, that he has received interest from many other solid developers without such problems, who can secure financing because of ALC's success. He stated that he is involved in numerous projects, mainly with Bridge and through HUD, that amount to billions of dollars around the country and has the experience, good reputation, credit, and connections to finish this project. "I'm a lot bigger than I look," he said, "and Altadena deserves a lot better than what you've been getting with Dorn Platz. I'm tired of seeing this community insulted with so much foolishness."