

CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCE

10-0338

Date: September 30, 2010

To: The Budget and Finance Committee  
The Information Technology and Governmental Affairs Committee

From: Miguel Santana, City Administrative Office *DJA  
fw*

Subject: **SALE OF SURPLUS PROPERTY—SEVENTY-SEVEN PARCELS LOCATED  
WITHIN THE SANTA MONICA MOUNTAINS ZONE OF COUNCIL DISTRICT 5**

On September 17, 2010, the Office of the City Administrative Officer (CAO) released the attached report recommending the sale of 77 vacant parcels of land along Beverly Glen Boulevard in an area know as Beverly Glen Canyon in Council District 5 to the Santa Monica Mountains Conservancy (Conservancy) for the negotiated sale price of \$1.5 million. Fifty percent (50%) of the net sale proceeds are to be deposited into the Reserve Fund and fifty percent (50%) to the Santa Monica Mountains Conservancy Trust Fund (Trust Fund). The proposed ordinance authorizes the transfer of the funds deposited in the Trust Fund to the Conservancy to assist in the acquisition of additional open space in Laurel Canyon.

The Los Angeles Administrative Code, Section 5.500 (a) and Section 7.33.1 (b), provide that 50% of proceeds from the sale of surplus real property be deposited into the Real Property Fund in the Council District in which the property is located and 50% be deposited into the General Fund. In the case of City-owned property located in the Santa Monica Mountains Zone, proceeds from the sale of these properties may be alternatively placed in the Trust Fund (LAAC Sec. 5.121.2) subject to Council approval. The funds in the Trust Fund are to be used for open space conservation purposes within the Santa Monica Mountains.

As an alternative to the proposed recommendations, Council could direct that the net proceeds from the sale be placed in the Reserve Fund (50%) and the Council District Five Real Property Fund (50%). The funds could then be transferred to the Santa Monica Mountains Trust Fund and disbursed to the Conservancy by a subsequent Council action.

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: September 17, 2010

CAO File No. 0150-08835-0000

Council District: 5

To: The Council

From: Miguel A. Santana, City Administrative Officer *DA*  
*tw*

Reference: Transmittal dated December 22, 2008 from the General Services Department; received by the City Administrative Officer on February 3, 2009

Subject: **SALE OF SURPLUS PROPERTY- SEVENTY- SEVEN PARCELS LOCATED  
WITHIN THE SANTA MONICA MOUNTAINS ZONE OF COUNCIL DISTRICT 5**

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### SUMMARY

The General Services Department (General Services) has requested that the Office of the City Administrative Officer (CAO) review the Proposed Sale of City-owned surplus properties to the Mountains Recreation and Conservation Authority (Buyer). The real property, which consists of 77 parcels, is commonly known as vacant land located along Beverly Glen Boulevard in an area known as Beverly Glen Canyon situated throughout Council District 5. Under the terms of the Proposed Sale, the Buyer will acquire the property for \$1,500,000, which is equivalent to the City's costs in acquiring and administering the properties.

Any real property owned by the City that is no longer required for use by the City, and which the public interest and necessity requires it to be sold, is subject to guidelines established through Los Angeles Charter Section 385, Los Angeles Administrative Code (Administrative Code), Division 7, Sections 7.22 and 7.27, and California Government Code Section 54220. Property sold through direct sale must first be offered to various agencies for public use. The process also includes a review of the transaction by the CAO and a determination that the public interest requires completion of the sale.

On September 26, 2006, the General Services, Asset Management Division issued correspondence regarding the salable interest of the properties to several agencies, including the Buyer. The Buyer issued a response requesting written assurance that the City extend the 60-day response time. The Buyer issued a second correspondence exercising its first right of refusal, in accordance with the California Public Resources Code (CPRC), Section 33207 (b), which guarantees the Buyer the first right of refusal on any property within the Santa Monica Mountains Conservancy Zone that is scheduled for disposal as excess land by a public agency, such as the City. Upon which, the disposing agency or the City shall have the right of first refusal to reacquire the property should the Buyer choose to the sell the property at a future time.

Pursuant to Administrative Code Section 7.22 (c), "The City Planning Department shall consider the 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) finds that the Proposed Sale is in substantial conformance with the purposes and provisions of all applicable plans prepared including the City's General Plan and the Bel Air-Beverly Crest Community Plan. The parcels are located in remote hillside areas of the Bel Air-Beverly Crest community and have inadequate infrastructure to support development. Otherwise grading, excavation and development on fragile hillside areas could cause severe environmental impacts. Therefore, Planning determined that the Proposed Sale, which subjects the properties to remain open space in perpetuity, is in the public interest.

In accordance with Administrative Code Section 7.22 (b) the Bureau of Engineering (BOE) shall approve the legal description of the real property and recommend any reservations or exceptions of the real property to the City. Further BOE performs a California Environmental Quality Act (CEQA) review and finding. The BOE found that the properties are exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, section 1, (Class 12 – Surplus Government Property Sales). The BOE also issues disclosures upon its review of the State's Seismic Hazard and the Alquist Priolo Earthquake Fault Zones maps. Upon which it was determined that these properties are located in a landslide zone but are not located in earthquake fault or methane zones, and have no hazardous materials in soil. These disclosures are solely based on the analysis of maps that estimate where natural hazards exist and not on the results of a field or subsurface investigation. As a result, they are not definitive indicators of whether or not the properties will be affected by a natural disaster.

This Office finds that the proposed property is no longer required for City use. Further, the Proposed Sale is in accordance with relevant City and State guidelines, and is in the best interest of the City because it ensures that the properties remain as open space in perpetuity. Therefore, it is recommended that Council approve the sale and the attached Ordinance stating the terms and conditions of the sale, which have been reviewed and approved as to form by the City Attorney. Additional discussion is included in the Findings section of this report.

The proceeds of the sale will be equally divided between the General Fund and the Santa Monica Conservancy Trust Fund (Trust Fund). The Buyer will use the funds deposited in the Trust Fund to purchase additional open space in Laurel Canyon as described in a Motion (Koretz-La Bonge, C.F 10-0338).

## **RECOMMENDATIONS**

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

1. Determine that the 77 parcels of City-owned properties located in various areas throughout Council District 5 and situated along Beverly Glen Boulevard in an area known as Beverly Glen Canyon, are no longer required for City use and that the public interest is best served by the direct sale of the property to the Mountains Recreation and Conservation Authority;

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 properties without calling for bids for the proposed properties for a total of \$1.5 million; and
4. Instruct the Controller to appropriate \$750,000 to the Santa Monica Conservancy Trust Fund 858/88, to a new account entitled "Proceeds Sale of Beverly Glen Surplus Property, FY 2010-2011 and \$750,000 to the General Fund.
5. 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 \$1.5 million. Of this amount \$750,000 will be deposited into the General Fund and the remaining \$750,000 will be deposited into the Santa Monica Mountains Conservancy Trust Fund. The proposed transaction is in compliance with the Financial Policies of the City.

(Summary of Findings Attached)

## FINDINGS

### 1. Background

The Santa Monica Mountains Conservancy was established by the California State Legislature in 1980. Since that time, the Buyer reports to have helped preserve over 60,000 acres of parkland in wilderness and urban settings, and has improved more than 114 public recreational facilities throughout Southern California. The Buyer's mission is to strategically buy back, preserve and restore open space "to form an interlinking system of urban, rural and river parks, open space trails, and wildlife habitats . . .". The Buyer has typically partnered with other government entities to secure and develop parkland.

The proposed sale price of \$1.5 million is based on the total property cost amount, which accounts for the City's expenditures on acquisition and administration costs. According to BOE the 77 parcels were acquired through a tax deed at mostly \$10.00 per parcel from 1949 through 1968. According to General Services, properties acquired through tax deeds during the 1950's and 1960's were typically acquired at that price. Administration cost accounts for maintenance and management services. The maintenance cost is approximately \$0.10 per square foot per year. Maintenance costs include brush clearance, lot cleaning and yard maintenance expenses. Management costs are averaged to amount to \$900.00 per year, which accounts for property management services, site inspections, lot cleaning, removal of encroachments and response to public inquiries. Based on a Class C evaluation, General Services determined that the total value of the proposed parcels amounts to \$5.2 million. However, since the Buyer has a right of first refusal the property may be sold for the total property cost (acquisition and administration costs) of \$1.5 million instead.

On February 24, 2010, Motion No. 10-0338 was introduced which requested that the CAO and General Services complete the surplus property transaction for the proposed sale of parcels to the Buyer in the amount of \$1.5 million. The motion also moved to dedicate \$750,000 of revenue receipts from the sale towards the purchase of a property located near Laurel Canyon Place and Mulholland Drive, APN No. 5565-003-038, which will be preserved and maintained as open space. The remaining \$750,000 will be appropriated to the General Fund and has been accounted for as part of the 2010-11 Adopted Budget.

### 2. Public Interest

The City owns 77 parcels that exist within the Santa Monica Mountains Conservancy Zone that are proposed for surplus sale. Most City-owned surplus property is sold at public auction to the highest bidder. Prior to putting the properties up for sale to the highest bidder, the Department of General Services, as required by law, notified the Conservancy of its intent to offer these properties for sale pursuant to the City's Administrative Code section 7.21 governing sales of City-owned lands declared as "surplus". On November 28, 2006, the Conservancy exercised its right of first refusal under Public

Resources Code section 33207(b), which grants the Conservancy the right to acquire City-owned surplus lands in an amount equivalent to its purchase price plus any administrative and management costs incurred by the City.

Therefore, 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 to the Mountains Recreation and Conservation Authority (Buyer) based on the following reasons:

- The Planning Department has determined that the proposed parcels are located in remote hillside areas that have inadequate infrastructure to support development and that it would be in the public's interest to covenant these properties as open space in perpetuity. The Buyer is an organization with a mission to maintain and preserve open space, and as part of the proposed sale, the Buyer agrees to make these parcels subject to remain as open space in perpetuity.
- As part of the sale City will receive \$1.5 million, which is the estimated amount equivalent to the administration and acquisition costs associated with the 77 subject parcels.

### 3. Terms of Sale

The following are the terms of sale:

- The sale price is \$1.5 million for 77 parcels as negotiated between the Mountains Recreation and Conservation Authority 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" and that these properties shall remain in open space in perpetuity.

### 4. Property Description

The properties amount to approximately 1,891,211 square feet or 43.4162 acres and are located along Beverly Glen Boulevard in an area known as Beverly Glen Canyon within Council District 5.

Attachments

CC: Annette Bogna, Office of the City Attorney  
Dave Roberts, General Services Department  
Mandana Khatibshahidi, Office of the Chief Legislative Analyst

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