

APPROVED

MAY 20 2009

REPORT OF GENERAL MANAGER

NO. 09-068

DATE March 18, 2009

**BOARD OF RECREATION
and PARK COMMISSIONERS**

C.D. 9

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: **SPRING STREET PARK - ACQUISITION OF 0.81 ACRE PARCEL AT 418-438 SPRING STREET AND PURCHASE AND SALE AGREEMENT**

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



 General Manager

Approved *Caupms* _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Adopt the Resolution approving the acquisition of a 0.81 acre parcel at 418-438 Spring Street, currently owned by MSGG Spring Street Realty Partners, LLC, for the purpose of creating the Spring Street Park;
2. Approve the 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;
3. Direct the Board Secretary to transmit forthwith the proposed PSA to the City Attorney for review as to form;
4. Authorize the Board President and Secretary to execute the PSA upon receipt of the necessary approvals;
5. Authorize the Department's Chief Accounting Employee to establish a new Subdivision/Quimby Fees Account No. 460K-SZ with Spring Street Park as the Account Name;
6. Authorize the Department's Chief Accounting Employee to transfer \$2,381,620.18 in Zone Change/Park Fees, which were collected in Fiscal Year 2005-2006, from the Zone Change/Park Fees Account No. 460K-00 to the Spring Street Park Account 460K-SZ;

REPORT OF GENERAL MANAGER

PG. 2

NO. 09-068

7. Authorize the Department's Chief Accounting Employee to transfer \$3,238,379.82 in Subdivision/Quimby Fees, which were collected in Fiscal Year 2006-2007, from the Subdivision/Quimby Fees Account No. 460K-00 to the Spring Street Park Account 460K-SZ;
8. Approve the allocation of \$5,620,000 in Subdivision/Quimby Fees from the Spring Street Park Account 460K-SZ for the Park Acquisition Project, as described in the Summary of this report;
9. Authorize the Chief Accounting Employee to deposit into escrow the sum of up to \$5,620,000 for the acquisition, including title and escrow fees; and,
10. Authorize the Board Secretary, upon the successful close of escrow, to accept the grant deed for the parcel.

SUMMARY:

Staff is seeking the Board's approval for the acquisition of a 0.81 acre parcel located at 418-438 Spring Street (Assessor's Parcel Nos. 5149-023-004, 005, 007, 015, 017) for the purpose of creating the Spring Street Park. The proposed PSA indicates that the owner, MSGG Spring Street Realty Partners, LLC, is willing to sell the parcel for \$5.6 million, a price supported by a Class "A" appraisal obtained and reviewed by the Department of General Services.

The property is composed of 35,518 square feet of vacant land that is currently paved and used as a parking lot. It is located mid block along the east side of Spring Street, between 4th and 5th Streets in the Historic Old Bank District of Downtown Los Angeles (see Attachment A). Portions of the site can't be developed due to easements granted to adjoining properties that prohibit the development of the easement area with any structure. The total easement area measures 7,470 square feet.

Upon approval of this report, Subdivision/Quimby Fees listed below can be transferred to Spring Street Park Account 460K-SZ for the Park Acquisition Project at Spring Street Park:

- \$2,381,620.18 in Subdivision/Quimby Fees, which were collected in Fiscal Year 2005-2006, from the Subdivision/Quimby Fees Account No. 460K-00;
- \$3,238,379.82 in Subdivision/Quimby Fees, which were collected in Fiscal Year 2006-2007, from the Subdivision/Quimby Fees Account No. 460K-00;

REPORT OF GENERAL MANAGER

PG. 3

NO. 09-068

The total Subdivision/Quimby and Zone Change/Park Fees allocation for the Park Acquisition Project at Spring Street Park is \$5,620,000. These Fees were collected within one mile of Spring Street Park, which is the standard distance for the allocation of the Subdivision/Quimby Fees for neighborhood recreational facilities.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

The Department has obtained and reviewed a Phase I Environmental Site Assessment prepared by a qualified environmental assessor as part of its due diligence for acquisition of the subject property. Staff has determined there are no groundwater or soil contamination issues or other environmental liabilities associated with the subject property.

Staff has determined that the subject project will consist of the transfer of ownership of interest in land to preserve open space for park purposes. Therefore, the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article III, Section 1y, Class 25 (5) of the City CEQA Guidelines. At this time, there are no final plans as to how the park is to be developed. It is envisioned that the community and other stakeholders from the downtown area will be brought in to provide their input into the development of the park. At minimum, the property will be landscaped.

GEOTECHNICAL REPORT:

A soil report was obtained which indicated that the site contains fill materials of loose to medium density at a 7-foot to 20-foot depth. The fill contains abundant construction debris, mostly bricks. The existing fill materials are not suitable to support foundations, floor slabs, or additional fill for any future structure. Therefore, they must be removed eventually. The report does not indicate the presence of any hazardous waste in the site. Other soil characteristics are normal and there is no problem with liquefaction. No ground water or caving was encountered in the exploration. Historically, the highest groundwater level was recorded at about 50 feet below grade. Navigate LA maps show no major utility sewer or storm drain pipe underneath.

COMMUNITY INPUT:

On January 14, this proposed acquisition was presented to the Downtown Quimby Task Force, a group of community stake holders gathered by Council District 9, and support for the acquisition was unanimous. The Office of Council District Nine, the Assistant General Manager of Operations East, and the Superintendent of the Metro Region concur with staff's recommendation.

REPORT OF GENERAL MANAGER

PG. 4

NO. 09-068

FISCAL IMPACT STATEMENT:

The approval of this acquisition should not have any fiscal impact on the Department, as the costs of this future project are anticipated to be funded by the collected Quimby/Park Fees or funding sources other than the Department's General Fund to be identified at various future times.

This report was prepared by Cid Macaraeg, Senior Management Analyst II, Real Estate and Asset Management, Planning and Development Division.

RESOLUTION NO. _____

WHEREAS the Office of City Council District Nine seeks to acquire a 0.81 acre parcel in Council District Nine with the address 418-438 Spring Street, now owned by MSGG Spring Street Realty Partners, LLC (owner), the location being shown on the attached map (Assessor's Parcel Numbers 5149-023-004, 005, 007, 008, 015, 017), for the purpose of creating Spring Street Park; and,

WHEREAS the City and the owner have agreed to a purchase price of \$5.6 million for the subject parcel with additional costs totaling \$20,000 for escrow and title insurance fees;

NOW, THEREFORE, BE IT RESOLVED by the Board of Recreation and Park Commissioners of the City of Los Angeles, that the acquisition of the Spring Street property be completed for the creation of Spring Street Park with the General Manager being authorized to execute a Purchase and Sale Agreement (PSA); and,

BE IT FURTHER RESOLVED that the Chief Accounting Employee is to deposit into escrow the sum of \$5,620,000 from Spring Street Park Account 460K-SZ for the purchase price and escrow and title insurance fees; and,

BE IT FURTHER RESOLVED that upon the satisfactory completion of escrow, the Board Secretary shall accept the grant deed representing the transfer of title to the City, the property to be called the Spring Street Park.

I HEREBY CERTIFY, that the foregoing is a full, true, and correct copy of a Resolution adopted by the Board of Recreation and Park Commissioners of the City of Los Angeles at its meeting held on _____, 2009 (Board Report No. 09-_____).

Mary E. Alvarez, Board Secretary

Resolution No. _____

5149 23 P.A. 22.8 & 33

TRA 13284

REVISED 2002.02.3 200508310702001-23

200508310702001-23

SEARCH NO

2006

MAPPING AND GIS SERVICES SCALE 1" = 80'



EXCERPT FROM THE MINUTES OF THE SPECIAL MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
MAY 20, 2009

GENERAL MANAGER'S REPORT:

09-068

SPRING STREET PARK - ACQUISITION OF 0.71 ACRE PARCEL AT
418-438 SPRING STREET AND PURCHASE AND SALE AGREEMENT

Cid Macaraeg, Sr. Management Analyst, requested the following amendments to the Report:

RECOMMENDATION:

That the Board:

1. Adopt the Resolution, **substantially in the form on file in the Board Office**, approving the acquisition of a 0.71 acre parcel at 418-438 Spring Street, currently owned by MSGG Spring Street Realty Partners, LLC, for the purpose of creating the Spring Street Park;
8. Approve the allocation of **\$5,220,000** in Subdivision/Quimby Fees from the Spring Street Park Account 460K-SZ for the Park Acquisition Project, as described in the Summary of this report;
9. Authorize the Chief Accounting Employee to deposit into escrow the sum of up to \$5,115,000 for the acquisition, including title and escrow fees; and,

SUMMARY:

Staff is seeking the Board's approval for the acquisition of a 0.71 acre parcel located at 418-438 Spring Street (Assessor's Parcel Nos. 5149-023-004, 005, 007, 015, 017, 230) for the purpose of creating the Spring Street Park. The proposed PSA indicates that the owner, MSGG Spring Street Realty Partners, LLC, is willing to sell the parcel for **\$5,095,000**, a price supported by a Class "A" appraisal obtained and reviewed by the Department of General Services.

The property is composed of 31,050 square feet of vacant land that is currently paved and used as a parking lot. It is located mid block along the east side of Spring Street, between 4th and 5th Streets in the Historic Old Bank District of Downtown Los Angeles (see Attachment A). ~~Portions of the site can't be developed due to easements granted to adjoining properties that prohibit the development of the easement area with any structure. The total easement area measures 7,470 square feet.~~

Upon approval of this report, Subdivision/Quimby Fees listed below can be transferred to Spring Street Park Account 460K-SZ for the Park Acquisition Project at Spring Street Park:

- **\$2,181,620.18** in Subdivision/Quimby Fees, which were collected in Fiscal Year 2005-2006, from the Subdivision/Quimby Fees Account No. 460K-00;
- **\$3,038,379.82** in Subdivision/Quimby Fees, which were collected in Fiscal Year 2006-2007, from the Subdivision/Quimby Fees Account No. 460K-00;

The total Subdivision/Quimby and Zone Change/Park Fees allocation for the Park Acquisition Project at Spring Street Park is \$5,220,000. These Fees were collected within one mile of Spring Street Park, which is the standard distance for the allocation of the Subdivision/Quimby Fees for neighborhood recreational facilities.

It should be noted that the PSA includes a provision that grants the seller temporary use of a portion of the property being purchased through a license agreement. The subject portion will be used for construction staging and parking purposes only for the seller's adjacent El Dorado development. The license agreement will have a term that expires on July 31, 2009 with a rental rate of \$1.00 for this period. Should the seller require continued use of the subject portion beyond the initial expiration date, the seller can exercise up to three (3), one (1) month extensions with a rental rate of \$1000 per month.

Motion

It was moved by Commissioner Spelling, seconded by Commissioner Williams that the amendment to Report No. 09-068 be approved. There being no objections, the Motion was unanimously approved.