



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

for 
RICHARD E. HARASICK
Senior Assistant General Manager
Water System

for 
MARTIN L. ADAMS
Chief Operating Officer


DAVID H. WRIGHT
General Manager

DATE: April 18, 2017

SUBJECT: Purchase of Easement From CG Roxane, LLC

SUMMARY

The Agreement of Purchase and Sale and Escrow Instructions (Purchase Agreement) between LADWP and CG Roxane, LLC (CG Roxane) is for the purchase of an easement over 17.958 acres of real property (Property) located in Olancho, Inyo County, California (map attached). The easement is necessary for LADWP to mitigate dust emissions on the Property in connection with the Owens Lake Dust Mitigation Program, Phase 9/10 Project (Project) located at Owens Lake, Inyo County, California. The Purchase Agreement includes a long-term indemnification that has been approved by LADWP's Risk Manager, and requires Board of Water and Power Commissioners (Board) and Los Angeles City Council (City Council) approval.

The expense to the City of Los Angeles (City) will be \$18,000 for the purchase of the easement and approximately \$3,248 in escrow closing costs.

City Council approval is required according to Charter Section 373 and Administrative Code Section 10.5.

ENVIRONMENTAL DETERMINATION

In compliance with the California Environmental Quality Act (CEQA), Sections 15080-15097 (EIR previously adopted). In accordance with the California Environmental Quality Act, an Environmental Impact Report (EIR) was prepared to analyze the impacts

associated with the construction and operation of the Project. On June 2, 2015, the Board certified the EIR, adopted the Mitigation Monitoring and Reporting Program, and approved the Project. As this easement is part of the Project, its purchase is covered by the EIR.

RECOMMENDATION

It is requested that the Board adopt the attached Resolution recommending that the City Council approve the execution of the Purchase Agreement as required in Charter Section 373 and Administrative Code Section 10.5.

ALTERNATIVES CONSIDERED

Alternatives considered included:

1. Obtaining a license to perform dust mitigation is a revocable, short-term permission with no guarantee of renewal after the expiration of each license term, and may impede dust mitigation operations.
2. Not purchasing an easement may impede dust mitigation operations and cause LADWP to incur costly fines imposed by Great Basin Unified Air Pollution Control District (Great Basin).

FINANCIAL INFORMATION

Appraisal performed by Buss-Shelger Associates, MAI, (Certificate No. AG009146) dated June 17, 2015, established the fair market value of the easement to be \$18,000.

The expense to the City will be \$18,000 for the purchase of the easement, and approximately \$3,248 in escrow closing costs.

BACKGROUND

Great Basin has mandated LADWP to mitigate dust emitting from certain areas of private property surrounding Owens Lake, under the 2011 Supplemental Control Requirements Determination. Great Basin identified areas of land emitting dust on real property owned by CG Roxane, located in Olancho, Inyo County, more particularly identified as a portion of Assessor's Parcel Nos. 033-050-01 and 033-050-04.

On April 17, 2015, LADWP presented CG Roxane with an offer to purchase an easement over 17.958 acres in the amount of \$18,000, and CG Roxane accepted. LADWP negotiated the Purchase Agreement with CG Roxane that includes a long-term indemnification of CG Roxane against claims caused by LADWP's activities on the Property. The indemnification has been approved by LADWP's Risk Manager, and the benefits to be derived from the easement outweigh the risks associated with the indemnification.

On May 25, 2016, LADWP entered into a two-year license agreement with CG Roxane to keep the Project on schedule. This would avoid costly fines imposed by Great Basin for each day LADWP is not in compliance, while obtaining Board and City Council approval of the Purchase Agreement that includes a long-term indemnification. The license agreement will terminate upon recordation of the easement.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report (CAO) was approved on March 24, 2017.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Purchase Agreement and the Resolution as to form and legality.

ATTACHMENTS

- Map of Owens Lake Phase 9 Dust Containment Areas
- Resolution
- Purchase Agreement
- Easement Deed
- CAO Report