

APPROVED
DEC 08 2010

REPORT OF GENERAL MANAGER

NO. 10-330

DATE December 8, 2010

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 6

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 12477 - 12511 SHELDON STREET – REQUEST FOR FINAL AUTHORIZATION TO ACQUIRE PROPERTY – PURCHASE AND SALE AGREEMENT, AND ALLOCATION OF PROPOSITION 40 FUNDS AND PROPOSITION K FUNDS

R. Adams	_____	F. Mok	_____
H. Fujita	_____	K. Regan	_____
S. Huntley	_____	*M. Shull	<u><i>[Signature]</i></u>
V. Israel	_____		

[Signature]
General Manager

Approved *[Signature]* Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Adopt the Proposition K - L.A. for Kids Steering Committee Report recommendation of October 28, 2010, and City Council action (Council File (C.F.) No.10-0675) relative to said report to take the necessary actions to acquire the property at 12477 - 12511 Sheldon Street for the skate park component of the "Southeast Valley Roller and Skateboard Rink" project;
2. Adopt the Resolution, substantially in the form on file in the Board Office, authorizing staff to request the assistance of the Department of General Services (GSD) and other City entities, per Charter Section 594(a) and (b), in obtaining fee title to a privately owned, vacant parcel of 2.11 acre or 94,875 square feet, with the address of 12477 - 12511 Sheldon Street in Sun Valley; Assessor Parcel Numbers (APN) 2634-006-012, -028, -032, -037 and -038;
3. Approve a proposed Purchase and Sale Agreement (PSA), substantially in the form on file in the Board Office, subject to the approval of 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;

REPORT OF GENERAL MANAGER

PG. 2 NO. 10-330

5. Authorize the Department of General Services (GSD), the Department of Public Works (DPW), and the Department of Recreation and Parks' (RAP) Chief Accounting Employee to make technical corrections as necessary to establish the necessary accounts to acquire the project site, and to accept, and transfer the necessary monies to fund the acquisition to the appropriate City Department accounts or escrow company account in order to expeditiously effectuate the acquisition of the five parcel 12477 - 12511 Sheldon Street site as intended by the City of Los Angeles, City Council, C.F. No.10-0675;
6. Authorize the Board President and Secretary to execute the PSA upon receipt of the necessary approvals; and,
7. Direct the Board Secretary, to accept the grant deed to the property, which is to be set apart and dedicated as park property in perpetuity.

SUMMARY:

On March 3, 2010, the Board of Recreation and Park Commissioners preliminarily approved the acquisition of the 12477 - 12511 Sheldon Street property totaling 2.11 or 94,875 square feet acres in the Sun Valley community (Board Report No. 10-055). On March 3, 2010, the Board also approved the transfer and allocation of \$51,474 in Quimby Fees from the Quimby Fees Account No. 460K-00 to the 12511 Sheldon Street Account No. 460K-XF for the park acquisition project. Currently, there is \$36,594 in Quimby Fees remaining of the \$51,474 allocation. This account continues to be drawn from, therefore; it is uncertain how much funds will remain for use on the project. Primary sources of funding will come from Proposition 40 and Proposition K monies.

The acquisition site is also known as the "Southeast Valley Roller and Skateboard Rink" (SE VALLEY) site, and consists of five parcels adjacent to Golden State (Interstate 5) Freeway. The Assessor Parcel Numbers (APN) for the five (5) parcel acquisition sites are APN's: 2634-006-012, -028, -032, -037 and -038. The privately owned property is a vacant 2.11 acres or 94,875 square foot parcel that is intended to be developed into a Skate Park. The proposed Skate Park would satisfy a portion of the "SE VALLEY" project.

On May 14, 2010, the City Council approved in concept proceeding with the proposed Skate Park component of the overall Proposition K specified SE VALLEY project scope (C.F. No.10-0675). On October 28, 2010, the L.A. for Kids Steering Committee adopted the recommendation of the Bureau of Engineering (BOE) Report No. 090329-01 to grant funding authority of \$2,500,000 in Proposition K funds to provide both cash flow (\$1,908,536) for the Proposition 40 grant funds and permanent funding of approximately \$591,464 for acquisition of property at 12477 - 12511 Sheldon Street. The recommended funding authority includes reprogramming of 2010-2011 Proposition K funding from delayed projects.

REPORT OF GENERAL MANAGER

PG. 3 NO. 10-330

On November 19, 2010, the City Council adopted the L.A. For Kids Steering Committee recommendations to recommend that the Board of Recreation and Parks Commissioners direct RAP Staff to take the necessary actions to acquire the property located at 12477 - 12511 Sheldon Street for the Skate Park component of the SE VALLEY project. The City Council also adopted the recommendations to authorize City Controller to transfer \$1,890,000 to Fund 43K Account No. G289, SE VALLEY ROLLER & SKATEBOARD project, and to approve a combined \$2,500,000 in 2010-2011 Proposition K reprogramming for the SE VALLEY project. City Council also authorized City Administrative Officer (CAO) to make technical corrections to those transactions, as needed to implement the Mayor and Council's intentions with regards to the SE VALLEY project.

RAP will proceed with the 5-parcel Skate Park acquisition component using Proposition K and Proposition 40 monies. The final goal is to purchase 2 additional parcels that would enable the City to build both the skate park and roller hockey rink that would accomplish the full specified scope for the SE Valley project. There is \$4,000,000 in Proposition K specified funds for both the Skate Park and Roller Hockey portions. Approximately \$2,000,000 in Proposition K funds will be set aside for the acquisition and development of the Skate Park project. The proposed acquisition site is large enough to meet the standard for a Neighborhood Park, as defined by the City's Public Recreation Plan. The intent is to develop the site into a new park and/or skate park. The new park will provide additional park space in the area and will help meet the needs of the community by providing new programs and services. There is strong Council Office support for this project.

Funding Sources:

Funding for the acquisition will come from the following: \$679,491 from Proposition 40 Per Capita (PC); \$1,229,045 from Proposition 40 Roberti-Z'berg Harris (RZH) which will be cash flowed from Proposition K and will be reimbursed upon receipt of Proposition 40 PC and Proposition 40 RZH funds; the remaining balance from Quimby and Proposition K. There is sufficient project funding available to pay for all acquisition related costs such as appraisals, Phase I Environmental Site Assessment, Escrow Closing Costs, site preparation and security of the site.

Acquisition Cost:

The cost of the proposed Sheldon St acquisition as recommended by GSD is \$2,430,000. A Class "A" appraisal was completed on July 16, 2010, and concluded that the market value was \$2,800,000. Upon review, GSD concluded that the appraisal was incorrect having excluded adjustments for comparable sales. Taking these into account, the accepted estimated appraisal value is \$2,210,000. This is the current value as of August 24, 2010. GSD met with the owner and negotiated a final purchase price of \$2,430,000. Although the final purchase price is approximately 10% more than the appraised value, GSD considers this an acceptable acquisition price and recommends and supports approval of this acquisition.

REPORT OF GENERAL MANAGER

PG. 4 NO. 10-330

Environmental:

A Phase I Environmental Site Assessment (ESA) was completed on January 14, 2010 in conformance with the scope and limitations of ASTM Standard Practice E1527-05 and the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) for the subject property. The ESA report indicated that there are no recognized environmental conditions in connection with the property, except for five vertical white plastic pipes in the ground across the site that may indicate previous subsurface soil investigations or monitoring.

A Soils Engineering Exploration report in February 2005 and a previous Phase I ESA in June 2006 did not account for nor indicate the origin these pipes. Therefore, further investigation of the pipes has been recommended. Upon further investigation on November 15, 2010, the vertical pipes were determined to be markers for a subsurface sewer lines. Therefore, there are no recognized environmental conditions on the property that would pose an impediment to its acquisition.

Staff determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes. Therefore, the acquisition of the project site is categorically exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to Article III, Section 1(y), Class 25 (5) of the City CEQA Guidelines. CEQA for the development of property will be addressed when the complete scope and intensity of the proposed skate and roller hockey facilities have been determined and funding approved for implementation.

In addition to the Office of Council District Six, the Assistant General Manager of Operations East concurs with staff's recommendations.

FISCAL IMPACT STATEMENT:

Maintenance funds for the new parkland will be requested as part of the RAP's annual budget process. After RAP plans the new development scope, staffing needs will be assessed.

This report was prepared by John Barraza, Management Analyst II in Real Estate and Asset Management, Planning and Construction Division.