

**APPROVED**  
AUG 09 2006

REPORT OF GENERAL MANAGER

NO. 06-223

DATE August 9, 2006

**BOARD OF RECREATION  
and PARK COMMISSIONERS**

C.D. 15

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: EAST WILMINGTON GREENBELT COMMUNITY CENTER – ACQUISITION FOR EXPANSION

J. Combs \_\_\_\_\_  
H. Fujita \_\_\_\_\_  
S. Huntley \_\_\_\_\_  
B. Jensen \_\_\_\_\_

J. Kolb \_\_\_\_\_  
F. Mok \_\_\_\_\_  
K. Regan \_\_\_\_\_  
Shull \_\_\_\_\_

*AS APPROVED*

*Due for M.S.*

*Robert H Jensen (Sr)*  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Authorize staff to assist the Office of Council District Fifteen, the Department of General Services, the Office of the City Attorney and the Bureau of Engineering in negotiating the acquisition of property with the tentative address of 845 N. Sanford Avenue in the community of Wilmington, said property being owned by Union Pacific Railroad;
2. Approve the filing of a Certificate of Compliance and any other documents needed in order to separate legally, for Union Pacific's retention, the property segment containing an underground pipeline and an above-ground, GATX valve manifold and pump station or alternatively, to propose granting an easement of this segment to Union Pacific, provided that the resulting risk of liability is acceptable to the City's Risk Manager;
3. Authorize staff to assist the Bureau of Engineering and the Environmental Affairs Department in identifying and obtaining funds to implement the remediation of soil contaminates disclosed in the Phase II assessment; and,
4. Direct staff to report to the Board on the results of these activities and make further recommendations on the terms of the Purchase and Sale Agreement before committing to acquire the property.

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### SUMMARY:

For several years the Department has been developing, for community recreational use, property in an area known as the East Wilmington Greenbelt. Toward the northern end of the Greenbelt is Wilmington Veterans Park, which will be expanded by the adjacent vacant lot on the west that was recently acquired (Watson Avenue acquisition, Board Report No. 05-133). A temporary Certificate of Occupancy was issued on June 28, 2006, for the new East Wilmington Greenbelt Community Center at 918 N. Sanford Avenue. The 9,800 square-foot building has a basketball court, a multi-purpose room, an office and storage area, and restrooms. There are also 25 parking spaces. However, the site is not large enough to accommodate an additional outdoor play area.

The Council Office wants to expand the Community Center by providing two sports fields and more parking. They have requested that the Department acquire vacant property located across Sanford Avenue from the Center; the property is owned by Union Pacific Railroad (two parcels, APN 7425-011-803 and -804, totaling 2.43 acres). The address of this second site is tentatively listed as 845 N. Sanford Avenue. The City has been approved for \$3,000,000 from the Proposition 40 "Urban Parks" program of which \$2,910,000 will be available for the site's acquisition and development and 3% is set aside for administrative costs. An additional \$150,000 each is available from the Proposition 40 2/3 Per Capita and the Proposition 40 1/3 Per Capita Roberti-Z'berg-Harris programs. Finally, \$1,000,000 has been approved from the Proposition K "L. A. for Kids" program, Year 11, for site development only. ~~The current funding for acquisition and development totals \$4,210,000.~~

*included in*

Union Pacific has agreed to a sales price of \$1,450,000, which is supported by the Class "C" estimate of value prepared by the Asset Management Division of General Services. As a result of preliminary negotiations, it appears that there are two main issues: environmental remediation and Union Pacific's intent to keep control of the area containing three underground pipelines and an adjoining above ground GATX valve manifold and pump station. The pipeline extends along all of the northern edge of parcel 7425-011-803. Pending future Board approval, the resolution of these two issues will be incorporated into the proposed Purchase and Sale Agreement or PSA (Union Pacific folder No. 1794-76).

### Environmental Remediation

Correspondence dated June 15, 2006, from the City's Geotechnical Engineering Division summarized the findings of the Phase II site assessment. Most of the two parcels have lead and arsenic in concentrations higher than levels generally judged to require action. The likely source is the past use of strong lubricants and pesticides, a common practice at industrial sites in previous decades. One remediation method, encapsulation, seems the most effective relative to costs and the intended use of the site. This method consists of fixing an impermeable cap on top of the

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contaminated soil and then importing clean soil to place on top, compacted to a depth of two to three feet. Doing so will provide for drainage and the installation of an irrigation system for the site; the cap will keep water from causing the contaminants to migrate. The cost of this remediation is estimated at \$1,000,000 to \$1,500,000 and includes the new soil. The estimate does not include building a retaining wall that will likely be needed because of the resulting elevation of the ground. Estimates for the retaining wall range from \$750,000 to \$1,500,000.

The design for the site will include prefabricated restrooms totaling 600 square feet. Otherwise, kids and others playing at the site would need to cross Sanford Avenue to use restrooms at the Community Center. By choosing a modified restroom design, the Bureau of Engineering will be better able to accomplish the methane remediation needed in order to place a restroom near the two new fields. (Methane remediation is typically required for structures since they allow the gas to concentrate and not dissipate below "actionable" levels. Methane remediation can include a methane barrier, venting and if required, active monitoring of methane levels.)

Various aspects of the remediation may require certification by a City geotechnical engineer, approval from the Grading Division of Building and Safety and notification to the state Department of Toxic Substances Control. The Environmental Affairs Department will seek grant funding from various "brownfield" programs. The Phase II assessment was funded by the Environmental Protection Agency, which approved the sampling techniques.

The draft PSA states that the sale of the property is predicated on the City's accepting the site "as it is" with full knowledge of its past use as a railroad right-of-way. Union Pacific has received the Phase II assessment and will be asked to reduce the sales price or otherwise contribute to the required remediation.

### Pipeline Segment

Along the northern edge of Parcel No. 7425-011-803, there are three underground pipelines licensed by Union Pacific for use by the firm of Kinder Morgan Energy Partners. There is also an attached, above-ground GATX valve manifold and pump station. This equipment is part of a system conveying gasoline from the Los Angeles harbor to a terminal in Carson.

Union Pacific wishes to continue the revenue stream obtained from Kinder Morgan. In an earlier version of the PSA, the City was to acquire the entire parcel and grant Union Pacific an easement. However, the indemnification and liability provisions in the PSA were judged too onerous by both the City Attorney's Real Property and Environment Division and the Department's Risk Manager. There was, moreover, the separate liability involved with the third-party agreement with Kinder Morgan. Instead, it was proposed that the legal description of the parcel be modified to separate a segment of approximately 370 by 25 feet along the northern edge and create a new legal parcel by

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subdivision. Union Pacific would retain fee title to this segment, which is approximately 9,010 square feet or 0.21 acre and eight percent of the total acreage of both parcels. The most recent draft of the PSA follows this scenario; the revised liability wording is more favorable to the City.

In order for the lot split to occur, the City Planning Department must approve a "Certificate of Compliance" because the pipeline segment has a narrow, non-conforming width. There is also the matter of the new segment's development and upkeep. Union Pacific does not want the public to have access to the segment but wants it fenced and gated. They also want the City to enter into a "beautification lease" whereby the City develops and maintains the segment; the lease has no provision for reimbursing the City. It will cost an additional \$200,000 if the City is to develop the new segment.

While these outstanding issues are significant, City staff involved with the project wish to proceed with the negotiations. The site has the potential to greatly expand the public's enjoyment of the adjacent East Wilmington Greenbelt Community Center. Staff also recognizes that much of the other vacant or readily available property in this industrialized area is likely to need some level of remediation.

The applicability of the California Environmental Quality Act will be addressed the next time the acquisition is presented to the Board. Therefore, no final approval to acquire the site is given by the action now being recommended to the Board.

The Office of Council District Fifteen, the Assistant General Manager of Operations East and the Superintendent of Pacific Region concur with staff's recommendations.

### FISCAL IMPACT STATEMENT:

As of now, the sales price is \$1,450,000 with associated escrow and title fees of \$8,000. Remediation is estimated to cost over \$1,000,000. The retaining wall could total an additional \$1,000,000. Developing two sports fields with fencing and security lighting, adjacent restrooms and a parking area is estimated to cost \$3,000,000. Obtaining an American Land Title Association or ALTA survey, required by Union Pacific, has cost \$9,500 since the City did not have the relevant expertise. (ALTA surveys adhere to standards used nation-wide and are often used for commercial-property transactions involving parties from out of state.) The application to the City Planning Department for a Certificate of Compliance will cost \$740.

The funds currently approved for the site's acquisition and development total \$4,210,000. This sum consists of the following sources: Proposition 40 "Urban Parks" program \$2,910,000 (a \$3,000,000 award less 3% administrative costs), \$150,000 each from the Proposition 40 2/3 Per Capita and the Proposition 40 1/3 Per Capita Roberti-Z' Berg-Harris programs and \$1,000,000 from Proposition K,

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Year 11(for site development only). Given these estimates of costs and available funding, the potential shortfall for the proposed acquisition, remediation and development of the site ranges from \$2,000,000 to \$3,000,000.

Report prepared by Joan Reitzel, Senior Management Analyst in Real Estate and Asset Management.