

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

Agenda Item No. 7

DEPARTMENT OF
GENERAL SERVICES
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January 30, 2025

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Adam Lid, Legislative Assistant

**REQUEST APPROVAL TO APPROPRIATE MICLA FUNDING FOR A PROPOSED
PROPERTY PURCHASE LOCATED AT 10341 GRAHAM AVENUE, LOS ANGELES,
CA 90002 TO EXPAND THE WATTS CULTURAL CRESCENT**

The Department of General Services (GSD) requests approval to appropriate Municipal Improvement Corporation of Los Angeles (MICLA) funding for the purchase of the property located at 10341 Graham Avenue, APNS: 6065-022-006, 6065-022-007, 6065-022-008, 6065-023-002, 6065-023-003, 6065-023-004, 6065-023-009, AND 6065-023-010, (collectively, "Property") (Exhibit "A") from Watts Station LP (WS) in Council District 15. The City intends to use this property to expand the existing Watts Cultural Crescent in order to connect it to the Watts Towers campus to create additional public space that captures the area's cultural, historical, and community significance.

A subsequent report to the Council will request authorization to execute the purchase and will contain information on current environmental conditions and associated costs of remediation, California Environmental Quality Act (CEQA) review and determination, negotiated terms, and other information pertinent to the acquisition.

BACKGROUND

On September 20, 2024, Council (C.F. 24-1144) approved a CD15-initiated motion that the Department of General Services (GSD), with the assistance of the City Attorney, City Administrative Officer (CAO) and Chief Legislative Analyst (CLA), be directed to negotiate an agreement to purchase the property from Watts Station, LP c/o Thomas Safran & Associates. These negotiations are ongoing and nearly complete.



The Watts Cultural Crescent project (Project) aims to transform Watts into a vibrant cultural hub and includes a pedestrian-friendly Artists' Pathway connecting open greenspace to major landmarks, including a new Visitor Center at the historic Watts Train Station. The Artists' Pathway features public art, local artist studios, exhibition spaces, and designated housing for artist residency opportunities, the pathway celebrates Watts' unique heritage while fostering community pride and economic growth through cultural tourism. The City of Los Angeles (City) proposes acquiring the Project site parcels with future plans to provide several potential uses, including residential uses, a cultural center, and open space to the Watts community, at a time yet to be determined. The future cultural center would increase access to urban open space, cultural and neighborhood identity, and economic opportunities for community residents.

The proposed Project requires property acquisition consisting of eight (8) parcels of land with an area of approximately 112,110 square feet, for a total potential future development site of 192,668 square feet or 4.42 acres of land. The parcels are bounded by 103rd Street to the north, Grandee Avenue to the west, Graham Avenue to the east, and 108th Street to the south.

The Property includes the Historic Watts Train Station, built in 1904. It is approximately 1,768 square feet in size. There is also a covered concrete porch area of 420 square feet.

The City does not have definitive plans for the proposed use of the acquisition Property and therefore, neither the City of Los Angeles Recreation and Parks (RAP) nor Los Angeles Housing Department are involved in the acquisition. RAP's involvement at this point would have required RAP's board approval, which would not occur in a timely manner. There is an urgency from WS to sell to the City as quickly as possible to avoid additional holding costs. GSD can accommodate a much quicker acquisition provided funding is available.

WS has granted Build Plus Community Marketplace, a California nonprofit corporation (Build Plus) a limited license to use and maintain a portion of the Property, which includes the Watts Train Station. If the Property is purchased, the City would need to enter into a new agreement with Build Plus for Build Plus to continue its use and maintenance of the portion of the Property. Build Plus is currently paying \$50 per month to WS and is responsible for the maintenance of the property under the license. WS does not maintain the licensed area and maintenance responsibility currently lies with Build Plus, the Licensee. The License is on a month-to-month holdover and expired on December 1, 2024.

APPRAISAL

The Property was appraised by the City and the appraised value supports the proposed purchase price. The Property is not publicly available on the market; however, the owners have expressed a willingness to sell the Property to the City at a cost of \$2.8 million to \$2.9 million provided the City is able to close by July 31, 2025. Failure to close by this date will likely result in a higher price due to WS shifting holding costs to the City that WS will incur past the July 31, 2025 date.

ENVIRONMENTAL

The Bureau of Engineering's Geotechnical Division (GED) has reviewed the property owner's soil investigation and remediation reports and found that the site has been remediated to acceptable standards/use, and has recommended further testing and remediation that would occur at the design/construction phase but not pre-acquisition.

The following reports were reviewed by GED:

- Soil Removal Workplan Removal of Metal Impacted Soil, dated March 2024
- Supplemental Phase II Assessment Report, dated January 2024
- Original Screening Phase II, dated May 2019
- Environmental Site - Assessment Phase I, dated May 2018

Detailed environmental information will be provided in a follow-up report to Council and cost estimates for remediation will be presented.

WS has agreed to soil removal and remediation for a section of the property prior to the City's acquisition (APNs 6065-023-009 and 6065-023-010). WS was able to secure grant funding to remediate this portion of the Property and not the rest of the Property since prior to the City's involvement with the potential purchase, WS was planning to construct housing units at this section of the Property and was able to secure grant funding for this remediation.

SITE MAINTENANCE

The Property is unfenced, with the exception of the train station and an adjacent parking area serving the train station which is under the Build Plus license. The current owner advises they provide weekly maintenance to manage the dumping of debris onto the Property, with the exception of the licensed area. If the City proceeds with the acquisition, the subsequent report will outline costs to fence and funding needed to manage the nuisance abatement activities of the property through the City's Nuisance Abatement Program. The train station licensee manages the maintenance on that portion of the proposed acquisition and would continue to do so under the new license.

FUNDING

The purchase price of the Property is estimated to be between \$2.8 million and \$3.1 million should the acquisition not be completed by July 31, 2025. Provided the City closes on July 31, 2025, the purchase price will be between \$2.8 million and \$2.9 million and will continue to go up as time progresses due to WS's ongoing holding costs, including but not limited to payment of debt service, ongoing maintenance costs, and other related costs associated with holding property.

Council District 15 has identified \$365,000 available in their Real Property Trust Fund to augment the requested MICLA funds.

Additional costs associated with this acquisition include:

1. Maintenance costs for Fiscal Year 2025-26 which are estimated up to a maximum of \$250,000 for the initial cleanup, inclusive of the first 12 months of maintenance for weed abatement. A fencing estimate is currently underway but not yet finalized. Any ongoing funding to maintain this property will be requested in subsequent years through the annual budget process. If this purchase is approved an additional funding request of \$250,000 plus costs of fencing will be added to the 2025-26 budget.
2. Escrow Fees and Closing Costs - These costs are estimated to be \$15,000.

Total costs of acquisition including purchase price, maintenance expense for the first year, and escrow/closing costs are estimated at \$3.2 million excluding any remediation that may be necessary prior to any future construction. This total cost represents expenses of acquisition and maintenance for the first year only should the City acquire the Property by July 31, 2025, or sooner.

FISCAL IMPACT

Approval of this report will result in a General Fund impact of \$2.75 million in the current Fiscal Year with an additional \$1,852,360 over a 20-year borrowing term.

RECOMMENDATION

That the City Council, subject to approval of the Mayor, approve an appropriation of \$2.75 million in MICLA funds for the acquisition of parcels to expand the Watts Cultural Crescent within the current Fiscal Year in order to ensure the close of escrow by July 31, 2025, under the terms and conditions substantially outlined in this report.

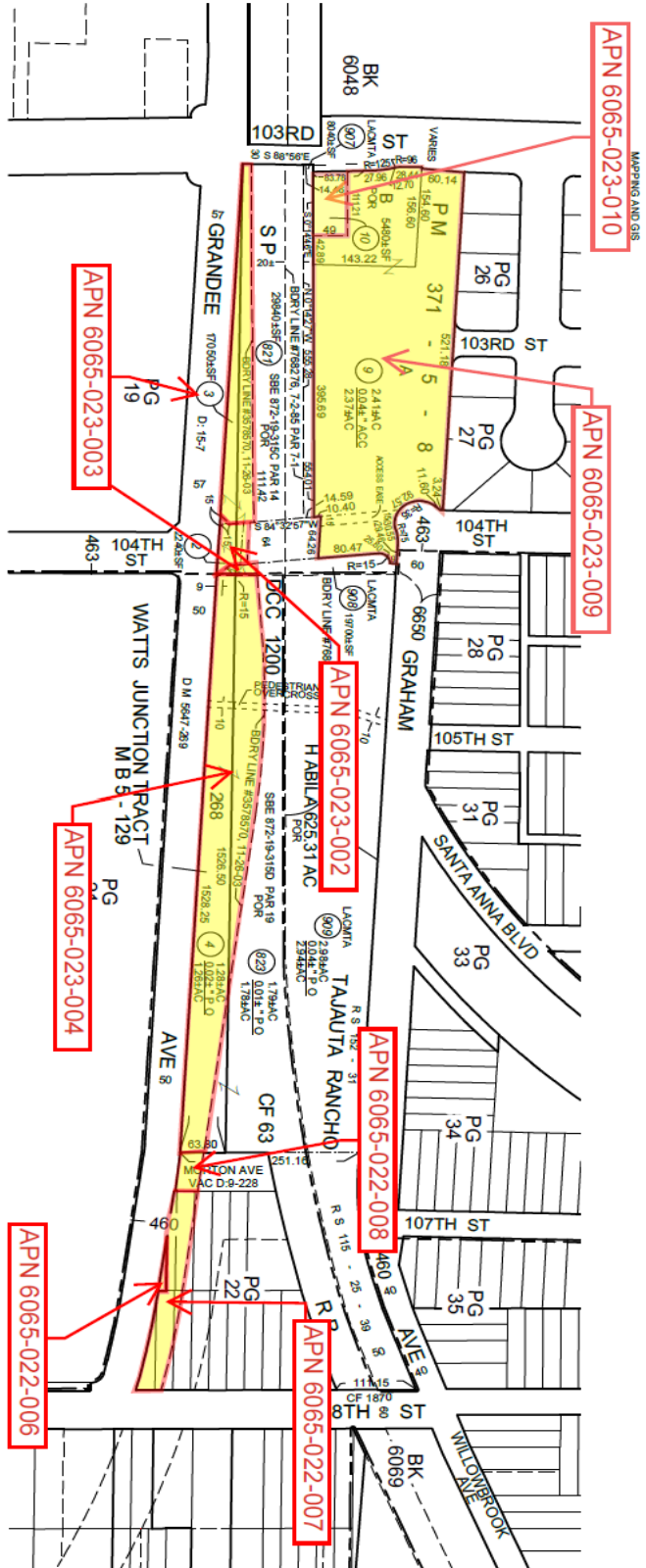


Tony M. Royster
General Manager

Attachments: Exhibit "A" - Property Map

EXHIBIT A

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FINAL

MAPPING AND GIS

