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CALIFORNIA

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Richard H. Llewellyn Jr., Chair  
Municipal Facilities Committee  
200 N. Main Street, Suite 1500  
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**UPDATE ON REQUEST FOR AUTHORIZATION TO NEGOTIATE AND  
EXECUTE PURCHASE OF 740 AND 800 E. 111<sup>TH</sup> PLACE FOR A  
DEPARTMENT OF TRANSPORTATION BUS MAINTENANCE FACILITY**

The City of Los Angeles, a municipal corporation acting by and through its Department of General Services, Real Estate Services Division (“City” or “Buyer”) is exploring the purchase of the above-referenced properties (“Property”) from Watts Labor Community Action Committee and/or assignee (“Seller”). GSD is being requested to negotiate deal points with the Seller in the form of a Land Acquisition Agreement (LAA) in order to allow GSD to open escrow and perform its mandated CEQA review and legal compliance prior to closing escrow.

**UPDATE**

The seller requested a conversation with RES on June 15, 2020 to discuss the terms of the LAA. During the conversation, the Seller stated that he has no interest in reducing the purchase to \$23.4M from \$24.5M and also requested that City and seller enter into a lease agreement of \$15,000 a month to cover his holding costs such as taxes, insurance and security. This proposal by the Seller is much different tone than the discussions RES has had with the broker of record.

**BACKGROUND**

On June 27, 2019, GSD requested authorization from the Municipal Facilities Committee (MFC) to enter into negotiations to purchase the Property on behalf of the Department of Transportation, subject to Council approval. MFC directed GSD to work on the term sheet and return to MFC with the results of the Phase Two Environmental Site Assessment. The Phase Two assessment has now been completed by Stantec as detailed below.



**APPRAISAL**

The Property was appraised by Valentine Appraisal and Associates, the City's appraisal consultant, with a value date of May 8, 2019 at a fair market value of \$23.38 million assuming the soil is clean without contamination and there are no adverse conditions affecting the value. The Property is currently available for sale at \$24.5 Million As-Is and GSD remains in communication with the broker of record.

**ENVIRONMENTAL**

Based on Phase II ESA results, Stantec has estimated environmental remediation in the amount of \$2.5 Million. Remediation work will be conducted under a regulatory oversight agency that will most likely be the Los Angeles Regional Water Quality Control Board (LARWQCB). LADOT has allocated a budget for absorption of this cost.


**FISCAL IMPACT**

There is no impact to the General Fund.

**RECOMMENDATION**

Note to file.

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