

APPROVED
SEP 03 2014

REPORT OF GENERAL MANAGER

NO. 14-234

DATE September 3, 2014

**BOARD OF RECREATION
1 PARK COMMISSIONERS**

C.D. 1

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 50 PARKS INITIATIVE – ALPINE RECREATION CENTER EXPANSION PROJECT (ORD AND YALE STREET PARK) – APPROVAL OF EXTENSION OF TIME TO ACQUIRE PARCEL; AMENDMENT TO PURCHASE AND SALE AGREEMENT; AND EXEMPTION FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

R. Adams	_____	V. Israel	_____
*R. Barajas	_____	K. Regan	_____
H. Fujita	_____	N. Williams	_____



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Authorize an extension of time to complete the acquisition of a portion of a parcel identified by Los Angeles County Assessor's Parcel Number (APN): 5407-025-017; and
2. Authorize and request the Department of General Services (GSD) to execute an amendment to the Purchase and Sale Agreement (PSA) to reflect a change in purchase value and acreage.

SUMMARY:

The Alpine Recreation Center Expansion project (Ord and Yale Street Park) is a Proposition K Specified project. The Proposition K line item scope of work states "property acquisition for park expansion" for Alpine Recreation Center, which is located at 817 Yale Street in the Chinatown Area of the City.

On November 7, 2006, California voters passed the "Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006" (Proposition 84), which authorizes \$5.4 billion in general obligation bonds for a number of State grant programs. One of the grant programs created was the Statewide Park Development and Community Revitalization Program. A total of \$368,000,000.00 has been dedicated to this program to make grant awards to projects that demonstrate the creation of new park and recreation facilities in proximity to the most

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critically underserved communities throughout California on a competitive basis in two (2) rounds (\$184,000,000.00 available each round).

The 1st round request for proposals for the Statewide Park Program was released in September 2009. At its meeting of February 20, 2010, the City Council authorized the Community Redevelopment Agency of Los Angeles (CRA/LA) to submit grant applications for the development of the Ord and Yale Street Park project (Council File No. 09-2839-S2). In November 2010, the CRA/LA was awarded \$4,999,705.00 in Proposition 84 grant for the Ord and Yale Street Park. In January 2012 however, the CRA/LA was dissolved. As a result of the dissolution of the CRA/LA, the Department of Recreation and Parks (RAP) was asked to assume the grant application and proceed with the projects on behalf of the City of Los Angeles (City). On May 24, 2012, RAP received notification from the State that the Ord and Yale Street Park project would receive further consideration for the Proposition 84 Statewide Park Program grants. In order to complete the assumption of this grant, the State Office of Grants and Local Services requested that the City submit by August 31, 2012, a City Council approved Resolution authorizing the grant application. On August 14, 2012, the City Council adopted a resolution that approved the assumption, transfer and filing of an application for the Ord and Yale Street Park (the project is also known as the Alpine Recreation Center Expansion project and the Vertical Park project) to RAP on behalf of the City, Council File No. 09-2839-S2.

In order to expedite and not lose \$4,999,705.00 in State Proposition 84 grant funds for development or the opportunity to acquire the Ord and Yale project properties, the Board was asked to grant all the necessary authorities required to complete this acquisition as intended by Council and previous Board actions taken on Proposition 84 concerning this Ord and Yale project which the Board approved through Board Report No. 13-230 on September 18, 2013 which also granted authority to acquire a portion of parcel identified by APN: 5407-025-017 within a year. Board was also informed and asked to expedite this acquisition by approving, an alternative funding source that might be used to cash flow this acquisition until Proposition K can reimburse RAP's/City's acquisition and related costs. Capital B Funds might be used to cash flow the acquisition.

On May 1, 2013, the Board granted final authority to acquire three (3) parcels through Board Report No. 13-106 later revised to include a 4th parcel. The Board initially authorized the acquisition of parcels identified by APN: 5407-025-009, APN: 5407-025-010 and APN: 5407-025-015, as part of the Alpine Recreation Center Expansion Project (Ord and Yale Street Park). The three parcels have been acquired and only the 4th parcel is still in the process of acquisition. The Board has approved the acquisition of a 4th parcel as mentioned above through Board Report No. 13-230.

On September 18, 2013, through Board Report No. 13-230, the Board approved a revised Board Report that included a portion of a 4th parcel identified by APN: 5407-025-017 for the Ord and Yale Street Park project. . The City is proceeding with the acquisition of an irregular shaped portion of a parcel requiring a lot adjustment and identified by APN: 5407-025-017 with full support of the Council Office. City is only interested in acquiring a small portion of the parcel, which will require

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the lot adjustment and which the owner is processing through the Planning Department and which requires additional time to complete. Originally the Board granted approval to acquire the parcel in question within a year. On September 18, 2014, it will be one year. For this reason, RAP staff is asking for additional time to complete the acquisition. At this time, RAP staff is unaware of how long the lot adjustment will take. As RAP staff was processing the acquisition, staff determined that the value and acreage were incorrect. As part of RAP's staff due diligence, a survey was requested to determine value and acreage and boundary of the parcel in question. The completed survey has provided new estimates for acreage, value and a legal description identifying the boundary of the parcel. The old value and acreage that was provided indicated an amount of \$217,990.99 for an area of 4,769 square feet. The new revised estimated purchase price is \$149,745.96 at \$45.71 per square foot for a parcel estimated to be 3,276 square feet. The owner of said parcel is currently processing the lot line adjustment and addressing outstanding Title Lien issues which will require more time to resolve, going beyond the Board approved timeline for completion of the acquisition of a portion of the parcel identified by APN: 5407-025-017. The portion of the parcel is required to meet the overall project scope as was presented by the CRA/LA to the State. CRALA presented its scope to include the portion of parcel identified by APN: 5407-025-017.

RAP has now acquired three (3) parcels as part of the Ord and Yale project and is proceeding with the acquisition of a portion of a fourth parcel located near 524 West Ord Street in Los Angeles, California 90012. The total lot area for the three (3) parcels is approximately 0.242 acre or 10,570 square feet. The fourth parcel is estimated to be 3,276 square feet. Parcel APN: 5407-025-009 is approximately 5,193 square feet, parcel APN: 5407-025-010 is approximately 1,793 square feet and parcel APN: 5407-025-015 is approximately 3,584 square feet. Currently, the parcels identified by APN: 5407-025-009, APN: 5407-025-010, and APN: 5407-025-015 are all vacant lots. The fourth parcel that RAP/City is interested in acquiring is an irregular shaped portion of parcel identified by APN: 5407-025-017. RAP is interested in acquiring only the vacant portion or the irregular shaped portion of parcel identified by APN: 5407-025-017. The portion of the parcel that the City is interested in acquiring is part of a parcel that has an apartment building on it and the City needs to acquire the small vacant portion or the irregular shaped portion of parcel identified by APN: 5407-025-017. The Department of Public Works, Bureau of Engineering, Survey Division has estimated the portion to be approximately 3,276 square feet. RAP will acquire the portion of APN: 5407-025-017 that BOE Survey Division has surveyed and marked after the lot line adjustment/certificate of compliance is completed by the owner at no cost to RAP. The proposed purchase price for the portion of the fourth parcel is \$45.71 per square feet for an estimate of \$149,745.96. The estimate is based on 3,276 square feet.

It is estimated that an additional \$10,000.00 is required for payment of closing fees. Therefore, the total property acquisition is estimated to be \$159,745.96. Escrow costs and related pre-acquisition costs will initially be funded by Capital B Funds: Fund 302, Department 89, Account No. 89270K-CG and will be reimbursed by Proposition K at later time if Proposition K funds are not available at the time of acquisition. Capital B Funds would be used as a cash flow funding source if Proposition

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K funds are not available. Funds for the acquisition of the subject property are to be made available from Fund 302, Department 89, Account 89270K-CG. Proposition K funds will be used to reimburse RAP; an account number will be determined at a later date.

Currently, as stated above, the City has acquired 3 of the 4 parcels that are needed to meet the project scope as presented to the State by the CRALA. Below is a breakdown of the acquisitions as they have occurred.

Status of Acquisition:

1. APN: 5407-025-009 estimated final price \$432,000.00. Acquired November 7, 2013
2. APN: 5407-025-010 estimated final price \$144,000.00. Acquired November 7, 2013
3. APN: 5407-025-015 estimated final price \$288,000.00. Acquired November 7, 2013
4. Option parcel - portion of APN: 5407-025-017 estimate price of \$45.71 per square feet for an estimated amount of \$149,745.96. Acquisition Pending.

Total for 3 parcels: \$864,000.00

Total for 4 parcels: \$1,013,745.96

These acquisition sites were presented to RAP by Council as part of several CRA/LA projects that had been awarded funds by the State. Upon the CRA's dissolution, the City approved the transfer of this and other projects to RAP for acquisition and/or development. A final development plan has not yet been finalized. Therefore, there is no information available on development costs or funding for the development of this site. There could be a need to acquire additional parcels including easements, and street vacations in order to develop the park as first presented by the CRA/LA to the State. The goal now is not to lose the State Proposition 84 funding for this proposed park development project and to use the available Capital B Funds and/or Proposition K funds to acquire the necessary parcels needed to develop a park as proposed by the CRA/LA and Proposition 84 scope.

Pending title issues involving, encumbrances, vacations, lot splits/lot adjustments, and acquisition of additional parcels, there could be additional costs and liability for RAP if these issues have significant impact on the project site and the development of a park. There is the possibility that vacations of existing parcels and acquiring additional parcels could result in additional costs to this project. These issues are being analyzed and reviewed, and depending on the findings, additional costs could result. At this time, RAP cannot determine the potential costs related to this and other issues. The First Council District (CD 1) is aware of these issues and has been informed. CD 1 strongly supports this acquisition and strongly stresses that this site meets all the requirements for a new park in the area, and is part of the larger redevelopment plans for Chinatown and connections to the rest of the Downtown area. As part of its due diligence, RAP has indicated to GSD that all title issues must be resolved prior to acquisition of the parcels and that it should only acquire the option

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parcel after all title and lot line adjustment issues have been resolved, approved and cleared. Although the site itself would make for a good park in the area, the environmental and/or title issues are a concern to RAP staff and, therefore, staff recommends caution with this acquisition and that all title and acreage issues be resolved and clearly understood prior to RAP acquiring the parcels. Should other conditions arise beyond those already covered in this report, the Board's approval will be obtained prior to the close of escrow.

It should be noted that funding for the development of the subject property will be provided from Proposition 84. At this time, further study is needed to determine the appropriate development plan for the project site as the site presents several complex engineering difficulties that will need to be analyzed before the site is developed and that could increase the cost of the development. There is no additional information on development plans or costs. This Report addresses only the request for additional time to complete the acquisition of the portion of parcel identified by APN: 5407-025-017 and the amendment of the PSA to reflect changes in the value and acreage of the acquisition of parcel identified by APN: 5407-025-017.

Funding Sources

There is sufficient funding available for the acquisition of the portion of the parcel identified by APN: 5407-025-017. It should be noted that Proposition K funds are expected to be used to pay for all acquisition related costs such as appraisals, environmental site assessments costs, escrow closing costs, and site preparation; and Capital B Funds will be used to cash flow the project acquisition if needed.

It is estimated that there is currently \$313,500.00 in Proposition K for acquisition and \$4,686,205.00 in Proposition 84 for the development of the Ord and Yale Park project.

Purchase and Sale Agreement Amendment:

The Office of the City Attorney is preparing an amendment to the PSA that will reflect the current value and acreage of the parcel. Said values and acreage was obtained and based on the survey prepared by BOE Survey Division. BOE Survey Division identified and surveyed the portion that is to be acquired. The PSA for the acquisition of a portion of APN: 5407-025-017 was executed on September 30, 2013.

Request for Extension of Time:

If approved by the Board, the extension of time will allow for the completion of the acquisition of the portion of the parcel identified by APN: 5407-025-017. The additional time will allow the owner to complete all required lot line adjustments and clearance of any and all outstanding title and lien issues.

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Environmental Impact:

A Phase I Environmental Site Assessment has not been performed for the project site. However, a Phase II Site Investigation was prepared to assess the presence of any subsurface soil contamination, and determined that no evidence of significant soil contamination was observed or measured during the collection of the soil samples. Additionally, analytical results did not indicate the presence of significant contaminants. Minor levels of volatile hydrocarbon contamination at nonhazardous levels were found in a few borings. The use of the site for a park is not compromised by these findings. It should be noted that staff has ordered a Phase I Environmental Site Assessment for the project site in order to satisfy requirements to qualify for liability protection under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). It is estimated that this assessment will be completed prior to the execution of the amendment to the PSA.

Staff has determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes, and the construction of new small structures (i.e., play equipment, a small accessory building, benches, and tables). The project would otherwise not involve any unusual circumstances, sensitive environments, scenic or historic resources that would result in significant and/or cumulative environmental impacts. Therefore, the project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Article II, Section 1, Class 3(6) of the City CEQA Guidelines, and Article 19, Section 15325, Class 25(f) of the State CEQA Guidelines. A Notice of Exemption (NOE) was previously filed by CRA with the Los Angeles County Clerk on February 19, 2010, for the acquisition and development of the park in connection with the Proposition 84 grant. In addition, a NOE was filed on June 27, 2012 for the acquisition and development of the property in connection with a Proposition K grant. However, a new NOE reflecting the revised project scope for the acquisition of a portion of parcel APN: 5407-025-017 will be filed when the final area to be acquired is determined. The new NOE will not be filed until a description of the portion of the fourth parcel has been identified. However, this would not change the determination that the project is exempt from CEQA.

In addition to the Office of Council District 1, the Assistant General Manager of RAP and RAP Superintendent for the Metro Region have been consulted and concur with staff's recommendations.

FISCAL IMPACT STATEMENT:

At this time, the impact to the RAP's General Fund is the cost for acquisition, estimated at \$159,745.96, which includes \$10,000.00 in closing costs. As indicated in the Summary of this Report, the final design of the proposed park has not been determined and will be presented to the Board for final approval at a later time. Once this project is completed, operational maintenance costs will be determined. Upon project completion, a request for funding will be submitted in future RAP annual budget requests.

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This Report was prepared by John Barraza, Management Analyst II of Real Estate and Asset Management Unit, Planning, Construction and Maintenance Branch.