

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
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DEPARTMENT OF
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July 25, 2017

Honorable Councilmembers
City of Los Angeles
c/o Office of the City Clerk
City Hall, Room 395

Attention: Patrice Lattimore, Legislative Assistant II

**BUREAU OF SANITATION'S (LASAN) ACQUISITION OF PROPERTY LOCATED AT
9401 WEST JEFFERSON BOULEVARD, CULVER CITY,
APN: 4204-004-001, -011, & -028**

BACKGROUND

On June 20, 2017 City Council (Council File No. 15-1421) authorized the exchange of LASAN City-owned property located at 9940 West Jefferson Boulevard, Culver City (except for the approximately 17,000 square feet area currently being used as a sewer odor control facility ("OCF") with 6001 Jefferson, LLC's property located at 6001 West Jefferson Boulevard, Culver City, and an additional \$10,000,000 paid to the City in cash or equivalent properties located in the vicinity of the Culver City Transfer Station. This land swap opens the possibility of shared waste management between the City of Los Angeles and the City of Culver City and enhances solid waste resource services for LASAN's Western District curbside collection services.

SUMMARY

The property located at 6001 West Jefferson (acquired by the City on June 30, 2017) was owned by 6001 Jefferson, LLC, an affiliate of NantWorks LLC, (collectively 6001 Jefferson, LLC and NantWorks, LLC are referred to as "Nant"). The exchange of LASAN's property at 9940 Jefferson Blvd. with Nant's property located at 6001 Jefferson Blvd. resulted in a beneficial exchange of properties as well as a choice between a cash payment of \$10,000,000, or equivalent in properties ("Reconciliation Payment") from Nant to LASAN. LASAN had identified an equivalent property located at 9401 West Jefferson Blvd. (the 9401 Properties) that they recommend for its acquisition as part of this exchange. The 9401 Properties were appraised at the request of the City.



The appraised value was determined to be \$9,000,000 and the negotiated purchase price was established at \$9,100,000.

Reference is made to that certain Real Property Exchange Agreement and Escrow Instructions dated June 23, 2017 ("Exchange Agreement"), between 6001 Jefferson, LLC, a California limited liability company, and Nantworks, LLC, a Delaware limited liability company (collectively, "Nant"), on the one hand, and the City of Los Angeles, a municipal corporation, acting by and through its Department of General Services and Bureau of Sanitation ("City"), on the other hand. Pursuant to the Exchange Agreement, Nant agreed to have one of its affiliates - Veteran Holding, LLC, a Delaware limited liability company ("Veteran") – use good faith efforts to enter into a purchase contract for the acquisition of the Property ("Purchase Contract"); provided, however, Veteran had no obligation to enter into the Purchase Contract. If Veteran validly entered into the Purchase Contract, the parties intended Veteran to then immediately assign all rights and obligations under the Purchase Contract to the City.

Veteran is currently in the process of negotiating the Purchase Contract and has been informed the transaction contemplated by the Purchase Contract ("Transaction") must close on or before July 27, 2017 ("Closing Date"). Veteran and the City shall execute all additional agreements, documents and notices, and to take all further actions, that may be necessary to carry out the provisions of the Exchange Agreement relative to "Reconciliation Payment."

The Property is currently tenant occupied by E.V.S., Inc. a/k/a E.V.S. 2, Inc. d/b/a Goodman's Tow Service. According to the Second Amendment to Lease fully executed on February 28, 2017, between the current Landlord (Lessor) and Tenant (Lessee), the Lessor may inform Buyer that Lessee has confirmed in writing that the Lease, and Lessee's occupation of the Property, is month to month. Upon acquisition of this Property, the City will serve a Notice to Vacate (at a time undetermined/discretion of the City of Los Angeles) and may be subject to pay relocation benefits to the current Tenant (California Government Code 7260). Any potential relocation expenses may then be paid from the balance of monies resulting from the acquisition of Subject Property.

RECOMMENDATIONS

Based on review and recommendations by LASAN and GSD, it is recommended that the City Council adopt the following recommendations:

1. Approve the acquisition of property located at 9401 West Jefferson Boulevard, Culver City as the equivalent properties ("Reconciliation Payment") relative to the completed exchange of 9940 West Jefferson and 6001 West Jefferson, Culver City;
2. Approve the acquisition payment of \$9,100,000 plus all costs associated with this transaction to be paid for the City with the proceeds (currently held by Escrow Consultants – Century City) from the completed exchange of 9940 West Jefferson

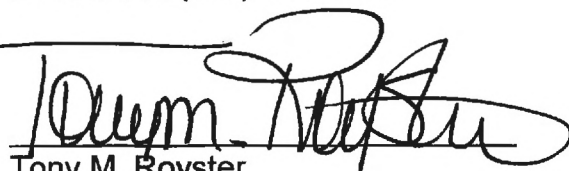
and 6001 West Jefferson, Culver City;

3. Request the City Attorney to review the Option for Purchase & Sale of Contract, and review and approve as to form the Assignment and Assumption of Option for Purchase and Sale of Contract;
4. Authorize the General Manager of GSD and Director of LASAN to execute the Assignment and Assumption of Option for Purchase and Sale of Contract and all necessary agreements, reviewed and approved as to form by the City Attorney, for the acquisition of the 9401 Properties from Jefferson Property LLC;
5. Instruct the Department of General Services to process the necessary documentation to effectuate this acquisition, 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;
6. Direct the General Manager of GSD to execute the Notice to Vacate (at a time undetermined/discretion of the City of Los Angeles, approved by the City Attorney, upon acquisition of the Property (see Section 2.3(c) of attached Option for Purchase and Sale of Contract); and,
7. Authorize City to pay for any potential relocation expenses and provide related relocation assistance per California Government Code 7260 from the balance of monies resulting from the acquisition of Subject Property and associated expenses to E.V.S., Inc. a/k/a E.V.S. 2, Inc. d/b/a Goodman's Tow Service.

FISCAL IMPACT STATEMENT

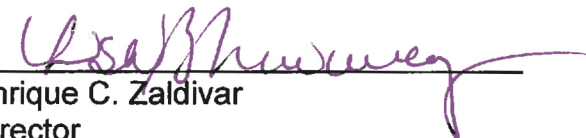
This real estate transaction will result in the City paying \$9,100,000 plus closing costs and possible relocation costs up to the balance of the Reconciliation Payment. Any proceeds remaining will be deposited in the Sewer Construction and Maintenance Fund, Revenue Source Code 514302, Sale of Real and Personal Property.

For LASAN information, please contact Ali Poosti, Principal Civil Engineer, at (323) 342-6228 or Abdul Danishwar, Senior Environmental Engineer, at (323) 342-6220. For GSD Real Estate Services Division information, please contact David Roberts, Assistant Director, at (213) 922-8546.



Tony M. Royster
General Manager
Department of General Services

Attachments

For 

Enrique C. Zaldivar
Director
Bureau of Sanitation (LASAN)