

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: December 10, 2008

CAO File No. 0150-08742-0000  
Council District: 14

To: The Council

From: Raymond P. Ciranna, Interim City Administrative Officer *RC*

Reference: Transmittal dated September 29, 2008 from the Department of General Services; received by the City Administrative Officer on October 1, 2008

Subject: **SALE OF SURPLUS PROPERTY – PARCEL LOCATED AT 800 N. MAIN STREET, LOS ANGELES, APN 5409-015-901**

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### SUMMARY

The Department of General Services (GSD) has requested that the Office of the City Administrative Officer (CAO) review the Proposed Sale of City-owned surplus property to the California Endowment (Buyer). The property is located at 800 N. Main Street, in Council District 14. Under the terms of the Proposed Sale, the Buyer will acquire the property for \$2,570,000, the sale price or fair market value rate, which was determined in May 2008 by an appraisal obtained by GSD.

The Los Angeles Charter Section 385, the Los Angeles Administrative Code (LAAC), Division 7, Sections 7.22 and 7.27, and the California Government Code Section 54220 (Section 54220) establish basic guidelines for the sale of City-owned surplus property to protect the public interest. Prior to the direct sale of City-owned surplus property, it must first be offered to various agencies for public use, the transaction must be reviewed by the CAO for a determination that the proposed direct sale is in the public interest and recommend to the Council that it approve the proposed sale. The Council must adopt the CAO recommendation relative to the sale. On December 21, 2007, the General Services Department (GSD), Asset Management Division, issued correspondence regarding the salable interest of this property to the California State Resources Agency, the Los Angeles Unified School District, the Los Angeles County Metropolitan Transportation Authority, the Housing Authority, the Community Redevelopment Agency, the Regional Planning Commission for the County of Los Angeles Open Space Section, the Santa Monica Mountains Conservancy, the Department of Recreation and Parks, the Community Development Department, the Department of Transportation, LACERS, the Department of Fire and Police Pensions, and the Los Angeles Housing Department (LAHD). The LAHD expressed that although LAHD does not object to the sale of the proposed property LAHD does have an interest in developing the site into affordable housing units, if the proposed sale is not completed.

Pursuant to Administrative Code Section 7.22 (c), "The City Planning Department shall consider the

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proposed sale in relation to, and its effects upon, plans prepared by the Department and shall verify, in writing, from the appropriate City departments that the property proposed for sale is not required for City use.” The City Planning Department (Planning) reviewed the request to sell the proposed property located in the Central City North Community Plan and the Alameda District Specific Plan areas, and found no objections to the proposed sale.

In accordance with the California Environmental Quality Act (CEQA), the Bureau of Engineering (BOE) has determined that the proposed project is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, section 1, (Class 12 – Surplus Government Property Sales) and that the property is not located in an area of statewide, regional or areawide concern as identified by CEQA Guidelines. The BOE also determined that, although not a definitive indicator, the City does not know or have reasonable cause to believe that any release of a hazardous substance has come to be located on or beneath the proposed property. In accordance with California Health and Safety Code Section 25359.7(a) any owner of non-residential real property who knows or has reason to believe of a release of hazardous substance on or beneath the property must disclose the incident prior to the sale, lease or rental of the property. BOE reported that neither General Services nor the Fire Department have revealed records pertaining to hazardous substances beneath the property. However, the Fire Department’s underground storage tank files indicated that a tank was removed in July 1999 but that no further action was required. BOE reports that the property is located within a Liquefaction zone and an area of potential flooding.

This Office has reviewed the Proposed Sale and determines that it is in accordance with relevant City and State guidelines and that the proposed direct sale to the California Endowment is in the best interest of the City because it will assist the Buyer in expanding its downtown headquarters site which will allow for continued delivery of healthcare and related services in poor and underserved communities. The Council will need to make a determination that the property is no longer required for public use upon the relocation of existing City employees currently operating from the facility located on the proposed property. This Office recommends approval of the Proposed Sale. GSD prepared the attached Ordinance stating the terms and conditions of the sale. The City Attorney has reviewed and approved as to form. Additional discussion is included in the Findings section of this report.

## **RECOMMENDATIONS**

That the City Council, subject to the approval of the Mayor:

1. Determine that the City-owned property at 800 N. Main Street, APN 5490-015-901 is no longer required for City use and that the public interest is best served by the direct sale of the property to the California Endowment upon the relocation of existing City employees currently operating out of Old Fire Station 4;
2. Find that the sale of real property to the California Endowment is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, section 1, (Class 12 – Surplus Government Property Sales);

3. Adopt the attached Ordinance providing for the sale of the property without calling for bids to the proposed property for \$2,570,000 million; and
4. Instruct the Department of General Services to complete the transactions as outlined in the Ordinance, and process the necessary documentation to effectuate the sale.

#### **FISCAL IMPACT STATEMENT**

The Proposed Sale is for the total purchase price of \$2,570,000 that will be deposited in the General Fund. The proposed transaction is in compliance with the Financial Policies of the City.

## **FINDINGS**

### **1. Background**

In 1998, the City of Los Angeles completed a Public Safety Facilities Master plan study. Based on the results the City determined that most of the City's existing Fire Stations were too small to adequately house the necessary equipment and personnel for efficient deployment of resources. To mitigate and partially remedy these issues, Proposition F was placed on the ballot.

On November 7, 2000, Los Angeles voters approved Proposition F, which authorized the issuance of \$532.6 million in General Obligation Bonds to finance the construction and rehabilitation of Fire Stations and Animal Shelters throughout the City of Los Angeles, of which \$378.6 million of the bond was allocated to build 19 neighborhood Fire/Paramedic Stations and an Emergency Air Operations/Helicopter Maintenance Facility.

The Bureau of Engineering (BOE) found that Old Fire Station 4 is overcrowded, its main systems are antiquated and that the site is too small to accommodate a replacement Standard Fire/Paramedic Station. BOE also determined problems with space, seismic, heating air conditioning, electrical, plumbing, building code, American Disabilities Act, fire protection systems and lack of adequate separate gender facilities. In response, the City took action to relocate existing staff to the New Standard Fire/Paramedic Station 4, a 15,250 square feet facility located at 450 E. Temple Street, which includes a lot size of approximately one-acre.

The City purchased the property in 1946 from Frank Queirolo, Christine Queirolo, Rosa Janssens, the Oil Well Supply Company and the National Lead Company for a purchase price of \$80,691. The Old Fire Station 4 is approximately 11,000 square feet and was constructed in 1948. Currently, the facility houses a task force, the Hazmat Squad configuration and the Command Post Utility. The station is staffed by 14 firefighters and services the Chinatown district, which is approximately 2.4 square miles and includes the areas of Chinatown, Little Tokyo and Olvera Street. In 1948, the area was mainly residential, but has developed into a densely populated residential and commercial area.

The Buyer, the California Endowment is a private, statewide health foundation created in 1996. Their mission is to expand access to affordable, quality health care for underserved individuals and communities and to improve the health status of all Californians. The Endowment has program staff that works actively with local communities and has offices located all throughout the State. The City of Los Angeles is impacted with a variety of issues including hospital closures, gang violence, unhealthy air quality, children without health insurance and residents with special needs. Due to the closing of public health and other community health facilities, there has been a growing reliance on the Endowment and its work to provide greater access and strengthening of community clinics.

## 2. Public Interest

Most surplus property is sold at public auction to the highest bidder. However, it is recommended that the Council find that this direct sale is in accordance with the terms of Los Angeles Administrative Code Section 7.27. This section of the Code states that, in some cases, the "Council may determine that the public interest or necessity require the sale, conveyance or exchange of real property owned by the City or . . . of any City interest in the real property without notice of sale or advertisement for bids. In the event of such determination the Council may, by ordinance adopted by the vote of at least two-thirds of all its members authorize the execution of such deed . . . or other instrument as may be necessary to effect such a sale . . ." Accordingly, this Office is making a determination of public interest for a direct sale of the property to the California Endowment based on the following reasons:

- California Endowment is an organization with the purpose of delivering the following services, which are of benefit to the downtown area of the City:
  - Providing underserved communities with quality and affordable healthcare including free medical screenings and educational information on healthy living;
  - Awarding grants to organizations such as the Children's Health Initiative, an organization that finds ways to expand access to affordable health care or to program's including the TELACU Education Foundation's Bridge to Nursing Program; and
  - Assisting communities and policymakers in gathering data, analyzing research findings, and identifying policy options relevant to providing health care to the poor and underserved communities.
- California Endowment moved to relocate its headquarters from the San Fernando Valley to the downtown area several years ago with the express purpose of expanding its services to the underserved communities in the downtown area. The direct sale of this property to California Endowment will assist it in providing these necessary and desirable services by enabling it to expand its downtown headquarters site.

## 3. Terms of Sale

The following are the terms of sale:

- The sale price is \$2,570,000 as negotiated between the California Endowment and the City;
- The City reserves all oil, gas, water and mineral rights except for the right to use the surface of the property or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals; and,

- The property will sell in "AS IS" condition and without any warranty by the City or obligation to correct any condition of the property.

#### **4. Property Description**

The property is an approximate 15,246 square foot parcel located at 800 N. Main Street, Los Angeles, APN 5049-015-901. The property is zoned ZI and is located within the Central City North Community Plan and the Alameda District Specific Plan areas.

#### **Attachments**

CC: Andrew Nocas, Office of the City Attorney  
Lourdes Owen, General Services Department  
Mandana Khatibshahidi, Office of the Chief Legislative Analyst

*RPC:DM:08090246*

ORDINANCE NO. \_\_\_\_\_

An Ordinance authorizing and providing for the sale of certain City-owned real property which is no longer required for use by the City, and the public interest or necessity requires the sale thereof, without the necessity of calling for bids, to THE CALIFORNIA ENDOWMENT for the sum of TWO MILLION FIVE HUNDRED SEVENTY THOUSAND and 00/100 DOLLARS (\$2,570,000.00).

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. The Council of the City of Los Angeles hereby determines that certain real property owned by the City of Los Angeles, and located at the address and/or location set forth hereinafter, is no longer required for the use of the City and that the public interest and necessity require the sale. It is hereby ordered that such real property be sold, pursuant to certain conditions hereinafter set forth and without notice of sale or advertisement for bids, to THE CALIFORNIA ENDOWMENT, for the sum of TWO MILLION FIVE HUNDRED SEVENTY THOUSAND and 00/100 DOLLARS (\$2,570,000.00) in accordance with the provisions of Section 385 of the City Charter and Division 7, Chapter 1, Article 4 of the Los Angeles Administrative Code.

**Location:**

800 N. Main Street, Los Angeles, CA 90012  
APN 5409-015-901

**Legal Description:**

SEE ATTACHED "EXHIBIT A"

EXCEPTING AND RESERVING unto the City of Los Angeles all oil, gas, water, and mineral rights now vested in the City of Los Angeles without, however, the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

SUBJECT TO covenants, conditions, restrictions, reservations, easements, encroachments, rights, and rights-of-way of record or which are apparent from a visual inspection of the real properties and excepting and reserving to the City of Los Angeles any interest in the fee to the adjacent streets which would otherwise pass with the conveyance of the above described parcel of land.

ALSO SUBJECT TO the property sold in an "AS IS" condition and without any warranty as to fitness for use, fitness for a particular use, or condition of the property, and that the seller has no obligation to correct any condition of the property, whether known before or after the close of escrow.

Section 2. The Mayor of the City of Los Angeles in the name of and on behalf of said City is hereby authorized and directed to execute a Grant Deed to the said real property described in Section 1 of this Ordinance to THE CALIFORNIA ENDOWMENT; the City Clerk of said City is hereby authorized and directed to attest thereto and to affix the City Seal.

Section 3. The Department of General Services, Asset Management Division, is authorized to open escrow, deliver deeds, and process all necessary documents to effectuate this sale, and the Chief Accounting Employee of the Department of General Services is authorized to deposit the proceeds, over and above the expenses of sale, into the appropriate accounts as provided by law. Expenses associated with the sale include, but are not limited to, appraisal fees, environmental reports, legal description preparation, escrow fees, preliminary title report, recording fees, transfer taxes, policy of title insurance and any other real estate fees.

Section 4. The City Clerk shall certify to the passage of this Ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public areas in the City of Los Angeles: one copy on the bulletin board located in the Main Street lobby to the City Hall; one copy on the bulletin board located at the ground level at the Los Angeles Street entrance to the Los Angeles Police Department; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that the foregoing Ordinance was passed by the Council of the City of Los Angeles by a vote of not less than two-thirds of all its members at its meeting of \_\_\_\_\_.

APPROVED AS TO FORM  
AND LEGALITY:

ROCKARD J. DELGADILLO, City Attorney

KAREN E. KALFAYAN, City Clerk

By Susan D. P. [Signature]

\_\_\_\_\_  
Deputy

Dated Dec 5, 2008

File No C.F.

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ANTONIO VILLARAIGOSA, Mayor



**EXHIBIT "A"**

APN: 5409-015-901

ADDRESS: 800 N. Main Street.

**LEGAL DESCRIPTION:**

**PARCEL 1:**

That portion of City Lands of Los Angeles, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2 Pages 504 and 505, Miscellaneous Records, in the office of the County Recorder of said County, bounded and described as follows:

Commencing at a point in the northeasterly line of Augusta Street, 40 feet wide, distant on said northeasterly line and the northwesterly prolongation thereof 150 feet southeasterly from the southeasterly line of that certain parcel of land condemned for the widening and extending of North Main Street as described in Case No. 5495 in the Superior Court of the State of California, in and for the County of Los Angeles; thence northeasterly and parallel with said southeasterly line of North Main Street a distance of 100 feet to the TRUE POINT OF BEGINNING; thence northwesterly, parallel with said northeasterly line of Augusta Street, to the southeasterly line of Chavez Street, as said last mentioned southeasterly line is defined by Ordinance No. 33013 (New Series) of the City of Los Angeles; thence southwesterly along said southeasterly line of Chavez Street to the northeasterly line of Lot A, Oil Well Supply Company Tract, as per map recorded in Book 14, Page 200 of Maps, Records of said County; thence southeasterly along said last mentioned northeasterly line to that certain parallel line herein described as being parallel with the southeasterly line of the land condemned for the widening and extending of North Main Street; thence northeasterly along said last mentioned parallel line to the TRUE POINT OF BEGINNING.

Together with all right, title and interest of the grantors in and to that portion of said Chavez Street adjacent to abutting or reverting to the above described land, lying southwesterly of said line which is parallel with said northeasterly line of Augusta Street.

**PARCEL 2:**

That portion of Lot A, Oil Well Supply Company Tract, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 14 Page 200, of Maps, in the office of the County Recorder of said County, bounded and described as follows:

Beginning at the point of intersection of the southeasterly line of Chavez Street, as said southeasterly line is defined by Ordinance No. 33013 (New Series) of the City of Los

Angeles, with the northeasterly line of Augusta Street, 40 feet wide; thence southeasterly along said northeasterly line to a point distant thereon and along the northwesterly prolongation thereof 150 feet southeasterly from the southeasterly line of that certain parcel of land condemned for the widening and extending of north Main Street as described in Case No. 5495 in the Superior Court of the State of California, in and for the County of Los Angeles; thence northeasterly parallel with said last mentioned southeasterly line to the northeasterly line of said Lot A; thence northwesterly along said last mentioned northeasterly line to said southeasterly line of Chavez Street; thence southwesterly along said last mentioned southeasterly line to the POINT OF BEGINNING.

Together with all right, title and interest of the grantor in and to that portion of said Chavez Street adjacent to, abutting or reverting to the above described land, lying northeasterly of the northwesterly prolongation of the northeasterly line of Augusta Street, 40 feet wide.

PARCEL 3:

That portion of City Lands of Los Angeles, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 2 Pages 504 and 505, Miscellaneous Records, in the office of the County Recorder of said County, bounded and described as follows:

Beginning at the intersection of the northwesterly prolongation of the northeasterly line of Augusta Street, 40 feet wide, with the southeasterly line of that certain parcel of land condemned for the widening and extending of North Main Street, as described in Case No. 5495, in the Superior Court of the State of California, in and for the County of Los Angeles; thence northeasterly along said southeasterly line 100 feet; thence southeasterly parallel with said northwesterly prolongation, to the northwesterly line of Chavez Street, as said northwesterly line is defined by Ordinance No. 33013 (New Series) of the City of Los Angeles; thence southwesterly along said northwesterly line in all its various courses to said northwesterly prolongation; thence northwesterly along said northwesterly prolongation to the POINT OF BEGINNING.

Together with all right, title and interest of the National Land Company in and to that portion of said Chavez Street adjacent to abutting or reverting to the above described property, lying southwesterly of said parallel and northeasterly of the northeasterly line of Augusta Street and the northwesterly prolongation of said northeasterly line.

PARCEL 4:

That portion of Chavez Street vacated by Ordinance No. 90,037 approved January 22, 1946 abutting the above- mentioned properties.

