

**APPROVED**

REPORT OF GENERAL MANAGER

MAY 01 2013

NO. 13-106

DATE May 1, 2013

BOARD OF RECREATION  
1 PARK COMMISSIONERS

C.D. 1

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 50 PARKS INITIATIVE – ALPINE RECREATION CENTER EXPANSION PROJECT (ORD AND YALE STREET PARK) – ACQUISITION OF VARIOUS PARCELS – FINAL AUTHORIZATION TO ACQUIRE PROPERTIES

R. Adams	_____	K. Regan	_____
H. Fujita	_____	*M. Shull	<u><i>ms</i></u>
V. Israel	_____	N. Williams	_____

*[Signature]*  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Adopt the Resolution, substantially in the form on file in the Board Office, which authorizes 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 three (3) parcels totaling 0.242 acre or 10,570 square feet, located at 524 West Ord Street Los Angeles, California 90012, Los Angeles County Assessor Parcel Numbers (APN): 5407-025-009, APN: 5407-025-010, and APN: 5407-025-015;
2. Approve the use of Capital Park Development B Account funds (Fund No. 302, Department No. 89, Account No. 89270K-CG) for the acquisition of three (3) parcels through fee title, all near 524 West Ord Street, Los Angeles, California 90012 identified by APN: 5407-025-009, APN: 5407-025-010, and APN: 5407-025-015 respectively for the Alpine Recreation Center Expansion project (also known as Ord and Yale Street Park), said funds to be used to cash flow the acquisition and to be reimbursed by Proposition K grant funds. If capital B Funds are used;
3. Grant final approval to purchase the properties upon the completion of the preliminary acquisition activities, contingent on the following conditions:

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- A. Funding will be made available for the acquisition of the properties either through: Proposition K funds, Capital Park Development B Funds or an alternative funding source yet to be determined;
  - B. Appropriate California Environmental Quality Act (CEQA) documentation will have been completed, which would also be needed for Proposition K reimbursement of Capital Park Development B funds (B funds);
  - C. Any additional required environmental assessments if needed, will have been completed and satisfied prior to close of escrow;
  - D. Clearance/resolution of all and any Title issues prior to closing of escrow; and,
  - E. GSD will have negotiated a purchase price that is consistent with their professional opinion of market value.
4. In order to expedite the acquisition of the proposed project, authorize the Board President and Secretary to execute the Purchase and Sale Agreement (PSA) upon receipt of the necessary approvals, and request and grant authority to GSD and to the City Attorney's Office to review, negotiate, draft, finalize and execute forthwith a PSA on behalf of the Board, if necessary, pending final review and approval by GSD Asset Management Division subject to the approval of the City Attorney as to form, and upon completion and approval of all conditions indicated in this Board Report;
  5. Authorize the GSD, the Department of Public Works, and the Department's 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 complete the acquisitions of the Alpine Recreation Center Expansion project (Ord and Yale Street Park); as intended by the City of Los Angeles, City Council; and,
  6. Authorize the Board Secretary to execute the escrow instructions and to accept the grant deed and easement for the subject properties, as approved by the City Attorney, which shall be set apart and dedicated as park properties in perpetuity.

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### SUMMARY:

The Alpine Recreation Center Expansion project (Ord and Yale Street Park) is a Proposition K Specified project. The Proposition K line item scope of work states "property acquisition for park expansion" for Alpine Recreation Center, which is located at 817 Yale Street in the Chinatown Area of the City.

On November 7, 2006, California voters passed the "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006" (Proposition 84), which authorizes \$5.4 billion in general obligation bonds for a number of State grant programs. One of the grant programs created was the Statewide Park Development and Community Revitalization Program. A total of \$368 million has been dedicated to this program to make grant awards to projects that demonstrate the creation of new park and recreation facilities in proximity to the most critically underserved communities throughout California on a competitive basis in two (2) rounds (\$184 million available each round).

The 1<sup>st</sup> round request for proposals for the Statewide Park Program was released in September 2009. At its meeting of February 20, 2010, the City Council authorized the Community Redevelopment Agency of Los Angeles (CRA/LA) to submit grant applications for the development of the Ord and Yale Street Park project (Council File No. 09-2839-S2). In November 2010, the CRA/LA was awarded a \$4,999,705 Proposition 84 grant for Ord and Yale Street Park. In January 2012 however, the CRA/LA was dissolved. As a result of the dissolution of the CRA/LA, the Department of Recreation and Parks (RAP) was asked to assume the grants and complete the projects on behalf of the City of Los Angeles (City). On May 24, 2012, RAP received notification from the State that the Ord and Yale Street Park project would receive further consideration for the Proposition 84 Statewide Park Program grants. In order to complete the assumption of this grant, the State Office of Grants and Local Services requested that the City submit by August 31, 2012, a City Council approved Resolution authorizing the grant application. On August 14, 2012, the City Council adopted the actions under Council File No. 09-2839-S2, a resolution which approved the assumption, transfer and filing of an application for the Ord and Yale Street Park (project also known as Alpine Recreation Center Expansion project) to RAP on behalf of the City.

The Proposition K funding that is available for the Alpine Recreation Center Expansion project (Ord and Yale Street Park) can only be used for acquisition related costs; including, appraisals, environmental site assessments costs, escrow closing costs, and site preparation. The Proposition 84 grant funds that were awarded to the project can only be used for park development costs.

In order to expedite and not lose the opportunity to acquire this property the Board is being asked to grant the necessary authorities required to complete this acquisition as intended by Council and previous Board actions taken on Proposition 84 concerning this project. To further expedite this acquisition an alternative funding source will need to be found that will enable RAP to cash flow this

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acquisition until Proposition K can reimburse RAP's/City's acquisition and related costs, if Capital B funds are used.

On September 5, 2012, the Board authorized through Board Report No. 12-241 the use of Capital Park Development B funds for the 50 Park Projects. RAP is now requesting approval to use the Capital Park Development B funds for Account 89270K-CG to cash flow this acquisition. Account 89270K-CG will be reimbursed by Proposition K funds once they become available.

In recognition of the need to develop a coordinated long-term strategy to meet the recreation needs of current and future residents of the City, RAP has launched an initiative to acquire and develop at least fifty (50) sites into new public parks -- The 50 Parks Initiative. The primary goal of the initiative is to increase the number of parks and facilities across the City of Los Angeles (CITY) with a specific focus on densely populated neighborhoods and communities that lack sufficient open space and recreational services.

The development of fifty (50) new public parks will provide innumerable physical, social, health, and environmental benefits for local communities. These new parks will help stabilize neighborhoods and property values by providing needed public infrastructure improvements, removing blight caused by abandoned buildings and empty lots, and beautifying underutilized public property.

As part of the 50 Parks Initiative, RAP now is interested in acquiring three (3) parcels and a portion one (1) parcel located near 524 West Ord Street in Los Angeles, California 90012. The total lot area for the three (3) parcels is approximately 0.242 acre or 10,570 square feet. Parcel APN: 5407-025-009 is 5,193 square feet, parcel APN: 5407-025-010 is 1,793 square feet and parcel APN: 5407-025-015 is 3,584 square feet. Currently, the parcels identified by APNs: 5407-025-009, 010, and 015 are all vacant lots. The plan is to acquire the three (3) parcels identified by APNs: 5407-025-009, 010, and 015 in fee title.

The acquisition of these parcels is necessary due to its potential for enhancement and enrichment of the surrounding community. This area lacks parks and would tremendously benefit from a park in the area. The area features many apartment complexes and senior living housing that would benefit from additional parks that are within walking distance to many of the families and seniors in the area while helping the community grow. The area is also a very densely populated area which increases the need for parks in the area. This acquisition site was presented to RAP by Council as part of several CRA/LA projects that had been awarded funds by the State. Upon the CRA/LA's dissolution, the City approved the transfer of this and other projects to RAP for acquisition and or development. As of the drafting of this Report a final development plan has not yet been finalized. Therefore, there is no information available on development costs or funding for the development of this site. There could be a need to acquire additional parcels including easements in order to develop the park as first presented by the CRA/LA to the State. The goal now is not to lose the State

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Proposition 84 funding for this proposed park project and to use the available Proposition K funds to acquire the necessary parcels needed to develop a park.

The title issues involving vacations, lot splits, and additional parcels could affect cost and liability for RAP if these issues have significant impact on the project site and development of a park, and are not resolved. As of the drafting of this Report, there is the possibility that vacations of existing parcels and acquiring additional parcels could result in additional costs to this project. These issues are being analyzed at this time and depending on the findings, additional costs could result. At this time, RAP cannot determine the potential costs related to this and other issues. Council Office 1 is aware of these issues and has been informed. Nevertheless, the 1<sup>st</sup> Council District strongly supports this acquisition and stresses that this site meets all requirements for a new park in the area. As part of its due diligence RAP has indicated to GSD that all title issues must be resolved prior to acquisition of the parcels. Although the site itself would make for a good park in the area, the environmental and/or title issues are a concern to RAP staff and, therefore, staff recommends caution with this acquisition and that all title issues be resolved prior to RAP acquiring the parcels. Council District 1 has been instrumental in promoting this acquisition and has been involved in the process from the start.

To determine the fair market value for the above mentioned properties identified by APNs 5407-025-009, 010, and 015, GSD used Formal Appraisals prepared by an independent appraiser. Appraisals were prepared on July 23, 2012. The estimated value of the appraisals for APN: 5407-025-009 and APN: 5407-025-015 were determined to be \$325,000 and \$215,000 respectively as of July 23, 2012. GSD concurs with the appraiser's valuation methodology used to arrive at the value for the subject property. As of the drafting of this report GSD was negotiating a purchase price that is consistent with their professional opinion of market value for the property. Projected purchase price is \$1,000,000. This is only an estimate and GSD, RAP and City Attorney's Office (CA) will discuss final price once it is determined and approved by GSD and the CA. Expediency is necessary so that RAP will not lose funding.

Offer letters of \$325,000 and \$215,000 were first presented on February 20, 2013 to the property owners of APN: 5407-025-009 and APN: 5407-025-015. An offer letter for APN: 5407-025-010 of \$54,600 was first presented to the owner on March 1, 2013. The owners of the above mentioned properties and the GSD, Asset Management Division are negotiating a final purchase price of \$756,000 as of the drafting of this Report. It is estimated that an additional \$10,000 is required for payment of closing fees, total property acquisition cost could be \$756,000 plus \$10,000. Escrow costs and related pre-acquisition costs will initially be funded by Proposition K and/or Capital Park Development B funds: Fund 302, Department 89, Account No. 89270K-CG. B Funds are being reserved as an alternative Funding source. Funds for the acquisition of the subject property are to be made available from Account 89270K-CG. If Proposition K funds are used to reimburse RAP/City, an account number will be determined at a later date.

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It should be noted that funding for the development of the subject property will be provided from Proposition 84. At this time, further study is needed to determine the appropriate development plan for the community. There is no additional information on development plans or costs. This Report addresses only the acquisition of the parcels for acquisition identified by APNs 5407-025-009, 010, and 015.

### Funding Sources

There is sufficient funding available for the acquisition of parcel identified by APNs 5407-025-009, 010, and 015. Estimated Acquisition cost is up to \$1,000,000. Staff is unable to determine an accurate complete total, which would include closing costs, as this information has not been made available as of the writing of this report. Staff does however estimate that up to an additional \$10,000 in closing costs fees will be needed to complete the acquisition. Closing cost totals could be less and as part of its due diligence, GSD and RAP will verify correct costs prior to the closing of escrow.

Funding for the acquisition will initially come from Proposition K. Capital Park Development B Funds (B Funds) Account No. 89270K-CG will be used if Proposition K funds are not available. Proposition K Funds will be used to reimburse B Funds which will come from the Alpine Recreation Center Expansion project. Escrow costs and related pre-acquisition costs will be funded by B Funds, Account 89270K-CG. All funding used on this acquisition is expected to be reimbursed by \$1,000,000 in Proposition K funds once the funds are made available if Capital Park Development B Funds are used. The Proposition K funds are available for this acquisition, but RAP must still meet all requirements for release of funds, including all environmental issues and related title issues.

Again, it should be noted that Proposition K funds are expected to be used to pay for all acquisition related costs such as appraisals, environmental site assessments costs, escrow closing costs, and site preparation; and that Proposition 84 funds are expected to be used for park development costs.

### Acquisition Cost:

The cost of the proposed Ord and Yale Street Park acquisition as recommended by GSD was initially \$604,600. The estimated appraisal value for APN: 5407-025-009 and APN: 5407-025-015 are \$325,000 and \$215,000 respectively as of July 23, 2012. The estimated appraisal value of APN: 5407-025-010 as of July 23, 2012, is \$54,600. However after further review and negotiations, the recommended acquisition price by GSD is \$756,000. The updated estimated value of each parcel is as follows: APN: 5407-025-009 - \$378,000; APN: 5407-025-010 - \$126,000; and APN: 5407-025-015 - \$252,000. GSD has indicated that as part of its professional expertise that a fair negotiated price would be \$756,000. GSD recommends and supports the negotiated price. Estimated closing costs are estimated to be approximately \$10,000 in total. The closing costs are estimates only and are subject to change and are for reference purposes only. The projected total acquisition cost is

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estimated at \$766,000. GSD will confirm final closing costs and review said costs before it approves the acquisition and the associated closing costs and other related costs based on its professional expertise. The City Attorney's Office has also recommended this acquisition arrangement.

### Environmental Impact:

A Phase I Environmental Site Assessment has not been performed for the project site. However, a Phase II Site Investigation was prepared to assess the presence of any subsurface soil contamination, and determined that no evidence of significant soil contamination was observed or measured during the collection of the soil samples. Additionally, analytical results did not indicate the presence of significant contaminants. Minor levels of volatile hydrocarbon contamination at nonhazardous levels were found in a few borings. The use of the site for a park is not compromised by these findings.

Staff has determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes, and the construction of new small structures (i.e., play equipment, a small accessory building, benches, and tables). The project would otherwise not involve any unusual circumstances, sensitive environments, scenic or historic resources that would result in significant and/or cumulative environmental impacts. Therefore, the project is categorically exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to Article II, Section 1, Class 3(6) of the City CEQA Guidelines, and Article 19, Section 15325, Class 25(f) of the State CEQA Guidelines. A Notice of Exemption (NOE) was previously filed with the Los Angeles County Clerk on February 19, 2010 for the development of the park in connection the Proposition 84 grant. In addition, an NOE was filed on June 27, 2012 for the acquisition of the property in connection with a Proposition K grant. No further CEQA documentation is required.

In addition to the Office of Council District 1, the Assistant General Manager of the Planning, Construction and Maintenance Branch and Superintendent for the Pacific Region have been consulted and concur with staff's recommendations.

### FISCAL IMPACT STATEMENT:

As indicated in the Summary of this Report, the design of the proposed park has not been determined and will be presented to the Board for final approval at a later time. At this time, the impact to the Department of Recreation and Parks is the costs for Acquisition which is estimated at \$766,000. Once this project is completed, operational maintenance costs will be determined. Upon project completion, a request for funding will be submitted in future Department annual budget requests.

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