



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: NOVEMBER 10, 2015

FROM: CARGO & INDUSTRIAL REAL ESTATE

SUBJECT: RESOLUTION NO. _____ - REQUEST TO DECLARE CITY OF LOS ANGELES HARBOR DEPARTMENT LAND LOCATED ON JOHN S. GIBSON BOULEVARD AS SURPLUS PROPERTY

SUMMARY:

The Cargo & Industrial Real Estate Division recommends the Board of Harbor Commissioners (Board) to initiate the process of declaring City of Los Angeles Harbor Department (Harbor Department) property located between the I-110 Harbor Freeway and John S. Gibson Boulevard as surplus property.

The subject property is no longer needed for the use of the Harbor Department. It has no utility beyond the small parcels leased for cell phone towers. The parcel of land does not lend itself to any useful development by the Harbor Department due to its extreme slope and limited buildable areas and other issues with the property as described below.

The Harbor Department is financially responsible for expenditures associated with the initial declaration of real property as surplus including an appraisal of the property which is one of the requirements of the Los Angeles Administrative Code and will be needed in setting a price for auction. The estimated cost needed to begin this process including appraisal and title services is \$11,000.

Staff plans to return with the proposed Ordinance and Notice of Sale setting the minimum bid once the preliminary information is obtained.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the proposed action is exempt from the requirements of the California Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Find and declare that the property located on John S. Gibson Boulevard (portions of Assessor Parcel Numbers 7440-016-911, 7440-016-907, and 7412-024-902) as surplus, since the property is no longer needed for the use of the Harbor Department and public interest and necessity requires the sale;

SUBJECT: REQUEST TO DECLARE HARBOR DEPARTMENT LAND LOCATED ON JOHN S. GIBSON BOULEVARD AS SURPLUS PROPERTY

3. Direct staff to comply with Los Angeles Administrative Code Section 7.21 et seq. and California Government Code requirements and proceed with the disposal of the surplus property; and
4. Adopt Resolution No. _____.

DISCUSSION:

Background – Real property owned by the Harbor Department that is no longer required for use and which public interest and necessity requires it to be sold may, subject to the limitations and exceptions prescribed in the City Charter, be sold, either in whole or in part, under the terms, conditions and procedures prescribed in Division 7, Chapter 1, Article 4 of the Los Angeles Administrative Code Section 7.21 et sq. The sale of Harbor Department property requires that several steps be completed, the first of which is a determination by the Board that the land is surplus property. The land is no longer required for the use of the Harbor Department and which real property the public interest and necessity requires to be sold. Although the property is impressed by the Tidelands Trust, it is neither tidelands nor submerged lands. As such, it is salable.

An initial step in this process is the appraisal of the property for the recommendation of a minimum sale price. The estimated cost of the appraisal and other preliminary title service is approximately \$11,000. After the Board declares the property as surplus, staff will proceed to obtain an appraisal and give written notice to other City of Los Angeles (City) departments that the property is no longer needed and is available which must yield no affirmative response regarding potential interest in the property. Similarly, various public agencies must also be given notice regarding the subject property. Should no affirmative response ultimately be received, the Harbor Department can then proceed with the disposal of the property.

After these processes, Staff will return to the Board to obtain a resolution to proceed to the City Council for an order for the Notice of Sale by auction.

Justification that Property is No Longer Needed

Other than the two small areas for cell towers which, combined, are less than 3,200 square feet, the remaining area of the entire 13.75-acre subject property consists of hillside that is unbuildable and unusable for the Harbor Department purposes. The hillside is up to a 50-degree slope, making it prone to erosion and landslides, especially during heavy rains. Other site attributes include a history of abandoned pipelines on the property, possibility of future California Department of Transportation eminent domain related to I-110 Harbor Freeway widening, and potential contamination migrating from the refinery area across the I-110 Harbor Freeway. Privately-owned ground water monitoring wells exist at the furthest northerly point of the site. The two cell towers are entitled on a month-to-month revocable permit and are constantly vandalized in search of metals for recycling or by graffiti.

SUBJECT: REQUEST TO DECLARE HARBOR DEPARTMENT LAND LOCATED ON JOHN S. GIBSON BOULEVARD AS SURPLUS PROPERTY

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 would ensure that the subject property not be sold nor assigned to another entity for a non-maritime related use and that the unbuildable areas be preserved as "open space" for native plants.

Recommendation to Initiate Disposal

Based on the information and process discussed above, the Cargo & Industrial Real Estate Division recommends initiating the process to dispose of the subject property by obtaining an appraisal and preliminary title services and subsequently offer the subject property to other City and governmental agencies. Should no such entity request the property, staff will proceed with the process by returning to the Board to obtain a resolution for order to proceed to auction the property via a public bid.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a resolution declaring property on John S. Gibson Boulevard as surplus property. As an administrative activity, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

Expenditures referenced herein associated with the contemplated sale of the property is estimated to cost the Harbor Department \$11,000. Declaration of property as surplus directs staff to proceed with City and other governmental regulations, as described under the discussion above. The immediate financial impact of this are the expenditures associated with completing this initial process: \$10,000 for an appraisal, \$1,000 for title services fees for a total of \$11,000.

Funds in the amount of \$10,000 for the appraisal and \$1,000 for title services fees are available in the Fiscal Year 2015/2016 Operating Budget, in Center No. 0424, Account No. 54250, Program No. 000.

Once a purchase and sale agreement has been finalized with a qualified buyer, the Harbor Department will present it to the Board for approval under a separate future action. At that time, the financial impact will be presented in more detail, including the value of proceeds to the Harbor Department and impact to its balance sheet and related financial statements. Currently, the Harbor Department receives a total of \$6,500 per month for both towers under month-to-month revocable permits. Upon completion of the transaction, the income generated by these towers would cease upon their assignment to the qualified buyer.

DATE: OCTOBER 28, 2015

PAGE 4 OF 4

SUBJECT: REQUEST TO DECLARE HARBOR DEPARTMENT LAND LOCATED ON JOHN S. GIBSON BOULEVARD AS SURPLUS PROPERTY

CITY ATTORNEY:

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

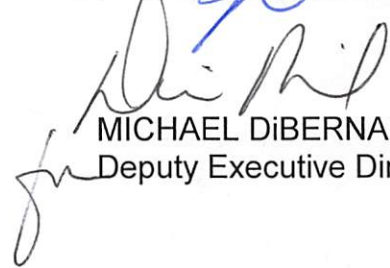
TRANSMITTAL:

1. Surplus Land Map



JACK C. HEDGE
Director of Cargo Industrial Real Estate

FIS Approval: myd (initials)
CA Approval: MD (initials)



MICHAEL DiBERNARDO
Deputy Executive Director

APPROVED:



EUGENE D. SEROKA
Executive Director

ES:MD:JH:PA:mnm
Author: P. Andre
BL544mnm John Gibson Surplus Land