

REPORT OF GENERAL MANAGER

NO. 02-345

DATE October 2, 2002

C.D. _____

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: VERMONT CORRIDOR/VIRGIL VILLAGE (#1140C) - ACQUISITION PROJECT:
FINAL AUTHORIZATION TO ACQUIRE PROPERTY FOR PARK
DEVELOPMENT AND APPROVAL OF ESCROW INSTRUCTIONS AND
LEGALLY OBLIGATED ACQUISITION COSTS

J. Combs _____
A. Coroalles _____
J. Duggan _____
J. Kolb _____

H. Fujita _____
*M. Matthews _____
L. Barth _____


General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

It is recommended that the Board:

1. Adopt the draft resolution (on file in the Board Office) authorizing the acquisition of three (3) adjacent parcels totaling 22,500 square feet or 0.52 acres located at 464 N. Madison Avenue, 461 N. Westmoreland Avenue, 467 N. Westmoreland Avenue in the East Hollywood District for \$638,584.00 including escrow fees and title insurance fees;
2. Authorize the Director of Finance to expedite the processing of a demand to the City Controller in the amount of \$638,584.00 payable to Chicago Title Insurance Company (Escrow No. 2105-7905 x65) from Prop K Funds, Fund 43K, Account T436 and upon receipt of the check to transmit it to the Department's Real Estate and Asset Management Division;
3. Authorize payment above the appraised value of said property for the above mentioned amount;
4. Authorize the Board Secretary to execute the escrow instructions and grant deed for the subject property; and,
5. Authorize Department staff, upon the close of escrow, to proceed with erecting a fence around the property and authorize the Director of Finance to process demands to the City Controller to pay for the required work.

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SUMMARY :

The Department of General Services (DGS) has completed negotiations for the acquisition of three (3) parcels totaling 22,500 square feet or 0.52 acres located at 464 N. Madison Avenue, 461 N. Westmoreland Avenue and 467 N. Westmoreland Avenue in the East Hollywood District. DGS has negotiated an offer in the amount of \$635,000.00 and recommends payment in this amount. The Department, with the support of Councilmember Eric Garcetti, is acquiring the subject property for park development. The above mentioned properties are vacant lots.

The Asset Management Division, of Department of General Services initially provided a preliminary Class "C" estimate of value of \$660,000.00 which consisted of \$550,000.00 for land and \$110,000.00 for contingencies. The Formal Appraisal prepared by an independent appraiser, through DGS, indicated a value of \$619,000.00. This appraisal was prepared on February 28, 2002. An offer letter of \$619,000.00 was first presented to the prospective seller on August 14, 2002. Subsequently, the seller countered with an offer of \$650,000.00. The Department of General Services, Asset Management Division responded with a counter offer of \$635,000.00, which was accepted by the seller. It should be noted that DGS recommended payment for this property in the amount of \$635,000.00, which is slightly above the appraised value of \$619,000.00. This recommendation is based on the fact that the current appraisal was completed eight (8) months ago and it is common knowledge that property values have increased significantly in the past several months. Special consideration was also given to the fact that condemnation proceedings, which would have been our only alternative in acquiring the property if an agreement was not reached with the seller, would have significantly increased our acquisition costs.

The community around this park is a low income, high population density area, which meets all the requirements for park development. The Los Angeles City Planning Commission has recommended approval of this land acquisition, in accordance with City's General Plan, because the acquisition conforms with objective Nos. 2 and 5 of the Hollywood Community Plan with Purpose A, B, C of the Vermont/Western Transit Oriented District Specific Plans (designation of land required to accommodate populations and activities to the year 2010, and to encourage open space and parks in high density areas). This acquisition also has strong support from the community and the 13th Council District because of its uniqueness and its potential.

Mr. Ralph Karubian and Ms. Karubian, the co-owners of the above mentioned property and DGS have agreed to a final purchase price of \$635,000.00. An additional \$1,585.00 is required for escrow fees and \$1,999.00 for title report fees bringing the total property acquisition cost to \$638,584.00.

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Funds for the acquisition of the subject property are available from Prop K, Fund 43K, Account T436. It should be noted that there are additional funds available for the development of the subject property from Proposition K, as well as Proposition 12.

The Environmental Management Division has determined that the proposed property acquisition is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article VII, Section 1(c), 1(d), 1(y), Class 3 (6), Class 4 (3), and Class 25 of the CEQA City Guidelines. A Notice of Exemption was filed with the Los Angeles City and County Clerks on April 23, 2002. The Phase I and Phase II Environmental Site Assessment completed, has determined that there are no recognized environmental conditions associated with the subject property. No further or additional site assessment research and/or subsurface site assessment activities are recommended at this time.

Department staff recommends that a fence be erected to protect the subject property and the City (as its new owner) from liability and any contamination that could result from dumping of illegal substance/material on the property. Staff could proceed with this work upon the close of escrow and receipt of grant deed. It is anticipated that the costs for this required work will not be significant and will be paid for from either the remaining balance of the \$1,133,138.00 Prop K fund allocation or the additional Proposition 12 or CDBG funds.

The Superintendent for the Griffith-Metro Region and Councilmember Eric Garcetti have been consulted and concur with staff's recommendations.

Prepared by John Barraza, Management Analyst II, Real Estate and Asset Management Division