

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

June 12, 2017

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

Attention: Patrice Lattimore, Legislative Assistant II

**EXCHANGE OF BUREAU OF SANITATION'S (LASAN) PROPERTY LOCATED AT
9940 WEST JEFFERSON BOULEVARD, CULVER CITY, FOR PROPERTY
LOCATED AT 6001 WEST JEFFERSON BOULEVARD, CULVER CITY**

BACKGROUND

City Council Motion CF No. 15-1421 (Wesson – Blumenfield) adopted by Council on January 27, 2016, directed LASAN, with the assistance and cooperation of the City Administrative Officer (CAO) and the Department of General Services (GSD) to review and evaluate the feasibility of: 1) entering into negotiations with the current property owners for the acquisition of property located at 6001 West Jefferson Boulevard for the development of a Material Recovery Facility (MRF) and 2) the best manner to dispose of the LASAN City-owned surplus property located at 9940 West Jefferson Boulevard, including the feasibility of a land swap for the property at 6001 Jefferson Boulevard. In addition, LASAN was instructed to report on the status of shared solid waste management between the City of Los Angeles and Culver City. Allowing this land swap will open the possibility of shared waste management between the City of Los Angeles and the City of Culver City and enhance solid waste resource services for LASAN's Western District curbside collection services.

On February 15, 2017 City Council adopted the Energy and Environmental Committee Report relative to the exchange of the 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.



SUMMARY

As part of LASAN interest and critical need to develop Solid Waste Resources Infrastructure in West Los Angeles watershed and opportunities for regional collaboration, LASAN became aware of an available site located at 6001 West Jefferson Blvd that could be developed as a MRF. The property is owned by 6001 Jefferson, LLC, an affiliate of NantWorks LLC, a pharmaceutical company (collectively 6001 Jefferson, LLC and NantWorks, LLC are referred to as "Nant"). The property is approximately 59,472 square feet and is located partly in Culver City and partly in the City of Los Angeles. After extensive evaluation LASAN has determined that this site is suitable for a possible MRF. The property is zoned to allow for a MRF, and was in fact previously occupied by an older MRF which was demolished and cleaned up by Nant. In addition, having this site in close proximity to the existing Culver City Transfer Station will facilitate and expand the potential for a joint partnership with Culver City for shared solid waste management that would be mutually beneficial. Plans for facilitating the joint partnership are underway. LASAN secured the services of a consultant (HDR) to assist LASAN and Culver City with the process of securing the entitlements for the development of a MRF and related public outreach and CEQA analysis.

LASAN, in collaboration with GSD, has negotiated an agreement with Nant for the exchange of LASAN's property at 9940 Jefferson Blvd. with their property located at 6001 Jefferson Blvd. According to the terms of the agreement, 6001 Jefferson, LLC will sell 6001 Jefferson to LASAN for \$7,500,000 via fee title and quitclaim and LASAN will sell 9940 Jefferson to NantWorks, LLC for \$17,500,000. The agreement will result in an exchange of properties as well as a cash payment of \$10,000,000, or equivalent properties ("Reconciliation Payment") from Nant to LASAN. As part of the exchange, 6001 Jefferson LLC will retain, on a month-to-month basis, parking for their vehicles at 6001 Jefferson Blvd.

LASAN has also identified some additional properties, located at 9401 West Jefferson Blvd. (the 9401 Properties) that LASAN recommends for its acquisition as part of this exchange. Nant, through its affiliate Veteran Holdings LLC, a Delaware limited liability company, has agreed to use its best efforts to extend offers to acquire the 9401 Properties. 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. Nant is to enter into purchase agreements ("Additional Lot Purchase Contracts") approved by the City for the acquisition of this property. If Nant successfully enters into these Additional Lot Purchase Contracts, then Nant shall deposit the Additional Lot Purchase Contract Assignments, all documents and funds, into Escrow (collectively, the "Reduced Reconciliation Payment"). The Reduced Reconciliation Payment shall equal \$10,000,000, less the aggregate amount paid by Nant for this property. In the event the Reduced Reconciliation Payment Conditions are not satisfied, then the Reconciliation Payment shall equal \$10,000,000.

LASAN will retain approximately 17,000 square feet in fee from 9940 West Jefferson Boulevard for its Odor Control Facility. NantWorks, LLC will grant easements to the City for access to the OCF and for connection to the OCF's power box and power pole. An access easement will be obtained by City, allowing access to and from Jefferson

Boulevard, through adjacent College Boulevard, with the assistance of Nant, at City's own expense. If this access easement is not secured before closing, Nantworks, LLC will provide a 16-foot wide access easement to and from Jefferson Boulevard, through 9940 for the benefit of City's retained 17,000 square foot parcel.

In addition, the exchange of 9940 Jefferson will reserve two easements as follows: a subsurface sanitary sewer easement, without right of surface entry, within a thirty-foot wide portion of one parcel and a second easement for ingress and egress over another parcel.

RECOMMENDATIONS

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

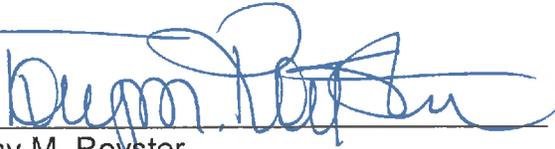
1. Approve the exchange of the City-owned property located at 9940 Jefferson Boulevard, Culver City with the property located at 6001 W. Jefferson Boulevard, Culver City owned by 6001 Jefferson, LLC (together with the Additional Lot Purchase Contract Assignments (if applicable) and the Reconciliation Payment);
2. Approve the receipt of payment of \$10,000,000 to be paid for the City by Nant in cash or equivalent properties in the vicinity of the transfer station in Culver City;
3. Request the City Attorney to review and approve as to form all documents including but not limited to the Purchase & Sale Agreement, Parking License and Easement Agreements;
4. Adopt the attached Ordinance authorizing the exchange of the Properties and the Easements, with 6001 Jefferson, LLC and Nantworks, LLC;
5. FIND that the sale/exchange of the City-owned property at 9940 Jefferson is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to City CEQA Guidelines, Article III, Section 1, Categorical Exemption Class 12;
6. Direct the General Manager of GSD to execute the Parking License Agreement with 6001 Jefferson, LLC for \$500 per month, on a month-to-month basis, for the 6001 W. Jefferson property. City will have joint use of Property with 6001 Jefferson, LLC on an as-needed basis;
7. Direct the General Manager of GSD and Director of LASAN to execute the Purchase and Sale Agreements and the Easement Agreements;
8. Instruct the Department of General Services to complete the transactions outlined in the Ordinance, process the necessary documentation to execute the exchange, 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; and,

9. Authorize the General Manager of GSD and Director of LASAN to execute all necessary agreements, reviewed and approved as to form by the City Attorney, for the acquisition of the 9401 Properties from Jefferson Property LLC should the Additional Lot Purchase Contracts and the assignment to the City be approved by the City (thru GSD and LASAN) **and** direct GSD to process the necessary documentation to effectuate this acquisition.

FISCAL IMPACT STATEMENT

This real estate transaction will result in Nant paying the City \$10,000,000 cash or \$10,000,000 in equivalent properties. Proceeds 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



Enrique C. Zaldivar
Director
Bureau of Sanitation (LASAN)

Attachments

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

Date: June 7, 2017 

To: David Roberts, Assistant Director
Real Estate Services Division
Department of General Services
Attn: Armando Parra, Senior Real Estate Officer (MS 706)

From: Maria Martin, Manager
Environmental Management Group
Bureau of Engineering
Department of Public Works

Subject: **9940 JEFFERSON BLVD., CULVER CITY, CA 90232 (APN 4296-001-270
and APN 4296-001-271)
(W.O. E1903843)
CEQA NOTICE OF EXEMPTION**

Following your request for environmental documentation, we have determined that this project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to *City of Los Angeles CEQA Guidelines* (Art III, Sec 1, Class 12) and State Guidelines (Sec 15312). The attached Notice of Exemption serves as your record that CEQA review has been completed and it should be retained in the official project file.

This determination is based on the information submitted to us by your office and on our subsequent investigation. Please review the enclosed notice carefully. If the notice incompletely or inaccurately describes the project, the City could be vulnerable to legal challenges. If you think there may be inconsistencies, or if the project description changes, please contact this office for a re-evaluation of the project's exempt status.

The Notice of Exemption may be filed with the Los Angeles County Clerk after the project is approved or a determination is made to carry out the project. Filing with the County Clerk is not usually required but has the advantage of limiting legal challenges to a 35-day period. Without the filing, legal challenges can be filed up to 180 days following commencement of the project. The filing is subject to a \$75 filing fee, which your office will be expected to provide. If you want EMG to file the notice with the County Clerk, please let us know immediately after the project is approved or a determination is made to carry out the project. Project approval can occur in any of several actions, such as declaring the property surplus, entering or closing escrow, etc.

Should you have questions or concerns regarding this notice, please contact Norman Mundy of my staff at (213) 485-5737 or at norman.mundy@lacity.org

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK
ROOM 395, CITY HALL
LOS ANGELES, CALIFORNIA 90012
CALIFORNIA ENVIRONMENTAL QUALITY ACT
NOTICE OF EXEMPTION
(Articles II and III – City CEQA Guidelines)**

Submission of this form is optional. The form shall be filed with the County Clerk, 12400 E. Imperial Highway, Norwalk, California, 90650, pursuant to Public Resources Code Section 21152(b). Pursuant to Public Resources Code Section 21167(d), the filing of this notice starts a 35-day statute of limitations on court challenges to the approval of the project.

LEAD CITY AGENCY AND ADDRESS: City of Los Angeles c/o Environmental Management Group Los Angeles City Engineer 1149 S. Broadway, MS 939 Los Angeles, CA 90015	COUNCIL DISTRICT Adjacent to CD 10
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PROJECT TITLE: Jefferson Blvd. 9940	W.O. E1903843	LOG REFERENCE
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PROJECT LOCATION: 9940 Jefferson Blvd., Culver City, CA 90232	TG Page 672 Grid H2
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DESCRIPTION OF NATURE, PURPOSE, AND BENEFICIARIES OF PROJECT: The City of Los Angeles is processing for possible land swap and disposition a portion of City-owned property located at 9940 Jefferson Boulevard in Culver City (APN 4296-001-270) and also adjacent parcel APN 4296-001-271(see Figure 1). The City will retain an approximately 17,000 square foot portion of APN 4296-001-270 for purposes of continued use of an existing odor control facility associated with underground sewers in the vicinity. This parcel is currently vacant, except for the aforementioned odor control facility. Parcel APN 4296-001-271 provides access to 9940 Jefferson Blvd. from College Boulevard. This CEQA exemption is only for the potential sale or disposition of the subject property.

CONTACT PERSON: Norman Mundy	TELEPHONE NUMBER: (213) 485-5737
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EXEMPT STATUS: (Check One)	CITY CEQA GUIDELINES	STATE CEQA GUIDELINES
<input type="checkbox"/> MINISTERIAL	Art. II, Sec. 2.b	Sec. 15268
<input type="checkbox"/> DECLARED EMERGENCY	Art. II, Sec. 2.a(1)	Sec. 15269(a)
<input type="checkbox"/> EMERGENCY PROJECT	Art. II, Sec. 2.a(2)(3)	Sec. 15269(b)(c)
<input type="checkbox"/> GENERAL EXEMPTION	Art. II, Sec. 1	Sec. 15061(b)(3)
<input checked="" type="checkbox"/> CATEGORICAL EXEMPTION*	Art. III, Sec. 1 Class 12	Sec. 15312
<input type="checkbox"/> STATUTORY* Art. _____ Sec. _____		

* See Public Resources Code Sec. 21080 and set forth state and city guidelines provisions.

JUSTIFICATION FOR PROJECT EXEMPTION: *California CEQA Guidelines* Section 15312, consists of sales of surplus government property except for parcels of land located in an area of statewide, regional, or area wide concern identified in Section 15206(b)(4). Section 15206(b)(4) concerns projects for which an Environmental Impact Report (EIR) and not a Negative Declaration was prepared, and would be located in and would substantially impact the following areas of critical environmental sensitivity: the Lake Tahoe Basin; the Santa Monica Mountains Zone; the California Coastal Zone; an area within 1/4 mile of a wild and scenic river; the Sacramento-San Joaquin Delta; the Suisun Marsh; or the jurisdiction of the San Francisco Bay Conservation and Development Commission. *City of Los Angeles CEQA Guidelines* (Art III, Sec 1, Class 12(2)(c)) exempts the sales of surplus government property except for parcels of land located in an area of statewide interest or potential area of critical concern as identified in the Governor's *Environmental Goals and Policy Report*, prepared pursuant to Government Code Section 65041, et. seq. The project site is not located in such areas.

IF FILED BY APPLICANT, ATTACH CERTIFIED DOCUMENT OF EXEMPTION FINDING

SIGNATURE:  Maria Martin	TITLE: Environmental Affairs Officer Environmental Management Group	DATE: 6/8/17
FEE: \$75.00	RECEIPT NO.	REC'D BY
		DATE

CATEGORICAL EXEMPTION NARRATIVE

I. ENVIRONMENTAL REVIEW - The State CEQA Guidelines (CCR Sec 15300.2) limit the use of categorical exemptions in the following circumstances:

1. Location. Exemption Classes 3, 4, 5, 6, and 11 are qualified by consideration of where the project is to be located – a project that is ordinarily insignificant in its impact on the environment may be significant in a particularly sensitive environment. Therefore, these classes are considered to apply all instances, except where the project may impact on an environmental resource of hazardous or critical concern where designated, precisely mapped, and officially adopted pursuant to law by federal, state, or local agencies.

The current exemption is under Class 12 and this exception has no application here.

2. Cumulative Impact. This exception applies when, although a particular project may not have a significant impact, the cumulative impact of successive projects of the same type in the same place, over time is significant.

This project is the potential sale or disposition of surplus City property at this location. There are no other known projects that could involve cumulatively significant impacts in the general area. Therefore, this exception has no application here.

3. Significant Effect. This exception applies when, although the project may otherwise be exempt, there is a reasonable possibility that the project will have a significant effect due to unusual circumstances.

The project site is located within the Inglewood Oil Field and potential construction would be subject to applicable engineering controls for construction on such sites. However, this project consists only of the potential sale or disposition of surplus City property at this location and does not include any ground disturbance, excavation or construction. Thus, there is no reasonable possibility that the proposed project will have a significant effect due to unusual circumstances. Therefore, this exception has no application here.

4. Scenic Highway. A categorical exemption shall not be used for a project which may result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway.

This project is the potential sale or disposition of surplus City property at this location. The proposed project is not within sight of any state designated scenic highway resource. Therefore, this exception has no application here.

5. Hazardous Waste Site. This exception applies when a project is located on a site listed as a hazardous waste site under Government Code Section 65962.5.

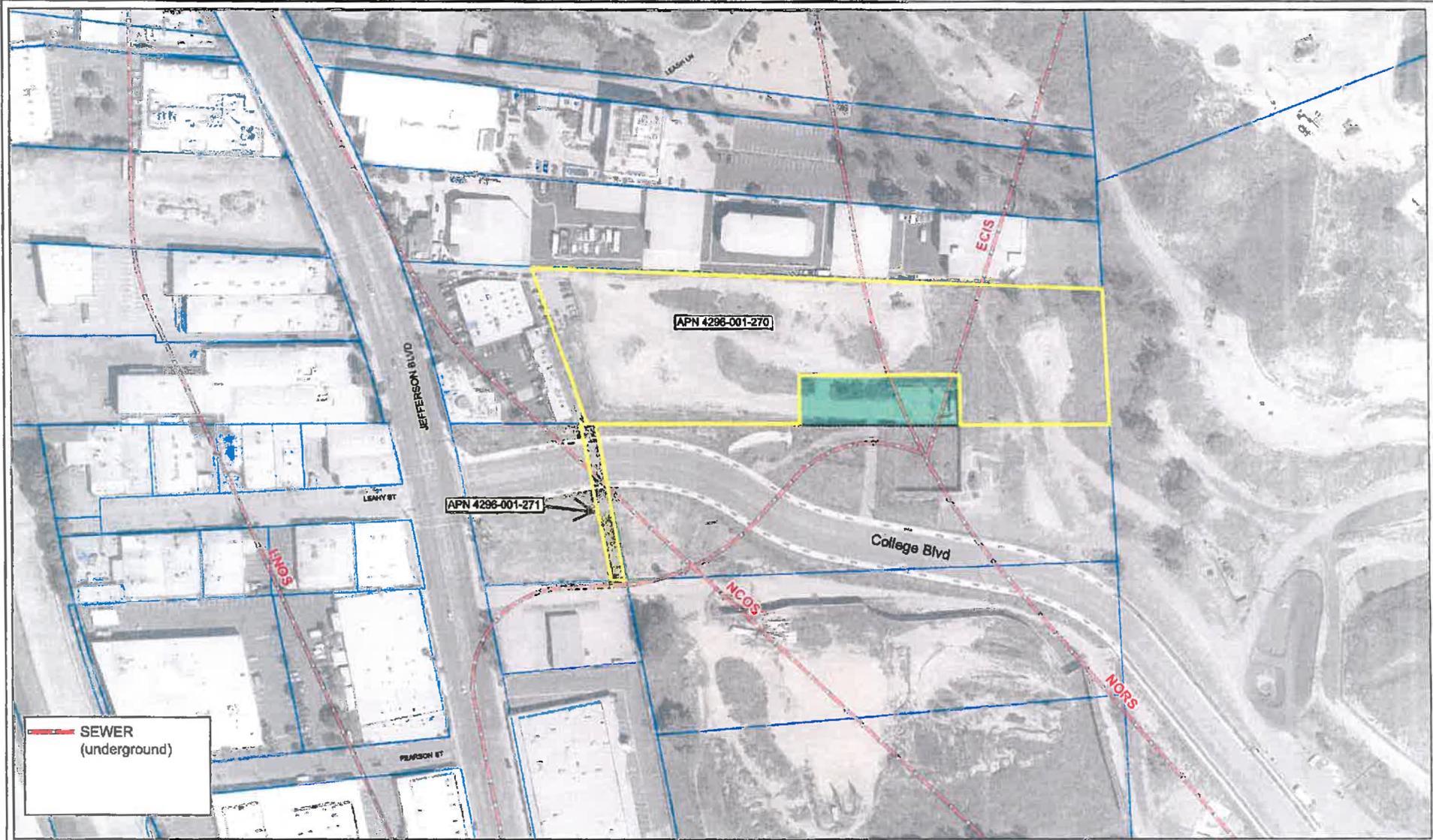
This project is the potential sale or disposition of surplus City property at this location. The

State Department of Toxic Substances Control Website (at Envirostor, www.envirostor.dtsc.ca.gov) and the California Water Quality Control Board Website (at Geotracker, <https://geotracker.waterboards.ca.gov/>) were visited on May 23, 2017. No sites have been listed on the Envirostor or Geotracker websites related to hazardous materials or soils contamination at the project site.

The proposed project area is not listed as a hazardous waste site. Therefore, this exception has no application here.

6. Historical Resources. This exception applies when a project may cause a substantial adverse change in the significance of a historical resource.

There are no known historical resources in the project area. There are no other unusual circumstances known to this office. Therefore, a substantial adverse change in the significance of historical resources is not anticipated and this exception has no application here.



SEWER
(underground)

Produced by GTR Group
Whitewater Engineering Services Division
Bureau of Sanitation
City of Los Angeles
Date: 5/11/2017



FIGURE 1

9940 Jefferson Blvd.
Culver City, CA 90232

= for potential sale/disposition
 = retained by City



100 50 0 100 Feet