



**DATE: NOVEMBER 27, 2013**

**FROM: REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - PURCHASE AND SALE AGREEMENT  
CONCERNING THE PRIVATE SALE OF REAL PROPERTY LOCATED  
AT 320 EAST HARRY BRIDGES BOULEVARD**

**SUMMARY:**

Approval of a proposed Purchase and Sale Agreement with the B & L Lax Family Trust (Trust) is requested to acquire a parcel of land needed for the West Basin Rail Yard Project (Project). Purchase in lieu of condemnation will avoid any costly modifications or delays to the Project.

The City of Los Angeles Harbor Department (Harbor Department) is currently constructing the Project in the Berth 200 area to accommodate expansion of the TraPac container terminal. The Project includes new intermodal storage tracks at Berth 200 and the upgrade of mainline trackage that connects the Port of Los Angeles with the Alameda Corridor, allowing an increase in the use of trains to move cargo containers and reducing truck trips to off-dock rail yards.

In March of this year, the Harbor Department's construction contractor was notified by representatives of the Trust that the Project was encroaching on their property. Title research revealed that the Trust does hold title to a triangle of property previously believed to be owned by the Harbor Department. The triangle is separated from the Trust's main property at 320 E. Harry Bridges Boulevard and has been rendered somewhat inaccessible by the rail lines. The purchase includes the land under the rail easement in which the Trust has a reversionary interest.

**RECOMMENDATION:**

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

1. Find that the purchase of a 12,000 square foot land parcel located near 320 East Harry Bridges Boulevard is in the best interest of the Harbor Department, as a) it removes any potential impediments to the ongoing construction of the Project; and b) it eliminates potential liabilities to the Harbor Department resulting from the Project's encroachment on privately owned property;

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2. Find that the public interest allows for the purchase of a land parcel located at 320 East Harry Bridges Boulevard to assure the benefit to the community of completion of the Project;
3. Approve the Purchase and Sale Agreement with the B & L Lax Family Trust for the amount of \$200,000 for land. In addition, approve the Harbor Department's expenditure for costs associated with the sale, including nominal escrow and title insurance fees;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the Purchase and Sale Agreement, and Certificate of Acceptance of a Quitclaim Deed from B & L Lax Family Trust; and
5. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background/Context – In June 2012, the Board approved construction of the Project on Harbor Department owned property. The Notice to Proceed for the Project was issued to the Contractor on August 27, 2012. Construction is currently underway.

Upon learning of the Trust's claim of encroachment, staff conducted extensive title research which included consultation with the City Bureau of Engineering. The research confirmed the Trust's claim. The Trust has been patient and cooperative and granted a license to the Harbor Department that allowed construction to proceed without interruption. The license agreement has been extended pending close of escrow.

In May 2013, Integra Realty Resources appraised the property (Transmittal 1) at \$20.00 per square foot, reflecting a significant but judgmental discount based on the limited utility and accessibility of the 8,000 square foot triangle.

The Trust agreed to the sale of a total of 12,000 square feet of land, which includes the 8,000 square foot triangle plus the area underlying the existing rail easement jointly held by the Port of Los Angeles and the Port of Long Beach, thus extinguishing any reversionary interests in the land.

At its meeting of June 6, 2013, the Board provided instructions to negotiators for the purchase of the property and the agreed price of \$200,000 is within the authority provided by the Board. In addition, the Harbor Department will pay all costs associated with the sale, including nominal escrow and title insurance fees.

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The property is being purchased “as is” with no representations or warranties pursuant to a quitclaim deed to be executed by the Trust. In consideration of the uncertainties surrounding title, staff recommends purchase of a title insurance policy from Fidelity Title, which has already reviewed the transaction.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is approval of a Purchase and Sale Agreement (Transmittal 2) with the Trust for purchase of a land parcel located at 320 East Harry Bridges Boulevard, which is within the footprint of the West Basin Rail Yard Project. The rail yard was approved as part of the Berths 136-147 (TraPac) Container Terminal Project Final Environmental Impact Statement/Final Environmental Impact Report (EIS/EIR), which was certified by the Board on December 6, 2007. An EIR addendum was also considered by the Board on September 19, 2013. Therefore, as administrative activity related to an activity for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA), the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Sections 2 (f) and 2 (i) of the Los Angeles City CEQA Guidelines.

**ECONOMIC BENEFITS:**

Approval of the proposed Agreement will have no employment impact. The Project associated with the proposed Agreement was assessed to support 715 direct and 603 secondary jobs for the five-county region at the time of approval.

**FINANCIAL IMPACT:**

The proposed land purchase will add to the Harbor Department’s land assets by \$200,000, the acquisition cost of the land itself to the Harbor Department. In addition, the Harbor Department will pay all costs associated with the sale, including nominal escrow and title insurance fees.

Funds in the amount of \$200,000 have been budgeted in Fiscal Year 2013/2014 for the proposed land purchase in Account 59993, Center 1800, Program 000.

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**CITY ATTORNEY:**

The Purchase and Sale Agreement, Quitclaim Deed (Transmittal 3), and Certificate of Acceptance (Transmittal 4) have been approved as to form and legality by the Office of the City Attorney.

**TRANSMITTALS:**



1. Site Map
2. Purchase and Sale Agreement
3. Draft Quitclaim Deed
4. Certificate of Acceptance

  
JACK HEDGE  
Director of Real Estate

APPROVED:

  
GARY LEE MOORE, P.E.  
Interim Executive Director

GLM:KM:JH:RG:ER:FFS:raw  
Author: E. Robles  
BL450raw Sale of 320 E HB

FIS Approval:  (initials)  
CA Approval:  (initials)

  
KATHRYN McDERMOTT  
Deputy Executive Director