

CITY OF LOS ANGELES

CALIFORNIA



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Agenda Item No. 7

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October 31, 2024

Matthew W. Szabo, Chair
Municipal Facilities Committee
200 North Main Street, Suite 1500
Los Angeles, CA 90012

NOTIFICATION AND REQUEST FOR AUTHORITY TO NEGOTIATE FOR POTENTIAL PURCHASE OF 23903 S. NORMANDIE AVENUE FOR A DEPARTMENT OF TRANSPORTATION ALL-ELECTRIC BUS MAINTENANCE FACILITY

On behalf of the Los Angeles Department of Transportation (LADOT), the Department of General Services (GSD) is submitting notification of a potential acquisition and requesting authority to negotiate for the potential purchase of property at 23903 S. Normandie Avenue, Harbor City (APNs 7438-017-011, 7438-017-013, and 7438-017-015), (collectively, "Property") as shown on Exhibit "A". LADOT intends to use the Property as an all-electric bus maintenance facility for transit service operations.

SUMMARY

LADOT has an ongoing Bus Facility Purchase Program designed to replace existing contractor-leased facilities with City-owned facilities to meet electrification goals as set by the Mayor and Council. The potential purchase of 23903 S. Normandie Avenue would represent the last property acquisition to complete LADOT's electrification goals. There are currently no other industrial properties for sale that meet the needed parameters in location, size, available power, adequate environmental status, and proximity to the South Los Angeles (South LA) service areas.

Relocating Commuter Express, DASH, and Cityride buses from the 1201 S. Central Avenue bus yard in Compton to the proposed acquisition site is expected to save the City nearly \$1.2 million annually, especially as rent costs rise by approximately three percent each year. Without ownership of a Transit Maintenance Yard, LADOT cannot invest in electrifying the seven Community DASH and eight Commuter Express, and Cityride On-Demand Dial-a-Ride services operating in South LA and Harbor areas, as the City lacks the capacity to develop charging infrastructure on leased property. Beyond facilitating electrification and supporting climate initiatives, owning a dedicated south yard will promote equity, as DASH services primarily serve South LA neighborhoods with the lowest rates of auto ownership in the City. The 1201 S. Central Avenue yard has been leased by LADOT for approximately 12 years.



BACKGROUND

The Property meets LADOT's requirements for an all-electric bus yard, containing a land area of approximately 211,071 square feet or 4.85 acres, is vacant, fully fenced, flat graded, compacted, and the soil has been remediated to industrial standards. There are no structures on site.

The property was recently rezoned (ZI 2514) by the City Planning Department to restrict many formerly permitted industrial uses. The owner is very eager to sell the Property and is willing to sell below market value at a cost of \$12 million to effectuate a quick sale before December 2024.

This is a rare opportunity, as LADOT Transit can only operate their yards on industrial zoned land with adequate power. The Property has adequate power due to its former use, which will support operations of the yard as a charging facility for battery electric buses without the need for expensive upgrades for power.

Once acquired, the Property will become the southern yard for LADOT Transit Services serving the southern and western parts of the City and will allow LADOT to meet their electrification goals as set by the Mayor and Council.

APPRAISAL

The Property was appraised by Curtis Rosenthal-Inc., the City's appraisal consultant, for this assignment, with a value date of August 30, 2024 and the appraisal supports the proposed price. The appraisal was peer reviewed by CBRE Valuation and Advisory Services on September 18, 2024. GSD concurs with the appraisal reports. The Property is currently available for sale at \$12 million. It is worth noting that the Property fell out of escrow at \$13.15 million on a contract signed March 2021 with a private buyer.

PROJECT DEVELOPMENT AND TIMELINE

Once the City purchases the property, LADOT will seek direction to assemble grant funds to develop the property with the necessary improvements to operate a zero emissions bus maintenance yard, which would include a new office for transit operations personnel, bus maintenance bays, and up to 70 charging stations to charge 140 battery electric buses. LADOT expects a minimum of five years to complete the project. In the meantime, LADOT will secure the property and monitor it for nuisance activities.

ENVIRONMENTAL

The review requirements pursuant to the California Environmental Quality Act (CEQA) will be restated and findings will be provided in a subsequent report to MFC at the November 2024 meeting for Council approval for the purchase of the Property.

CEQA exempts (by Statute) projects that are of the intended use of a bus maintenance yard for charging battery electric buses provided certain requirements are met. Thus far, Bureau of Engineering Geotechnical Engineering Division (GED) has reviewed the property owners soil investigation and remediation reports and found that remediation is

acceptable for industrial use, and has recommended further testing and remediation that would occur at the design/construction phase.

The Federal Transit Administration (FTA) exempts 'protective purchases' from the National Environmental Policy Act (NEPA) if the property is at risk of being developed for a non-transit use. The property owner has expressed that they have other willing buyers and will sell to one of them if the City has not purchased the property by end of year. Documenting this pending interest to FTA will satisfy this requirement. LADOT would complete NEPA review prior to applying for FTA grant funds to develop the property. However, the use of building a bus maintenance yard on previously disturbed industrial zoned property is eligible for a categorical exclusion under NEPA.

CEQA REVIEW

The proposed acquisition of the five-acre property at 23903 Normandie Avenue for the development of a bus maintenance yard is exempt from CEQA pursuant to Section 21080.25.(b)(6) of the Public Resource Code.

FUNDING SOURCES

A funding source will be presented in the report scheduled for the November MFC committee meeting. Proposition A Local Transit Assistance Fund, Fund 385, Department 94 has been identified as a potential source. The costs to develop the property with the improvements described above is estimated to be between \$90,000,000 and \$130,000,000. LADOT will pursue a variety of State, Urbanized Area Formula Grants, and discretion funding sources at the Federal, State and County level.

Federal funding sources include:

- Federal Transit Administration (FTA) Section 5307 - Urbanized Area Formula Grants,
- FTA Low or No Emission (Low-No) Vehicle Program (5339(c)),
- FTA Buses and Bus Facilities Competitive Program (5339(b)),
- USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants and;
- Infrastructure for Rebuilding America (INFRA) Grants.

State funding sources include:

- Transit and Intercity Rail Capital Program (TIRCP),
- Low Carbon Transit Operations Program (LCTOP), and;
- Senate Bill (SB) 1 State of Good Repair Program.

County and local funds could include:

- Measure R Clean Fuels formula and;
- Proposition A Local Return funds.

FISCAL IMPACT

It is unknown at this time if there are any General Fund impacts. That information will be provided in a subsequent report requesting approval of this purchase. Impacts to the General Fund would be to the extent that the City relies on Municipal Improvement Corporation of Los Angeles (MICLA) funds to provide front funds or match, which would rely on the General Fund to pay the debt service.

RECOMMENDATION

That Municipal Facilities Committee direct the Department of General Services to negotiate with the seller of the property at 23903 Normandie in Los Angeles, CA pending obtaining further information required to request formal approval for the purchase of this property.

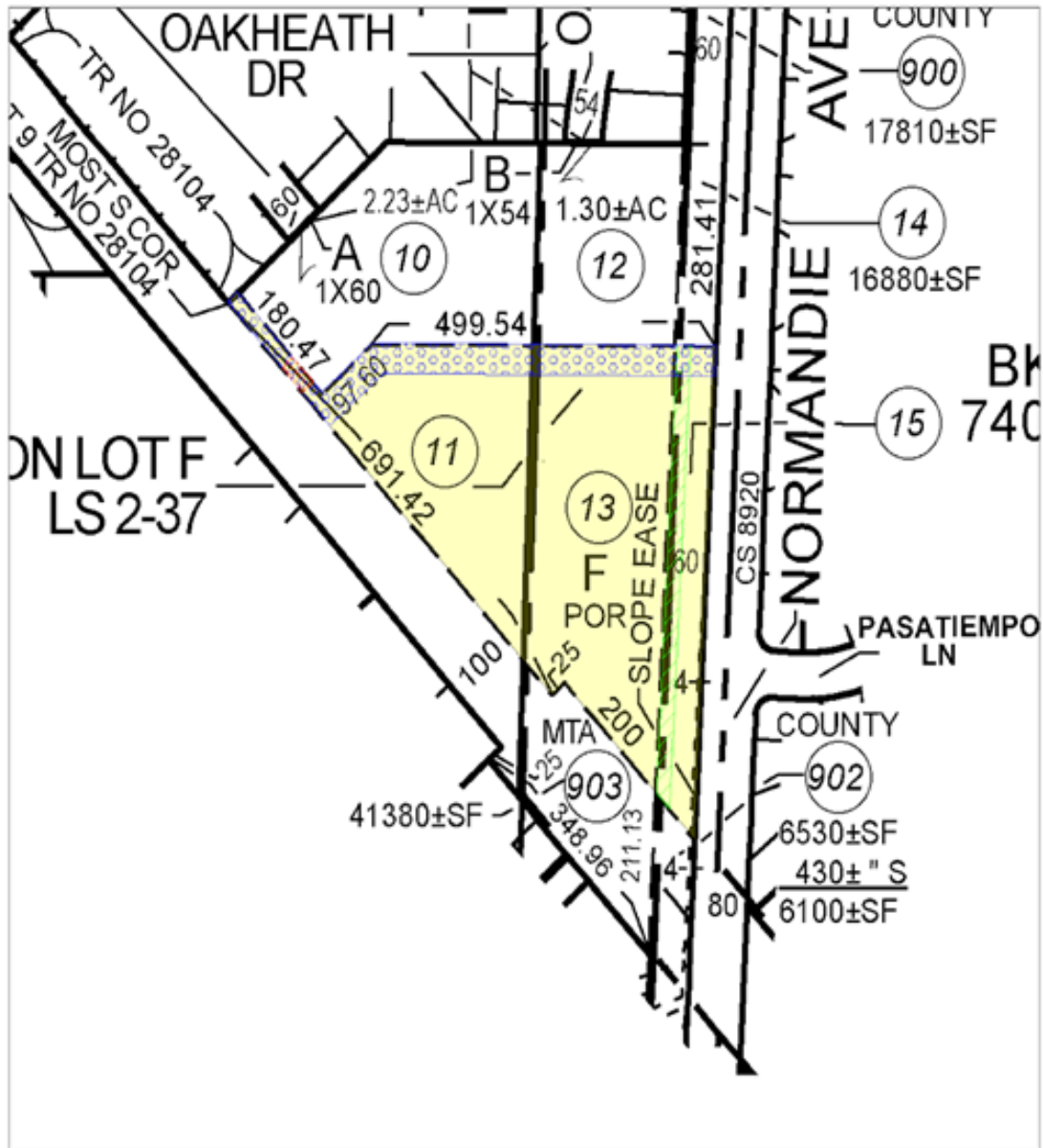


Tony M. Royster
General Manager

Attachments: Exhibit A - Property map

Exhibit A

Scale 1 inch = 155 Feet



LEGEND

- Fee, Property in Question
- Item No. 5 - Easement for repair, redrill, deepen purposes
07.06.1967, Instrument No. 516, in Book D3693, Page 903, of Official Records
07.06.1967, Instrument No. 512, in Book D3693, Page 7895, of Official Records
07.06.1967, Instrument No. 517, in Book D3693, Page 907, of Official Records
07.06.1967, Instrument No. 513, in Book D3693, Page 899, of Official Records
Affects said land
Said Easement is not specifically delineated and is un-locatable
- Item No. 8 - Easement
09.25.1969, Instrument No. 3067, of Official Records
02.18.1971, Book D1973, Page 426, of Official Records
Affects said land
Said Easement is not specifically delineated and is un-locatable
- Item No. 10 - Easement for pipe lines purposes
08.08.1973, Instrument No. 3769, of Official Records
Affects as described therein
- Item No. 11 - Easement for pipelines purposes
10.06.1975, Instrument No. 744, of Official Records
Affects as described therein
- Item No. 12 - Easement for pipeline purposes
10.30.1975, Instrument No. 745, of Official Records
Affects as described therein
- Item No. 16 - Easement for pipeline purposes
04.22.2015, Instrument No. 20150453154, of Official Records
Affects as described therein
- Item No. 17 - Easement
12.13.2021, Instrument No. 20211847229, of Official Records
Affects as described therein

<p>©2024 Fidelity National Title Company 4800 MacArthur Blvd., Suite 200, Newport Beach, CA 92660 Phone: (949) 622-0000</p>	<p>Title Order No. 30116609, Preliminary Report Dated as of April 18, 2024 Drawing Date: August 23, 2024</p> <p>Reference: Assessor's Parcel No.: 7430-017-011, 013 & 015</p> <p>Property: APNs 7430-017-011, 013 and 015 aka Lot 2, Los Angeles, State of California Date:</p>	<p>Plat Showing Portion of the 740.94 Acre Tract, in the Rancho Las Pales Verdes, Partly Within and Partly Without the City of Los Angeles.</p>
<p><small>This plat is being furnished as an aid in locating the herein described land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Errors in the extent a policy of title insurance is expressly limited by endorsement. Fidelity National Title Company does not insure street points, distances, location of easements, acreage or other matters shown thereon.</small></p>		<p>Sheet 1 of 1 Archive #</p>