

ARTS, PARKS, HEALTH, AGING AND RIVER COMMITTEE REPORT relative to the potential acquisition of real property in connection with the East Wilmington Greenbelt Community Center (APNs 7425-011-803 and 7425-011-805).

Recommendations for Council action:

1. CONCUR with the Board of Recreation and Park Commissioners' (Board) action of August 13, 2014 authorizing the Department of Recreation and Parks (RAP) to negotiate with the Union Pacific Railroad Company (UPR), the owner of the subject property, and thereby acknowledge that there is some possibility that the acquisition of the property could impact the City's General Fund due to potential liability associated with the contamination of said property as described in the August 14, 2014 Board report, attached to the Council file.
2. INSTRUCT the the RAP to report to Council with the finalized purchase and sales agreement for the acquisition of the subject property as described in the August 14, 2014 Board report, attached to the Council file, upon the completion of negotiations.

Fiscal Impact Statement: the Board reports that there is approximately \$6,987,000.00 available for the expansion of the existing community center through the acquisition, remediation, and development of the subject property. Therefore, there will be no immediate impact to the General Fund.

Community Impact Statement: None submitted.

Summary:

On September 8, 2014, your Committee considered an August 14, 2014 Board report relative to the potential acquisition of real property in connection with the East Wilmington Greenbelt Community Center (APNs 7425-011-803 and 7425-011-805). According to the Board, Wilmington is a neighborhood in South Los Angeles covering 9.14 square miles and it has a heavy concentration of industry and the third largest oil field in the United States. For the last several years, the RAP has been developing an area known as the East Wilmington Greenbelt into community recreational use. On the northern end of the Greenbelt is the East Wilmington Greenbelt Park located at 1359 L Street. It contains grassy areas, a playground, and picnic benches.

On the southern end of the Greenbelt is the East Wilmington Greenbelt Community Center located at 918 North Sanford Avenue. The Center opened in 2006 and consists of a 9,800 square foot building with a basketball court, multi-purpose room, office, a storage area, and restrooms. The Center has 25 parking spaces. The community has indicated that additional outdoor play area and parking are needed. The RAP has pursued the subject property as a potential site to expand the existing community center and provide the additional amenities desired. The subject property measures approximately 2.43 acres and is owned by UPR. It is located at 845 North Sanford Avenue and bears Assessor's Parcel Numbers 7425-011-803 and 7425-011-805. This property was formerly used as a railroad yard and is currently vacant open space.

The funding to acquire the subject property has been approved, with \$3,000,000.00 in State Proposition 40 Urban Park Grant funds, and \$1,000,000.00 in City Proposition K LA for Kids Program funds. Additionally, there are \$1,067,000.00 in City Capital Improvement Expenditure Program

Funds and \$1,245,000.00 in City Recreational Sites and Facilities Funds for a total of \$6,312,000.00. Under the current budget prepared by the Bureau of Engineering (BOE), there are additional soft costs to be absorbed by City totaling \$675,000.00; \$30,000.00 of this total cost is to be absorbed by the RAP and the balance is to be absorbed by the BOE and the Bureau of Contract Administration. Finally, the grand total that is available to this project is \$6,987,000.00.

The approved funding provides for the expansion of the existing community center through the acquisition, remediation, and development of the subject property with recreational improvements that include sports fields, sports lighting, bleachers, picnic table, landscaping and a small parking lot within a secure, fenced setting.

The Board then noted that efforts to acquire the subject property has a long history dating back to 2006. On August 9, 2006, the Board, through Board Report No. 06-223, gave preliminary approval to enter negotiations with the property owner, the Union Pacific Railroad (UPR), to acquire the property. Initially, the UPR wanted to sell the property to the City for \$1,200,000.00. However, during the City's due diligence investigation, it was discovered that the property had significant soil and groundwater contamination that required remediation. In partial recognition of the need for environmental clean-up of the property, the UPR agreed to sell it to the City for a nominal fee of \$100.00.

On June 4, 2008, the Board, through Board Report No. 08-164, approved execution of a Purchase and Sale Agreement (PSA) with the UPR for the subject property. However, during negotiations the parties reached an impasse regarding liability, indemnification, additional environmental testing, and information on the past use and present condition of the property. The RAP continued negotiations with UPR, however, the impasse remained.

On August 20, 2008, the Board, through Board Report No. 08-229, rescinded its approval of the acquisition, given UPR's unwillingness to modify any details of the proposed transaction. On September 2, 2008, pursuant to Charter Section 245, Council asserted jurisdiction over the Board's action of August 20, 2008 and subsequently vetoed the Board's approval of Board Report No. 08-229. Council's action on this motion resulted in the matter being remanded back to the Board with the authority it originally held to take action in the matter and authorized the RAP to continue negotiations with the UPR.

Negotiations culminated in the Board's October 3, 2008 approval of two Donation Agreements with the UPR for the property through Board Report No. 08-276. The Donation Agreements superseded the prior PSA as the conveyance agreement between the UPR and City for the property. The first Donation Agreement sets forth the conveyance terms for an area of the property, 25-feet wide along its northern border. This area has two underground petroleum pipelines and above ground equipment that UPR leases to Kinder Morgan, an energy company. The UPR required that it retain an easement over this area and continue to receive revenue from the pipeline use.

The second Donation Agreement set forth the conveyance terms for the remainder of the property. Under the two Donation Agreements, the City agreed to accept the entire property in its "As Is" condition and agreed to indemnify the UPR from all liability for any known or potential contamination of the entire property. These Agreements stipulate a 240-day escrow period in order for the City to complete its due diligence efforts. Escrow opened on March 31, 2009 and during the escrow period, the RAP determined that it could not satisfy all the obligations of the two Donation Agreements. Consequently, on October 21, 2009, the Board, through Board Report No. 09-272, approved termination of the two Agreements.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation as contained in the August 14, 2014 Board report and detailed in the above recommendation, as amended to include instructing the RAP to report back to Council with the purchase and sales agreement for the acquisition of the subject property upon completion of negotiations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ARTS, PARKS, HEALTH, AGING AND RIVER COMMITTEE

**MEMBER    VOTE**

O'FARRELL: YES

LABONGE: ABSENT

BUSCAINO: YES

CEDILLO: YES

PRICE: YES

ARL

9/8/14

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**