

APPROVED
MAY 16 2012

REPORT OF GENERAL MANAGER

NO. 12-147

DATE May 16, 2012

**BOARD OF RECREATION
AND PARK COMMISSIONERS**

C.D. 15

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: DRUM BARRACKS CIVIL WAR MUSEUM – REQUEST FOR FINAL AUTHORIZATION TO ACQUIRE PROPERTY AT 1061 CARY AVENUE TO PROVIDE PARKING FOR THE MUSEUM – APPROVAL OF PURCHASE AND SALE AGREEMENT, AND ALLOCATION OF PROPOSITION K FUNDS

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

[Signature]
General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Adopt the Resolution, substantially in the form on file in the Board Office, authorizing staff to request the assistance of the Department of General Services (GSD) and other City entities, per Charter Section 594(a) and (b), in obtaining fee title to a privately owned parcel of 0.09 acre or approximately 4,099 square feet, with an existing dwelling of 852 square feet built in the year 1921 located at 1061 Cary Avenue, Wilmington, California, 90744, further identified with the Los Angeles County Tax Assessors' Assessor Parcel Number (APN) 7423-021-032 for the agreed upon price of \$175,000;
2. Approve a proposed Purchase and Sale Agreement (PSA), substantially in the form on file in the Board Office, subject to the review and 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 and approval as to form;
4. Authorize the Department's Chief Accounting Employee, GSD's and the Department of Public Works' employees to make technical corrections as necessary 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 accounts or escrow company account in order to expeditiously effectuate the acquisition of the property parcel

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with the street address of 1061 Cary Avenue from the Proposition K accounts Fiscal Year 2011-2012: Fund No. 43K, Department No. 10 and Account No. 10H247; with an available balance of \$270,000 to be used to pay for the Phase I assessment, the acquisition and related eligible costs;

5. Authorize the Board President and Secretary to execute the PSA upon receipt of the necessary approvals;
6. Authorize the Board Secretary to execute the escrow instructions and grant deed for the subject property;
7. Direct the Board Secretary, to accept the grant deed to the property parcel, which is to be set apart and dedicated as park property in perpetuity, and,
8. Authorize the Board President and Secretary to execute any required ancillary documents.

SUMMARY:

On March 20, 2003, the Board of Recreation and Park Commissioners (Board) approved Board Report No. 03-87 which provided the Department of Recreation and Parks (Department) with preliminary authorization for the acquisition of one parcel of property measuring 0.09 acre, or approximately 4,900 square feet, for the expansion of the Drum Barracks Civil War Museum (Museum) parking lot. The site has an existing residential dwelling structure of 708 square feet, and the street address of 1061 Cary Avenue, Wilmington, California 90744.

The Department with the assistance of the Department of General Services (GSD) Assets Management Division has pursued obtaining the property from the owner. A Class "A" Estimate of Value was obtained by GSD in November, 2011, which recommended a fair market value of \$160,000. GSD reviewed the appraisal and negotiated with the owner of the property to reach a final sale price of \$175,000. The settlement price was a result of a negotiated conclusion. The owner of the property felt strongly that \$175,000 was more representative of the market value of the property. Although this amount exceeds the appraised value, GSD has determined that this value is supported, based on other similar market transactions within the area. Currently there is \$270,000 available in Proposition K funds for acquisition of land for a parking lot for the Museum. The monies are sufficient to complete this property acquisition including the purchase price and eligible costs for the Phase I and II Environmental Site Assessments, CEQA compliance, lead and asbestos survey, appraisals, escrow costs, and relocation costs, if any.

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This is a Proposition K - L.A. for Kids Program Specified project, funded in the Fiscal Year 2011-2012 for acquisition of land for a parking lot for the Museum. In order to fully obligate the Proposition K funds prior to the end of the current Fiscal Year, escrow must be opened no later than June 30, 2012, or the project will have to be considered for reprogramming to a future fiscal year. A timeline for the construction of the parking lot will be established following the completion of an historic structure report and a lead and asbestos survey. Since the property is currently zoned residential, the property would have to be rezoned or a Conditional Use Permit (CUP) be granted in order to use the property for a parking lot. The PSA and escrow instructions will provide that escrow cannot close until compliance with the California Environmental Quality Act (CEQA) has been completed for this project which involves, acquisition of land for a parking lot for the Museum, and development of the parking lot, includes demolition of a residence and either rezoning or a CUP granted to allow the parcel to be used for parking.

History:

Drum Barracks Civil War Museum (Museum) is the site of the last remaining wooden building of Camp Drum, a Civil War era military encampment between 1862 and 1873. The building served as the U.S. Army Headquarters for Southern California and the Arizona Territory during that era. In the early 1960s the building was scheduled for demolition but through the efforts of local citizens it was saved. In 1987, the Drum Barracks Civil War Museum was opened to the public.

The Department has actively pursued expansion of the Museum for some time. On July 17, 1989, by approval of Board Report No. 407-89, the Board authorized purchase of a vacant lot located directly adjacent and contiguous to the Museum's northerly property boundary as additional parking for the Museum with APN 7423-021-032 and an address of 1058 North Banning Boulevard. At the time of that purchase, the Department was aware there was a long-term oil lease originating on October 1, 1937. It was determined by staff that the lease would not impact the use the Department intended for the property and the acquisition was authorized accordingly. There has not been any issue to date with that lease.

On March 20, 2003, by approval of Board Report No. 03-87, the Board authorized the Department to pursue acquisition of a second property adjacent and contiguous to the Museum that is also adjacent and contiguous to the property acquired in 1989 as discussed above (Board Report No. 407-89).

In researching the history of the property at 1601 Cary Avenue, the City Attorney's Office discovered that the long-term oil lease that entails the property purchased in 1989 also entails the subject property, at 1601 Cary Avenue being considered for acquisition at this time. Staff has conferred with representatives of the leasing corporation and has been informed that the field operations of the oil lease will not affect the Department's intended use of this property. There has not been any issue resulting from the long-term oil lease on the first property and the corporation's

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field staff has advised that there will not be any issue regarding the operation of the long-term oil lease for this property. Based on this information staff has determined there is no foreseeable issue concerning the Department's acquisition of this property for a parking lot. Following the appropriate development process the maximum amount of additional parking spaces will be added to the Museum facility.

Funding Source:

Funding for the acquisition will come from the \$270,000 available in the Proposition K land acquisition monies Fiscal Year 2011-2012: Fund No. 43K/Department No. 10 and Account No. 10H247. The purchase price of the property is \$175,000. The approximate costs are \$1,000 for the appraisal; \$1,431 for escrow services; and \$25,000 for relocation assistance of the current tenant.

1.	Phase I Environmental Site Assessment (February, 2003)	\$1,337.37	Proposition K FY 2002-03
2.	Phase I Update/Phase II Subsurface Site Assessment (March, 2011)	\$7,020.00	Quimby
3.	Update Phase I Environmental Site Assessment (March, 2012) (Paid from Quimby funds) (\$1,500 of these costs are eligible to be reimbursed from Proposition K funds)	\$1,500.00	Quimby to be partially reimbursed from Proposition K FY 2011-12
4.	Historic Structure Review	TBD	Proposition K FY 2011-12
5.	Purchase Price	\$175,000.00	Proposition K FY 2011-12
6.	Appraisal	\$1,000.00	Proposition K FY 2011-12
7.	Escrow Services	\$1,431.00	Proposition K FY 2011-12
8.	Relocation Assistance	\$25,000.00	Proposition K FY 2011-12
	Total	\$212,288.37	

Notes: Any Proposition K funds that remain unexpended after acquisition has been completed may not be used for development of the parking lot and will have to be reprogrammed to another project since the Ballot Measure did not provide for these Proposition K funds to be used for any costs other than acquisition costs

In February of 2003, an initial Phase I Environmental Site Assessment (ESA) was funded through Fiscal Year 2002-03 Proposition K monies at a cost of \$1,337.37. That assessment was valid for one year only and recommended further Phase II subsurface investigation. The acquisition of the property was not made in that fiscal year and that initial Phase I ESA became invalid. Subsequently, the original 2003 Phase I ESA being no longer valid, and a Phase I Update was obtained in March of 2011; the recommended Phase II Subsurface Investigation was also obtained

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at that time. The Phase I Update/Phase II Subsurface Site Assessment report prepared in March, 2011, was funded through the Quimby Account at a cost of \$7,020.00. During the ensuing negotiation period the subsequent Phase I ESA obtained in March of 2011 expired and a final Phase I ESA was obtained in March, 2012, also funded through the Quimby Account, at a cost of \$1,500.00. The total amount of the Quimby Account funds used for the subsequent ESA reports was \$8,520.00. Therefore the Department is seeking reimbursed to the Quimby Account in the amount of \$8,520.00 from the available Proposition K funding of the current fiscal year as well.

Environmental:

A Phase I Environmental Site Assessment (ESA) was completed in January 2003 when the Board gave preliminary authorization for the acquisition. At that time potential contamination from an adjacent property with an abandoned oil well was identified as a Recognized Environmental Condition that required further investigation. Subsequently, a new Phase I ESA/Phase II Subsurface Investigation was completed on March 9, 2011, in conformance with the scope and limitations of American Standards of Testing and Materials (ASTM) Practice E1527-05 and the United States Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) for the subject property. The 2011 ESA report indicated that there are no recognized environmental conditions in connection with the property. An ESA is good for one year, but must be updated after six months from the date of completion in order to qualify the land purchaser for liability protection. Therefore, a Phase I update was prepared for the 2011 ESA in February 2012, and no additional Recognized Environmental Conditions were identified, except for potential asbestos and lead-based paint in the house on the property that the Department will abate as required when plans for the parking lot are completed.

Staff determined that the subject project consists of the acquisition of land for future development of a parking lot for the Museum, and therefore, is categorically exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to Article III, Section 1(y), Class 25 (5) of the City CEQA Guidelines.

The Office of Council District Fifteen and, the Assistant General Manager of Operation concurs with staff's recommendations.

FISCAL IMPACT STATEMENT:

The Department's Maintenance Division budget will fund the \$3,500 required for fencing and maintenance until the project is completed, at which time ongoing operation and maintenance costs will be determined. Such costs will be submitted in future annual budget requests.

This report was prepared by Gregory Clark, Management Analyst II in Real Estate and Asset Management, Planning and Construction Division.