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GARY LEE MOORE, PE, ENV SP
CITY ENGINEER

1149 S. BROADWAY, SUITE 700
LOS ANGELES, CA 90015-2213

<http://eng.lacity.org>

January 12, 2017

REVISED

Honorable City Council Members
Budget and Finance Committee

BUREAU OF ENGINEERING REPORT BACK – COUNCIL FILE 13-1641 – TAYLOR YARD G2 PARCEL ACQUISITION

Dear Honorable Members:

BACKGROUND

This memorandum is a report back from the Bureau of Engineering (BOE) and the Mayor's River Team to the Budget and Finance Committee on matters concerning the acquisition of the Taylor Yard G2 Parcel (G2). The Committee requested the Mayor's River Team report on the plan for the utilization of the Taylor Yard G2 parcel, including a budgetary assessment and identification of specific revenue sources for each of the project components. The Mayor's River Team focused on the identification of possible revenue sources, and BOE focused on the plan for the utilization of the G2 parcel and a budgetary assessment.

The G2 site is approximately 41.5 acres, consisting of 40.5 acres of open space and 1.0 acres of an improved private access road. The site is currently owned by Union Pacific Railroad and has an approved Department of Toxic Substances Control (DTSC) Remedial Action Plan (UP RAP).

PHASED REMEDIATION AND PHASED SITE USE COSTS

BOE has developed preliminary concepts for potential phased remediation and phased interim site uses. The objective of a phased approach is to allow more immediate public use and revenue-generating public or leased activities of the cleaner areas of the site, as deemed safe and allowable by DTSC. Implementation of interim uses would be done in consultation with DTSC and the surrounding community.

BOE has explored a three phased approach to site use. The first phase of use at the site would initially consist of installing both perimeter and internal fencing to prohibit access to contaminated areas. Usable cleaner areas, identified to consist of about 10.5 of the 41.5 acres, would undergo remediation to a level appropriate for the proposed uses in consultation with DTSC, and could require the installation of a vapor barrier



and/or vapor venting system, importing and placing a buffer of clean soil, and/or placement of a concrete buffer. Areas not improved by the first phase of interim use would be fenced to restrict access, with potential bio-remediation features installed such as natural air venting or plant uptake of soil contamination. As part of the proposed Purchase and Sale Agreement for the G2 parcel, the seller, Union Pacific Railroad Company, will deposit \$14.7 million into a Remediation Escrow Account to be used to offset City costs as it remediates the site. The goal of consultation with DTSC on remediation strategies is to obtain their approval on the phased areas and obtain reimbursement of the remediation costs from the Remediation Escrow Account.

Once the remediation effort in the usable areas is approved by DTSC, the City could take advantage of existing onsite features to create activities such as an amphitheater/performance area; large elevated platforms for hosting private events or parties, classes, and/or small-scale concerts; a campsite for youth groups, private rentals, educational nature programs, and/or filming; trails for river viewing and bird watching; construction laydown areas for High Speed Rail or other nearby construction activities; parking for City or private vehicles; community, cultural, private, or non-profit events; public-private partnership uses; exhibition space; education; and research. Although highly dependent on input from DTSC and the community, BOE estimates the remediation and implementation of the initial phase will cost approximately \$3.3 million for design, site assessments, and approvals, and \$10.8 million to construct, totaling \$14.1 million.

The next two phases of remediation and interim use for the remainder of the site would continue in strategic phases over approximately five years. Larger usable spaces would allow for larger events such as large-scale concerts, fairs, fitness courses, kayaking access to the river, and/or a dog park. BOE estimates the cost of these improvements to be an additional \$33.9 million for design and construction.

Regional public agencies that have experience in leasing open space, facilities, and park sites in pre-development interim phases include California State Parks, the Mountains Recreation and Conservation Authority, and the City of Culver City. City staff contacted each of these agencies for input in developing estimates for site leasing revenue. The City of Los Angeles also has experience, through the Department of Recreation and Parks, in generating revenue by leasing open space and park facilities for both special community and private events. Preparing the G2 site through remediation and access improvements for public use will create leasable space that will expand through sequential phases.

Assuming a variety of potential uses, approximately \$300,000-\$400,000 in annual revenue would be possible following first-phase remediation and interim improvements. Second-phase interim improvements for additional community space would increase potential revenue generation by approximately \$15,000-\$20,000 annually. Following third-phase interim improvements, up to approximately \$900,000 in annual revenue could be generated, which is consistent with what staff from California State Parks has described as revenue generated from interim uses at the Los Angeles State Historic Park in its interim state.

Other potential sources of project funding are itemized in the attached table.

It is noted that any specific interim use proposals will require future discretionary approval and evaluation for consistency with the certified LA River Ecosystem Restoration Project Integrated Feasibility Report (IFR) Environmental Impact Statement/Environmental Impact Report (EIS/EIR) and the Addendum associated with the acquisition of the parcel for compliance with the California Environmental Quality Act (CEQA). Because of the uncertainty of the nature and scope of these interim uses, potential environmental impacts will be evaluated when more detailed information is known. It is the intention of City staff to ensure the interim uses described herein are consistent with, and aid in the long-term implementation of, the LA River Ecosystem Restoration Feasibility Study Recommended Plan (also known as ARBOR).

Sincerely,

Gary Lee Moore, City Engineer
Bureau of Engineering

Attachment: Taylor Yard G2 – Potential Sources of Funds (Revised)

Q:\exe\GLM\City Engineer\GLM Signed Documents\BOE G2 Interim Use B&F Report
Back 011217.doc

cc: Barbara Romero, Mayor's Office
Sharon Tso, Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Tony Royster, Department of General Services
Curt Holguin, City Attorney
Enrique Zaldivar, Bureau of Sanitation
Deborah Weintraub, Bureau of Engineering
Kendrick Okuda, Bureau of Engineering

TAYLOR YARD G2 –POTENTIAL SOURCES OF FUNDS*						
Potential Sources	Per 9/22/16 CAO/CLA Report		Current Anticipated Funding	Approximate Potential Funding	Total	Comments
Prop 1 State Water Bond	\$140,000,000		\$0	\$25,000,000	\$25,000,000	To be awarded through grant programs, pending guidelines.
State Coastal Conservancy Grant	\$0		\$2,000,000	\$0	\$2,000,000	Grant application submitted, Coastal Conservancy Board approval anticipated in April 2017.
State Prop 84 through Santa Monica Mountains Conservancy (SMMC)	\$0		\$0	\$5,000,000	\$5,000,000	Funding identified for G-2 improvements.
LA County Measure A	\$0		\$0	\$12,000,000	\$12,000,000	To be awarded through grant program, pending guidelines.
State Cap-and-Trade Proceeds	\$100,000,000		\$0	\$10,000,000	\$10,000,000	Grant application processes through multiple State programs.
Private Sponsorship & Philanthropy	\$20,000,000		\$0	\$5,000,000	\$5,000,000	Grant application processes to seek funding from multiple organizations.
MICLA Reserved in FY '16-'17 Budget	\$0		\$40,000,000	\$0	\$40,000,000	
MICLA Needed to Complete Purchase	\$0		\$20,000,000	\$0	\$20,000,000	
Non-Profit Contributions	\$20,000,000		\$0	\$0	\$0	
Habitat Restoration & Recreation Improvements per the LA River Ecosystem Restoration Study (ARBOR)	\$0		\$0	\$25,000,000	\$25,000,000	Federal contribution by US Army Corps of Engineers (USACE) through ARBOR implementation lifecycle.
Brownfield Cleanup Grants	\$15,000,000		\$0	\$0	\$0	
General Fund	\$27,000,000		\$0	\$0	\$0	City's jurisdiction
Proposition O	\$12,400,000		\$0	\$12,400,000	\$12,400,000	City's jurisdiction
Quimby Fees	\$5,000,000		\$0	\$0	\$0	City's jurisdiction
Other Federal Sources	\$10,000,000		\$0	\$5,000,000	\$5,000,000	Potential grants or partnerships with: US Bureau of Reclamation, National Park Service, Environmental Protection Agency, etc.
Potential Sources/Funding Subtotal	\$349,400,000		\$62,000,000	\$99,400,000	\$161,400,000	

* This table reflects potential sources of funds as of the date of this report. Funding sources will evolve and change until they are secured.

State Prop 84 through Santa Monica Mountains Conservancy (SMMC)	\$0		\$0	\$20,000,000	\$20,000,000	Potential Funding for G-2 purchase, contingent upon easement agreement with SMMC. May be used to reimburse \$20M MICLA funding, if easement agreement is reached.
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