

APPROVED
JUN 02 2010

REPORT OF GENERAL MANAGER

NO. 10-130

DATE June 2, 2010

BOARD OF RECREATION
AND PARK COMMISSIONERS

C.D. 12

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: CAHUENGA PEAK/HOLLYWOOD SIGN – AMENDMENT TO PRIOR BOARD ACTION RELATIVE TO THE PROPERTY SALE AND GIFT AGREEMENT

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

F. Mok _____
K. Regan _____
*M. Shull [Signature]

[Signature]
General Manager

Approved [Signature]

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Rescind the Board's action to approve Recommendation No. 2 in Board Report No. 10-124, dated May 17, 2010, for the Property Sale and Gift Agreement (PSGA) with the Trust for Public Land (TPL);
2. Approve a revised PSGA, substantially in the form on file in the Board Office, that contains the terms and conditions for the acquisition, subject to the approval of the City Attorney as to form;
3. Direct the Board Secretary to transmit the PSGA to the City Attorney for review and approval as to form;
4. Approve the phased acquisition and conveyance of Cahuenga Peak, a privately owned, 138 acre vacant parcel adjacent to Griffith Park in the Hollywood area of the City of Los Angeles (Assessor Parcel Numbers 5577-008-001, 002; 5581-010-001,002; and 5581-005-001), as described in the PSGA;
5. Authorize extending the closing of escrow date if needed;
6. Authorize the Board President and Secretary to execute the PSGA upon receipt of the necessary approvals;

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7. Direct the Board Secretary toward the anticipated successful close of escrow, to accept the grant deed to the property in a possible phased acquisition schedule, which upon close of escrow is to be set apart and dedicated as park property in perpetuity, and authorize the Board Secretary to sign the Acceptance of the Deed; and,
8. Authorize the General Services Department, and the Department of Recreation and Parks' Chief Accounting Employee to make technical corrections as necessary to implement the intent of the Council and 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 or escrow company account in order to expeditiously effectuate the acquisition of the Cahuenga Peak site.

SUMMARY:

On May 17, 2010, the Board of Recreation and Parks Commissioners (Board), through Board Report No. 10-124, approved the PSGA with TPL for the acquisition of Cahuenga Peak. The Cahuenga Peak site was once owned by Howard Hughes and was subsequently put up for sale. The City of Los Angeles (City) had hoped to acquire said land but the property was purchased by a Chicago group. In 2008 the property was listed at \$22 million. Real Estate prices have fallen and value of the property is now within an acquisition price that the City can manage. The City now intends to proceed with the Cahuenga Peak acquisition. The PSGA Agreement contains the general terms and conditions for the acquisition and conveyance of approximately 138 acres of open space wilderness to be dedicated as park property in perpetuity, to the City of Los Angeles, Department of Recreation and Parks. The Close of Escrow is scheduled for June 14, 2010. TPL shall purchase from the owner and sell to the City of Los Angeles (City) the Cahuenga Peak site for \$11,700,000. Funds for the acquisition will come from public funds totaling \$5,720,576 and private donations totaling \$5,979,424.

The Sources of funding will remain the same. Public funding will come from: Proposition 40 Per Capita (\$837,200); Proposition 40 Roberti-Z'berg-Harris (\$840,107); Proposition K (\$755,000); Real Property Trust Fund (\$9,237); Public Works Trust Fund (\$434,160); Quimby (\$544,872); Mountains Reservation and Conservation Authority (\$900,000); plus \$1,400,000 coming from the Wildlife Conservation Bond (WCB) Funds and the Santa Monica Monica Mountains Conservancy (SMMC) Proposition 84 for a total of \$5,720,576 in public funding. The remainder of the funding will be provided through private donations totaling \$5,979,424 for a grand total of \$11,700,000.

Following the Board's actions of May 17, 2010, staff was made aware that \$1,400,000 in public funds would not be available for release by the State Treasurer before the close of escrow in June 2010. The \$1,400,000 that is needed for the acquisition is a combination of the State of California WCB funds in the amount of \$700,000 and SMMC funds in the amount of \$700,000. It is anticipated

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that these funds will be made available at a later time. In order to insure that the acquisition for the entire 138 acres Cahuenga Peak site takes place, a phased acquisition of the site is being proposed. The City Attorney has indicated that the proposed changes/additions to the PSGA require that they be submitted for reconsideration and approval by the Board. Primarily the recommendations would recommend that the Board rescind the previous Board action as it relates to the prior version of the PSGA; authorize the extension of the Closing Escrow date, if required for any reason; and approve the recommendation for a phased acquisition and conveyance of Cahuenga Peak.

Some of the more pertinent recommended changes or additions to the PSGA are to the following Sections in the agreement that was previously approved by the Board on May 17, 2010: Section 1.5; Section 1.5.1; Section 1.5.2; 1.5.3; 1.5.4 and Section 4.2. The proposed changes will allow for a phased acquisition that would occur in two phases. The intent is for TPL to acquire the 138 acres by close of escrow date and then convey property to City. If the \$1,400,000 in State funds is not available on or before 10 days prior to close of escrow, City may elect by written notice to TPL, to use an alternative funding source to acquire said property or purchase the property in phases as indicated in Section 1.5 of the PSGA. During Phase I, City would proceed to close escrow on 122 of the 138 acres as described in Section 1.5.1 of the PSGA. The cost for the City of the Phase I would be \$4,320,576. During Phase II, the City would purchase the remainder of 16 acres using the \$1,400,000 in State funds as indicated in Section 1.5.2. The phased acquisition would mean that the overall purchase price the property would remain unchanged, but be broken down as follows: Phase I cost would be \$10,300,000 and the Phase II cost would be \$1,400,000 for a total of \$11,700,000.

Staff recommends that the Board approve the proposed recommendations listed in this report. All other prior actions remain the same and are necessary for the completion of this project.

There are no changes to the CEQA findings previously approved by the Board.

The Assistant General Manager of Operations East and the Councilmember for the 4th District concur with staff's recommendations.

FISCAL IMPACT STATEMENT:

There are no additional costs associated with these recommended changes. The Department's cost for future maintenance will require a budget increase which will be requested through the Department's standard budget process. Those costs at this time are unknown.

This report was prepared by John Barraza, Management Analyst II in the Real Estate and Asset Management Unit.