

APPROVED

REPORT OF GENERAL MANAGER

JUN 07 2006

NO. 06-149

DATE June 7, 2006

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 9

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: VENICE HOPE RECREATION CENTER – PROPERTY EXCHANGE WITH THE COMMUNITY REDEVELOPMENT AGENCY, CONCURRENCE WITH NOTICE OF DETERMINATION, AND COVENANT AND AGREEMENT TO RESTRICT PARCELS TO RECREATIONAL USE

J. Combs _____
H. Fujita _____
S. Huntley _____
B. Jensen _____

J. Kolb _____
F. Mok _____
K. Regan _____
*M. Shull _____

Concur with

Robert H. Jensen (fa)
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Concur with the filing by the Community Redevelopment Agency (CRA) of the Notice of Determination (NOD) on May 26, 2004, that resulted from the Initial Study/Mitigated Negative Declaration approved by the CRA Board on May 20, 2004, said NOD involving the site of the proposed Venice Hope Recreation Center;
2. Approve for the purposes of developing the Venice Hope Recreation Center the exchange of CRA-owned property located at 320 W. Venice Boulevard (APN 5134-014-902), acquired in 2004 with Quimby funds, for property at 330 W. Venice Boulevard (APN 5134-014-006), said land exchange having previously been approved by the CRA and City Council;
3. Approve, subject to the approval of the City Attorney as to form, the proposed Covenant and Agreement, on file in the Board Office, that restricts to recreational and park use the three contiguous parcels located at 324-330 W. Venice Boulevard and 1600 S. Hope Street; and
4. Authorize the General Manager to approve the Covenant and Agreement on behalf of the Department and direct the Board Secretary to forward the document to the Community Redevelopment Agency for execution and recordation, subsequent to obtaining the required approval.

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SUMMARY:

On June 1, 2004, the Board approved providing the Community Redevelopment Agency (CRA) with a \$1,000,000 portion of the \$1,372,500 in Quimby fees that the L.A. Arena Company had paid the City of Los Angeles on April 29, 2003. The Quimby fees were calculated based on the residential development at 1100 S. Figueroa Street (Tract No. 53384, Board Report No. 04-170). The Quimby funds were to assist the CRA in acquiring two contiguous parcels, located at 320 and 324 W. Venice Boulevard between Hope Street and Grand Avenue, just east of the intersection of the Santa Monica (10) and Harbor (110) Freeways. The agency already owned the parcel at the western corner of that block, at Hope Street and Venice Boulevard. The address of this corner parcel, 1600 S. Hope Street, is to be the address of the proposed Venice Hope Recreation Center.

While in the process of acquiring the two mid-block parcels at 320 and 324 W. Venice Boulevard, the CRA was in negotiations with the private firm that owned property separating these two parcels from the CRA's corner parcel. The firm did not wish to sell this intermediate or "linking" parcel. However, when the firm learned that the CRA was acquiring the two mid-block parcels, they agreed to a land exchange. Their "linking" parcel, at 330 W. Venice Boulevard, would be exchanged for the easternmost CRA parcel, which is at 320 W. Venice Boulevard. The two parcels are the same size. The CRA would then have three contiguous parcels totaling 0.41 acre.

The firm owning the intermediate parcel agreed to the land exchange because they own the rest of the block to the east of 320 W. Venice Boulevard. Therefore, the exchange will also consolidate their holdings. Other aspects of the negotiations involved relocating the firm's business and parking to 320 W. Venice Boulevard. These negotiations are now complete, and CRA staff has obtained both administrative and Council approval for the land exchange (C. F. No. 03-2456-S3). Escrow is expected to close in June 2006.

Having the three contiguous parcels will provide the CRA with sufficient property to develop the Venice Hope Recreation Center. As of now, it will include a 24,500 square-foot, two-story building. There will also be a 6,000 square-foot, outdoor athletic court having a synthetic-turf, multi-sport play area, portable bleachers, perimeter fencing and lighting.

In implementing this project, the CRA is partnering with the California Hospital Medical Center, located a block away at 1401 S. Grand Boulevard. For several years, the Hospital has been offering licensed child care and other family-oriented services. The Hospital wants to relocate many of these community services from their campus to the new Venice Hope Recreation Center and add other, active recreational programs. The new complex will be operated and maintained by the Hospital and is intended to become the primary facility of its kind within the South Park area.

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In 2004, at the time of approving Quimby funds for the CRA purchase, the Board of Recreation and Park Commissioners directed staff to return for consideration of the related Mitigated Negative Declaration (MND). It was then being recommended to the CRA Board for filing in compliance with the California Environmental Quality Act. Accordingly, Department environmental personnel recently reviewed both the Initial Study/MND and the Notice of Determination (NOD), which the CRA filed on May 26, 2004. Staff recommends that the Board concur with the filing of the NOD. It was based on a site evaluation that included the corner parcel, the two mid-block parcels acquired by the CRA plus the "land exchange parcel" at 330 W. Venice Boulevard.

At the time of approving the Quimby funding, the Board also authorized the filing of a Covenant and Agreement restricting the use of the two newly acquired parcels, at 320 and 324 W. Venice Boulevard, to recreational and park purposes. This action was taken on the advice of the City Attorney in order to comply with Quimby regulations and with Los Angeles Municipal Code Section 17.12, subsection F(1) dealing with credits for providing public use of private recreational facilities. The Covenant was not recorded because of the ongoing negotiations for the land exchange. Now that escrow on the exchange is due to close, it is recommended that the Covenant be recorded. The form has been updated to reflect the substitution of the "land-exchange parcel" at 330 W. Venice Boulevard for the CRA-owned parcel at 320 W. Venice Boulevard. The Covenant also includes the corner parcel at 1600 S. Hope Street because the recreation center complex is to extend across all three parcels.

The CRA will continue to secure funds for developing the Venice Hope Recreation Center. They were co-applicants with the Hospital in the most recent competitive cycle of the Prop. K program and expect to receive \$590,720 for the outside athletic court. Potential future sources of funding include state and other grant programs and solicitations by the Hospital Foundation. It is anticipated that total development costs will exceed ten million dollars of which slightly over six million dollars have been secured. Construction of the project will take approximately 18 months.

At present, the Department's only involvement with the project has been the initial approval of the Quimby funds used for acquiring the first two parcels, the approval of the Covenant and Agreement and the review of the MND. The Department will not be involved with the design, construction, operation or maintenance of the new recreation center. The Hospital will operate and maintain the center, and the CRA will continue to own the land. In the future, the CRA may recommend transferring jurisdiction of the land to the Department. The Department may also be asked either to assume the programming and maintenance of the center or to enter into an operating agreement with the Hospital. If that occurs, staff will return to the Board with further recommendations based on a review of the project's initial development and operation and the results of the Phase II site assessment.

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The Office of the Ninth Council District, the Assistant General Manager of Operations East and the Superintendent of Metro Region concur with staff's recommendations.

FISCAL IMPACT STATEMENT:

There is no anticipated fiscal impact to the Department from approving the proposed Covenant and Agreement and the land exchange.

Report prepared by Joan Reitzel, Senior Management Analyst in Real Estate and Asset Management.