

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 30, 2015

CAO File No. 0150-10413-0000

Council File No. 09-1036-S1

Council District: 8

To: The Council

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Transmittal from the Department of General Services dated February 5, 2015

Subject: **PROPOSED DIRECT SALE OF SURPLUS PROPERTY – LOCATED AT RODEO ROAD AND CIMARRON STREET IN COUNCIL DISTRICT 8 (APN 5042-010-900)**

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### SUMMARY

The Department of General Services (GSD) requests authority for the direct sale of the City-owned surplus property located at Rodeo Road and Cimarron Street (Surplus Property) in Council District 8 to the Los Angeles County Metropolitan Transportation Agency (Metro) in the amount of \$215,500. At its meeting of May 15, 2009, the Council adopted a motion directing GSD to initiate the surplus property process and declare the lot as surplus property (C.F. 09-1036-S1).

In the late 1940's, the City acquired the Surplus Property from private property owners for the purpose of widening Rodeo Road. The parcels were purchased for a total of \$43,785 using Gas Tax funds. In 2008, Metro expressed interest in acquiring the Surplus Property so that they could construct and operate a Traction Power Sub-Station (TPSS) in preparation for the Mid-City Exposition Light Rail Transit Project (Rail Project). At that time, the 6,156 square feet Surplus Property was vacant with very little improvements such as fencing, trees, sprinklers, and concrete curbs. As part of the instructions included in the motion, Council directed GSD to negotiate and execute a Right of Entry with Metro so that the project could proceed on schedule. The Right of Entry was granted and the project has since been completed on the previously vacant Surplus Property. The motion also anticipated that the Department of Public Works, Bureau of Sanitation (BOS) would need an easement reserved for a planned project, but BOS later reported that an easement was no longer needed.

In 2008, the Surplus Property was appraised for \$215,500 as vacant land available for development to its highest and best use. Since that time, Metro requested a street vacation for an additional 5.55 feet that would be needed for part of the TPSS. On January 8, 2014, Council approved the street vacation (C.F. 13-0067). Fees for the street vacation were paid by Metro separate from the proposed direct sale. As a result, GSD proposes a direct sale of the Surplus Property to Metro in the amount of \$215,500, the appraised value of the property, and the agreed upon price when the Right of Entry was granted to Metro for construction of the TPSS.

In compliance with Government Code Section 54220, prior to the direct sale of City-owned surplus property, it must first be offered to various agencies for public use. In February 2008, the Real Estate Services Division of GSD released a correspondence to several agencies regarding the proposed sale of the Surplus Property. This includes, but is not limited to, several City departments, the Los Angeles County Department of Regional Planning, the Santa Monica Mountains Conservancy, the Los Angeles Unified School District, the California State Resources Agency, and the Los Angeles County Metropolitan Transportation Authority. GSD reports that there were no objections from City departments or any other public agency on the proposed sale.

The Bureau of Engineering (BOE) reviewed City records and found that the Surplus Property is in a liquefaction zone, but did not have any information to indicate the presence of hazardous materials or conditions in the soil. Based on an analysis of maps that estimate where natural hazards exist, BOE noted that the Surplus Property is within a Seismic Hazard Zone and an Area of Potential Flooding.

In April 2008, BOE responded to a request for environmental clearances and reported that the sale of Surplus Property to Metro is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to City CEQA Guidelines, Article III, Section 1, Categorical Exemption Class 12, in that the proposed sale consists of surplus government property, and the property is not located within an area of statewide, regional or area wide concern. Further, the BOE District Engineer stated that they did not require any reservations for easements or right-of-way on this property.

In a letter dated July 2, 2008, the City Planning Department (Planning) reported that the proposed sale is in accordance with Charter Section 556 and 558, in that the sale of the Surplus Property is in substantial conformance with the objectives of the Community Plan. Planning also noted that the sale to Metro is consistent with the City's Transportation Element because it will further the goals and policies of completing the construction of the Rail Project.

To the best of our knowledge, the proposed sale is in accordance with Charter Section 385 Sale of Property; Los Angeles Administrative Code (LAAC) 7.22 Recommendations Required of City Departments; LAAC 7.27 Private Sale; and California Government Code Section 54220 Surplus Land, which establish the basic guidelines for the sale of City-owned surplus property. Pursuant to LAAC Section 7.22(d), the City Administrative Officer reviewed the proposed direct sale and recommends approval of the sale and the attached ordinance prepared by GSD, which state the terms and conditions, legal description and recommendations for reservations and/or easements that should be retained by the City, approved by the City Attorney as to form and legality. 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 property located at Rodeo Road and Cimarron Street is no longer required for City use and that the public interest is best served by the direct sale of the property;
2. Adopt the attached ordinance relative to the sale of the property, without notice of sale or advertisement of bids, to the Los Angeles County Metropolitan Transportation Agency for the sale price of \$215,500;
3. Request the City Attorney to prepare the purchase and sale agreement based on the terms specified in the ordinance for the sale of the surplus property; and,
4. Instruct the Department of General Services to complete the transactions outlined in the ordinance, and process the necessary documentation to execute the sale and deposit the proceeds into the appropriate accounts, as directed by the Los Angeles Administrative Code and as approved to form by the City Attorney.

## **FISCAL IMPACT STATEMENT**

The proposed sale of City-owned property located at Rodeo Road and Cimarron Street in Council District 8 is to the Los Angeles County Metropolitan Transportation Agency for a total purchase price of \$215,500. In accordance with Los Angeles Administrative Code Section 7.33.1, the net proceeds from sale will be deposited into the Gas Tax Fund No. 206, Revenue Source Code 514302. There is no additional impact to the General Fund.

## **FINDINGS**

### **1. Background**

The City acquired the property located at Rodeo Road and Cimarron Street (Surplus Property) for a total of \$43,785 using Gas Tax funds. The Surplus Property is a 6,156 square foot land parcel zoned R2-1 for multi-family residences, but is in the General Plan of open space. The City purchased the Surplus Property from private property owners for the purpose of widening Rodeo Road during the 1950's. In a report dated June 9, 2008, the appraisal company, Edward R. Hlava valued the Surplus Property at a fair market value of \$215,500. The parcel was valued as vacant land available for development.

In 2008, the Los Angeles County Metropolitan Transit Authority (Metro) expressed interest in acquiring the Surplus Property so that they could construct and operate a Traction Power Sub-Station (TPSS) in preparation for the Mid-City Exposition Light Rail Transit Project (Rail Project). At its meeting of May 15, 2009, the Council adopted a motion directing GSD to initiate the surplus property process and declare the lot as surplus property (C.F. 09-1036-S1). The motion also included instructions to negotiate and execute a Right of Entry with Metro and directed the Bureau of Sanitation to review the plans for the Surplus Property and determine whether any area would need to be reserved for planned City projects.

At the time of the Council motion, BOS anticipated they would need to reserve access to a portion of the Surplus Property for the construction of a temporary odor scrubber. However, in a report dated September 28, 2011, BOS reported to the Board of Public Works that they no longer had any plans for sewer system related use of the Surplus Property.

In order to keep the Rail Project on schedule, the City granted Metro a Right of Entry to begin construction on the TPSS. As construction was underway, Metro submitted an application for the street vacation of an approximately 5.55-foot wide portion of the northerly side of Rodeo Road. At its meeting of January 8, 2014, Council approved the requested street vacation (C.F. 13-0067).

With completion of the street vacation, the City proposes to sell the Surplus Property to Metro for the amount of \$215,500, the appraised fair market value prior to the improvements made by Metro through the Right of Entry.

### **2. Public Interest**

In accordance with the Los Angeles Administrative Code (LAAC) Division 7, Chapter 1, Article 4 Section 7.27, the Council, may determine that the sale of City-owned property is in the public interest or necessity. In this event, the Council may, by ordinance with two-thirds vote, authorize the sale of City-owned property, without notice of sale or advertisement for bids, upon review and recommendation by the City Administrative Officer. The sale of the property will allow for the operation of a TPSS which is critical to the construction and operation of the Mid-City Exposition Light Rail (Expo Line). The Expo Line will serve the Central Business District, the Figueroa Corridor, Staples Center, Los Angeles Trade Tech, USC, and Exposition Park. It will help meet

the transit needs in the Mid-City/Westside Area and will eventually be extended to the City of Santa Monica, providing residents a transit alternative to the I-10 freeway corridor.


### 3. Terms of Sale

The following are the terms of sale as described in the ordinance:

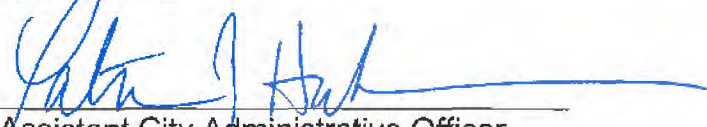
- The sale price is \$215,500, which is the agreed upon price between the City and Metro;
- The property will be sold in "As Is" condition and without any warranty as to fitness for use, fitness for a particular use, condition of the property, and that the City has no obligation correct any condition of the property, whether known before or after the date of the sale;
- Subject to covenants, conditions, restrictions, encroachments, reservations, easements, rights and rights-of-way record or which are apparent from a visual inspection of the real property and excepting and reserving to the City any interest in the fee to the adjacent streets which would otherwise pass with the conveyance of the Surplus Property; and,
- Metro shall pay all escrow and incidental costs associated with this property purchase transaction.

### 4. Property Description / Legal Description

The property for sale is City property located at Rodeo Road and Cimarron Street, APN 5042-010-900, those portions of Lots 194 through 197, inclusive, of Tract No. 1507, in the City of Los Angeles, County of Los Angeles, State of California, as shown on the map filed in Book 20, Page 4 of Maps, in the Office of the County Recorder. It is a 6,156 square feet land parcel zoned R2-1 in the South Central Community Plan Area.

  
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Raoul Mendoza, Administrative Analyst II

APPROVED:

  
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Assistant City Administrative Officer

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Attachments