



Legislation Text

File #: 06-1304, **Version:** 1

Recommendation to authorize City Manager to execute Purchase and Sale Agreement and Escrow Instructions and all necessary documents for the acquisition of 8.9 acres from the Union Pacific Railroad Company for the Drake/Chavez Greenbelt Project for the purchase price of \$5,065,000, including escrow and closing fees. (District 1)

The Drake/Chavez Greenbelt Project (Project) provides for the acquisition of property for the development of a greenbelt along the Los Angeles River. The greenbelt will connect Cesar E. Chavez and Drake parks through the development of wetlands and passive and active open space (Attachment "A"). Funding for the Project is supported by grants received through the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Bond Act of 2000 (Proposition 12), the Safe Drinking Water, Clean Water, Watershed Protection and Flood Protection Act (Proposition 13), the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40) and the Redevelopment Agency Central Project Area Revenue Bond proceeds.

The City has acquired the 1.20-acre former Stoneware Design property at 903 Fairbanks Avenue and is in escrow to purchase the 5.05-acre former bus lot from the Los Angeles Metropolitan Transportation Authority. The remaining property owner, Union Pacific Railroad Company (UPRR), has agreed to sell 8.9 acres (Attachment "B") to the City for an adjusted price of \$5,000,000. The fair market value of the property, as determined by independent appraisals, is \$5,460,500. An additional amount of up to \$65,000 will be expended for escrow and closing fees.

As part of this transaction, the City will deposit \$100,000 into an escrow account as a deposit towards the purchase price. Environmental review will be conducted and recognized concerns addressed to the City's satisfaction during escrow. Should the City remain unsatisfied, at the City's sole discretion, escrow will be cancelled and the deposit of \$100,000 will be refunded to the City without penalty.

This letter was reviewed by Deputy City Attorney Richard F. Anthony on November 27, 2006 and Budget Management Officer David Wodynski on December 1, 2006.

City Council action is requested on December 12, 2006, to facilitate the opening of escrow prior to yearend.

Of the total acquisition amount of \$5,065,000, \$1,465,755 will be funded through the Proposition 12 grant, \$2,230,000 will be paid through the Proposition 40 grant, \$30,763 will be paid through Park Impact Fees, and \$19,237 will be paid through General Purpose funds, all of which are budgeted in the Capital Projects Fund (CP) in the Department of Public Works (PW). The remaining amount of \$1,319,245 will be paid through redevelopment bond proceeds via a transfer from the Redevelopment Fund (RD) in the Department of Community Development (CD) to the Capital Project Fund (CP) in the Department of Parks, Recreation and Marine (PR). There are future ongoing General Fund costs associated with the acquisition of this property for maintenance. Current

estimates to maintain one acre of park land is approximately \$4,000 per year. Therefore, it is estimated the requested purchase will require at minimum, an additional allocation of \$36,000 in General Fund dollars to provide adequate maintenance of this property.

Approve recommendation.

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APPROVED:

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