

APPROVED

REPORT OF GENERAL MANAGER

NOV 19 2008

NO. 08-319

DATE November 19, 2008

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 8

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: EXPOSITION PARK - LAND EXCHANGE AND OPERATING AGREEMENTS WITH THE STATE OF CALIFORNIA AND GIFT AGREEMENT WITH THE FRIENDS OF EXPO CENTER

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

As amended

[Signature]
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Adopt the draft Resolution, substantially in the form on file in the Board Office, authorizing the exchange of property as described in the Land Exchange Agreement and in the body of this report, the execution of the Land Exchange Agreement and Operating Agreement with the State of California, and the Gift Agreement with the Friends of EXPO Center; subject to City Council approval;
2. Approve the proposed Land Exchange Agreement with the State of California, acting by and through the Sixth District Agricultural Association, a division of the State of California, also known as the California Science Center (hereinafter "Science Center"), substantially in the form on file in the Board Office, for the exchange of various City and State owned property described in the body of this report, subject to approval of the Mayor, City Council, and the City Attorney as to form;
3. Approve the proposed Operating Agreement with Science Center for the use of Science Center owned property, commonly known as the Playfields, for sports related and EXPO Center related uses, subject to approval of the Mayor, City Council, and the City Attorney as to form;

REPORT OF GENERAL MANAGER

PG. 2 NO. 08-319

4. Approve the proposed Gift Agreement with the Friends of EXPO Center for the donation of improvements to the Playfields; which shall include two youth soccer fields, 3-tier bleachers, a restroom/equipment storage building, concrete walkways, tubular steel fencing, and a modular paving panel system to allow for parking over the soccer fields, with an estimated total value of \$5,500,000, subject to approval of the Mayor, City Council, and the City Attorney as to form;
5. Direct the Board Secretary to transmit the Agreements to the Mayor in accordance with Executive Directive No. 3 for review and approval, and concurrently to the City Attorney for review and approval as to form;
6. Authorize the Board President and Secretary to execute all three of the agreements and the grant deeds contemporaneously upon receipt of the necessary approvals; and,
7. Authorize the Chief Accounting Employee to make payments from a Fund and Account number to be designated for Park Expenses as described in the body of this report and in the Land Exchange and Operating Agreements for escrow, rental payment, and other specified costs.

SUMMARY:

In May 2000, the Board, through Report No. 00-171, approved the first land exchange agreement with the Science Center. The agreement effectuated the transfer of 5.91 acres of City property to the Science Center and 6.17 acres of Science Center property to the City. The properties given to the Science Center included several parcels located along Figueroa Street and where the African-American Museum is located. The properties given to the City included parcels where the Expo Center and the Ahmanson Senior Citizen Center are located. In addition, the City would receive the use of approximately 1.29 acres of Science Center owned property, commonly known as the Playfields, for certain specified sports related activities. The first land exchange agreement also stated the intention of the parties to enter into a second agreement for the exchange of additional properties pursuant to terms generally described in the first agreement.

EXCHANGE AGREEMENT:

After several years of discussion and negotiations, the City and Science Center have come to terms on the second exchange. The City shall transfer to Science Center the properties commonly known as the Menlo Properties, where a portion of the Los Angeles Museum of Natural History is located, and which measures approximately 6.58 acres, as well as Parcel "P" and Parcel "U" which individually measures approximately 0.917 acres. In exchange, Science Center will transfer the Rose Garden which measures approximately 7.17 acres. In addition, Science Center has applied for a Federal Emergency Management Agency (FEMA) grant for the repair of a portion of the Rose Garden perimeter wall and Museum walk damaged by an earthquake in the late 1990's. The value

REPORT OF GENERAL MANAGER

PG. 3 NO. 08-319

of the grant is estimated to be \$2,713,334; therefore the matching amount required from the Science Center and the City each would be 25% of that amount, or \$678,334. These terms are covered in the Exchange Agreement being recommended for Board approval.

OPERATING AGREEMENT:

One of the conditions of the Exchange Agreement is that Science Center will provide City with a long-term agreement for the continued use of Science Center owned property known as the Playfields. The City and the Science Center propose to execute an Operating Agreement to satisfy this condition. Pursuant to the Operating Agreement, the City shall have the right to use the Playfields for all sporting activities throughout the year, except on those dates where events that have a significant impact on Exposition Park operations, including the Playfields, such as University of Southern California (USC) football games, soccer games, and other events of a park-wide nature ("Major Events") are scheduled. These could also include events scheduled in the Coliseum (other than football games), Sports Arena, Science Center or the Natural History Museum. The City's sporting related uses shall include but not be limited to soccer, football, baseball, T-ball, lawn bowling, volleyball, children's games and similar activities normally conducted on an athletic field. It shall also include practices and tournaments for same.

The City shall be responsible for the maintenance, clean-up, up keep, trash and litter removal and the disposal, after every regularly scheduled use and/or event, including Expo Park Related Events. The City shall continually maintain the Playfields in a clean and safe condition.

The term of the Operating Agreement shall be for a period of five (5) years from the date of execution and renewable annually for twenty (20) years at the discretion of the Science Center which shall not be reasonably withheld. The partial consideration for the Operating Agreement includes Phase II of a land exchange between the City and the Science Center, which was contemplated in the previous land exchange agreement in June, 2000. The current (Phase II) land exchange involves properties as described above.

City shall continue to make annual payments to the Science Center to be used for defrayal of Park expenses for the whole of Exposition Park such as security, power, water and park maintenance. The Park Expenses are in addition to those costs the City is responsible for in maintaining the Playfields. The initial payment of Park Expenses by the City, pursuant to the Operating Agreement, shall be the same as the City has paid in previous years--\$50,000 payable one year after completion of the improvements to the Playfields. The payments for the next two succeeding years shall be \$120,000 per year. Prior to the end of the year after which the City has made the third payment, the City and Science Center shall review the Park Expenses. By the anniversary date of the fourth year after completion of the improvements, the Parties shall agree to the amount of the City's fourth and fifth payments. In the event they cannot agree by the fourth year anniversary date, the payment for the fourth year shall be \$120,000, adjusted by the Los Angeles County Urban Wage Earner's Consumer Price Index.

REPORT OF GENERAL MANAGER

PG. 4

NO. 08-319

191 parking spaces
It should be noted that in addition to the use of the Playfields, the City shall have the use of Lot 1 and its and the South Lawn of the Los Angeles County Museum of Natural History, ~~all owned by the Science Center, for City sponsored event parking.~~ The City shall also be reimbursed for improvements made on the Playfields if the Operating Agreement is terminated prior to expiration of the 25-year term. Reimbursement shall be compensated on a pro-rated basis depending on the number of years remaining in the term at the time of termination. Further, the Science Center shall be responsible for damages to the Playfields during its time of use.

The improvements being contemplated for the Playfields are described in detail in the Gift Agreement section below. The improvements include a modular paving panel system that allows parking over the soccer fields. Under the terms of the Operating Agreement, it is the responsibility of the City to install and remove this modular paving panel system as needed.

GIFT AGREEMENT:

The Friends of EXPO Center (Friends), a California 501(c)3 nonprofit corporation, wishes to donate the installation of physical improvements to the Playfields. The improvements shall include two synthetic turf youth soccer fields, 3-tier bleachers, a restroom/equipment storage building, concrete walkways, tubular steel fencing, and a modular paving panel system to allow for parking over the soccer fields. The estimated value of the donated improvements is \$5,500,000. The duration of this Agreement shall be three (3) years.

Friends plan to have their contractor complete all the improvements described above. The Department will issue a Right of Entry Permit to the Friends to allow the work to be completed. It is anticipated that the work will begin at the end of the University of Southern California (USC) Football season which is at the end of December 2008. The work should be completed before the start of the USC Football season which will begin in September 2009.

One of the improvements being donated is a modular paving panel system to allow for parking over the soccer fields. When the fields are in use, the paving panels will be stored in storage structures located within the Playfields. When special event parking is needed, the paving panels will be installed by City staff. Upon the completion of the event, City staff will also remove and place the panels in storage.

ENVIRONMENTAL IMPACT:

The proposed improvements to the play fields that would result from both the Gift and Operating Agreements are consistent with the California Museum of Science/Exposition Park Master Plan and the findings of the Environmental Impact Report (EIR) that were approved and certified in September 1993. Accordingly, a Notice of Determination was filed on September 2, 1993. However, the specific details associated with the improvements to the Playfields, as well as the transfer of land within the Park between the State and the City, were not discussed in the Master

REPORT OF GENERAL MANAGER

PG. 5 NO. 08-319

Plan EIR. Therefore, Staff determined that additional consideration of this project under CEQA was required, and found that the proposed land transfer, along with the Gift and Operating Agreements and the resulting play field improvements are categorically exempt from the provisions of CEQA pursuant to Article III, Section 1, Class 3(6), Class 4(7), and Class 25(5) of the City CEQA Guidelines.

FISCAL IMPACT STATEMENT:

For the execution of the Exchange Agreement, it is anticipated that there may be some minimal cost to the City in the processing of the land exchange. These charges will be limited to escrow related costs and shall be determined at a later time. Should the Federal Emergency Management Agency grant application for the repair of the Museum Walk and the Rose Garden perimeter wall be approved there shall be a City obligation for the matching funds for this grant. This amount shall be no more than \$678,334 and the funding source for this shall be determined at a later time. Funding for these obligations shall be applied for under the budget process during the fiscal year the funds will be needed in Fiscal Year 2009-2010.

For the execution of the Operating Agreement, it is anticipated that the City's obligation for Park Expenses shall continue to be \$50,000 for the first year and \$120,000 for each of the next two years after the completion of the Playfield improvements. The obligation for the 4th and 5th years is unknown at this time. Funding for these obligations shall be applied for under the budget process during the fiscal year the funds will be needed. It is anticipated that the first \$50,000 will need to be available in Fiscal Year 2009-2010.

{ The obligation for the 4th year is \$120,000 plus C.P.I. }

As to Gift Agreement, there are no fiscal impacts to the General Fund associated with this Agreement. All costs for the construction of the improvements for the Playfields will be provided by the Friends of EXPO Center. However, it should be noted that one of the improvements being donated is a modular paving panel system to allow for parking over the soccer fields. Pursuant to the Operating Agreement, City staff is responsible for the installation and disassembly of the panels for special events. The staff costs for this activity will be determined at a later time and will be applied for under the regular budget process. It is anticipated that funding for this function will be needed in Fiscal Year 2009-2010.

This report was prepared by Cid Macaraeg, Sr. Management Analyst II, Real Estate and Asset Management Section, Planning and Development Branch.