

APPROVED
MAY 07 2020

**BOARD OF RECREATION
AND PARK COMMISSIONERS**

BOARD REPORT

NO. 20-075

DATE May 7, 2020

C.D. 6

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 12519-12527 SHELDON STREET & 12515 SHELDON STREET-
AUTHORIZATION TO PROCEED WITH PRELIMINARY ACQUISITION
ACTIVITIES OF PROPERTIES FOR EXPANSION AND/OR DEVELOPMENT OF
SOUTHEAST VALLEY ROLLER RINK AND SKATEBOARD PARK PROJECT

AP Diaz	_____	S. Piña-Cortez	_____
H. Fujita	_____	*C. Santo Domingo	<u>DF</u>
V. Israel	_____	N. Williams	_____



General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Grant preliminary authorization to the Department of Recreation and Parks (RAP) staff to initiate the process for the acquisition of parcel identified formerly by Assessor Parcel Number: (APN:) 2634-006-013, currently identified by APN: 2634-006-041 ("041 Property") located at 12515 Sheldon St., Sun Valley, CA 91352, in connection with the Southeast Valley Roller Rink and Skateboard Park Project;
2. Grant preliminary authorization to RAP staff to initiate the process for the acquisition of an adjacent parcel identified by APN: 2634-006-040 ("040 Property"), approximately 22,117 square feet or 0.51 acres in size, located at 12527 and 12519 Sheldon St., Sun Valley, CA 91352 in connection with the Southeast Valley Roller Rink and Skateboard Park Project; and,
3. Authorize RAP staff to conduct preliminary acquisition activities regarding the 041 Property and the 040 Property ("Properties") to include: the drafting of a Purchase and Sale Agreement (PSA), all due diligence activities, and the approval of necessary funding in cooperation and with the assistance of the Department of General Services (GSD), Department of Public Works (DPW), Bureau of Engineering (BOE), Proposition K (Prop K) Steering Committee and staff, City Administrative Officer (CAO) and other necessary entities in order to obtain the necessary environmental clearances and documentation, title clearances and funding approvals, clearance of encumbrances and other clearances necessary for the purchase of the Properties in connection with the Southeast Valley Roller Rink and Skateboard Park Project;

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4. Upon the completion of the preliminary acquisition activities, direct RAP staff to return to the Board of Recreation and Park Commissioners (Board) for final approval of the purchase the Properties, along with escrow instructions, PSA and related documents for the Board's final approval of the acquisitions of 040 and 041 properties, subject to the following conditions:
 - A. Funding will be made available for the acquisition of the Properties through Prop K funds or other funding source(s) to be identified;
 - B. Completion of all appropriate California Environmental Quality Act (CEQA) analysis and documentation;
 - C. Completion of all environmental assessments, including Phase I and/or Phase II if needed, pre-acquisition inspections, and due diligence activities related to the acquisition of the Properties;
 - D. Provision of pre-demolition funding and funding to provide security services to prevent trespassing on the Properties;
 - E. Finalization of all material terms of the purchase of the Properties, including the negotiation by GSD of a purchase price that is consistent with their professional opinion of market value;
 - F. GSD will have ensured that title to the Properties is free and clear of any all liens and encumbrances, RAP will not be responsible for any non-related acquisition cost not covered by title insurance;
 - G. Approval by City Council of necessary funding appropriation, encumbrances, and/or reprogramming of funds for all pre-acquisition activities, acquisition, demolition and security, and due diligence related costs in connection with the Properties; and
 - H. Ensure that any RAP funds used for the acquisition, demolition and/or development of the Properties will be reimbursed to RAP's Real Estate Unit Acquisition fund.

SUMMARY

RAP, with support from the Office of Council District 6 ("CD 6"), is considering the acquisition of two property parcels needed to complete the Southeast Valley Roller Rink and Skateboard Park Project (Project), which is a Proposition K Specified regional project. The scope of the Project is the acquisition and construction of a roller rink and skateboard park in the Southeast San Fernando Valley. The Project was phased and the skateboard park (Phase I) was completed in 2014. The Second Phase (Phase II) will consist of two additional property acquisitions. The first parcel is identified by the Assessor Parcel Number (APN) 2634-006-041 (the "041 Property") (formerly identified by APN: 2634-006-013). On September 7, 2011 (Report No. 11-240), the Board granted RAP staff authority to proceed with preliminary acquisition activities for the

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acquisition of the 041 Property. Due to several unresolved title, legal issues, and funding issues, the acquisition was not completed. GSD and CAO have indicated that the City is now ready to proceed with the acquisition of 041 Property as previously intended based on their belief that major outstanding issues now appear to have been resolved. This parcel is adjacent to the real property that was acquired in fee simple via grant deed on January 3, 2011 as part of the Southeast Valley Skate Park (Phase I) component of the overall Proposition K Project (Board Report No. 10-330). Five parcels were acquired for the Phase I of the Project which is known as the Southeast Valley Skate Park.

The second property parcel RAP would acquire is adjacent to the 041 Property and is identified by APN: 2634-006-040 ("the "040 Property") (formerly identified with APN: 2634-006-035) and is located at 12519 - 12527 Sheldon Street, Sun Valley, California 91352 and measures approximately 22,117 square feet or 0.51 acres. The Properties considered under this Report is contemplated to be used for the development of a roller rink.

A single appraisal of the Properties was prepared as of February 21, 2020 by an independent appraiser, and approved by GSD. RAP staff assumes that the Properties are owned by one owner. It is expected that ownership of the Properties will be clearly established prior to finalizing the acquisition of the Properties. As of the effective date of January 13, 2020, the appraised market value of the Properties was \$4,750,000. The Appraisal Report also indicated that as of January 2020, the Properties were subject to liens for unpaid taxes in the amount of \$27,653.28. The Appraisal Report also assumed that the Properties would not be negatively impacted by any encumbrances. A recent preliminary title report indicated that there are delinquent taxes due in the amount of \$4,451.33 for fiscal year 2019-2020. Having a clear title for the Properties free and clear of any encumbrances is a concern for RAP staff, since previous legal and title issues prevented proceeding with the acquisition of the 041 Property. It is expected that the Properties will be free and clear of all encumbrances and title issues prior to acquisition of the Properties. RAP staff will return to the Board prior to acquisition of the Properties to update the Board on any issues regarding title, liens, encumbrances or other issues that may be related to the Properties. On April 16, 2020, the L.A. for Kids Steering Committee authorized the use of up to \$5 million in Proposition K funds for the acquisition of the Properties.

An environmental report for the Properties was prepared by Stantec Consulting Services. This report noted the existence of refuse/trash and other contaminants on the Properties and that the Properties were used to store commercial/heavy good vehicles. It also noted that automotive repair activities were undertaken on the Properties and that Notice of Violation (NOV) fees and unpaid liens/taxes were applied against the Properties. Due to these concerns, the report recommended that a pre-acquisition inspection of the Properties be undertaken. When staff returns to the Board for final authorization for acquisition of the Properties, staff will identify any issues identified through the pre-acquisition inspection and resolution of such issues.

Through this report, RAP staff requests authority to pursue preliminary acquisition activities for the acquisition of the Properties. Upon completion of such activities and subject to the completion of conditions set forth in the recommendations to this Report, RAP staff will return to the Board for final approval of the acquisition of the Properties and the documents in connection thereto. The potential loss of Prop K funding is a concern for the City (Prop K, CAO, CLA, CD 6), which is

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trying to meet funding deadlines by ensuring the acquisition of the Properties before June of 2020. The Project has the support from Council District 6. In addition, the Assistant General Manager of Operations Branch and the Superintendent for the Valley Region have been consulted and concur with staff's recommendations in this Report.

ENVIRONMENTAL IMPACT

The California Environmental Quality Act (CEQA) and the Phase I Environmental Site Assessment (ESA) are currently being completed. Once completed, both the CEQA and the Phase I Environmental Site Assessments will be made available for review prior to making a determination on the possibility of acquiring this property.

FISCAL IMPACT

At this time, there is no fiscal impact to RAP. However, once the Project is completed, operational maintenance cost will be determined. Upon Project completion, a request for funding will be submitted in future RAP annual budget requests

STRATEGIC PLAN INITIATIVES AND GOALS

Approval of this Board Report advances RAP's Strategic Plan by supporting:

Goal No. 5: Ensure an environmentally sustainable park system

Outcome No. 1: Decreased energy consumption and achieve a smaller carbon footprint

Result: The installation of the proposed LED lighting systems will decrease energy consumption resulting in a more sustainable park system.

This Report was prepared by John Barraza, Management Analyst II, Real Estate and Asset Management.