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# CITY OF LOS ANGELES

CALIFORNIA



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November 23, 2022

The Honorable City Council  
Room 395 City Hall  
200 North Spring Street  
Los Angeles, CA 90012

**COUNCIL FILE 21-0561 PROPOSED DIRECT SALE OF SURPLUS PROPERTY LOCATED ON FLOWER STREET BETWEEN HOPE STREET AND SECOND STREET AND THE OTHER BOUND BY GENERAL THADDEUS KOSCIUSZKO WAY, FLOWER STREET, HOPE STREET, AND THIRD STREET FOR THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY REGIONAL CONNECTOR BUNKER HILL STATION PROJECT**

## **RECOMMENDATIONS**

That the City Council, subject to the approval of the Mayor:

1. ADOPT the accompanying Sale Ordinance (Exhibit A) authorizing the “as-is and with all faults” sale of the City of Los Angeles (City)-owned real properties located on Flower Street between Hope Street and Second Street (Parcel A), and the other property bound by General Thaddeus Kosciuszko Way, Flower Street, Hope Street, and Third Street (Parcel B), which are also described in Exhibit B and Exhibit C and depicted in Exhibit D and Exhibit E respectively, including all stated exceptions and reservations, without notice of sale or advertised bids, to the Los Angeles Metropolitan Transportation Authority (LACMTA), for the negotiated sale price of \$236,000;
2. AUTHORIZE the Department of Public Works (DPW), Bureau of Engineering (BOE) to execute the Purchase and Sale Agreement and Joint Escrow Instructions (Exhibit F) based on the terms specified in the Sale Ordinance (Exhibit A) for the sale of City-owned real property located on Flower Street between Hope Street and Second Street (Parcel A), and the other property bound by General Thaddeus Kosciuszko Way, Flower Street, Hope Street, and Third Street (Parcel B);



3. INSTRUCT the Office of Accounting of the Board of Public Works (BPW), to complete the transactions outlined in the Sale Ordinance, process the necessary documentation to execute the sale and deposit the sale proceeds, less yet to be determined closing costs, into the Engineering Services Trust Fund No. 682-50 and appropriate a like amount therein to a new account entitled DTLA Streetscape Maintenance and Improvements Fund.

#### **EXHIBITS**

1. Exhibit A – Sale Ordinance
2. Exhibit B – Legal Description for Parcel A
3. Exhibit C – Legal Description for Parcel B
4. Exhibit D – Plat Map for Parcel A
5. Exhibit E – Plat Map for Parcel B
6. Exhibit F – Purchase and Sale Agreement and Joint Escrow Instructions
7. Exhibit G – Council Files

#### **BACKGROUND**

The BOE requests the authority for the direct sale of Parcels A and B (Properties) for the negotiated sale price of \$236,000 to the LACMTA for the Regional Connector Bunker Hill Station Project (Project).

The LACMTA is currently constructing the Project in downtown Los Angeles. This Project is a 1.9-mile underground light rail transit line that will extend from the Gold Line Little Tokyo Station to the 7th Street Metro Center. The Project is scheduled to be completed in 2022. The sale of these parcels is necessary because LACMTA will develop the properties to increase availability of public transportation and park space within the Central Business District. LACMTA will use Parcel A to build the station plaza and Parcel B to install an emergency exit hatch, an equipment access shaft, a ventilation shaft, and to plant trees and landscaping for the Project.

On February 23, 2022, the City Council adopted the subject Properties as “exempt surplus land” per AB 1486 and instructed BOE to prepare the Sale Ordinance to effectuate the sale of Properties (Council File No. 21-0561). On March 18, 2022, the California Department of Housing and Community Development (HCD) concurred with the City’s findings.

#### *Appraisal*

The LACMTA hired Valentine Appraisal & Associates to determine the value of Parcel A. The completed appraisal report, dated August 13, 2019, determined the fair market value of Parcel A to be \$117,000. While the appraisal is over three years old, BOE agrees with the amount and that it is still valid.

The LACMTA hired Hennessey & Hennessey, who subcontracted to CBRE, to determine the value of Parcel B. The completed appraisal report, dated March 3, 2022, determined the fair market value of Parcel B to be \$96,000. The BOE negotiated the sale price to \$119,000.

#### *Planning Zoning and Determination*

In a letter dated September 29, 2022, the Planning Department advised that the Properties are located within the Central Community Plan area and abut lots zoned R5-4D. Provided that the parcels will be utilized for a use consistent with the current zone and street designations, the sale is therefore generally consistent with the City's General Plan.

#### *BOE Determinations*

In a letter dated March 15, 2022, the BOE reported it has no objection to the proposed sale of the Properties.

For Parcel A, there are existing 12" storm water pipes. For Parcel B, there is an existing 24" storm water pipe. The respective agencies shall be contacted for possible relocation, upgrade, and/or new installation of: street trees (Bureau of Street Services' Urban Forestry Division), street lights (Bureau of Street Lighting), meters and vaults (Los Angeles Department of Water and Power, and other utility companies yet to be determined), and signs/painted curbs (Los Angeles Department of Transportation).

#### *CEQA*

On February 15, 2012, the LACTMA Planning and Programming Committee certified the Regional Connector Transit Corridor Final Environmental Impact Statement/Final Environmental Impact Report (FEIS/FEIR).

#### **FISCAL IMPACT STATEMENT**

The sale of the Properties, located in Council District 14, to LACMTA for the negotiated sale price of \$236,000, less closing costs and administrative fees, will have no impact to the General Fund. Upon close of escrow, the net proceeds of the sale shall be deposited into the Engineering Services Trust Fund No. 682-50 and appropriate a like amount therein to a new account entitled, DTLA Streetscape Maintenance and Improvements Fund.

## **FINDINGS**

### **1. Public Interest**

In accordance with LAAC Division 7, Chapter 1, Article 4 Section 7.27, the Council may determine that the sale of City-owned properties is in the public interest or necessity. In this event, the Council may, by ordinance with two-thirds vote, authorize the sale of City-owned properties, without notice of sale or advertisement for bids. The BOE reports that the sale of the properties is in the best interest of the City because it will improve infrastructure, develop open space, and there will be a deposit of funds for streetscape maintenance and improvements.

### **2. Terms of Sale**

The following are terms of the sale as described in the Ordinance:

- The total sale price is \$236,000, which is the agreed upon price between the City and LACMTA;
- The Properties will be sold in “as-is” condition without any warranty as to fitness for use, fitness for a particular use, or condition of the Properties, and that the City has no obligation to correct any condition of the Properties, whether known before or after the date of sale;
- In accordance with Section 3 of the Ordinance, the BOE is authorized to execute a Purchase and Sale Agreement and Joint Escrow Instruction, open escrow, deliver deeds, and process and execute all necessary documents to effectuate this sale. The Office of Accounting of the BPW is hereby authorized to deposit the proceeds, over and above the expenses of sale, into proper accounts as provided by law;
- The City will reserve all oil, gas, water and mineral rights in the Properties now vested in the City without, however, the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals;
- Subject to covenants, conditions, restrictions, encroachments, reservations, easements, rights, and rights-of-way of record or which are apparent from visual inspection of the real properties and excepting and reserving to the City any interest in fee to the adjacent streets which would otherwise pass with the conveyance.

### 3. Property Description / Legal Description

Parcel A is located on Flower Street between Hope Street and Second Street and described in Exhibits B and D. Parcel B is bound by General Thaddeus Kosciuszko Way, Flower Street, Hope Street, and Third Street and described in Exhibits C and E. The Properties are currently right-of-way surrounded by properties zoned R5-4D and lie within Council District 14 and the Central Community Plan area.

If you have any questions concerning this matter, please contact BOE Deputy City Engineer, Jose Fuentes, at [jose.fuentes@lacity.org](mailto:jose.fuentes@lacity.org).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ted Allen', is positioned above the printed name. A faint, semi-transparent red and blue stamp is visible over the signature, containing the word 'ENGINEERING' and some smaller, less legible text.

Ted Allen, P.E.  
City Engineer

TA/JF/:uj:jp:ab:jgr

Box\EXE\\_Ready for Signature\TSA\Outbox\Archived\2022\ Regional Connector -  
City Council Report BOE.pdf

#### Attachments

cc: Marcelino Ascencio, Office of the Mayor  
Aura Garcia, Board of Public Works  
Teresa Villegas, Board Public Works  
Dr. Fernando Campos, Board of Public Works