REPORT OF GENERAL MANAGER

DATE December 14, 2005

C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: FINAL AUTHORIZATION TO ACQUIRE A 0.32 ACRE PROPERTY AT 1644-48 BEVERLY BOULEVARD FOR POCKET PARK DEVELOPMENT

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Robert & Jensen (Gen. Mngm)
General Manager

Approved _____________  Disapproved _____________  Withdrawn _____________

RECOMMENDATION:

1. Adopt a resolution, substantially in the form attached hereto, authorizing the acquisition of a 0.32 acre parcel (APN 5153-012-020 and 021) located at 1644-48 Beverly Boulevard, for the amount of $803,860.80, including escrow and title insurance fees, for future pocket park development;

2. Authorize the Department to expedite a "Release Request" to the Anna H. Bing Living Trust (Trust), pursuant to Section 11 of the Master Account Agreement (Contract No. 3164) between the City and Trust, requesting that the Trust issue a "Release Approval Letter" to Wells Fargo Bank authorizing the release of funds in the amount of $803,860.80, and that a check be processed and made payable to Stewart Title Escrow Account No. 05110990; and,

3. Authorize the Board Secretary to execute the escrow instructions and grant deed for the purchase of the subject property.

SUMMARY:

The Department of General Services Asset Management Division (DGS) has notified staff that negotiations for the acquisition of the property at 1644-48 Beverly Boulevard have concluded. Preliminary authorization for this acquisition was granted by the Board on May 12, 2005 (Board Report 05-122). At that time, the Board preliminarily approved the acquisition of two parcels, one at 5207 S. Broadway and the other at 1644-48 Beverly Boulevard. The acquisition of the Broadway property was completed with the close of escrow on October 26, 2005.
The Beverly property consists of approximately 0.32 acres and is vacant of any structural improvements. However, the property is currently being used as a community garden. Since the beginning of negotiations for the property’s acquisition, the garden members have been kept thoroughly informed as to the project’s progress and the City’s plans for future park development. With the support and assistance of Councilmember Eric Garcetti of the Thirteenth Council District, the community garden will be relocated to another suitable site.

The addition of the Beverly property to the Departments inventory of parkland will provide the surrounding community’s parents, children, and seniors with a much needed place to relax, recreate and gather socially. Gang activity is prevalent in this area, so children need a place to take them off the streets. The area is categorized as very low income, with the median household income below the citywide median. Local residents have no parks or recreational facilities within walking distance of their homes. By adding a new pocket park in this area of Los Angeles, the Department will be providing a fresh addition to this community, which historically has had a high incidence of vandalism and illegal dumping.

The community based organization, Search to Involve Pilipino Americans (SIPA) has partnered with the Los Angeles Neighborhood Land Trust (LANLT) to assist the Department in the design and development of the new park, as well to provide future programming on site. The Park’s design process will involve community input through several community meetings which will be conducted by the LANLT and SIPA.

The DGS has negotiated the acquisition of the subject property at the fair market value of $800,000.00. The original appraisal, performed by Keith Settle and Company (June 2005), indicated a property value of $635,000.00. Based on the appraised value, a purchase offer was made to the property owners (Chuateco Family) on June 30, 2005. The Chuatecos rejected the City’s offer and responded with a selling price counter offer of $1,125,000.00. After evaluating the Chuateco’s counter offer and supporting documentation, the City’s appraiser (Keith Settle) and DGS determined that the Chuateco’s selling price was not appropriate for the subject property, and therefore would not be acceptable.

Upon further review of the Chuateco Family’s supporting documents and considering recent price fluctuations in the real estate market, the DGS and City appraiser determined that the City’s original appraised value for the property was no longer accurate and needed to be revised. Based on new findings, the DGS determined a revised value for the property and made an amended purchase offer in the amount of $800,000.00. On November 10, 2005, the DGS notified staff that the Chuateco Family accepted the City’s revised offer and that escrow would be opened accordingly.
Property Acquisition:

The total cost of this purchase will be $803,860.80. This amount consists of the purchase price of $800,000.00 and closing costs consisting of escrow fees in the amount of $2,000.00 and Title Insurance fees in the amount of $1,860.80. The funds for this transaction are available through the $4,000,000.00 bequest to the City from the Anna H. Bing Living Trust (Trust). Upon the Board’s approval of this acquisition, staff will submit a funding “Release Request” to the Trust, pursuant to Section 11 of the Master Account Agreement (Contract No. 3164) between the City and Trust. The “Release Request” will specify that a check in the amount of $803,860.80 be processed through Wells Fargo Bank and made payable to Stewart Title Escrow Account No. 05110990.

Additional costs associated with this acquisition include an appraisal ($2,500.00), Phase I Environmental Site Assessment ($3,500.00 approximately), Phase II Subsurface Site Assessment ($16,000.00 approximately), CEQA Mitigated Negative Declaration ($15,000.00) and Notice of Determination filing fees ($25.00), totaling approximately $37,025.00. Please note that the two figures above representing environmental clearance expenses are approximated because the final closing invoices from the environmental consultant have not yet been received. Therefore, the exact amounts are difficult to determine at this time. Pursuant to the Master Agreement (Contract No. 3164) with the Anna H. Bing Living Trust (Trust), the Department will be reimbursed for these expenses, as they are directly related to the acquisition and development of the property.

There will be no legally obligated relocation assistance expenses associated with this acquisition, as there are no resident tenants on the property.

Trust Agreements:

The terms and conditions for the disbursement of funds for the acquisition and development of three (3) pocket parks in underprivileged areas of Los Angeles, including one at the subject site of 1644-48 Beverly Boulevard, are specified in the Master Account Agreement, which established the Master Escrow Account controlled by the Trust. The Master Agreement was approved by the Board (Report No. 05-218) on August 9, 2005, and City Council (CF No. 05-0181) on August 16, 2005.

Release of Funds:

Pursuant to Section 11 of the Master Agreement, funds are to be released to the Department through the “Release Request - Release Approval” process. Prior to the Trust’s release of any funds, the Department must first submit a Release Request to the Trust. The Request is required to include supporting documents to substantiate the request. Upon approval by the Trust, a Release Approval Letter is issued to Wells Fargo Bank, authorizing the release of a check made payable to the City or City vendor/contractor, however applicable.
Environmental:

In accordance with the requirements of the California Environmental Quality Act (CEQA), the Initial Study/Mitigated Negative Declaration for the 1644-48 Beverly Boulevard Pocket Park was prepared and adopted by the Board on August 9, 2005, and by the City Council on August 16, 2005, with the findings that the proposed project would not have a significant impact on the environment or potentially significant impacts could be mitigated to a level less than significant through the implementation of the adopted mitigation measures. A Notice of Determination was filed with the Los Angeles County Clerk on August 23, 2005.

FISCAL IMPACT STATEMENT:

There is no fiscal impact to the Department associated with the acquisition and development of the Beverly property, as all such related expenses, in this particular case up to $2,240,000.00, are being paid by the Trust through the $4,000,000.00 bequest to the City. Although not anticipated, if the project allocated amount of funding is exceeded, the expense overage shall be the responsibility of the City. However, with prior Trust approval, the City may apply cost savings from one project phase to another to satisfy any funding shortfalls, or may apply project savings from one project to another, as necessary among the three (3) Anna Bing bequest projects; which in addition to “Beverly Park,” also includes “Broadway Park” at 5207 S. Broadway and “Marson Park” at 15262 Marson Street. The $4,000,000.00 bequest is to be used in its entirety among the three Anna Bing bequest projects.

If required at all at “Beverly Park”, very little maintenance on the part of the Department is being anticipated for the future, as the City has successfully negotiated terms for a Maintenance and Operation Agreement between the Department and Los Angeles Neighborhood Land Trust (LANLT). Identical agreements have already been executed with the LANLT for “Broadway Park” and “Marson Park.”

However, in order to ensure compliance with the maintenance standards required by the Trust for “Beverly Park,” and as a precaution against any unanticipated events or occurrences, the Department has submitted a budget request for part time maintenance (SPA II) at “Beverly Park,” amounting to $9,411.00. The purpose for this request is to supplement and/or support as necessary, the maintenance which will be provided by the LANLT.

The Operations East Assistant General Manager and Metro Region Superintendent are aware of staff’s recommendations and have expressed their support. The Office of Councilmember Eric Garcetti of the Thirteenth Council District has been consulted and concurs with staff’s recommendations.
This report was prepared by Joel Alvarez, Management Analyst II, Real Estate and Asset Management.