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EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
SEPTEMBER 18, 2003

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Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: APPROVAL OF REAL ESTATE TRANSACTIONS

ACTION: INCREASE AUTHORITY LEVEL OF CHIEF EXECUTIVE OFFICER FOR REAL ESTATE TRANSACTIONS

RECOMMENDATION

Increase the Chief Executive Officer's authority to approve just compensation for the acquisition of real property from \$200,000 up to an appraised value of \$500,000 plus any statutory relocation benefits and closing costs subject to the following conditions:

- (a) The parcel is required for a project that has been environmentally cleared and approved by the Board of Directors, and
- (b) Funds have been budgeted for the acquisition

RATIONALE

The Board recently increased the CEO's authority to approve just compensation for parcels acquired for the Eastside Light Rail Project and the San Fernando Valley Metro Rapidway Project when the appraised value was \$500,000 or less. This increased approval authority helped to expedite the acquisition process by reducing the time required to obtain approval of the just compensation amount and administrative settlements. Future transit projects, such as the Exposition Light Rail, the Division 10 Expansion, the Division 1 Expansion and other miscellaneous transit and administrative projects would also benefit from an expedited approval process.

By increasing the CEO's authority to approve just compensation up to \$500,000 for all projects, not just the Eastside Light Rail and San Fernando Valley Metro Rapidway projects, it is anticipated that the acquisition process will be significantly expedited. It should be noted that the Board will still retain the statutory authority to approve resolutions of necessity and conduct public hearings to acquire parcels by legal eminent domain proceedings. However, the CEO will have the authority to approve just compensation for property that will be acquired through eminent domain if the appraised value is \$500,000 or less.

An increase to the CEO's approval level is compatible with the Board's policy to delegate contract approval authority to the CEO under certain prescribed conditions. This action is in keeping with the Board policy to delegate administrative matters to staff and retain policy issues for the Board's consideration.

Additionally, with the considerable increase in property values over the past two years, an increase in the CEO's authorization approval level would be warranted. Lastly, staff requested and obtained approval from the Federal Transit Administration (FTA) to increase its prior concurrence level to \$1,000,000, an increase of \$750,000 over its standard level. This increase significantly reduced the administrative time involved in obtaining FTA's approval of federally funded acquisitions. The attached Summary Breakdown of Acquisition Levels chart illustrates the number of acquisitions for the Eastside and the San Fernando Valley projects and the acquisition levels of the parcels acquired. As noted, the majority of acquisitions fall into the under \$500,000 category.

FINANCIAL IMPACT

There would be no financial impact if this policy were implemented. The acquisition of the property is based on the appraised value and any justified settlement above the appraisal.

ALTERNATIVES CONSIDERED

The alternatives considered included recommending a lower approval level or maintaining the status quo. The CEO's current contract approval level is \$200,000. Considering the value of real estate in the Los Angeles Area, there are very few properties that are acquired in this price range. An increase to \$500,000 covers a higher number of acquisitions wherein the number of parcels that would require Board approval would be significantly reduced.

ATTACHMENT(S)

1. Summary Breakdown of Acquisition Levels.

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Director of Real Estate



Don Ott
Executive Officer, Administration



Roger Snoble
Chief Executive Officer

ATTACHMENT 1

SUMMARY BREAKDOWN OF PARCEL ACQUISITIONS
SFV METRO RAPIDWAY AND EASTSIDE GOLD LINE

AS OF AUGUST 7, 2003

COST LEVEL	SFV BUSWAY PROJECT		EASTSIDE GOLD LINE		TOTAL	
Under \$200,000*	5		3		8	
\$200,000 to \$500,000	3		6		9	
Total Acquisition within CEO's Approval Authority		8		9		17
\$500,000 to \$1,000,000	3		1		4	
\$1,000,000 to \$5,000,000	2		3		5	
Over \$5,000,000			1		1	
Total Acquisitions Approved by Board		5		5		10
Total Acquisitions to Date		13		14		27

*Covers miscellaneous transactions-not full fee acquisitions