



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 15, 2022

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - APPROVAL OF RIGHT OF WAY CONTRACT (PURCHASE AND SALE AGREEMENT) WITH HUNT ENTERPRISES, INC. CONCERNING ACQUISITION OF REAL PROPERTY INTERESTS LOCATED AT 661 N. HARBOR BOULEVARD, APN: 7449-005-010

SUMMARY:

Staff requests approval of a proposed Right of Way Contract (Purchase and Sale Agreement) between Hunt Enterprises, Inc. and the City of Los Angeles Harbor Department (Harbor Department) for the purchase of two Temporary Construction Easements (TCEs) consisting of 1,370 square feet in aggregate, and a partial fee acquisition consisting of 133 square feet (together, Properties), each property being portions of 661 N. Harbor Boulevard, San Pedro (Subject Property). The Harbor Department will purchase the property from Hunt Enterprises, Inc. as part of the SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard Interchange Project, a public project designed to improve traffic operations and reduce vehicle delay and travel time (SR-47 Project).

If the proposed Purchase and Sale Agreement is approved, the Harbor Department will be responsible for a total payment of \$67,500 covering the purchase of the two TCEs, the Partial Fee Acquisition and closing costs.

RECOMMENDATION:

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

1. Find that the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(i) of the Los Angeles City CEQA Guidelines;
2. Find that the purchase of a) A Temporary Construction Easement consisting of 499 square feet, b) A Temporary Construction Easement consisting of 871 square feet and c) A Partial Fee consisting of 133 square feet, portions of 661 N. Harbor Boulevard are in the best interest of the Harbor Department, as the acquisition is required to implement SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard Interchange Project, a public project designed to improve traffic operations and reduce vehicle delay and travel time;

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3. Approve the Purchase and Sale Agreement with Hunt Enterprises, Inc. of \$65,000 for the two Temporary Construction Easements and the Partial Fee Acquisition land parcel located at 661 N. Harbor Boulevard. In addition, approve the Harbor Department's expenditure for costs associated with the sale, including nominal escrow and title insurance fees for an amount not to exceed \$2,500;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Purchase and Sale Agreement and the two Certificate of Acceptance documents corresponding with the two Temporary Construction Easements and Grant Deed documents from Hunt Enterprises, Inc.;
5. Authorize the Executive Director to execute the necessary documents and escrow instructions, including but not limited to extending escrow, if needed, through mutual agreement of the parties, to acquire the Properties and wire transfer the necessary funds to the City of Los Angeles Harbor Department's approved escrow company; and
6. Adopt Resolution No. _____.

DISCUSSION:

Background - The Harbor Department is implementing the SR-47 Project, a public project designed to improve traffic operations and reduce vehicle delay and travel time. Under this project, the Harbor Department proposes to relocate the existing westbound SR-47 off-ramp to land north of the Vincent Thomas Bridge at Front Street and Knoll Drive, which will allow for efficient movement of traffic through the interchange that is destined to the cruise terminal, San Pedro Waterfront development and other recreational facilities. See Transmittal No. 1 for a depiction of the project.

Property Requirements and Valuation - To implement the SR-47 Project, the Harbor Department must acquire the Properties from Hunt Enterprises, Inc. Each property comprises a portion of 661 N. Harbor Boulevard (a/k/a Samoan Seas Apartments). The TCEs and partial acquisition of the Subject Property are required to facilitate the construction of a City-owned sidewalk and standard driveways entering the property. The TCEs will allow the construction contractor to conduct the project construction in this area. The partial acquisition will allow for a standard City sidewalk width of 5' to be provided by the project. No infrastructure will need to be adjusted as part of the partial acquisition (i.e. fencing, etc.). See Transmittal No. 2 for a depiction of the Properties.

The Harbor Department obtained an appraisal of the fair-market value of the Properties by an independent, professional appraiser. Using a date of valuation of June 9, 2022, the total just compensation for the Properties was determined by the appraiser to be \$60,000. The attached Appraisal Summary for Real Property (Transmittal No. 3) explains how just compensation was determined for the Properties. The Appraisal was further reviewed by Integra Realty Resources on September 1, 2022, and the Appraisal Report was recommended for approval. Negotiations with Hunt representatives resulted in a negotiated settlement of \$65,000, which includes an additional \$5,000 towards the Partial Fee Acquisition in lieu of Hunt obtaining their own appraisal. (Under the law, Hunt is

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entitled up to \$5,000 for an appraisal due to the Project). Paying the \$5,000 towards the Partial Fee Acquisition in lieu of paying for an appraisal, waiting for the report, and possibly continuing with negotiations, is advantageous to the Harbor Department in that a settlement is reached in a timely and expeditious manner in line with the needs of the Project.

Purchase and Sale Agreement - The terms of the Purchase and Sale Agreement (Transmittal No. 4) are summarized below:

Item	Description
Parties	<ul style="list-style-type: none"> • Hunt Enterprises, Inc. • City of Los Angeles, Harbor Department
Property Interest to be acquired	Portions of 661 N. Harbor Boulevard: <ul style="list-style-type: none"> • Temporary Construction Easement totaling 499 square feet • Temporary Construction Easement totaling 871 square feet • Partial Fee Acquisition totaling 133 square feet
Duration of TCE	36 months; however, construction activities are expected to last approximately less than a week within that timeframe
Purchase Amount	\$65,000
Closing Costs	Costs to close the transaction (i.e. title and escrow fees) would be borne by the Harbor Department, estimated not to exceed \$2,500.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of an Agreement for the purchase of two TCEs and partial acquisition of property on Harbor Boulevard required for the construction of a city-owned sidewalk and standard driveways as part of the SR-47 Project. The SR-47 Project was assessed in a Final Negative Declaration prepared by Caltrans for the State Route 47/Vincent Thomas Bridge and Front Street/Harbor Boulevard Interchange Reconfiguration Project (SCH #2018101003), which was considered by the Board on April 15, 2021. As such, the Director of Environmental Management has determined that the proposed action has been previously evaluated pursuant to the requirements of CEQA under Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Approval of the proposed Purchase and Sale Agreement will result in a one-time expenditure of \$65,000 related to acquiring the two TCEs and the Partial Fee interest as well as a one-time estimated expenditure not to exceed \$2,500 to fund closing costs. Funds in the amount of \$67,500 have been budgeted in Fiscal Year 2023 within the following Accounts:

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Account # (Name)	Center	Program	Amount
59955 (Property Rental/License User Fees)	1172	000	\$39,385
13010 (Land Acquisition)	1172	000	\$25,615
59955 (Property Rental/License User Fees)	1172	000	\$2,500*
Total			\$67,500

*Not to exceed amount.

Following the proposed acquisition, the balance of the Harbor Department's land assets will increase by \$25,615 which is the value attributable to the acquired Partial Fee land interest. The remaining costs of \$41,885 will be recorded as a capitalized expense within Project #2533400 (State Route 47/Vincent Thomas Bridge & Front St./Harbor Blvd. Interchange Reconfiguration).

CITY ATTORNEY:

The Purchase and Sale Agreement, Grant Deed, Temporary Construction Easements, and two Certificate of Acceptances have been approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Project Depiction
2. Property Acquisition Map
3. Appraisal Summary
4. Purchase and Sale Agreement, Grant Deed, TCEs, Certificates of Acceptance

FIS Approval MB
CA Approval: SO

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APPROVED:

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