

**APPROVED**  
JAN 21 2009

REPORT OF GENERAL MANAGER

NO. 09-003 (revised)

DATE January 7, 2009

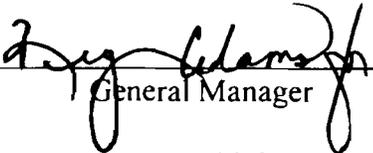
**BOARD OF RECREATION  
and Park Commissioners**

C.D. 9

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: SOUTH LOS ANGELES WETLANDS PARK - ACQUISITION AND DEVELOPMENT OF THE NINE-ACRE PARCEL AT 5413 SOUTH AVALON BOULEVARD; PURCHASE AND SALE AGREEMENT AND LEASE AGREEMENT WITH THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

R. Adams	_____	J. Kolb	_____
H. Fujita	_____	F. Mok	_____
S. Huntley	_____	K. Regan	_____
V. Israel	_____	*M. Shull	<u>one for MS</u>

  
\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Adopt the Resolution approving the acquisition of a nine-acre parcel at 5413 South Avalon Boulevard, currently owned by the Los Angeles County Metropolitan Transportation Authority (Metro), for the purpose of creating the "South Los Angeles Wetlands Park";
2. Approve a Purchase and Sale Agreement (PSA), substantially in the form on file in the Board Office, subject to approval of the City Attorney as to form;
3. Approve a Lease Agreement, substantially in the form on file in the Board Office, allowing Metro to continue to occupy a portion of the property pending completion of Metro's replacement service yard, subject to approval by the Mayor and the City Attorney as to form;
4. Direct the Board Secretary to transmit forthwith the proposed PSA to the City Attorney for review as to form;

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5. Direct the Board Secretary to transmit forthwith the Lease Agreement, in accordance with Executive Directive No. 3, to the Mayor for expedited review and approval and to the City Attorney for review as to form;
6. Authorize the General Manager to execute the PSA upon receipt of the necessary approvals;
7. Authorize the Board President and Secretary to execute the Lease Agreement upon receipt of the necessary approvals;
8. Request that the project manager from the Bureau of Engineering (BOE) prepare for deposit into escrow the sum of \$2 million in Measure "O" funds, the sum being a loan approved by the program's Administrative Oversight Committee;
9. Direct the Chief Accounting Employee to repay the Measure "O" funds (Fund 16Q, Dept. 50, Account EC10) to the extent that reimbursement is received from the Proposition 12 program, the repayment to be made within one year of receiving the grant funds;
10. Request that the BOE project manager prepare for deposit into escrow the sum of \$1 million in approved Proposition K funds and \$15,000 of other funding for the payment of title and escrow fees;
11. Authorize the Board Secretary, upon the successful close of escrow, to accept the grant deed for the parcel, which shall be set apart and dedicated as park property in perpetuity;
12. Authorize staff to work with BOE and other City entities on site development, initially to consist of a pocket park and wetlands, and later, a community center containing a display on the site's role in local transit history;
13. Direct staff to request that BOE include in the budget for the wetlands project the cost of preserving the physical integrity of the community-center structure and the cost of salvaging/storing on site certain designated, historic items in accordance with the Council-approved mitigation measure; and,
14. Direct staff to request that BOE, as part of the wetlands project, prepare a manual on their operations and maintenance protocols/procedures and, in consultation with the Department, list which of the protocols and procedures will be the Department's responsibilities and which will be performed by other City entities, including the annual estimated cost of the tasks.

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### SUMMARY:

On December 12, 2007, the Board gave preliminary approval to the acquisition and development of a nine-acre parcel owned by Metro and occupying the block between 54<sup>th</sup> and 55<sup>th</sup> Streets, with San Pedro Street on the west and Avalon Boulevard on the east (Assessor Parcel Number 5101-002-900). The property is a bus maintenance and storage yard and has a street address of 5413 South Avalon Boulevard. Board Report No. 07-299 gave the status of the complex negotiations between Metro and the Office of Council District Nine concerning the City's acquisition of the parcel for public park use. In the process, the City Council had approved the acquisition in the expectation that the site would become the "South Los Angeles Wetlands Park" (Council File No. 05-1231).

Board Report No. 07-299 also described environmental and other activity needed before staff returned to the Board with further recommendations. Subsequently, on April 8, 2008, Council adopted a recommendation of the Board of Public Works to certify the Environmental Impact Report (EIR) for the wetlands project and to adopt a Mitigation Monitoring and Reporting Plan (MMRP). City Planning had previously submitted recommendations for General Plan amendments, zone changes, and related matters; Council approved the recommendations on the same date. A Notice of Determination was filed with the Los Angeles City and County Clerks on April 10-11, 2008. A final hurdle was Metro's need to settle a lawsuit with Clear Channel Outdoor, Inc., that had resulted from a Metro and public works project located elsewhere (Superior Court Case No. BC286040). The City became involved when settling the suit was made a condition of closing escrow on the Avalon site. The suit was dismissed on October 10, 2008.

Staff now seeks the Board's final approval for the site's acquisition and development. The proposed PSA confirms that Metro is still willing to sell the parcel to the City for \$3 million, a price supported by a Class "A" appraisal obtained by General Services. The sum of \$1 million is available from the fifth competitive cycle of the Proposition K program. The remaining \$2 million was supposed to be reimbursed by the Proposition 12 Roberti-Z' Berg-Harris program (Fund 46L, Department 89, Council File No. 06-2978-S8). The "L. A. for Kids" Steering Committee had recommended acquisition funding by Propositions K and 12 on January 30, 2007, and December 13, 2007.

On December 18, 2008, in response to a broad fiscal crisis, the Director of the California Department of Finance issued a stop-work order for all projects funded by State bonds (Budget Letter 08-33). The City project team then requested the use of Measure "O" funds; Council had already approved \$8.1 million from that program to develop wetlands on the site. On January 14, 2009, an acquisition loan of \$2 million was approved by the Measure "O" Administrative Oversight Committee. The loan will be repaid to the extent that the State grant

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funds become available. Escrow and title fees are estimated to be less than \$15,000 and will be paid from Measure "O" funds or another source available to the project team.

At the time of requesting the Board's preliminary approval, staff noted that further environmental assessment was needed before BOE geotechnical staff could draft a Remediation Action Plan (Plan) with estimated costs. On September 10, 2008, a supplemental Phase II assessment was completed. Geotechnical staff then negotiated with Los Angeles County regulators a conceptual plan for treating the soil. The work is expected to cost \$1 million. There is presently no indication of groundwater contamination. The aging structures on site were surveyed for lead paint and asbestos; abatement will be addressed separately from the Plan and is expected to cost \$100,000.

Metro has agreed in the proposed PSA to open a separate escrow account and deposit \$900,000 toward the City's remediation costs. The Environmental Affairs Department is seeking an additional \$200,000 in the next cycle of "brownfield" grants from the Environmental Protection Agency (EPA). If awarded a grant, the funds will be available by mid-2009. This combined funding is believed to be sufficient for remediation, which will be scheduled to accommodate a phased development of the site.

Attached to the PSA is a Lease Agreement between the City and Metro. It resulted from Metro's need to occupy a portion of the site after the close of escrow because their replacement service yard will not be fully operational until mid-2010. The proposed Lease Agreement will become effective at the close of escrow and terminate when Metro completely vacates the Avalon site, which is expected to occur on or before September 30, 2010.

### Pocket Park

Even while Metro is still on site, BOE will begin developing a pocket park. The time frame was set to meet a grant deadline, for the sum of \$1,344,221 had been awarded under the Proposition 40 Roberti-Z'Berg-Harris program (Fund 47W, Department 89, Council File No. 06-2978-S4). The grant has a close-out date of June 30, 2011. By then at least part of the site must be developed and ready for public park use with all required documentation submitted to the State.

Although the State's stop-work order has suspended access to the Proposition 40 funds, the BOE project team thinks it is prudent to proceed on schedule. If the funds are "unfrozen", the City will meet the grant deadline, which the State may decline to extend, and therefore be eligible for reimbursement. The narrow park of 1.1 acres will lie along the southwestern border of the site and have landscaping, decomposed granite paths and a picnic area with tables and benches. BOE estimates the development to cost \$1.5 million. They and the Council Office will seek funding to replace the grant or to be used as a cash-flow source if access to the grant is restored.

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### Wetlands

When Metro fully vacates the site, BOE will develop wetlands to the north and east of the pocket park, integrating it into the larger project. Together they will occupy 4.5 acres or half the site. A total of \$14,806,507 was approved for the wetlands development. This total includes \$8,100,000 in Measure "O" funds approved by the City Council on August 18, 2006 (Council File No. 06-1235). The final sum available for the wetlands will be reduced if the Measure "O" funds loaned for the acquisition are not fully repaid or if this funding source is used for the development of the pocket park. There is also \$3,406,507 in sewer construction and maintenance funds approved by the Bureau of Sanitation on September 12, 2007, as partial settlement of two lawsuits involving City stormwater runoff and enforcement of the Clean Water Act. The California Department of Water Resources has committed \$3,300,000 under Proposition 50, Chapter 8. While the State's recent stop-work order has suspended this commitment, the funds will not be needed for two years.

The wetlands are intended to be a demonstration project for the management/reuse of urban stormwater and dry-weather runoff. The project will also recreate some of the habitat diversity once common to the area, which is part of the Lower Los Angeles River Basin. There will be a pre-treatment facility and signage on the biological process whereby three wetland "cells" or ponds further treat water before it is discharged back into the City's storm drains. Also included will be mini-riparian habitats and native landscaping. Ground-level paths and raised boardwalks will facilitate public access for bird watching and other nature study. BOE has hired the firm Psomas to provide design services and anticipates completing most of the project by the fall of 2011.

### Community Center and Transit Museum or Interpretive Display

After the wetlands are completed, a third phase of development is planned. It will feature the site's largest existing structure, which totals nearly 84,000 square feet. It is concrete, rectangular and extends along the southeastern border of the site. The structure dates from 1911 and is variously called "the bus maintenance building", "the paint shop" and "building 71". The builders used a new technique called "tilt-up" wall construction; the concrete slabs forming the wall typically weigh 100 tons. It was the first such structure in the West and probably the country's largest for that era.

The plan is for it to become a multi-use community center. It may also house a small museum with displays on the site's historical role in local transit. The development of an interpretive program is a condition in the MMRP that was adopted when the EIR was certified (EIR Section 3.5, Mitigation Measure CUL-6). The condition resulted from the planned demolition of all the other structures, including two that are much smaller but of a comparable age. The demolition will create space for the pocket park and wetlands.

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For decades the structures were collectively called the "South Park Shops" after the former name of Avalon Boulevard. Henry E. Huntington developed the complex in order to centralize the manufacture/assembly and the repair/maintenance or overhaul of street cars (trolleys) and other components of his light-rail system. In the 1950s, after the region shifted from light rail to buses, the workers' focus also shifted. The site has been publicly owned since 1958. In recent years it has increasingly been used for storage.

In November 2008, a Historical Resources Salvage Inventory Report was completed for BOE. It supplements the EIR on the cultural impacts of the City's proposed development. The Report recommends that in addition to the large concrete structure, certain equipment and other features be retained and protected from damage or loss so that they are suitable for the interpretive display. Most of these designated items were on site by the mid-1940s; several pieces of equipment are notable examples of their type and still function.

The MMRP states that the transit display or museum will be the coordinated responsibility of the Department, BOE and City Planning's cultural heritage staff. After completing the wetlands, City staff will seek grant funding for the design and development of the community center and the transit display.

In the meantime, Department staff recommends that BOE be asked to include in the project budget for the wetlands the cost of assessing the condition of the community-center building for purposes of preserving its physical integrity. Also needed are a plan and budget for salvaging and storing the historically significant equipment and other items. It may be feasible to create a demolition plan that salvages historic building material such as bricks. If so, the Department may be able to take possession of these for use in various projects, for example, in the foundation repairs planned for the Banning Residence Museum.

In addition to the Office of Council District Nine, the Assistant General Manager of Operations East and the Superintendent of Pacific Region concur with staff's recommendations.

### FISCAL IMPACT STATEMENT:

The BOE project team thinks that funding is sufficient for acquiring and developing the property, although the current design of the wetlands may need simplifying since it is based on full access to the State grants. The total funding for acquisition and development ranges from \$12,506,507 if all the State funding is lost to \$19,150,728 if it is fully restored. These totals exclude the \$900,000 that Metro will set aside for site remediation. Also excluded is the proposed \$200,000 from the EPA.

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By mid-2009 the BOE project team expects to have estimates for the annual cost of operating and maintaining the wetlands. Based on project-management experience elsewhere, the City's total annual cost could range from \$400,000 to \$700,000 or more. When Council approved the Measure "O" allocation for the wetlands, the Department and the Bureaus of Sanitation and Street Services were instructed to submit funding requests through the annual budgetary process (Council File No. 06-1235, No. 4). Staff recommends that BOE be requested to provide each entity a list of proposed tasks with estimated costs.

Region staff estimates the annual maintenance of the pocket park to cost \$35,000; this sum can be requested in the next budget cycle.

This report was prepared by Joan Reitzel, Senior Management Analyst in Real Estate and Asset Management, Planning and Development Division.