

APPROVED
08-10-2016

BOARD OF RECREATION
COMMISSIONERS

BOARD REPORT

NO. 16-171

DATE August 10, 2016

C.D. 9

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: 50 PARKS INITIATIVE — NEVIN AVENUE PARK (PRJ20833)
PROJECT — 1531 EAST 32nd STREET AND 1527 EAST 32nd STREET —
FINAL AUTHORIZATION TO ACQUIRE PROPERTY AND EXEMPTION FROM
THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA), PURSUANT TO
ARTICLE 19, SECTIONS 15301 CLASS 1 (L), 15303 CLASS 3 (E), 15325
CLASS 25 (F), AND 15330 CLASS 30 (B)(5) OF THE STATE CEQA
GUIDELINES

<i>for</i>	AP Diaz _____	V. Israel _____
	* R. Barajas <i>ASD</i> _____	K. Regan _____
	H. Fujita _____	N. Williams _____

[Signature]

General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATIONS

1. Authorize the acquisition of parcels, located at and identified with Los Angeles County Assessor's Parcel Numbers (APN) 5117-001-008 – 1527 East 32nd Street and APN: 5117-001-009 – 1531 East 32nd Street, Los Angeles, California 90011 for Nevin Avenue Park (also known as Nevin Avenue Elementary School Park);
2. Adopt a Resolution, herein included as Attachment 1, authorizing Department of Recreation and Parks' (RAP) staff to request the assistance of the General Services Department (GSD) and other City entities, per Charter Section 594(a) and (b), in obtaining fee title to two parcels totaling a 0.262 acre or 11,436 square foot parcel, located at APN 5117-001-008 – 1527 East 32nd Street and APN: 5117-001-009 – 1531 East 32nd Street, Los Angeles, California 90011, and approving the necessary agreements;
3. Approve the use of Proposition 84 funds for the acquisition of 1527 and 1531 East 32nd Street, Los Angeles, California 90011; APNs 5117-001-008 and 009;
4. Approve the use, if necessary, of an alternative funding source, unidentified as of the date of this Report, to cash flow the acquisition, said funds are to be reimbursed by Proposition 84 funds once they become available;

BOARD REPORT

PG. 2

NO. 16-171

5. Grant final approval to purchase the property upon the completion of the preliminary acquisition activities, contingent upon the following conditions:
 - A. Funding will have been made available for the acquisition of the property either through: Proposition 84 Statewide Park Program funds, or an alternative funding source yet to be determined; and,
 - B. Appropriate California Environmental Quality Act (CEQA) process will have been completed and satisfied, which is required for the reimbursement of cash flow funds by Proposition 84; and,
 - C. Any additional required environmental assessments, if needed, will have been completed and satisfied prior to close of escrow; and,
 - D. Confirmation from GSD of the clearance/resolution of all Liens and any Title issues prior to closing of escrow; and,
 - E. Release of Lien by Department of Toxic Substances Control (DTSC) against property identified by APN 5117-001-008 and 009, to be recorded upon approval and execution of all required actions in accordance with the Consent Decree for the Renu Plating court action and subsequent actions leading to the acquisition of said parcel; and,
 - F. Execution of the Prospective Purchaser Agreement (PPA) prior to close of escrow;
6. Approve the proposed Purchase and Sale Agreement (PSA), herein included as Attachment 2, and the PPA, also known as the "Agreement and Covenant Not To Sue", between City of Los Angeles (City)/Department of Recreation and Parks (RAP) and State Of California Department Of Toxic Substances Control (DTSC) allowing for the release of lien by DTSC and sale of property, subject to the approval of the City Attorney;
7. Authorize RAP's General Manager or Designee, or the Board President and Board Secretary if necessary, to execute the Purchase and Sale Agreement (PSA), and authorize the Board President and Board Secretary to execute the PPA upon receipt of the necessary approvals;
8. For expediency, authorize GSD's General Manager to execute the Purchase and Sale Agreement (PSA), if necessary, upon receipt of the necessary approvals;
9. Concur with the Court's approval of the Consent Decree action concerning the STATE OF CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL, Plaintiff, v. RENU PLATING COMPANY, INC., et al., Defendants;

BOARD REPORT

PG. 3

NO. 16-171

10. Find that the Project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article 19, Sections 15301 Class 1 (I), 15303 Class 3 (e), 15325 Class 25 (f), and 15330 Class 30 (b)(5) of the State CEQA Guidelines;
11. Direct staff to file a Notice of Exemption with the Los Angeles County Clerk;
12. Direct the Chief Financial Officer to prepare a check to the Los Angeles County Clerk in the amount of Seventy-Five Dollars (\$75.00) in order to file a Notice of Exemption with the County within five working days of project approval;
13. Authorize RAP's Chief Accounting Employee to find an alternative funding source to be used to cash flow the acquisition, make technical corrections as necessary to establish the necessary accounts to acquire the Project site, and to accept and/or authorize transfer of the necessary monies to fund the acquisition to the appropriate City Department accounts or escrow company account in order to expeditiously complete the acquisition of the Nevin Avenue Park (Nevin Avenue Elementary School Park);
14. Authorize the Board Secretary to execute the escrow instructions and to accept the grant deed for the subject property, as approved by the City Attorney, which shall be set apart and dedicated as park property in perpetuity; and,
15. Authorize the General Manager or his designee to make technical corrections as necessary to the transactions included in this Report to carry out the intent of the transfer as stated in the Summary of this Report.

SUMMARY

THE 50 PARKS INITIATIVE

In recognition of the need to develop a coordinated long-term strategy to meet the recreation and park needs of current and future residents of the City of Los Angeles, RAP launched an initiative to acquire at least fifty (50) sites and develop them into new public parks -- The Fifty Parks Initiative. The primary goal of the initiative is to increase the number of park and facilities across the City of Los Angeles (CITY) with a specific focus on densely populated neighborhoods and communities that lack sufficient open space and recreational services. RAP will continue with the Fifty Parks Goals of acquiring and building new parks in those areas that lack parks beyond the Fifty Parks Initiative as there is continued need for more parks throughout the City of Los Angeles.

BOARD REPORT

PG. 4

NO. 16-171

PROPOSITION 84:

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 authorized Five Billion, Four Hundred Thousand Dollars (\$5,000,400,000.00) 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 Three Hundred Sixty-Eight Million Dollars (\$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 critically underserved communities throughout California on a competitive basis in two (2) rounds One Hundred Eighty-Four Million Dollars (\$184,000,000.00) available each round).

PROPOSED COMMUNITY REDEVELOPMENT AGENCY OF LOS ANGELES (CRA)
PROPOSITION 84 PROJECT – NEVIN AVENUE PARK:

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 Community Redevelopment Agency of Los Angeles (CRA) to submit grant applications for Nevin Avenue Elementary School Park project (Council File No. 09-2839). In November 2010, the CRA was awarded a Two Million, Eight Hundred Ninety-Eight Thousand, Three Hundred Forty Dollar (\$2,898,340.00) Proposition 84 grant for Nevin Avenue Park. In January 2012, however, the CRA was dissolved by the State of California (State). As a result of the dissolution of the CRA, RAP was tasked to assume the grant obligations and complete the projects on behalf of the City.

On May 24, 2012, RAP received notification from the State that Nevin Avenue Elementary School Park projects would receive further consideration for the Proposition 84 Statewide Park Program grant. In order to complete the assumption of these grants, the State Office of Grants and Local Services had requested that the City submit by August 31, 2012, a Resolution approved by City Council authorizing the grant application. On August 14, 2012, the City Council adopted the actions under Council File No. 09-2839-S2, a resolution that basically approved the assumption, transfer and filing of an application for the Nevin Avenue Park project to RAP on behalf of the CITY.

In order to expedite and not lose the opportunity to acquire this property and funding, the Board is being requested to grant the necessary authorities required to complete this acquisition as intended by Council and previous Board actions taken on Prop 84 concerning this project. To further expedite this acquisition an alternative funding source will need to be found that will enable RAP to cash flow this acquisition if needed or until Prop 84 can reimburse RAP's/City acquisition and related costs. On September 5, 2012, the Board authorized through Report No. 12-241 the use of Capital Park Development B funds for the 50 Park Projects. Since the approval of funds on September 5, 2012, funds from Capital Park Development B funds are no longer available. As part of this Board action, RAP is now requesting approval to use an undetermined alternative fund to cash flow this acquisition. Any approved cash flow fund will be reimbursed by Proposition 84 funds once the funds are made available by the State.

BOARD REPORT

PG. 5

NO. 16-171

RAP'S NEVIN AVENUE PARK PROJECT:

In an effort to preserve park space as part of the 50 Parks Initiative and to complete pending CRA projects approved by City Council, RAP is proceeding with the acquisition of two (2) parcels located on 32nd Street in Los Angeles, CA 90011 per City Council's instructions. The total lot area for both parcels is approximately 0.262 acre or 11,436 square feet, per Los Angeles County Assessor's property information data, Parcel APN: 5117-001-009 is 5,760 square feet and parcel APN: 5117-001-008 is 5,676 square feet. Parcel 5117-001-008 has a one story, single tenant concrete block industrial building built in 1952 containing 4,835 square feet. The Parcel identified by APN: 5117-001-008 has one tenant which is on a month-to-month basis. RAP staff has recommended to City Attorney and GSD, that language be included as part of the PSA, specifying that the owner of the property will have to assist the Tenant or Tenants and ensure that property is vacant within thirty (30) days prior to the close of escrow. GSD will confirm if any tenants occupy the acquisition parcels and insure parcels are vacated prior to close of escrow. GSD will confirm all final costs that are due and that the property is clear of any liens other than the agreed upon DTSC environmental monitoring requirements.

BENEFIT TO COMMUNITY

The acquisition of these parcels is necessary due to its potential for enhancement and enrichment of the surrounding community. The surrounding area lacks parks and would tremendously benefit from the addition of a new park that will offer added recreation space to the nearby school and surrounding community. The area is an industrial area that would benefit from redevelopment. A park in the area would help enrich the community. The proposed acquisition parcels are adjacent to Nevin Avenue Elementary School. The area is also a very densely populated area, which increases the need for parks in the area. This acquisition site was presented to RAP by City Council as part of several CRA projects that had been awarded funds by the State. Upon the CRA's dissolution, City approved the transfer of this and other projects to RAP for acquisition and development. As of the drafting of this Report a final development plan has not yet been finalized. Therefore, there is no final information available on development costs or funding for the development of this site.

NEED ASSESSMENT

The proposed Nevin Avenue Park acquisition, will provide a neighborhood park in an area where City residents do not have sufficient access to improved green spaces or neighborhood parks. An estimated 6,272 residents live within one half- mile walking distance of the proposed Nevin Avenue Park. Of those 6,272 residents, 1,121 residents do not have access to any improved green spaces or neighborhood parks within one half- mile walking distance of their homes.

BOARD REPORT

PG. 6

NO. 16-171

TREE AND SHADE

No development information is available as this time, therefore there is no information on tree or shade amenities.

PROJECT ISSUES

The Nevin Avenue Park site is the site of a former plating facility that was owned by the Renu Plating Company (Renu) from 1955 to 1984. The operation of metal plating and cleaning included the use of surfactants, acids, alkalines, base metals, cyanide and water baths. The use of these products in the plating process resulted in major wastes from cyanide contaminated, high pH metallic sludges and rinse waters. Over the years, the site was cited for numerous violations, one of which occurred on January 11, 1983, where Renu was cited by the Los Angeles County Sanitation District for excessive free cyanide in its wastewater. Even though the Department of Toxic Substances Control (DTSC) did perform clean-up work, DTSC has indicated that the following contaminants or hazardous substances have been detected in the soil at this project site: cadmium, copper, nickel, lead, and tetrachloroethylene (PCE) and trichloroethylene (TCE). The specific of these hazardous wastes are listed in Exhibit F of the Agreement and Covenant Not to Sue document.

As part of DTSC oversight responsibilities, DTSC performed clean-up work at the site that brought the site up to industrial standards but not to Park standards. Unable to recover costs, DTSC placed a lien on the property in the amount of Nine Hundred Thirty-One Thousand, Six Hundred Thirty-One Dollars, and Thirty-Nine Cents (\$931,631.39) for the clean-up work that DTSC performed. RAP Environmental staff is reporting that there would be substantial costs to bring the site up to Park standards, estimated currently to be Four Hundred Two Thousand, Seven Hundred Eight Dollars (\$402,708).

Part of these costs will entail continued monitoring by DTSC, which are included in the above estimate and estimated specifically to be Sixty-Six Thousand, Four Hundred Eighty-Six Dollars (\$66,486.00). This project will have substantial environmental remediation costs that will be part of the overall cost of this development project. Specific estimated costs for remediation at this time are listed below. DTSC has also indicated that a yearly Two Thousand, Five Hundred Dollar (\$2,500.00) maintenance inspection fee will be assessed to owner of property to pay for environmental monitoring by DTSC. Duration of the yearly inspection and fee is unclear at this time. DTSC has not indicated how long the monitoring will last.

Along with these environmental costs, and as mentioned above, DTSC has placed a lien on the property in the amount of Nine Hundred Thirty-One Thousand, Six Hundred Thirty-One Dollars and Thirty-Nine Cents (\$931,631.39), which places environmental restriction on the property. DTSC has agreed to remove said lien upon payment of Five Hundred Thousand Dollars (\$500,000.00) and also with the understanding that the City/RAP will acquire the Nevin Avenue Park site.

BOARD REPORT

PG. 7

NO. 16-171

Projected estimate of environmental costs:

1.	Phase I ESA	\$ 1,800.00
2.	Prospective Purchaser Agreement	\$ 9,400.00
3.	Soils Management Plan (grant)	\$ 10,000.00
4.	Excavation of contaminated soil (grant)	\$ 25,400.00
5.	Soils Testing & Disposal (estimated)	\$205,000.00
6.	Top Soil Replacement (grant)	\$ 44,850.00
7.	DTSC Oversight (PPA Preparation)	\$ 39,772.00
8.	DTSC Oversight (2016 estimate)	\$ 66,486.00
	TOTAL COST	\$402,708.00

In addition, there would be a Two Thousand, Five Hundred Dollar (\$2,500.00) annual Inspection fee.

These environmental costs are in addition to the Six Hundred Thousand Dollars (\$600,000.00) for acquisition recommended by GSD. RAP Grants staff has obtained confirmation from the State that the State Grant will pay for the environmental costs estimated to be Four Hundred Two Thousand, Seven Hundred Eight Dollars (\$402,708.00). RAP Environmental has indicated that these costs could increase and therefore are only an estimate of the current total costs, which are expected to increase over time. The Two Thousand, Five Hundred Dollar (\$2,500.00) annual inspection fee will not be paid by the State Grant, as the State considers this cost to be a maintenance cost.

A Phase II ESA was performed resulting in remediation measures and the issuance of closure letter clearing property to an industrial standard level. Further work will have to be done to bring the property to park standard.

NEGOTIATIONS

In July of 2013, DTSC, CITY and the Property owner of parcels APN: 5117-001-009 and APN: 5117-001-008 met to discuss the environmental issues concerning said parcels and the sale of same properties. At the meeting it was determined and preliminary agreed upon by all the involved parties that included State and City parties that the CITY would consider upon obtaining all necessary approvals the acquisition of parcel APN: 5117-001-009 and parcel APN: 5117-001-008, on the condition that DTSC would remove the environmental lien against the property upon payment of Five Hundred Thousand Dollars (\$500,000.00) to DTSC to cover cleanup costs. The owner of the property would in turn receive One Hundred Thousand Dollars (\$100,000.00) for the transfer of property to the City/RAP and the City would comply with DTSC's review and oversight based on the scope of work referenced in the "Agreement and Covenant Not to Sue", also known as that "Prospective Purchaser Agreement" (PPA) document. Transfer/acquisition of the parcels to RAP is conditioned on the completion of several items that were memorialized in a term sheet for the purchase and sale of the properties in question. These conditions are:

BOARD REPORT

PG. 8

NO. 16-171

1. The clearance of title issues.
2. Property must be vacant and any existing tenant must vacate the property within thirty (30) days prior to close of escrow.
3. The Board concurs with the approval by the U.S. District Court of the consent judgment as it relates to Court Case No. CV13-01508-R (Central District of California) ("Renu Plating case") in the Department of Toxic Substances Control v. Renu Plating Company, Inc.
4. City deposit Six Hundred Thousand Dollars (\$600,000.00) into Escrow to be distributed to the Property owner and DTSC in the following amounts: Five Hundred Thousand Dollars (\$500,000.00) to DTSC and One Hundred Thousand Dollars (\$100,000.00) to the owner of the parcels.
5. An executed PSA deposited into escrow the PSA.
6. DTSC deposit into escrow the proposed Consent Decree between DTSC and Owner in the Renu Plating case.
7. DTSC release the lien against the property, to be recorded upon approval of the proposed consent judgement in the Renu Plating case and execution of the Prospective Purchaser Agreement, AKA Agreement and Covenant Not to Sue document between the City/RAP and DTSC.

All of these items would have to be completed before said parcels would be acquired by RAP.

COUNCIL SUPPORT:

Councilmember Curren D. Price, Jr.'s Office, Ninth Council District, is aware of these issues and has been informed and strongly supports this acquisition and stresses that this site meets all requirements for a new park in the area. 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; therefore, RAP staff recommends caution with this acquisition and that all title issues be resolved prior to GSD proceeding with acquiring the parcels. Council District 9 Office has been instrumental in promoting this acquisition and has been involved in the process from the start.

PROPERTY VALUE:

To determine the fair market value for the property identified by APN: 5117-001-008 and 009, GSD used a Formal Appraisal prepared by an independent appraiser. This appraisal was prepared on June 28, 2013. The estimated value of the appraisal was determined to be Six Hundred Thousand Dollars (\$600,000.00) as of June 19, 2013. GSD concurs with appraiser's valuation methodology used to arrive at the value for the subject property. GSD has agreed to a purchase price of Six Hundred Thousand Dollars (\$600,000.00) that is consistent with their

BOARD REPORT

PG. 9

NO. 16-171

professional opinion of market value for the property and that is consistent with the DTSC value of the lien removal.

FUNDING SOURCES

The State has indicated to RAP Grants Staff that Proposition 84 funds will be used to pay for acquisition costs and that funds will be deposited by the State directly into escrow. There is sufficient funding available for the acquisition of parcels identified by APN: 5117-001-008 and 009. There are Two Million, Eight Hundred Ninety-Eight, Three Hundred Forty Dollars (\$2,898,340.00) in Proposition 84 funds. Estimated acquisition cost is Six Hundred Thousand Dollars (\$600,000.00). RAP Staff is unable to determine an accurate complete total, which would include closing and related costs. The information has not been made available to staff as of the writing of this report. However, staff does estimate that up to an additional Ten Thousand Dollars (\$10,000.00) in closing costs fees will be needed to complete the acquisition. Closing cost totals could be less. As part of the City's Staff standard practice of conducting due diligence, GSD and RAP will verify costs are correct prior to the closing of escrow.

In an attempt to ensure that the acquisition has sufficient funding in place to complete the acquisition and in the unlikely possibility that the State is unable to meet the escrow deadlines, RAP staff is requesting and is recommending that the escrow costs and related pre-acquisition costs be funded by an alternative funding source to cash flow this acquisition and that RAP's Chief Accounting Employee be granted the authority to make technical corrections as necessary to establish the necessary accounts to acquire the project site or identify and use funds to cash flow this acquisition. If an alternative funding source is used to fund the acquisition of the subject property, Proposition 84 will be used to reimburse the alternative funding source once Proposition 84 funds become available. The Board should be aware that Proposition 84 funds to pay environmental costs could be denied if the State determines that certain environmental costs or other costs are not covered or approved. If the State denies funding, the City would have to absorb the costs. It should be noted that there are additional funds available for the development of the subject property from Prop 84 as it was presented in the Proposition 84 Grant application by the CRA.

PROPOSED PROJECT SCOPE

The project scope that was submitted to the State by the CRA as part of its State Grant Application was also submitted to the Board and approved by the Board through Report No. 12-225 on July 19, 2012. The proposed Project scope called for acquisition of two parcels: including the construction of a new entry plaza and picnic area, children's playground, fitness zone, interactive plant and water demonstration garden, botanical learning garden, walking trail, "rolling" hill, and an indoor/outdoor learning/community center.

Further study and community outreach will be needed to determine the appropriate development plan for the community. Costs for the acquisition and development of park project is projected to be Two Million, Eight Hundred Ninety-Eight Thousand, Three Hundred Forty Dollars (\$2,898,340.00), which also includes acquisition costs. There is no additional information on final development plans. This report primarily addresses the acquisition of the

BOARD REPORT

PG. 10

NO. 16-171

new parcel acquisition identified by APN: 5117-001-008 and 009.

ACQUISITION COSTS

The cost of the proposed Nevin Avenue Park acquisition as recommended by GSD is Six Hundred Thousand Dollars (\$600,000.00). The estimated appraisal value is \$600,000 as of June 19, 2013. GSD has indicated that as part of its professional expertise that a fair negotiated price would be Six Hundred Thousand Dollars (\$600,000.00). GSD recommends and supports the negotiated price of Six Hundred Thousand Dollars (\$600,000.00). Estimated closing costs are estimated to be approximately Ten Thousand Dollars (\$10,000.00) in total, but could be higher. The cost for the release of the Lien placed by DTSC is Five Hundred Thousand Dollars (\$500,000.00). The closing costs are estimates only, are subject to change, and are for reference purposes only. The projected total acquisition cost is estimated at Six Hundred Ten Thousand Dollars (\$610,000.00). GSD will confirm final closing costs and review said costs before it approves the acquisition and the associated closing costs and other related costs based on its professional expertise. As a further note, the City Attorney's Office has also recommended this negotiated acquisition arrangement.

AGREEMENTS

The acquisition of these parcels and the acceptance of this project will entail the approval and execution of two (2) agreements. The first agreement that will need to be executed is PSA between RAP and the owner of the parcels identified by APN's 5117-001-009 and 5117-001-008. The PSA will consist of all the acquisitions conditions, terms and obligations required of both the seller and buyer. The second agreement is the Prospective Purchaser Agreement (PPA), also known as the Agreement and Covenant Not to Sue, between the City, RAP and DTSC. The PPA will address the environmental issues and provide indemnification and protection for the City as the prospective purchaser, also known as the Settling Respondent, and will resolve the Settling Respondent's potential liability. DTSC will provide review and oversight of the required work or scope of work described in the of the PPA, and in return, DTSC, upon completion of the Scope work to its satisfaction, will provide a covenant not to sue or take any civil, judicial or administrative action to pursue any claim or make demand against the Settling Respondent.

The PPA Agreement will contain an operation and management agreement and a soils management plan that will be part of the DTSC's review and oversight.

ENVIRONMENTAL IMPACT STATEMENT

RAP Staff determined that the subject project consists of the acquisition of property with the intent to preserve open space for park purposes; demolition of an existing structure; a minor cleanup action less than One Million Dollars (\$1,000,000.00) to prevent and eliminate the release of hazardous waste; and new construction of small structures. Therefore, the project site is categorically exempt from the provisions of California Environmental Quality Act (CEQA),

BOARD REPORT

PG. 11 NO. 16-171

pursuant to Article 19, Sections 15301 Class 1 (l), 15303 Class 3 (e), 15325 Class 25 (f), and 15330 Class 30 (b)(5) of the State CEQA Guidelines.

FISCAL IMPACT STATEMENT

As indicated in the Summary of this Report, the design of the proposed park has not been determined and will be presented to the Board for final approval at a later time. At this time, the impact to the Department of Recreation and Parks is for the Acquisition cost, which is estimated to be at Six Hundred Ten Thousand Dollars (\$610,000.00), plus potentially the costs for remediation which is projected to be Four Hundred Two Thousand, Seven Hundred Eight Dollars (\$402,708.00) as of the drafting of this Report. RAP would have to absorb the remediation costs if the state does not pay all or a portion of those costs. A yearly Two Thousand, Five Hundred Dollars (\$2,500.00) DTSC monitoring fee will also be assessed to RAP. Any tenant and related costs are addressed in the PSA, but there is a possibility that City could have to cover relocation costs, and as such, RAP's Chief Accounting Employee will need to make technical corrections as necessary to identify and establish the necessary accounts to acquire the project site. Potential Relocation costs are unknown at this time.

Once this project is completed, operational maintenance cost will be determined. Upon project completion, a request for funding will be submitted in future RAP's annual budget requests.

This Report was prepared by John Barraza, Management Analyst II in Real Estate and Asset Management, Planning and Construction Branch and approved by executive management.

LIST OF ATTACHMENTS

- 1) Proposed Resolution

RESOLUTION NO. _____

WHEREAS, 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 Five Billion, Four Hundred Million Dollars (\$5,400,000,000.00) in general obligation bonds for a number of State grant programs; and,

WHEREAS, One of the grant programs created was the Statewide Park Development and Community Revitalization Program (Propositions 84 Statewide Park Program). A total of Three Hundred Sixty-Eight Million Dollars (\$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 critically underserved communities throughout California on a competitive basis in two rounds with One Hundred Eighty-Four Million Dollars (\$184,000,000.00) available each round; and,

WHEREAS, The 1st round Request for Proposals for the Statewide Park Program was released in September 2009 and at its meeting of February 20, 2010, the City Council authorized the Community Redevelopment Agency of Los Angeles (CRA) to submit grant applications for Nevin Avenue Park project, also known as Nevin Avenue Elementary School Park (Council File No. 09-2839); and,

WHEREAS, In November 2010, the CRA was awarded a Two Million Eight Hundred Ninety-Eight Thousand, Three Hundred Forty Dollars (\$2,898,340.00) Proposition 84 grant for Nevin Avenue Park project; and,

WHEREAS, In January 2012, however, the CRA was dissolved and as a result of the dissolution of the CRA, the Department of Recreation and Parks (RAP) was asked to assume the grants and complete the projects on behalf of the City of Los Angeles (CITY); and,

WHEREAS, On May 24, 2012, RAP received notification from the State that the Nevin Avenue Park project would receive further consideration for the Proposition 84 Statewide Park Program grant; and,

WHEREAS, In order to complete the assumption of these grants, the State Office of Grants and Local Services had requested that the CITY submit by August 31, 2012, a City Council approved Resolution authorizing the grant application; and,

WHEREAS, On August 14, 2012, the City Council adopted the actions under Council File No. 09-2839-S2, by a resolution that basically approved the assumption, transfer and filing of an application for the Nevin Avenue Park to RAP on behalf of the CITY; and,

WHEREAS, The Nevin Avenue Park project concerns two (2) parcels, with approximately 0.262 acres or 11,436 square feet and with the following Los Angeles County's Assessor's Parcel Numbers (APN) 5117-001-008 which is approximately 5,760 square feet and address of 1527 East 32nd Street and the other with APN: 5117-001-009 and approximately 5,676 square feet and address of 1531 East 32nd Street, Los Angeles, California 90011; and,

WHEREAS, On September 5, 2012, the Board authorized through Report No. 12-241 the use of Capital Park Development B funds for the 50 Park Projects.

WHEREAS, Said funds are no longer available and RAP is now requesting approval to use the an alternative funding source and request the RAP's Chief Accounting Employee to make technical corrections as necessary to identify and establish the necessary accounts to acquire the project site and cash flow this acquisition/PRJ20833. Account 89270K-CG will be reimbursed by Proposition 84 funds once they become available; and,

WHEREAS, RAP is interested in acquiring two (2) parcels identified by (APN) 5117-001-008 and address of 1527 East 32nd Street and the other with APN: 5117-001-009 and address of 1531 East 32nd Street, Los Angeles, California 90011; and,

WHEREAS, Currently, parcel 5117-001-008 has a one-story, concrete block industrial building built in 1952 containing 4,835 square feet, and the Parcel identified by APN: 5117-001-008 has one tenant who is on a month-to-month basis; and,

WHEREAS, The owner has agreed to ensure property is vacant before escrow close and General Services Department (GSD) will ensure building is vacant and notify RAP staff of any additional costs; and,

WHEREAS, The Purchase and Sale Agreement (PSA) will address the owner insuring that the property is vacant prior to close of escrow; and,

WHEREAS, The use of an alternative funding source for the acquisition of 1527 East 32nd Street and 1531 E. 32nd Street, Los Angeles, California 90011; Assessor's Parcel Numbers (APN) 5117-001-009 and 5117-001-008 (Nevin Avenue Park Project (PRJ20833)) might be necessary to complete the acquisition if Proposition 84 funds are not available, and said funds will be used to cash flow the acquisition and will be reimbursed by Proposition 84; and,

WHEREAS, There is the potential for RAP having to absorb the acquisition costs if the State of California denies funding; and,

WHEREAS, Funding will initially be provided directly by STATE using Proposition 84 funds and if funds are not available the use of an alternative funding source will be used; and,

WHEREAS, Funding, and environmental concerns will have to be satisfied prior to acquisition, and GSD has negotiated a purchase price that is consistent with their professional opinion of the market value; and,

WHEREAS, To determine the fair market value for the above mentioned property identified by APN: 5117-001-008 and 009, GSD used a Formal Appraisal prepared by an independent appraiser, and the appraisal was prepared on June 28, 2013, and the estimated value of the appraisal was determined to be Six Hundred Thousand Dollars (\$600,000.00) as of June 19, 2013, and GSD concurs with appraiser's valuation methodology used to arrive at the value for the subject property, and GSD has recommended a purchase price of Six Hundred Thousand Dollars (\$600,000.00) that is consistent with their professional opinion of market value for the property; and,

WHEREAS, There is an estimated TOTAL COST of Four Hundred Two Thousand, Seven Hundred Eight Dollars (\$402,708.00) for environmental related work and a Two Thousand, Five Hundred Dollars (\$2,500.00) annual Inspection fee for an undetermined period of time to be paid to Department of Toxic Substances Control (DTSC); and,

WHEREAS There is also the possibility of additional environmental and or remediation costs that will be part of this project and those additional environmental costs for remediation are unknown at this time; and,

WHEREAS RAP Grants staff has confirmed with STATE that STATE will pay, using Proposition 84 funds, the estimated Four Hundred Two Thousand, Seven Hundred Eight Dollars (\$402,708.00) in environmental costs and review additional costs; and,

WHEREAS, DTSC has placed a lien on the property which places environmental restriction on the property, and DTSC has agreed to remove said lien upon payment of Five Hundred Thousand Dollars (\$500,000.00) but will continue monitoring duties at the expense of RAP; and,

WHEREAS, DTSC has also indicated that a yearly Two Thousand, Five Hundred Dollars (\$2,500.00) inspection maintenance fee will be assessed to owner of property to pay for environmental monitoring by DTSC; and,

WHEREAS, DTSC's yearly Two Thousand, Five Hundred Dollars (\$2,500.00) inspection maintenance fee has an undetermined time period and could increase yearly; and,

WHEREAS, Estimated closing costs are estimated to be approximately Ten Thousand Dollars (\$10,000.00) in total, and the cost for the release of the Lien placed by DTSC is Five Hundred Thousand Dollars (\$500,000.00) and,

WHEREAS, The closing costs are estimates only and are subject to change and are for reference purposes only; and,

WHEREAS, GSD will purchase the property per the preliminary negotiated terms approved by the City Attorney's Office from owner for One Hundred Thousand Dollars (\$100,000.00) and pay the DTSC lien of Five Hundred Thousand Dollars (\$500,000.00); and,

WHEREAS, the projected total acquisition cost is estimated at Six Hundred Ten Thousand Dollars (\$610,000.00). GSD will confirm final closing costs and review said costs before it approves the acquisition and the associated closing costs and other related costs based on its professional expertise, and as a further note, the City Attorney's Office has also recommended, this acquisition arrangement; and,

WHEREAS, if funding for the acquisition comes from an alternative funding source, said fund will be reimbursed. There is sufficient funding for the acquisition of the parcel identified by APN 5117-001-008 and 009 from Proposition 84. The alternative funding source will be used to pay for all acquisition related costs such as appraisals, Phase I Environmental Site Assessment, Phase II, Escrow Closing Costs, site preparation; and,

WHEREAS, an additional Ten Thousand Dollars (\$10,000.00) is required for payment of closing

fees, bringing the total property acquisition cost to Six Hundred Ten Thousand Dollars (\$610,000.00). RAP expects to be reimbursed by the Two Million, Eight Hundred Ninety-Eight Thousand, Three Hundred Forty Dollars (\$2,898,340.00) Proposition 84 grant if STATE determines that RAP has met all requirements; and,

WHEREAS, this acquisition will provide the opportunity to develop park space in a densely populated community which lacks park space, and the acquisition will add to the open space and bring more recreational opportunities to the entire City through expanded availability of recreational activities and facilities, and the proposed acquisition site is shown on the attached Assessor Map, APN: 5117-001-008 and 009; and,

WHEREAS, Two (2) documents will need to be executed to as part of this acquisitions project. The first is a PSA between RAP and the owner of the parcels identified by APN's 5117-001-009 and 5117-001-008. The PSA will consist of all the acquisitions conditions, terms and obligations required of both the seller and buyer. The second agreement is the Prospective Purchaser Agreement (PPA), also known as the Agreement and Covenant Not to Sue, between the City of Los Angeles (CITY)/RAP and DTSC. The PPA will address the environmental issues and provide indemnification and protection for the City as the prospective purchaser also known as the Settling Respondent and will resolve the Settling Respondents potential liability. DTSC will provide review and oversight of the required work or scope of work described in Exhibit G of the PPA and in return the DTSC upon completion of the Scope work and to the satisfaction DTSC will provide a covenant not to sue or take any civil, judicial or administrative action to pursue any claim or make demand against the Settling Respondent. The agreement will contain an operation and management agreement and a soils management plan that will be part of the DTSC's review and oversight; and,

WHEREAS, The Phase II Environmental Site Assessment report indicates that no evidence of Recognized Environmental Conditions (RECs) was found on the property, and no further site investigation is required, therefore there is no environmental impediment to the Department of Recreation and Parks (RAP) acquiring the site for public use; and,

NOW, THEREFORE, BE IT RESOLVED by the Board of Recreation and Park Commissioners that GSD be requested to finalize the acquisition of the property located 1527 East 32nd Street and 1531 East 32nd Street, Los Angeles, California 90011, identified by Assessor's Parcel Number (APN) 5117-001-008 and 009, (Nevin Avenue Park), in accordance with the provisions of Charter Section 594 (a) and (b); and,

BE IT FURTHER RESOLVED, that staff is authorized to request the assistance of the GSD and other City entities, per Charter Section 594(a) and (b), in obtaining fee title to two (2) parcels totaling a 0.262 acre or 11,436 square foot parcel, located at Assessor's Parcel Numbers (APN) 5117-001-008 - 1527 East 32nd Street and APN: 5117-001-009 - 1531 E. 32nd Street, Los Angeles, California 90011; and,

BE IT FURTHER RESOLVED, that authority is granted to GSD and the City Attorney's Office to negotiate, draft, finalize and execute a PSA pending final review and approval by GSD, subject to the approval of the City Attorney as to form, and;

BE IT FURTHER RESOLVED, that the Board approves the Prospective Purchaser Agreement, also known as the Agreement and Covenant Not to Sue, between City/RAP and DTSC allowing for the release of liens by DTSC and sale of property, subject to the approval City Attorney) and that the Board President and Secretary are authorized to execute the document; and,

BE IT FURTHER RESOLVED, that, in order to expedite the acquisition of the proposed project, the General Manager of RAP or Board President and Secretary are authorized to execute the PSA upon receipt of the necessary approvals, and that GSD and City Attorney's Office are requested and granted authority to review, negotiate, draft and finalize and execute forthwith a PSA on behalf of the Board, if necessary, pending final review and approval by GSD Asset Management Division and subject to the approval of the City Attorney as to form, and upon completion and approval of all the following conditions:

- A. Funding will have been made available for the acquisition of the property either through: Proposition 84 Statewide Park Program funds, or an alternative funding source yet to be determined; and,
- B. Appropriate California Environmental Quality Act (CEQA) process will have been completed and satisfied, which is required for the reimbursement of cash flow funds by Proposition 84; and,
- C. Any additional required environmental assessments if needed, will have been completed and satisfied prior to close of escrow; and,
- D. Confirmation from GSD of the clearance/resolution of all Liens and any Title issues prior to closing of escrow; and,
- E. Release of Lien by Department of Toxic Substances Control (DTSC) against property identified by APN 5117-001-008 and 009, to be recorded upon approval and execution of all required actions in accordance with the Consent Decree for the Renu Plating court action and subsequent actions leading to the acquisition of said parcel; and,
- F. Execution of the Prospective Purchaser Agreement (PPA) prior to close of escrow; and,

BE IT FURTHER RESOLVED that the use of an alternative funding source is approved and the Department's Chief Accounting Employee is granted authority to make technical corrections as necessary to establish the necessary accounts and to identify an alternative funding source to acquire the project site for the acquisition of 1527 East 32nd Street and 1531 E. 32nd Street, Los Angeles, California 90011; Assessor's Parcel Numbers (APN: 5117-001-008 and 009 (Nevin Avenue Park) and said funds will be used to cash flow the acquisition and will be reimbursed Two Million, Eight Hundred Ninety-Eight, Three Hundred Forty Dollars (\$2,898,340.00) by the Proposition 84 grant; and,

BE IT FURTHER RESOLVED that the GSD Asset Management Division, RAP's Chief Accounting Employee is authorized to make technical corrections as necessary, to establish the necessary accounts to acquire the project site, and to accept and transfer the necessary monies to fund the acquisition to the appropriate City Department accounts or escrow company account in order to expeditiously complete the acquisition of the parcel identified by APN 5117-001-008 and 009, and;

BE IT FURTHER RESOLVED that the Board Secretary is directed to execute the escrow instructions and to accept the grant deed for the subject property to be known as "Nevin Avenue Park," until officially renamed, as approved by the City Attorney, which property shall be set apart and dedicated as park property in perpetuity.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Recreation and Park Commissioners of the City of Los Angeles at its meeting held on _____, 20____ (Board Report No. _____).

Armando X Bencomo, Secretary

Resolution No. _____