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CITY ATTORNEY

REPORT NO. R 15 - 0 1 5 9
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REPORT RE:

**DRAFT ORDINANCE AUTHORIZING CONVEYANCE OF
CITY-OWNED REAL PROPERTY TO THE UNIVERSITY OF SOUTHERN
CALIFORNIA TO FACILITATE CONSTRUCTION OF NEW PROPOSITION "F"
LEVEL FIRE STATION 15 FOR CITY AT UNIVERSITY'S COST**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File Nos. 12-0968 and 12-0536

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance would authorize conveyance of City-owned property to the University of Southern California (USC) to facilitate construction of a new Proposition F level Fire Station 15 for the City.

On December 20, 2013, the City Council approved an Exchange Agreement between the City and the University of Southern California (USC) for the exchange of a 0.33 acre City-owned property at 915 W. Jefferson Blvd (City Property) for a 1 acre USC-owned property at 3000 S. Hoover Street (USC Property). This exchange facilitates: (i) USC's construction of a new Proposition F level Fire Station 15 for the City (on the USC Property); and (ii) the City's conveyance of its de-commissioned fire facility (on the City Property) needed by USC for its University Village Project. The Exchange Agreement contains a condition to close-of-escrow requiring the City Council to adopt an ordinance approving conveyance of the City Property to USC. The factual

background of this proposed conveyance to USC is set forth in Section I, below, and the legal authority for the conveyance is set forth in Section II, below.

I. The Exchange of Properties

In 2011, City staff began negotiating a Development Agreement with USC for its University Village Project, which provided for development of 5.02 million square feet of educational, housing and commercial uses. As a public benefit condition of the Development Agreement, USC agreed to construct (at its sole cost) a new Proposition F level Fire Station 15 on the USC Property, following which it would be exchanged for the City Property needed by USC for its Project. The Development Agreement, along with the University Park Campus Specific Plan, was approved by the City Council in December 2012.

In 2012, City staff began negotiating the exchange of the City Property for the USC Property to facilitate construction of new Fire Station 15 and completion of the University Village Project. This negotiation resulted in City Council adoption of a January 2013 motion instructing the Chief Legislative Analyst (CLA) to negotiate a Memorandum of Understanding (MOU) with USC setting forth terms and conditions of such exchange. CLA staff, guided by the terms of the MOU, then negotiated with USC the terms and conditions of an Exchange Agreement providing for the exchange of the above-described Properties (by recorded deeds) contingent on the parties' prior completion of several conditions, including: (i) USC's completion of construction of new Fire Station 15 on the USC Property; and (ii) City Council adoption of an ordinance authorizing conveyance of the City Property to USC for its University Village Project. The City Council approved the Exchange Agreement on December 20, 2013, and USC began construction of new Fire Station 15 shortly thereafter.

II. The Ordinance Authorizing the Exchange of Properties

The draft ordinance sets forth two sources of City authority to convey the City Property to a private party (USC) without prior competitive bid. The first is City Charter Section 371(e)(10), which authorizes such conveyance where it is "*undesirable, impracticable or impossible*" to do a competitive bid. The second is Charter Section 372, which adds that even when said Section 371 (e)(10) conditions are met, a competitive bid is still required if "*reasonably practical and compatible with City interests.*" The draft ordinance establishes that the conveyance of the City Property to USC is authorized by these Charter Sections because: (1) the location of the City Property is within the City-approved University Village Project area and, thus, is needed by USC to complete its Project; (2) USC approached the City to acquire the City Property for its Project during negotiation of the above-described Development Agreement; and consequently (3) the City entered the above-described Exchange Agreement to obtain the USC Property (with a Proposition F level Fire Station 15 built thereon by USC at its cost) in exchange for the City Property. Thus, this Office, the Fire Department and the Chief Legislative Analyst recommend Council adoption of the

enclosed draft ordinance because the requirements of Charter Sections 371(e)(10) and 372 are met.

If you have questions regarding this matter, please contact Deputy City Attorney Curt Holguin at (213) 978-8237. He or another member of this Office will be present when you consider this matter to provide clarifications you might request, and answer questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM/CH:mrc
Transmittal