



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: FEBRUARY 8, 2017

FROM: CARGO & INDUSTRIAL REAL ESTATE

**SUBJECT: RESOLUTION NO. _____ - CONFIRMATION OF SALE BY
AUCTION OF SURPLUS LAND**

SUMMARY:

Staff requests confirmation of sale by auction by oral bids of surplus real property located in the Harbor District on John S. Gibson Boulevard, and owned by the City of Los Angeles Harbor Department (Harbor Department), to the winning bidder pursuant to Ordinance No. 184663, adopted by the Los Angeles City Council on December 13, 2016, which, among other things, ordered the sale of the property by oral bids pursuant to Section 385 of the City Charter and in accordance with the provisions of Section 7.24 of the Los Angeles Administrative Code, and authorized and empowered this Board of Harbor Commissioners to confirm the sale to the highest responsible bidder in an amount not less than the minimum bid of \$1,218,000.

The surplus real property auction was held on February 8, 2017. Jenna Development, LLC, a California Limited Liability Company (Jenna Development), was the highest responsible bidder among the four registered bidders with a bid in the amount of \$3,200,000.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 12 of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Confirm the sale to Jenna Development, LLC, a California Limited Liability Company for the amount of \$3,200,000 pursuant to Ordinance No. 184663; and
3. Adopt Resolution No. _____

DISCUSSION:

Background – Any real property owned by the City of Los Angeles that is no longer required for the use by the Harbor Department can be sold, either whole or in part, under the terms, conditions and procedures prescribed in Division 7, Chapter 1, Article 4 of the Administrative Code. The sale of Harbor Department property requires several steps be completed prior to sale.

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The Board declared the property in question as surplus on November 10, 2015. Staff subsequently proceeded with written notice to other City of Los Angeles (City) departments and various public agencies offering the surplus land for sale. Ultimately, no affirmative responses were received, and Harbor Department staff proceeded with the process to dispose of the property via public auction.

Surplus Property Sale Process – In order to complete the disposition of the John S. Gibson Boulevard surplus property, the Harbor Department is required to declare the property surplus and follow the processes detailed in the City Administrative Code and the California Government Code, as applicable. Those processes began with the Board making a Finding and a Declaration of Surplus Property and directing staff to proceed with the sale. Staff performed the necessary due diligence as required and completed the auction of surplus property on February 8, 2017 in accordance with the terms of Ordinance 184663 and the Notice of Sale issued thereto. Upon the Board's confirmation of the sale by auction, staff will open escrow and complete the sales transaction to transfer ownership of the land "as-is, where is" to Jenna Development.

As previously noted, and in order to ensure that the subject property will meet Harbor Department and Tidelands Trust requirements and is ultimately used for the furtherance of maritime-related commerce, a covenant in the grant deed will be recorded that will run with the land to ensure that it be only used for maritime-related uses and that the unbuildable areas be preserved as "open space" for native plants.

ENVIRONMENTAL ASSESSMENT:

The proposed action is a request to confirm the sale by auction of existing surplus Harbor Department property located at John S. Gibson Blvd. in San Pedro. The property is predominantly vacant with only tenant equipment on the property. The proposed action does not include any development or work being performed on said property. Any other eventual use of said property would be subject to separate environmental review by another lead agency in accordance with CEQA, due to the property's ownership transfer to a private entity and no longer under the control and authority of the Harbor Department. As such, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA under Article III, Class 12 of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

The sale of the surplus property will generate a one-time revenue of \$3,192,493. This amount reflects the deduction of estimated cost of title (\$5,032), escrow (\$2,475), and associated fees. Due to the assignment of two cell tower permits and one monitoring well permit that are part of this surplus sale, the Harbor Department will no longer receive the monthly rent of \$6,753 generated by these agreements.

Once escrow has closed, the Harbor Department will present to the Board the financial impact in more detail, including the value of proceeds to the Harbor Department.

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CITY ATTORNEY:

All documents associated with the Declaration and Offer to Sell necessary to conclude this transaction are subject to approval as to form by the Office of the City Attorney.

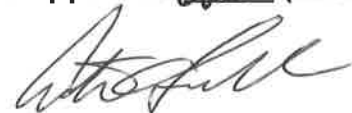
TRANSMITTAL:

1. Surplus Land Map

FIS Approval: MB (initials)
CA Approval: CRS (initials)

FOR

JACK C. HEDGE
Director of Cargo & Industrial Real Estate

FOR

MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:

FOR

EUGENE D. SEROKA
Executive Director

JH:PA:DC:raw
Author: D. Castillo
BL632raw Auction Confirmation