

APPROVED

REPORT OF GENERAL MANAGER

NO. 12-326

DATE December 10, 2012

DEC 10 2012

C.D. 14

**BOARD OF RECREATION
& PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ARTS DISTRICT PARK – TWENTY YEAR LEASE AGREEMENT WITH THE DEPARTMENT OF WATER AND POWER FOR THE DEVELOPMENT, USE, OPERATION, AND MAINTENANCE OF PROPERTY LOCATED AT 501 SOUTH HEWITT STREET FOR PARK PURPOSES

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

[Signature]
General Manager

Approved *[Signature]* Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Approve a proposed Lease, substantially in the form on file in the Board Office, between the Department of Recreation and Parks (RAP) and the Department of Water and Power (DWP) for the development, use, operation and maintenance of approximately 0.51 acre or 22,000 square feet DWP property located at 501 South Hewitt Street, Los Angeles, CA 90013, for a period of twenty (20) years, as described further in the Summary of this Report, subject to the completion of the necessary due diligence work and the approval of the Mayor and City Attorney as to form;
2. Direct the Board Secretary to transmit the proposed Lease to the Mayor in accordance with Executive Directive No. 3 for approval, and concurrently to the City Attorney for review and approval as to form;
3. Authorize the Board President and Secretary to execute the Lease upon receipt of the necessary approvals; and,
4. Direct the Chief Accounting Employee to make a rental payment of \$5 for first 5-year period with subsequent five-year period rental payments to be determined by DWP from Fund 302, Department 88, Account No. 006030, Leasing Account, as consideration for the Lease to use the subject property.

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SUMMARY:

On March 14, 2012, the Board of Recreation and Parks Commissioners (Board), through Board Report No. 12-067, granted preliminary authorization to staff to initiate the process for the lease of real property from DWP for the proposed development of Arts District Park. The designated site for the proposed park is located at 501 South Hewitt Street, Los Angeles, CA 90013 and measures approximately 0.5 acres or 22,000 square feet. After several months of discussions with staff from DWP, staff is recommending approval of the proposed long-term (20 years), intra-departmental lease which is on file in the Board Office. Consideration expected by DWP for the lease of their property include rental payment of \$5 for first 5-year period with subsequent five-year period rental payments to be determined by DWP, and that all development, operational, and maintenance costs for the proposed park be borne by RAP.

The proposed park is intended to be developed into a small neighborhood park. The property, which once held a building, is currently paved and vacant. A Proposition 84 Statewide Park Program grant application was submitted but not chosen. The park development as proposed in the grant application would include new open space and landscaping, a small plaza, a water feature, picnic tables and benches, and a variety of decorative features and park amenities. Due to the size of the proposed project, and the facilities, features, programs, and services it could provide once complete, the proposed Arts District Park would meet the standard for a Neighborhood Park, as defined in the City's Public Recreation Plan. It is unclear at this time whether the proposed development project will include the same amenities. When a final concept has been determined, this will be presented to the Board for approval.

Through Board Report No. 12-067, the Board allocated \$584,034 in Quimby Fees from Quimby Fees Account No. 460K-00 to the proposed project. These fees were collected within one mile of the proposed Arts District Park project site, which is the standard distance for the allocation of the Quimby Fees for community recreational facilities.

In compliance with the California Environmental Quality Act (CEQA), RAP has determined that the proposed project would consist of the transfer of a leasehold interest in the form of a lease agreement to preserve open space, and minor alterations to the land for landscaping other recreational improvements for the new neighborhood park. Therefore, the project is Categorical Exempt from CEQA, pursuant to Article III, Section 1, Class 3(6) and Class 4(3, 7) of the City CEQA Guidelines.

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FISCAL IMPACT STATEMENT:

As currently conceptualized, there is no fiscal impact to RAP's General Fund associated with this project, except for the rental payment of \$5 for the first 5-year period, with subsequent five-year period rental payments to be determined by DWP, as consideration in exchange for RAP's use of DWP property and the cost of development, maintenance and operation of the site. The payment to DWP will be paid from Fund 302, Department 88, Account No. 006030, Leasing Account. All costs for the development of the site will be paid for from the Arts District Park Account No. 460K-ZC, which is a Quimby account. Future operations and maintenance costs for the proposed park, after project completion, which is estimated to be 2019, are currently unknown.

This report was prepared by Cid Macaraeg, Sr. Management Analyst II, Planning, Construction, and Maintenance Branch.