

APPROVED
JUN 11 2014

REPORT OF GENERAL MANAGER

NO. 14-098

DATE: April 23, 2014

BOARD OF RECREATION
& PARK COMMISSIONERS

C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: SUNSET GORDON PROJECT – PRELIMINARY AUTHORIZATION TO ACQUIRE A PERPETUAL EASEMENT FOR PARK PURPOSES; APPROVAL OF FINAL PARK DESIGN PLAN; EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

R. Adams	<u> </u>	V. Israel	<u> </u>
*R. Barajas	<u><i>RB</i></u>	K. Regan	<u> </u>
H. Fujita	<u> </u>	N. Williams	<u> </u>

[Signature]
General Manager

Approved *AS amended see attached* Disapproved Withdrawn

RECOMMENDATIONS:

That the Board:

1. Authorize the Department of Recreation and Parks (RAP) to initiate preliminary acquisition of a perpetual easement over all or a portion of Assessor's Parcel Numbers (APN) 5545-009-005, 5545-009-006, and 5545-009-007, generally located 1522-1534 Gordon Street, Los Angeles, California 90028, and measuring approximately 21,177 square feet or 0.49 acres, for public park purposes;
2. Authorize staff to coordinate acquisition activities with the Department of General Services (GSD), including the request for GSD and City Attorney's Office to draft a Purchase and Sale Agreement, in conformance with the terms of the Term Sheet attached hereto as Exhibit A, upon completion of preliminary work and all due diligence, and for staff to obtain the necessary environmental and funding clearances for the acquisition of said easement;
3. Upon the completion of the preliminary acquisition activities, direct staff to return to the Board of Recreation and Park Commissioners (Board) with a Purchase and Sale Agreement, escrow instructions and related documents for the Board's final approval to purchase the property, contingent on the following conditions:

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- a. Funding will be made available for the acquisition of the property through Quimby Funds or an alternative funding source;
 - b. Appropriate California Environmental Quality Act (CEQA) review of documentation/actions will have been identified reviewed, addressed, and any required actions completed;
 - c. All environmental assessments, Phase I and Phase II or any additional assessments needed, will have been completed and appropriate actions taken and satisfied prior to the close of escrow;
 - d. A Class "A" Formal Appraisal will have been completed and reviewed by GSD and upon review GSD will have made a recommendation to RAP staff on action to be taken as it relates to the acquisition; and,
 - e. GSD will have negotiated a purchase price that is consistent with their professional opinion of market value.
4. Authorize staff to work with the City Attorney's Office to develop a Maintenance Agreement and Covenant between RAP and 5929 Sunset (Hollywood), LLC (Developer) for the maintenance of the park and park improvements developed on the proposed easement and direct staff to return to the Board for final approval of a proposed Maintenance Agreement and Covenant; and,
 5. Approve the final design concept for Sunset Gordon Park, as described in the Summary of this Report and shown on Exhibit B and Exhibit C.

SUMMARY:

The Sunset Gordon Project (CPC-2007-515-GPA-ZC-HD-CU-CUB-ZV-ZAA-SPR-SPE-SPP and VTT-68501) is a mixed-use residential and commercial project located on an approximately 1.7 acre site at 5929-5945 Sunset Boulevard and 1512-1540 North Gordon Street in Hollywood. The project, which is currently under construction, will include 305 dwelling units, approximately 13,500 square feet of restaurant and retail space, approximately 40,000 square feet of office space, a parking structure that will have parking levels both above and below grade, and approximately 21,177 square foot public park. The residential portion of the Sunset Gordon Project is proposed to be developed as an apartment project.

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The public park will be located on the north side of the project, along the project's Gordon Street frontage, and will be constructed above a below grade portion of the project's parking structure. While the public park will be located over a portion of the project's parking structure, the entrances to the public park will be at street level. The public park will measure approximately 21,177 square feet or 0.49 acres and will, pursuant to the requirements of the conditions of approval and related mitigation measures contained in the project's entitlements, be fully developed by Developer and maintained for the life of the project by Developer, a Homeowner's Association (HOA), or a designated nonprofit organization.

Developer is proposing that RAP purchase a perpetual easement for the improved park, once the park is completed, with the Quimby Fees that were paid by Developer as a condition of approval of the project's entitlements. Whether or not RAP approves the purchase of the perpetual easement, the park will be constructed by Developer, open and available to the public during daylight hours, and maintained by Developer, a HOA, or a designated nonprofit organization.

Background

On October 18, 2007, the Board of the Community Redevelopment Agency of Los Angeles (former CRA/LA) approved various actions and findings related to the Sunset Gordon Project, including an Owner Participation Agreement (CRA OPA) with Sunset and Gordon Investors, LLC (original Developer), who was at the time the developer of the Sunset Gordon Project and transmitted its recommendations to the Los Angeles City Council. On December 14, 2007, the Los Angeles City Council concurred in and approved the recommendations of former CRA/LA (Council File No. 07-3459).

On July 25, 2008, the Los Angeles City Council approved a General Plan Amendment, Zone and Height District Change, and other recommendations related to the Sunset Gordon Project (CPC-2007-515-GPA-ZC-HD-CU-CUB-ZV-ZAA-SPR-SPE-SPP) and approved an accompanying ordinance (Ordinance No. 180094) effecting the Zone and Height District Change for the property (Council File No. 08-1509).

On September 12, 2008, the Los Angeles City Council approved and adopted several actions on Vesting Tentative Tract Map No. 68501 (VTT-68501), a subdivision tract map for the Sunset Gordon Project (Council File No. 08-1509-S1).

Pursuant to the requirements of the conditions of approval and related mitigation measures contained in the project's entitlements, Los Angeles Municipal Code (LAMC) Section 17.12 (Park and Recreation Site Acquisition and Development Provisions), LAMC Section 12.33 (Dedication of Land or Payment for Park and Recreational Facilities as a Requirement for a Zone Change for a Multiple Residential Use in Any Multiple Residential or Commercial Zone), and the [Q] conditions

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of Ordinance No. 180094, Developer is required to meet the following park and recreation related conditions:

- Payment of applicable Quimby or Zone Change Fees for each dwelling unit being developed as a part of the Sunset Gordon Project
- Provision of a 21,177 square-foot park that is open and accessible to the public during daylight hours
- Provide for maintenance of the park as per the conditions of the CRA OPA and have it be open and accessible to the public during daylight hours
- Provide for the active operation and maintenance of the park for the life of the project (with the maintenance to be provided by Developer, HOA, or a designated non-profit organization with the experience and ability to maintain the park in accordance with RAP's public health and safety standards)

Previous Board Actions on Sunset Gordon Project

On July 23, 2008, the Board of Recreation and Park Commissioners (Board) approved a Tri-Party Agreement between RAP, the former CRA/LA, and original Developer, for the purpose of creating a new park as a part of the Sunset Gordon Project, and a Maintenance Agreement, between the same parties, for the maintenance of the resulting new park (Board Report No. 08-212).

The Tri-Party Agreement set forth a process through which the City would ultimately have obtained a vested condominium interest or fee ownership of the entire park and the original Developer, or their successor-in-interest, would have obtained a non-exclusive easement over the park surface in order to operate and maintain the park at no cost to the City. At that time, original Developer anticipated that the residential, commercial, and park components of the Sunset Gordon Project would be developed as for-sale condominium units.

As detailed in the Tri-Party Agreement, the former CRA/LA would have, at the start of project construction, purchased a two-thirds surface interest in the park and RAP would have used the Quimby fees to be paid by original Developer to purchase the remaining one-third surface interest in the park. Upon completion of the park, the former CRA/LA would have deeded their two-thirds interest in the park to the City, giving the City ownership of the entire park. The Tri-Party Agreement would have committed the original Developer to spend up to \$500,000.00 to develop the park at the site and to obtain RAP's approval for the park design. Furthermore, the Tri-Party Agreement stated that the City would have no liability for any repairs to the underground garage due to damage resulting from the park (e.g., subsurface irrigation leaks). Finally, attached to the

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Tri-Party Agreement was a Maintenance Agreement that was to be recorded on the property and that specified that the original Developer's ongoing responsibilities concerning the park.

On September 23, 2008, the Los Angeles City Council approved and authorized RAP to execute both the Tri-Party Agreement and the Maintenance Agreement (Council File No. 08-2104). However, neither the Tri-Party Agreement nor the Maintenance Agreement were ultimately executed.

Term Sheet

Developer, RAP, and the Department of City Planning have signed a Term Sheet, attached hereto as Exhibit A, detailing the steps necessary for Developer to meet the Sunset Gordon Project's park and recreation related conditions and receive building permit clearances and temporary and final certificates of occupancy for the project.

The Term Sheet reflects an agreement on the part of Developer, RAP, and the Department of City Planning to negotiate in good faith on the acquisition of the perpetual easement for the improved park and on the terms of the maintenance agreement to maintain the new park. The Term Sheet does not represent a binding commitment for RAP to purchase the easement or enter into any maintenance agreement. The Term Sheet clearly states that acquisition of the proposed park easement for park purposes is subject to the approval of the Board and that the Term Sheet itself does not guarantee the Board's adoption or approval of any of the terms or agreements described therein.

The Term Sheet also required Developer to pay the required Quimby Fees for the Sunset Gordon Project prior to the Board's consideration of the acquisition of the proposed easement. On July 16, 2012, Developer paid the required Quimby Fees for the 305 dwelling units entitled to be developed as a part of the Sunset Gordon Project. The total Quimby fee payment received by RAP for this project was \$1,253,855.00.

Proposed Acquisition of Perpetual Easement

As discussed above, Developer is currently proposing that RAP purchase a perpetual easement for the improved park, once the park is completed. The terms of the proposed Purchase and Sale Agreement to be drafted by the GSD and City Attorney's Office would be in conformance with the terms of the Term Sheet discussed above and attached as Exhibit A. As a part of the Purchase and Sale Agreement, and as agreed to in the Term Sheet, RAP would retain all rights to convert the perpetual easement into a condominium interest, should Developer, or their successor-in-interest, record a subdivision map for the property in the future.

The public park would measure approximately 21,177 square feet or 0.49 acres. The proposed perpetual easement for the improved park would be located in the same area as was set forth in one

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of the exhibits to the Maintenance Agreement that was previously approved by the Board in Board Report No. 08-212. A map showing the location of the public park and the proposed easement is attached as Exhibit B.

The final design concept for Sunset Gordon Park includes an open lawn area, bocce ball courts, outdoor fitness equipment, a dog care area, landscaping, pathways, benches and seat walls, and other site amenities. The proposed park improvements would be required to meet RAP policies and standards, and Developer would be required to obtain Board approval in order to make any future modifications of the planned improvements. The final design concept for Sunset Gordon Park is attached as Exhibit C.

Funding for the proposed acquisition is proposed to be provided by the Quimby Fees that were paid by Developer as a condition of approval of the project's entitlements. GSD will provide a Class "A" Formal Appraisal for the park easement and improvements and, upon review, will make a recommendation to RAP staff on action to be taken as it relates to the acquisition. GSD will then negotiate a purchase price that is consistent with their professional opinion of market value. However, it should be noted that Developer agreed in the Term Sheet that in no event shall the negotiated purchase price for the easement exceed the \$1,253,855.00 in Quimby fees that have already been paid by Developer. All appropriate environmental assessments, including Phase I and Phase II or any additional assessments needed, will be completed and any appropriate actions taken and satisfied prior to staff returning to the Board with a Purchase and Sale Agreement.

Finally, staff would work with City Attorney's Office to develop a Maintenance Agreement and Covenant between RAP and Developer whereby Developer, a HOA, or a designated nonprofit organization, would agree to maintain the park and park improvements in perpetuity. The Maintenance Agreement and Covenant would be modeled after the Maintenance Agreement that was attached to the previous Tri-Party Agreement, with as-needed modifications, revisions, or additions. The Maintenance Agreement and Covenant would require Developer to fully indemnify the City, and would be recorded against the property and forever run with the land.

It is again important to note that the park maintenance obligations were imposed, and are required, as project mitigation measure and the Developer will need to enter into a Maintenance Agreement and Covenant with the City regardless of RAP approving the purchase of the perpetual easement. The proposed allocation of Quimby funds are only for the purchase of the perpetual easement for the improved park and are not to purchase any park maintenance services.

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Environmental Review

Staff determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes. Therefore, the acquisition of the project site is categorically exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to Article 19, Section 15325, Class 25, of the State CEQA Guidelines.

FISCAL IMPACT STATEMENT:

Acquisition costs for perpetual easement for the improved park are anticipated to be funded by Quimby Fees. The approval of the final design concept for Sunset Gordon Park will not have any impact on RAP's General Fund. There will be no additional maintenance costs associated with this acquisition as the maintenance of the proposed park improvements will be the responsibility of Developer.

This report was prepared by Darryl Ford, Management Analyst II, Planning, Construction, and Maintenance Branch.

Sunset & Gordon Park Term Sheet

This term sheet is meant to address the park requirements for the Sunset & Gordon Park Development project. This term sheet does not address any other fees, conditions, or requirements imposed as part of the project's entitlements or as required by Code. Issuance of any building permits will be subject to the totality of the requirements and conditions contained in the project's entitlement documents. Issuance of the Certificate of Occupancy will be subject to the terms of the building permits, Building Code requirements and performance and satisfaction of the terms and agreements below.

This term sheet represents an intent of all parties to negotiate in good faith and to serve as a mechanism for clearing the Quimby Fees required by LAMC §§ 17.12, 12.33; for clearing the [Q] condition of Ordinance No. 180094 requiring the provision and maintenance of a park, and for clearing any similar conditions set forth in the project approvals. This term sheet, however, does not represent a binding commitment for the City to purchase a park, to enter into any specific agreements described below or to guarantee adoption or approval of any terms or agreements.

I. Steps Necessary For Building Permit Clearances On Park Related Issues

1. 5929 SUNSET (HOLLYWOOD), LLC, a California limited liability company and its successors and assigns ("Developer") shall pay Department of Recreation and Parks ("RAP") full Quimby fees pursuant to LAMC §§ 17.12, 12.33. The fees shall be assessed based on the total number of units entitled, unless Developer records covenants (as required by RAP) agreeing not to build the total number of entitled units. According to the City's March 2, 2012 published fee schedule, Quimby fees are \$4,111 per unit.

2. Developer and the Department of City Planning shall enter into an agreement whereby both parties agree that the Director of Planning shall allow for the issuance of building permits which convey no vested rights, and that any temporary or final Certificate of Occupancy for the residential portion of the project, and any final Certificate of Occupancy for the non-residential portion of the project shall not be issued until (a) a park is fully developed pursuant to the conditions of Ordinance No. 180094 and an easement for such park is conveyed to the City; (b) a Park Maintenance Agreement ("Maintenance Agreement") (as discussed below) is executed; and (c) a Maintenance Covenant running with the land is properly recorded against the project. Developer shall acknowledge that if a temporary or final certificate of occupancy is inadvertently issued for the residential portion of the project or a final certificate of occupancy is inadvertently issued for the non-residential portions of the project prior to the clearance of these conditions, then such temporary or final certificate of occupancy is subject to modification or revocation by the City.

II. Steps Necessary For Issuance Of Certificate Of Occupancy

1. Developer and RAP shall enter into a purchase and sale and escrow agreement ("the Purchase Agreement") whereby RAP uses the above paid Quimby fees to purchase a perpetual easement for the improved park once the park is completed to the satisfaction of all

Purchase Agreement terms. The park easement shall be in the location set forth in Exhibit B to the draft Maintenance Agreement, which, in turn, is attached as Exhibit B to the Tri-Party Agreement approved by the Board of Recreation and Parks on July 23, 2008, Report No. 08-212. (A copy of the Board Report and Tri-Party Agreement is attached hereto.) The improvements shall meet the minimum requirements set forth in the RAP Board approval. Should Developer wish to modify the planned improvements, it must first obtain the approval of RAP's Board and comply with all RAP policies and procedures for park development.

- a. RAP retains all rights to convert its perpetual easement into a condominium interest should Developer record a subdivision map. (City and Developer to negotiate form of conveyance necessary to establish that right.)
- b. The Purchase Agreement will require the Developer to fully indemnify the City.
- c. RAP will provide an appraisal from the General Services Division (GSD) to verify that the value of the improved park equals or exceeds the value of the required Quimby fees for the project. In no event shall the purchase price of the easement and improvements exceed the required Quimby fees for the project. In the event that the value of the improved park is less than the Quimby fees paid for the project, RAP shall retain the Quimby fees that represent the difference between the fees paid and the value of the improved park.
- d. RAP Board approval will be necessary to execute the Purchase Agreement. Findings justifying sole sourcing may be necessary.
- e. The Purchase Agreement will include a construction schedule for the park. RAP will retain its right to review and sign off on all park plans, modifications and construction phases.
- f. The closing date under the Purchase Agreement shall be contingent upon the completion of the park by Developer to the satisfaction of RAP and pursuant to the terms of the Purchase Agreement.
- g. Fully executed copies of the deed granting the easement, and the Maintenance Covenant shall be delivered to Escrow not less than five (5) business days prior to the closing date of the escrow account.
- h. One (1) business day prior to the closing date, RAP will deposit into the escrow account funds for the purchase of the park easement and improvements. The price shall be determined as set forth in paragraph 1 above.
- i. Closing shall occur upon the following: (1) the Park Easement and the Maintenance Covenant are to be recorded in the Los Angeles County Recorder's Office and conformed copies of the recorded documents are to be delivered to Developer and RAP; (2) Escrow Company delivers to Developer the purchase funds; and (3) Escrow Company delivers to RAP a title insurance policy insuring RAP's interest in the Park Easement

(escrow and title fees to be paid by Developer). Escrow Company shall deliver pre-approved closing statements to Developer and RAP.

2. Developer and RAP shall enter into a Maintenance Agreement whereby Developer agrees to maintain and improve the park in perpetuity.

a. The Maintenance Agreement will be modeled after the previously drafted Tri-Party Agreement between Developer, CRA, and RAP, provided that additional modifications, revisions or additions may be required.

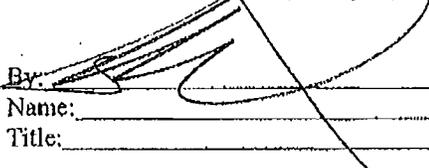
b. The Maintenance Agreement will require the Developer to fully indemnify the City.

c. The Maintenance Agreement will ensure continued maintenance by Developer and its successors in interest (including any future HOA if a map is recorded for the project), along with appropriate default security provisions for RAP.

3. The Maintenance Agreement shall be secured by a Maintenance Covenant that will be recorded against the project, and which will run with the land.

4. The Purchase Agreement, Maintenance Agreement and Maintenance Covenant will reflect that the Quimby fees shall be used by RAP to purchase an easement and park improvements only, and that the maintenance obligations are imposed as project mitigation measures, secured by the terms of the Maintenance Agreement and the Maintenance Covenant.

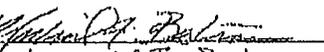
5929 SUNSET (HOLLYWOOD), LLC,
a California limited liability company

By: 
Name: _____
Title: _____

CITY OF LOS ANGELES DEPARTMENT
OF CITY PLANNING

By: 
Name: Michael J. LoGrande
Title: Director of Planning

APPROVED AS TO FORM:
CARMEN A. TRUTANICH
CITY ATTORNEY

By: 
Name: Michael J. Bestrom
Title: Deputy City Attorney

CITY OF LOS ANGELES DEPARTMENT
OF RECREATION AND PARKS

By: 
Name: Jon Kirk Mulca
Title: General Manager

Sunset & Gordon – 5929 Sunset Boulevard



View Along Gordon Street South Showing Park Under Construction

Sunset & Gordon – 5929 Sunset Boulevard



View Along Gordon Street South Showing Park Under Construction



C&G LANDSCAPE ARCHITECTURE
 1100 BROADWAY, SUITE 1000
 NEW YORK, NY 10003
 TEL: 212.693.1234
 FAX: 212.693.1235
 WWW.C&GLA.COM

SHEET 1 OF 1
 DATE: 05-07-12
 SCALE: 1"=10'-0"

PROVIDES	DESCRIPTION
	SHEPHERD WALGH
	CAMEL WASH 1/2" x 1/2" Iron Oxide
	DISCOLORED GRANITE
	DISCOLORED GRANITE BRIDGE COURT
	BNT PAVER
	CONCRETE PALE
	TAMP



CONCEPTUAL LANDSCAPE PLAN
Sunset & Gordon
 Hollywood, California

EXCERPT FROM THE MINUTES OF THE REGULAR MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
JUNE 11, 2014

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GORDON PROJECT – PRELIMINARY AUTHORIZATION TO ACQUIRE A PERPETUAL EASEMENT FOR PARK PURPOSES; APPROVAL OF FINAL PARK DESIGN PLAN; EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

The above item was separately described and presented to the Board by Department staff, and the Board further discussed the item in detail. Public comment was invited on the item. Three requests for public comment were received and such comment was made to the Commission.

In order to ensure that the park is integrated in the community and that it is being made accessible to the people of Hollywood and the residents of the building, President Alvarez requested Department staff provide a bi-yearly, informational report to the Board on how the park is being used by the community and how it is being integrated in the community.

Commissioner Sanford moved that the Report be approved contingent upon Recommendation No. 5 of the Report being modified to delete Exhibit B and Exhibit C and replaced with the Exhibits as provided by Michael Schwartzman, CIM Group, during the meeting, and that the Board condition its approval of the Purchase Agreement on the Board's review of the appraisal and require that it be valued at or above \$1.25 million dollars.

ROLL CALL:	President Alvarez	AYE
	Vice President Zuñiga	AYE
	Commissioner Patsaouras	ABSTAIN
	Commissioner Sanford	AYE

General Manager's Report No.14-098 was approved as amended.