

REPORT OF GENERAL MANAGER

NO. 04-346

DATE November 17, 2004

C.D. 05

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ENCINO WOMAN'S CLUB – ACCEPTANCE OF REDUCTION IN PURCHASE PRICE AND APPROVAL OF SITE REFURBISHMENT

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| * K. Chan | <u>kc</u> | J. Kolb | _____ |
| J. Combs | _____ | F. Mok | _____ |
| H. Fujita | _____ | G. Stigile | _____ |



 General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Accept and acknowledge the generous reduction of \$100,000.00 from the agreed upon purchase price of \$900,000.00, already deposited into escrow, said reduction given by the Encino Woman's Club to the Department on the occasion of selling their property to the City and return the \$100,000.00 to the Community Development Department for appropriate processing;
2. Direct staff to use said \$100,000.00 plus any remaining funds in escrow or in the approved Prop. 12 and Prop. 40 grants for the refurbishment of the Club building and grounds so as to make them more suitable for recreational programming.

SUMMARY:

On October 6, 2004, the Board gave final approval to the acquisition of property at 4924 Paso Robles Avenue known as the "Encino Woman's Club" (APN 2258-018-009, Report No. 04-298, Resolution No. 10080). On that date the Board also approved an Irrevocable License Agreement specifying the terms under which Club members will continue to meet and have some storage capacity at the site at no charge; the property itself will become an extension of the adjacent Encino Community Center. City Council approved the acquisition, the funding for both the purchase and partial refurbishment and the Irrevocable License Agreement in August and October 2004 (Council Files 04-1528 and 04-0275).

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On October 21, 2004, Club members voted to reduce the purchase price by \$100,000.00. The Club did so partly in recognition of benefits obtained by the License Agreement, which was recorded with the grant deed at the close of escrow on October 29, 2004. The Club also approved of staff's anticipated expansion of the recreational programs offered to the community as a result of acquiring the property. Club members wished that their contribution be spent solely on making repairs and improvements to the Club site, including the redesign of the existing parking area so as to accommodate the maximum number of spaces; these stipulations formed the Memorandum that was part of the amended escrow instructions.

At the request of the Assistant General Manager of Operations West as part of the original "due diligence" inspection of the site, the Bureau of Engineering estimated the costs of various repairs and improvements, including ADA compliance. The estimates exceed two hundred thousand dollars with variations depending on whether City forces perform certain tasks or whether the work is outsourced.

The final cost of acquiring the property, taking into account the reduced purchase price, was \$805,086. It is estimated that after improving parking at the site, there will be approximately ninety-five thousand dollars left of the Club's funds for other repairs and improvements. In addition, there is \$38,384 remaining from originally approved funding under Propositions 12 and 40 for further refurbishment. The total remaining currently available for non-parking improvements will therefore be approximately \$133,384.00. Department staff will submit the necessary documentation to the State to make these funds available for the non-parking improvements.

It should be noted that with respect to the California Environmental Quality Act, staff filed a Notice of Exemption on August 4, 2004, following an earlier determination that the project is exempt.

The Superintendent of Operations West and the Office of Council District Five concur with staff's recommendations.

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