

APPROVED
JUN 27 2013

REPORT OF GENERAL MANAGER

NO. 13-169

DATE June 27, 2013

BOARD OF RECREATION
AND PARK COMMISSIONERS

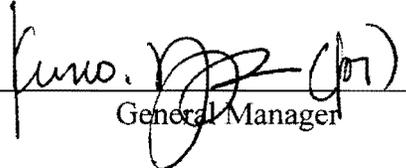
C.D. 15

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 50 PARKS INITIATIVE – EXIT PARK (406 NORTH GAFFEY STREET) –
PRELIMINARY AUTHORIZATION TO PROCEED WITH THE ACQUISITION
OF PROPERTY FOR THE DEVELOPMENT OF A PARK

R. Adams _____
H. Fujita _____
V. Israel _____

K. Regan _____
*M. Shull _____
N. Williams _____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Authorize the Department of Recreation and Parks (RAP) to initiate the process for the proposed acquisition of property, a parcel totaling approximately 14,498 square feet or 0.33 acres, located at 406 North Gaffey Street, San Pedro, California 90731;
2. Authorize staff to coordinate acquisition activities with the Department of General Services (GSD) and other necessary Departments, and to obtain the necessary environmental clearances and funding approvals to expedite the purchase of said property; and,
3. Upon the completion of the preliminary acquisition activities, direct staff to return to the Board of Recreation and Park Commissioners (Board) with escrow instructions and related documents for the Board's final approval to purchase the property, contingent on the following conditions:
 - A. Funding will have been made available for the acquisition of the property through AB1290 Funds and/or Capital Park Development B Account funds;
 - B. Appropriate California Environmental Quality Act (CEQA) documentation will have been completed;

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- C. All environmental assessments, Phase I and Phase II, if needed, will have been completed and satisfied prior to the close of escrow;
- D. Negotiation of a draft agreement, for Board approval, between the City of Los Angeles and Equilon Enterprises, LLC dba Shell Oil Products Company US (“Equilon”), pursuant to which Equilon will remediate site contamination caused by prior use of the site as a gas station and a subsequent auto repair shop, and agree to indemnify the City for all future liability caused by such prior use;
- E. Class “A” Appraisal will have been prepared and approved by GSD; and,
- F. GSD will have negotiated a purchase price for Board approval, which is consistent with their professional opinion of the market value.

SUMMARY:

On February 7, 2007, the Board approved the acquisition, through a land exchange with the Harbor Department, of a 0.39 acre parcel located at 415 North Gaffey Street, San Pedro, California 90731-1808 for the development of “Welcome Park”. Welcome Park is adjacent to RAP’s Bandini Canyon Park and on a portion of Gaffey Street where the 110 Freeway ends, which is a main entry way into San Pedro. Welcome Park, with new landscaping, trees, paving, seating and fencing was completed by RAP staff in September 2007.

Since 2008, RAP staff in cooperation with staff from Council District 15 (CD15) and the Community Redevelopment Agency (CRA), and with the assistance of the City Attorney’s Office (City Attorney) has been working towards the acquisition of a parcel for the proposed development of “Exit Park”. The identified parcel for this proposed park is located at 406 North Gaffey Street, San Pedro, California 90731, which is across the street from Welcome Park. The property is currently vacant and measures approximately 14,498 square feet or 0.33 acres.

In 2008, the concept for this acquisition was to have the CRA acquire the identified parcel with AB1290 funds and transfer the property to RAP for the development of Exit Park. Initial studies conducted by the CRA identified significant soil and groundwater contamination issues due to underground storage tanks that were formerly present and operated by Equilon as a gas station and other operations of a subsequent auto repair shop. It was also determined that Equilon has conducted both on and off-site contamination investigations and will remediate the site under a pre-existing multi-site agreement between Equilon and the Los Angeles Regional Water Quality Control Board (Water Board).

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After further discussions with the CRA, City Attorney, and CD15 staff, all parties agreed that the acquisition will only move forward under following conditions:

- (1) Prior to purchase, City would enter into an agreement with Equilon Enterprises, LLC dba Shell Oil Products Company US (“Equilon”), pursuant to which Equilon will remediate site contamination caused by prior use of the site as a gas station and auto repair shop, and agree to indemnify the City for all future liability caused by such prior use. Equilon’s site cleanup must be to residential standards;
- (2) Prior to purchase and in cooperation with Equilon, obtain either a partial closure letter or “comfort” letter for the site from the Water Board in which the Water Board certifies that the site is ready for reuse as a public park;
- (3) RAP will work with GSD to obtain full “bonafide” prospective purchaser (BFPP) status by performing an all Appropriate Inquiry Phase I Environmental Assessment less than 180 days prior to the date of acquisition and any other required actions; and
- (4) Ensure that the agreement between the City and Equilon requires Equilon to take all steps necessary, whether before or after the City acquires the site, to obtain case closure with the Water Board.

The CRA, with the cooperation of the other City agencies, took the lead in continuing negotiations and discussions on the above over the last several years and came close to satisfying all the conditions described above prior to its dissolution on February 1, 2012. The CRA was dissolved as part of Assembly Bill 1x26 (AB 1x26) which dissolved all redevelopment agencies in California.

On January 25, 2013, CD15 filed a motion instructing the GSD with the assistance of the City Attorney, RAP, and the Chief Legislative Analyst, to determine the feasibility of acquiring the subject property. After review of all available information, staff has determined that it is feasible to proceed with this acquisition, provided that the conditions set forth herein are satisfied. It is therefore requested that the Board grant RAP staff Preliminary Authorization to proceed with the acquisition in order to complete its due diligence requirements which include but are not limited to:

- (1) Funding will be made available for the acquisition of the property through AB1290 Funds and/or Capital Park Development B Account funds;
- (2) Appropriate California Environmental Quality Act (CEQA) documentation will have been completed;

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- (3) All environmental assessments, Phase I and Phase II, if needed, will have been completed and satisfied prior to the close of escrow;
- (4) Negotiation of a draft agreement, for Board approval, between the City of Los Angeles and Equilon Enterprises, LLC dba Shell Oil Products Company US (“Equilon”), pursuant to which Equilon will remediate site contamination caused by prior use of the site as a gas station and auto repair shop, and agree to indemnify the City for all future liability caused by such prior use;
- (5) Class “A” Appraisal will have been prepared and approved by GSD; and,
- (6) GSD will have negotiated a purchase price which is consistent with their professional opinion of the market value.

Final authorization to complete this acquisition will be obtained from the Board when all of the above conditions are met.

The California Environmental Quality Act (CEQA) and the Phase I Environmental Site Assessment are in the process of being updated. Both should be completed and made available for review prior to making any further determination on the possibility of acquiring this property.

This project has the support from CD 15. In addition, the Assistant General Manager of Planning, Construction and Maintenance Branch has been consulted and concurs with staff’s recommendations.

FISCAL IMPACT STATEMENT:

There is no fiscal impact for the Board granting the requested preliminary authorization to proceed with the acquisition of the property. However, it is anticipated that once all of the conditions described in this Report have been satisfied and the Board has approved the acquisition, the proposed improvements will increase RAP’s maintenance costs. Staff will request a budget increase through the standard budget process.

This Report was prepared by Cid Macaraeg, Sr. Management Analyst II in Real Estate and Asset Management, Planning and Construction Branch.