

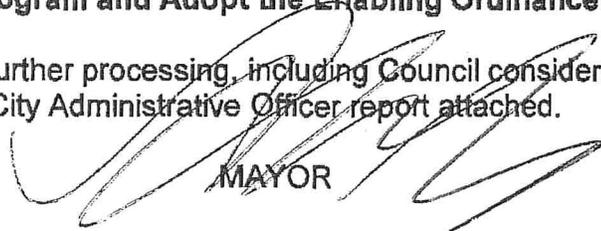
0150-11305-0000

TRANSMITTAL

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE APR 02 2019	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Request to Approve a Real Property Exchange Agreement with
HABA, Inc. for Properties Near the Los Angeles International Airport
To Help Facilitate Implementation of the Landside Access Modernization
Program and Adopt the Enabling Ordinance**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.


MAYOR
Ana Guerrero

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 2, 2019

CAO File No. 0150-11305-0000

Council File No.

Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Los Angeles World Airports dated February 4, 2019; referred by the Mayor for report on February 5, 2019

Subject: **REQUEST TO APPROVE A REAL PROPERTY EXCHANGE AGREEMENT WITH HAHA, INC. FOR PROPERTIES NEAR THE LOS ANGELES INTERNATIONAL AIRPORT TO HELP FACILITATE IMPLEMENTATION OF THE LANDSIDE ACCESS MODERNIZATION PROGRAM AND ADOPT THE ENABLING ORDINANCE**

RECOMMENDATIONS

That the Mayor Request the Council to:

1. Approve, subject to City Attorney approval as to form, the Real Property Exchange Agreement and any documents or agreements necessary to complete a property exchange between HAHA, Inc., the owner of an approximately 7,700 square foot parcel at 9200 Aviation Boulevard east of the Los Angeles International Airport, and the Los Angeles World Airports (LAWA) for approximately 9,075 square feet of nearby property owned by LAWA for the purpose of acquiring a specific property needed to implement the Landside Access Modernization Program, per City Charter Section 385 "Sale of City Property" and Los Angeles Administrative Code Division 7, Chapter 1, Article 4 "Sale of Real Property No Longer Required for Use of the City";
2. Adopt the Board of Airport Commissioners' determination that the proposed action is categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Article III, Class 1(18)(c) and Article II, Section 2.i of the Los Angeles City CEQA Guidelines;
3. Concur with the accompanying Resolution No. 26689, as adopted by the Board of Airport Commissioners at its meeting of February 7, 2019, making all findings and determinations and taking all necessary actions to complete the exchange of properties transaction as set forth in the Real Property Exchange Agreement;
4. Adopt a final Ordinance to be prepared and transmitted by the City Attorney approving Resolution No. 26689; and,

5. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the Real Property Exchange Agreement and any documents or agreements necessary to complete the property exchange with HAHA, Inc. in accordance with the provisions of City Administrative Code Section 7.27 in that the public interest and necessity require the direct exchange of property pursuant to the Real Property Exchange Agreement.

SUMMARY

In conformance with Charter Sections 632(c), "Powers and Duties of the Board: Development of the Airports" and 385 "Sale of City Property," as well as City Administrative Code 7.27, "Private Sale" [of City-owned property], the Chief Executive Officer of the Los Angeles World Airports (Department; LAWA) requests approval to exchange property—in lieu of eminent domain proceedings—owned by LAWA near the Los Angeles International Airport (LAX) for a nearby similarly-sized, privately-owned property in order to enable construction of the Landside Access Modernization Program (LAMP). This proposed action is pursuant to a Council-approved Real Property Exchange Agreement (Attachment 1) and accompanying Ordinance (Attachment 2) to facilitate the transaction.

While the Board of Airport Commissioners (Board) authorized LAWA, on December 6, 2018, to acquire properties—the subject property included—needed for the LAMP project through eminent domain, the Department prefers to acquire properties through voluntary acquisition or property exchanges where possible. As a consequence, and in acknowledgment of the LAMP project's accelerated construction schedule, LAWA is pursuing both options simultaneously: voluntary acquisition through a property exchange and eminent domain with the understanding that eminent domain will be terminated once a property exchange is completed. With the property exchange option, no money would change hands.

Under the terms of the property exchange agreement, the current owner would, at no cost to LAWA, (1) remove all existing fueling equipment and improvements associated with the present gas station and convenience store at 9200 Aviation Boulevard that could affect the LAMP project, (2) replace and reinstall the equipment in a location on the site that would not negatively impact LAMP, (3) remove and remediate all hazardous materials and contaminated soil on site, (4) relocate all affected utilities, and (5) provide LAWA with Temporary Construction Easements for the LAMP project.

The Real Property Exchange Agreement with HAHA, Inc. and the draft Ordinance were approved by the Board of Airport Commissioners at its February 7, 2019 meeting.

Property Exchange Versus Eminent Domain

In preferring the real property exchange over eminent domain proceedings, the Department will save both time and money. As an example, LAWA estimates that the total cost to acquire the 7,700 square foot property through eminent domain is \$2,768,806, which does not include the additional costs for LAWA to prepare the site for construction. Inasmuch as the value of the 9,075 square foot LAWA-owned land being exchanged is \$952,875, the property owner, by agreeing to the property exchange, is waiving nearly \$2,000,000 in adjusted compensation. The \$952,875 will, however, be

used to reimburse the LAX Passenger Facility Charge account (a fee included in most airline tickets to help finance the upkeep and maintenance of airports).

In addition to the cost savings, the Department estimates time savings of between seven and ten months from the use of the real property exchange alternative. The time savings, in turn, will help LAWA stay on schedule for the LAMP project construction.

In addition to Council approval, the Department of City Planning and the Federal Aviation Administration must approve the proposed property exchange. At its meeting of February 28, 2019, the City Planning Commission approved the proposed property exchange. Likewise, the Federal Aviation Administration executed its Release Authorization on March 20, 2019. In the event the eminent domain option is used, adoption of an Ordinance by the Council approving a Board-approved Resolution of Necessity—which would authorize the Department to acquire the subject property—will be required.

Environmental Impact – CEQA Guidelines

The issuance of agreements granting the use of existing airport facilities is categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Article III, Class 1(18)(c). Similarly, the LAMP project is exempt from Article II, Section 2.i of the Los Angeles City CEQA Guidelines as an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the requirement of these Guidelines.

FISCAL IMPACT STATEMENT

While there will be no funds exchanged if the Los Angeles World Airports and HAHA, Inc. (the owners of the properties proposed to be exchanged) agree to the Real Property Exchange Agreement rather than continuing with the parallel eminent domain process, funding in the amount of \$952,875 will need to be appropriated from the LAX Revenue Fund to reimburse the Passenger Facility Charge account to reflect the appraised value of the Los Angeles World Airports-owned property that is part of the property exchange. Additional funding, in the amount of \$15,000, will need to be appropriated from the LAX Revenue Fund to pay for real estate closing costs. In the event the eminent domain process is used, the cost to the Department could exceed \$3,000,000. Regardless of the option selected, there will be no impact on the City's General Fund. Both the proposed property exchange and the eminent domain options comply with the Department of Airports' Financial Policies.

RHL:WDC:10190077

Attachments