

APPROVED
NOV 21 2012

REPORT OF GENERAL MANAGER

NO. 12-318

DATE November 21, 2012

BOARD OF RECREATION
AND PARK COMMISSIONERS

C.D. 10 & 15

BOARD OF RECREATION AND PARK COMMISSIONERS

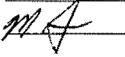
SUBJECT: WATTS CULTURAL CRESCENT (WATTS CRESCENT PARK) AND WILTON PLACE PARK – RESCISSION OF PREVIOUS BOARD ACTIONS

R. Adams _____

H. Fujita _____

V. Israel _____

K. Regan _____

*M. Shull  _____

N. Williams _____


General Manager

Approved  _____

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Rescind Board Resolution No. 10321 approved on July 13, 2011 in Board Report No. 11-135 authorizing the acceptance of approximately 2.95 acres or 128,502 square feet of real property located at 1758 ½ Santa Ana Boulevard, Watts, California 90002, Assessor's Parcel Number (APN) 6065-033-900, near 103rd Street and Grandee Avenue (the Parcel commonly referred to as the Watts Crescent Park) from the Department of General Services (GSD), the acceptance of the Transfer of Jurisdiction document, and the setting apart and dedication of the Parcel as park property in perpetuity;
2. Rescind Board Resolution No. 10326 approved on October 5, 2011 in amended Board Report No. 11-134 authorizing acceptance of approximately 0.08 acres or 3,648 square feet of real property located at 1015 South Wilton Place, Los Angeles, California 90019, APN 5081-024-902 near the intersection of Wilton Place and Olympic Boulevard in the Wilshire Center/Koreatown Project Area of the City of Los Angeles (the Parcel commonly referred to as the Wilton Place Park) from GSD, acceptance of the Transfer of Jurisdiction document and the setting apart and dedication of the Parcel as park property in perpetuity;
3. Authorize the General Manager or his designee, to work with GSD to execute any documents necessary to clear the recorded Transfer of Jurisdiction and Control Documents from the title of the two parcels subject to review and approval of the City Attorney as to form; and,

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4. Direct the Board Secretary to draft a letter for the Board President and Secretary signatures formally requesting the Community Redevelopment Agency/Los Angeles, A Designated Local Authority (CRA/LA-DLA) and the State Department of Finance to convey clear and legal title to the City of Los Angeles Department of Recreation and Parks (RAP) as soon as possible so that the communities served by these two parks are not deprived of the benefits of these recreational park spaces.
5. Direct the Board Secretary to transmit the letter to CRA/LA-DLA and the State Department of Finance.

SUMMARY:

On March 22, 2011, the Los Angeles City Council (Council), under Council File (CF) No. 11-0086-S1 and Amending Motion 22A, adopted the recommendations of the Community Redevelopment Agency/Los Angeles (CRA/LA) and accepted the conveyance of real property from the CRA/LA to the City of Los Angeles (City). Said motion(s) authorized GSD and other City Departments to negotiate and execute documents necessary to complete the transfer of CRA/LA interests to the City. The list of conveyed properties from CRA/LA to City included the parcels commonly known as Watts Cultural Crescent property and Wilton Place property (aka Country Club Park Heritage Plaza). On June 9, 2011, the CRA/LA conveyed the property by Grant Deed to the City. The Grant Deed was recorded on June 10, 2011. Thereafter, on June 17, 2011, Council accepted the Grant Deed conveying the property from CRA/LA to City.

On June 17, 2011, Council by Motion (CF 11-0086-S1) authorized and instructed GSD to effectuate a non-financial transfer of jurisdiction of the Watts Cultural Crescent property to RAP as dedicated park property, to be utilized as open space.

On July 13, 2011, the Board, through Board Report No. 11-135, accepted the transfer of the Watts Cultural Crescent property which measured approximately 2.95 acres or 128,502 square feet and located at 1758 ½ Santa Ana Boulevard, Watts, California 90002, with Assessor's Parcel No. 6065-033-900.

On September 9, 2011, Council by Motion (CF 11-0086-S3) authorized and instructed GSD to effectuate a non-financial transfer of jurisdiction of the Wilton Place property to RAP as dedicated park property, to be utilized as open space.

On October 5, 2011, the Board, through Board Report No. 11-134, accepted the transfer of the Wilton Place property which measured approximately 0.08 acres or 3,648 square feet and located at 1015 South Wilton Place, Los Angeles, California 90019, with Assessor's Parcel No. 5081-024-902.

On February 1, 2012, the CRA/LA was dissolved as part of Assembly Bill 1x26 (AB 1x26) which

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dissolved all redevelopment agencies in California and invalidated agreements which may have existed between the former agencies and Cities. In accordance with AB 1x26, the State Controller (State) audited all asset transfers (including property transfers) made by the former redevelopment agencies to Cities and other public agencies during the period from January 2011 through January 2012. In April 2012, the State ordered all cities and other public agencies to reverse asset transfers from the former redevelopment agencies unless the City or public agency had committed to a third party for an expenditure or encumbrance of a specific asset prior to June 28, 2011.

On August 31, 2012 (C.F. 11-0086-S5), Council approved the return of 70 parcels to the Community Redevelopment Agency/Los Angeles, A Designated Local Authority (CRA/LA-DLA) which is the successor agency to the CRA/LA. Council withheld the transfer of 28 properties pending further discussions within the City's CRA/LA working group and legal review. The 28 properties withheld were properties that the City felt needed to be retained within the City's control. These included Watts Crescent Park and Wilton Place Park.

On November 14, 2012, the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) submitted a Joint Report to the Council's Housing, Community and Economic Development Committee (HCEDC) concerning the disposition of the remaining 28 properties withheld. The Joint Report recommends that Council approve the transfer of the remaining properties to the CRA/LA-DLA and authorizes the General Manager of GSD to complete the transactions as necessary and process the necessary documentation to effectuate the transfer of all properties. The transfers of the two properties from RAP are subject to the Board taking all necessary and appropriate actions to rescind its prior actions of accepting the transfers. The report was approved by the HCEDC and, as of the writing of this report, is scheduled to be considered by Council on Tuesday, November 20, 2012. In anticipation of the approval of the Joint Report, staff is recommending that the Board approve the rescinding of the Board's prior action to accept the transfer of the two subject park properties and their dedication as park property in perpetuity.

As indicated above, the State is demanding the return of the two park properties. The State has alleged that the properties were wrongfully conveyed by the CRA/LA to the City. If this allegation is true, then the City's transfer to RAP is also invalid. The State contends that the CRA/LA was without authority to convey legal title to the City. Consequently, the City was without legal authority to accept the conveyance and direct the subsequent transfer of jurisdiction to RAP.

The City's Charter provisions on acquisition of property (Charter Section 594(b)) and restrictions on transfer of dedicated parks (Charter Section 594 (c)) may be preempted by the State's dissolution of the CRA/LA and ordering the return of their properties. If the State's allegations are accepted to be true, then because the CRA/LA could not convey legal title to the two properties to the City, the City could not transfer jurisdiction of the two properties to RAP and RAP could not set apart and dedicate the two parcels as park property in perpetuity.

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The State is threatening to sue the City and to withhold property tax funds from the City if the two properties are not returned. Notwithstanding the threat from the State, it is recommended that the prudent course of action is to preserve the City's legal rights and cooperate with CRA/LA-DLA and the State by returning the two properties, clear title and also make a formal written request that clear and legal title to the two properties be conveyed by the State to the City as soon as possible.

The legal counsel for the CRA/LA-DLA has opined that after the two properties are returned to the CRA/LA-DLA, it may be possible for the City to receive clear and legal title to the two properties through the "government use" provision in the State legislation for processing the CRA/LA properties. The CRA/LA-DLA is seeking to have the City agree to enter into a "working agreement" in which the City would continue to operate and maintain the properties as parks and/or a quick turn around reverse transfer back to the City to rectify the City's legal title. However, this will require the approval from the CRA/LA-DLA, Oversight Boards, and the State's Department of Finance. There are no guarantees from either of the CRA/LA-DLA nor from the State's Department of Finance that such a conveyance will occur.

It should be noted that both the Watts Crescent Park and the Wilton Place Park are both operating parks that have significant use by the community. Upon the transfer of the properties to the CRA/LA-DLA, it is unclear as to how or if these parks will continue to be available for public use as RAP will no longer have jurisdiction of these properties. With respect to the Wilton Place Park, on September 9, 2009, Council adopted a Joint Resolution with the CRA/LA and authorized the CRA/LA to negotiate and execute a three (3) year Cooperative Agreement with RAP under Council File Nos. 07-3410 and 09-1252 for as-needed park improvement services and professional consultation and land acquisition in exchange for the CRA/LA completing the park improvements, conveying fee simple title to RAP and RAP agreeing to maintain the park thereafter. However, because the CRA/LA-DLA and the State now allege the conveyance was not authorized under State law, RAP is under no legal obligation to operate and maintain the park.

FISCAL IMPACT STATEMENT:

At this time, there does not appear to be any known cost to RAP to return the properties to GSD.

This report was prepared by Cid Macaraeg, Sr. Management Analyst II of the Real Estate and Asset Management of the Planning, Construction and Maintenance Branch.