



REPORT OF GENERAL MANAGER

NO. 14-009

DATE January 22, 2014

C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 50 PARKS INITIATIVE – LAUREL CANYON/MULHOLLAND OPEN SPACE ACQUISITION PROJECT, 8100 WEST MULHOLLAND DRIVE – REQUEST FOR FINAL AUTHORIZATION TO ACQUIRE PROPERTY – ESCROW INSTRUCTIONS AND LEGALLY OBLIGATED ACQUISITION COSTS, PURCHASE AND SALE AGREEMENT, ALLOCATION OF PROPOSITION K FUNDS, AND EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

R. Adams	_____	V. Israel	_____
*R. Barajas	<u><i>[Signature]</i></u>	K. Regan	_____
H. Fujita	_____	N. Williams	_____

*as amended*

*[Signature]*  
General Manager

Approved \_\_\_\_\_ Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Authorize the Board President and Secretary to execute the Assignment and Assumption Agreement which accepts the assignment of the rights from Mountain Recreation and Conservation Authority (MRCA) to purchase the property with Assessor's Parcel Number (APN) 5565-003-036 for \$1,226,000.00 (plus closing costs) under the Option to Purchase and Sale Agreement dated April 8, 2013 as amended and execute the Purchase and Sale Agreement and Joint Escrow Instructions (PSA) between the City and Laurel Mulholland Partners L.P. a California limited partnership;
2. Direct the Board Secretary to accept the Quit Claim Deed from MRCA, on file in the Board Office, which terminates and extinguishes any interest MRCA may have had in the property with APN 5565-003-036 under the to Purchase and Sale Agreement dated April 8, 2013;
3. Adopt a 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, vacant parcel,

REPORT OF GENERAL MANAGER

PG. 2 NO. 14-009

approximately 1.21 acres or 52,750 square feet, with the address of 8100 West Mulholland Drive, Los Angeles, 90046 in the Bel-Air/Beverly Crest area with a County of Los Angeles APN 5565-003-036;

4. Direct the Board Secretary to transmit forthwith the proposed Assignment and Assumption Agreement and the Purchase and Sale Agreement And Joint Escrow Instructions to the City Attorney for review as to form;
5. Authorize and/or Request that the Department of General Services (GSD), the Department of Public Works, Bureau of Engineering, and the Department's Chief Accounting Employee to make technical corrections as necessary 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 effectuate the acquisition of the property with APN 5565-003-036;
6. Find that the project is exempt from the provisions of the California Environmental Quality Act, as referenced in the Environmental section of this Report;
7. Direct staff to file a Notice of Exemption (NOE) with the Los Angeles County Clerk; and,
8. Direct the Board Secretary to accept the grant deed to the parcel, which is to be set apart and dedicated as park property in perpetuity.

SUMMARY:

On April 18, 2012, the Board of Recreation and Park Commissioners (Board) authorized the General Manager of the Department of Recreation and Parks (RAP) to submit the Proposition K 8<sup>th</sup> Cycle grant proposals for proposed capital improvement projects (Board Report No. 12-119). On April 25, 2012, RAP officially submitted a proposal to the Proposition K - L.A. for Kids Program, for the Laurel Canyon/Mulholland Open Space Acquisition Project for acquisition of the parcel located at 8100 West Mulholland Drive, Los Angeles, 90046, of approximately 1.21 acres or 52,750 square feet (per county assessor property data information) in the Bel-Air/Beverly Crest community, identified by APN 5565-003-036. On June 5, 2013, the City Council under Council File No. 12-1670 adopted the annual Proposition K budget for Fiscal Year 2013-2014 which included the allocation of \$1,500,000.00 in Proposition K funding for the Laurel Canyon/Mulholland Open Space Acquisition Project for the acquisition of land for open space. Currently, \$1,500,000.00 is available in Proposition K funds (Department 10, Fund 43K, Account 10KM14) for the project identified in the proposal of which up to \$1,365,000.00 can be used for acquisition and closing costs and the remaining amount up to \$125,000.00 can be used for City staff costs relating to the acquisition. The Proposition K Project is known as the "Laurel Canyon/Mulholland Open Space Acquisition Project".

REPORT OF GENERAL MANAGER

PG. 3                      NO. 14-009

RAP will acquire the parcel identified by APN 5565-003-036 (Attachment 2 - Assessor Map) located at the intersection of Laurel Canyon Boulevard and Mulholland Drive in the Bel-Air/Beverly Crest Community. The property is a highly visible lot at the top end of a canyon. It is adjacent to the wide and mostly natural scenic highway and adjacent to the parkland owned by MRCA. The property is also located within the boundaries of the Santa Monica Mountains National Recreation Area. The proposed park will be part of a larger effort being coordinated by MRCA to control and preserve open space in the area. All of the nearby parcels now are, or soon will be maintained as open space that is contiguous with a greater than 400 acre natural area that extends from the Coldwater Canyon area to the Runyon Canyon area. (Attachment 1 - Vicinity Map). The ultimate future goal of this broader effort is to obtain ownership or control of the necessary land to eventually construct in the future a high-quality walking path that will connect the new Laurel Canyon/Mulholland Park with the nearby Laurel Canyon Park. The future proposed trail improvements once designed will implement a segment of the Core Trail parallel to Mulholland Drive that is called for in the City's Mulholland Scenic Parkway Specific Plan.

For the past ten (10) years the MRCA has been working on the overall goal of acquiring six parcels to be preserved for open space in the Mulholland Scenic Parkway (Inner Corridor) area connecting the remainder of the eastern Santa Monica Mountains. The MRCA entered into one Option to Purchase and Sale Agreement ("Option Agreement"), dated April 5, 2013, and recorded on June 4, 2014 as Instrument No 2013-0833380 with the owners of the five parcels identified by APN's: 565-003-036, 5565-003-037, 5565-003-039, 5565-003-040 (these parcels are owned by Laurel Mulholland Partners L.P.), and 5565-003-041 (owned by St. Joseph's Cottage L.P.). Under the Option Agreement, the MRCA as the "Buyer" has the option to purchase the five parcels referenced above. With the exception of parcel APN 5565-003-036, these parcels are to be purchased by MRCA in succession in the order listed above.

Under the Option Agreement, the MRCA also has the option of assigning its rights to acquire parcel APN 5565-003-036 to the City of Los Angeles. The MRCA, sellers identified in the Option Agreement (including specifically the owner of parcel APN 5565-003-036), and the City/RAP now propose that the MRCA assign its rights to the City to acquire said parcel for the purchase price of \$1,226,000.00, as identified in the Option Agreement. Staff recommends that the Board approve said assignment of the rights to purchase the subject parcel and authorize staff to negotiate an Assignment and Assumption Agreement ("Assignment Agreement") and a Purchase and Sale Agreement and Joint Escrow Instructions ("Purchase and Sale Agreement"), with the assistance of GSD and the City Attorney. MRCA's acquisition of the remaining four parcels identified in the Option Agreement would be separate from and independent of the City's acquisition of parcel APN 5565-003-036. The City will acquire property, with APN 5565-003-036 from Laurel Mulholland Partners L.P. and the City will deposit funds into escrow. Laurel Mulholland Partners L.P. will transfer the property via Grant Deed to the City.

## REPORT OF GENERAL MANAGER

PG. 4                      NO. 14-009

### Funding Sources:

Funding for the acquisition will come from Proposition K funds, Department 10, Fund 43K, Account 10KM14. The total funding available for the 8100 West Mulholland Drive, Los Angeles, 90046 parcel identified by APN 5565-003-036 is \$1,500,000.00, of which up to \$1,365,000.00 can be used toward the purchase price for the property. This funding will be used to pay for the purchase price of \$1,226,000.00. Up to \$15,000.00 is available to pay for acquisition related costs such as appraisal fees, survey, and escrow closing costs. \$135,000.00 is available to pay for City staff costs, if any, directly related to the acquisition.

### Acquisition Cost:

The cost of the proposed Laurel Canyon/Mulholland Open Space acquisition is the \$1,226,000.00 purchase price plus closing costs and other due diligence costs, which are currently estimated at \$3,265.50. A Class "A" appraisal was prepared on October 28, 2013, by an independent appraiser hired by the MRCA. The appraiser concluded that the market value for parcel APN 5564-003-036 was \$1,440,000.00. GSD has completed its review of said appraisal and concurs with the appraised value for the 74,790 square foot site, which is currently vacant and is zoned RE15-1-H, which is Very Low II Residential. Per GSD's appraisal review memo, the appraised value takes into consideration the 31,220 square feet of conservation easement which encumbers the parcel. Said conservation easement was reportedly purchased by the MRCA for \$65,000.00 in the summer of 2012. GSD recommends and supports the purchase price of \$1,226,000.00 for the site, given the appraiser's determination of the market value of the site. All final costs, including closing costs, will be reviewed and recommended for payment by GSD.

### Development of the Site:

The new Laurel Canyon/Mulholland park site that the City/RAP will acquire, identified by APN 5565-003-036, will provide additional park space in the area and will help meet the needs of the community by providing future new trails and open space. There are no design plans yet for trail improvements over the site to be acquired by the City/RAP. Future trail location and design will need to be coordinated with the MRCA to ensure cohesive trail location and design throughout the City's parcel and the other five parcels which will be owned by the MRCA. The location of the RAP trailhead will have to be determined at a later time after community outreach and input is completed. This project only addresses acquisition of parcel APN 5565-003-036. References to potential improvements and development in the Proposition K proposal submitted by RAP were for reference purposes only and were included to provide information about the future development plans for the area that the MRCA intends to undertake and develop. As of the writing of this Report, details about MRCA's future development plans for the area have not been presented to RAP. However, upon acquiring parcel APN 5565-003-036, RAP will operate and maintain the site in its current state,

## REPORT OF GENERAL MANAGER

PG. 5

NO. 14-009

which is already usable by the public as open space. RAP will request funds to operate and maintain the new park as part of its annual budget request. There is strong support from Council District 4 for RAP to acquire the site now and to operate and maintain the site as open space until design plans for trail development are prepared.

### Environmental:

A Phase I Environmental Site Assessment (ESA) was completed on April 10, 2012 in conformance with the scope and limitations of ASTM Standard Practice E1527-05 and the Environmental Protection Agency Standards and Practices for All Appropriate Inquiries (40 CFR Part 312) for the subject property. The ESA report indicated that there are no recognized environmental conditions in connection with the parcel identified by APN 5565-003-036, and therefore, no environmental impediment to the City's acquiring the parcel identified by APN 5565-003-036 for public use. An updated Phase I ESA was completed in November 2013 and the previous findings and conclusions of the conditions of the parcel identified by APN 5565-003-036 for All Appropriate Inquiries have been validated.

Staff determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes and access to public lands. Therefore, the project is categorically exempt from the provisions of California Environmental Quality Act (CEQA), pursuant to Article 19, Section 15313 of the State CEQA Guidelines. A NOE was filed by MRCA with the Los Angeles County Clerk on August 30, 2011. However, a new NOE will be filed by the RAP upon approval of the project.

### Quit Claim:

As of the drafting of this report, negotiations between all parties concerning easement and related title issues have led to changes in the following documents: Purchase and Sale Agreement, Assignment Agreement and the First Amendment to the Option Agreement.

### Quit Claim Deed:

The sole purpose of this quitclaim deed is to terminate and extinguish any interest of the MRCA herein by reason of the Option Agreement which recorded on June 4, 2013 as Instrument No. 2013-0833380 of Official Records only insofar as it affects the property described. Said Option Agreement will remain in full force and effect as to the remainder of the parcel described therein.

In addition to the Office of Council District 4, the Assistant General Manager of Planning, Construction and Maintenance Branch concurs with staff's recommendations.

REPORT OF GENERAL MANAGER

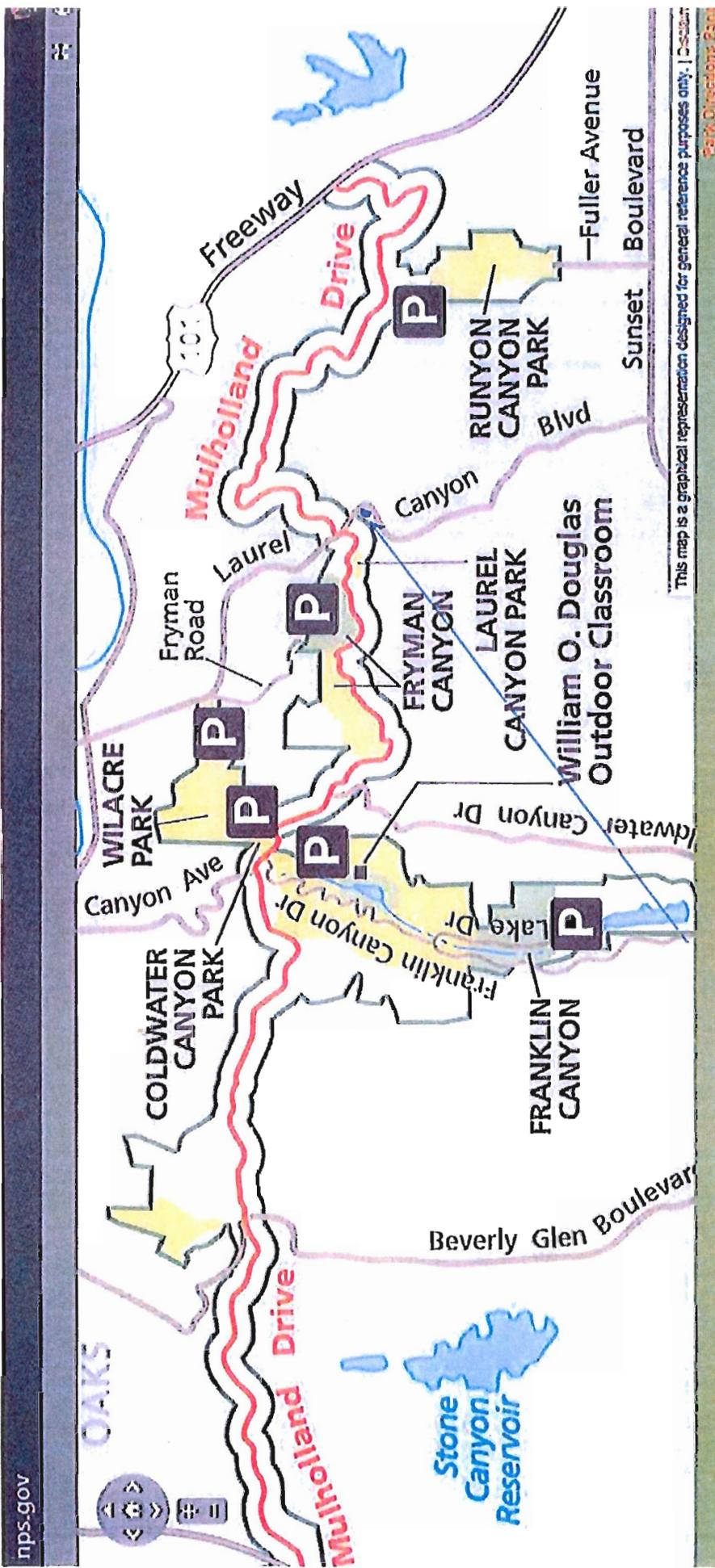
PG. 6

NO. 14-009

FISCAL IMPACT STATEMENT:

At this time, there is no fiscal impact to RAP's General Fund for the approval of this Board Report. Once this project is completed, operational maintenance cost will be determined. The Proposal budget for the first year of operation had a cost of \$13,572.00 for staff and \$317.00 for equipment.

This report was prepared by John Barraza, Management Analyst II in Real Estate and Asset Management Division, Planning, Construction, and Maintenance Branch.



APN: 5565-003-036

VICINITY MAP



EXCERPT FROM THE MINUTES OF THE REGULAR MEETING  
BOARD OF RECREATION AND PARK COMMISSIONERS  
APRIL 2, 2014

14-009

PARKS INITIATIVE – LAUREL CANYON/MULHOLLAND OPEN SPACE ACQUISITION PROJECT, 8100 WEST MULHOLLAND DRIVE – REQUEST FOR FINAL AUTHORIZATION TO ACQUIRE PROPERTY – ESCROW INSTRUCTIONS AND LEGALLY OBLIGATED ACQUISITION COSTS, PURCHASE AND SALE AGREEMENT, ALLOCATION OF PROPOSITION K FUNDS, AND EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

(Original Date – 1/22/14)

Commissioner Sanford requested that the report be amended to add a recommendation directing staff to negotiate a maintenance agreement with Mountains Recreation and Conservation Authority.

It was moved by Commissioner Sanford, seconded by Vice President Zuñiga, that the General Manager's Reports be approved as amended, and with exceptions as noted, and that the Resolutions recommended in the reports be thereby approved. There being no objections, the Motion was unanimously approved.