



Board Report

File #: 2020-0330, File Type: Policy

Agenda Number: 13.

FINANCE, BUDGET AND AUDIT COMMITTEE MEETING
JUNE 17, 2020

SUBJECT: SALE OF PROPERTY TO LOS ANGELES WORLD AIRPORT FOR LANDSIDE ACCESS MODERNIZATION PROGRAM

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

CONSIDER:

- A. DECLARING that a portion of 5601 Century Boulevard (shown in Exhibit D as the “Fee Interest Property”) is not necessary for use by LACMTA and is “exempt surplus land” as defined in Section 54221(f)(1) of the California Surplus Land Act (the “Act”).
- B. AUTHORIZING the Chief Executive Officer (“CEO”) to execute documents to sell the Fee Interest Property and a street easement and storm drain easement in a portion of the Aviation Boulevard railroad right of way (shown in Exhibit D as the “Easement Property”) to the City of Los Angeles, Department of Airports, known as the Los Angeles World Airports (“LAWA”) for the amount of **One Million, Seven Hundred Thirteen Thousand, and Forty Dollars (\$1,713,040.00)**.

ISSUE

LAWA is planning, designing and constructing the Landside Access Modernization Program (“LAMP”) consisting of the Automated People Mover, Intermodal Transportation Facilities, a Consolidated Rental Car Facility and roadway improvements to improve access to Los Angeles International Airport. LACMTA is planning, designing and constructing the Aviation/Century Transit Station and the Airport Metro Connector/ 96th Street Transit Station (“AMC Station”) that will include an at-grade light rail station that is served by the Crenshaw/LAX Light Rail Project (“Crenshaw/LAX”). Because LAWA and LACMTA are undertaking parallel construction activities for the LAMP and the AMC Station and because the projects will be built in close proximity and during the same time period, there is collaboration and coordination with respect to design, construction, and land use.

LACMTA acquired 5601 Crenshaw Boulevard for the Crenshaw/LAX project. A portion of such acquisition, the Fee Interest Property, is not needed for the project and is desired by LAWA for the LAMP project. Under the Section 54221 of the Act, “land shall be declared either “surplus land” or “exempt surplus land,” as supported by written findings, before a local agency may take any action to dispose of it consistent with an agency’s policies or procedures.” In addition, Board approval is

required for the transfer of the Fee Interest Property and Easement Property, since the amount of the disposition exceeds the authority of the CEO.

DISCUSSION

Exempt Surplus Land - Findings

The Act, as amended in October 2019, provides for the disposition of “surplus land” or “exempt surplus land”, as defined in the Act. “Surplus Land” means land owned in fee simple by any local agency for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use. Pursuant to the Act, land may be declared either “surplus land” or “exempt surplus land”. As defined in Section 54221(f)(1)(D) of the Act, exempt surplus land includes “surplus land that a local agency is transferring to another local, state or federal agencies for the agency’s use”.

As mentioned above, the Fee Interest Property, more particularly described and depicted in Exhibits A-1, A-2, C-1 and C-2 and comprising a total of 10,376 square feet, is part of property that was originally acquired for the Crenshaw/LAX project for construction and operation of the Century Boulevard/Aviation Station Plaza. The Fee Interest Property has not been scheduled for use in connection with such plaza and is no longer necessary for the Crenshaw/LAX project. LAWA desires to use such property for roadway improvements in connection with the LAMP project. Under these circumstances and pursuant to the Act, the Fee Interest Property is exempt surplus land.

Transfer of Easement Property

In addition to the Fee Interest Property, LAWA desires to acquire a street easement and storm drain easement in the Easement Property, more particularly described and depicted in Exhibits B-1 and B-2, as part of the connection of 98th Street from east of Aviation Boulevard to Bellanca Avenue. The new street will be an underpass built under the Crenshaw/LAX light rail right of way. The storm drain easement will replace an existing 108-inch storm drain located on the property and will be granted directly to the Los Angeles County Flood Control District (“LACFD”) prior to the transfer to LAWA.

The Fee Interest Property and Easement Property, which may be referred to collectively hereinafter as the “Property”, is shown together on the Site Plan attached as Exhibit D.

Valuation

LAWA and LACMTA entered into a Master Cooperative Agreement dated February 6, 2017 (“Master Agreement”). Section 3 of the Master Agreement described the process by which the Parties would determine the compensation that LAWA would pay LACMTA for the acquisition of property interests in LACMTA-owned property for the construction of the LAMP projects.

Pursuant to the Master Agreement, LAWA retained the appraisal firm of John P. Laurain, MAI, ASA of R. P. Laurain & Associates. Mr. Laurain appraised the Property as of February 27, 2020. Mr. Laurain submitted an appraisal which was reviewed internally by LACMTA Principal Real Estate Officer Russel Babbitz, MAI, SRA. As permitted by the Master Agreement, Mr. Babbitz reviewed Mr.

Laurain's appraisal and identified some discrepancies in the appraisal methodology which, when reconsidered by Mr. Laurain, resulted in an increase in the value of \$155,640.00 over the original appraisal.

Fee Interest Property - Assessor Parcel No. 4125-026-904, Parcel 4-17A, 4-17B - LAWA requires a fee simple interest in Parcel 4-17A containing 9,417 square feet (described in Exhibit A-1 and depicted in Exhibit A-2), as part of the new 98th Street right of way and the construction of a subsurface storm drain easement by LACFD. Parcel 4-17B (described in Exhibit C-1 and depicted in Exhibit C-2) is included because it represents a small remnant parcel at the north end of 5601 Century Boulevard containing 959 square feet. Together, Parcel 4-17A and Parcel 4-17B total 10,376 square feet. Mr. Laurain determined that the highest and best use of these parcels is as a commercial use or for a multi-story airport parking structure. Mr. Laurain concluded that the fee value of the 5601 Century Boulevard was \$165/sq. ft. or \$13,658,060 for the total parcel containing 82,764 square feet. He then calculated the value of the parts taken at \$1,712,040 (10,376 sq. ft. x \$165 = \$1,712,040).

Easement Property - Assessor Parcel No. 4125-026-900, Parcel No 4-5C - LAWA requires a transverse crossing easement for the portion of 98th Street that will pass under the Crenshaw/LAX alignment and a storm drain easement covering a total of 9,696 square feet. Such property is a portion of the Harbor Subdivision/Aviation Boulevard railroad corridor. The highest and best use of the railroad corridor is to continue as a railroad corridor and the value of the easements was determined based on sales of surrounding properties with similar zoning. The appraiser concluded that neither the street easement nor storm drain easement will impact the use of the existing railroad corridor. As such he concluded that the land configuration, access and prominence of the rail corridor will be the same in the "before" and "after" condition. He concluded that the fee value of the rail parcel was \$160/sq. ft. or \$24,184,480 for the total right-of-way containing 151,153 sq. However, the value of the transverse crossing is nominal and valued at \$1,000.

EQUITY PLATFORM

Both the LAMP and the AMC Station projects will bring valuable transit connections to those working at and travelling to and from the Los Angeles World Airport.

DETERMINATION OF SAFETY IMPACT

This Board action will not have an impact on LACMTA's safety standards

FINANCIAL IMPACT

Pursuant to May 2020 Board Motion 38.1, the revenue generated from LAWA acquisition of property and easements will be used to fund immediate Life of Project budget needs on the Crenshaw/LAX project.

Impact to Budget

This item is a cash inflow that will offset project expenses and therefore will not require any budget increase.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended Board action is consistent with Metro Vision 2028 Goal #1: Provide high quality mobility options that enable people to spend less time traveling. The disposition of this property to LAWA will facilitate easier access to the Los Angeles Airport which will provide an additional mobility option.

ATTACHMENTS

Attachment A - Exhibit A-1 - Legal Description, Fee Interest, Parcel 4-17A and Exhibit A-2 - Depiction, Parcel 4-17A

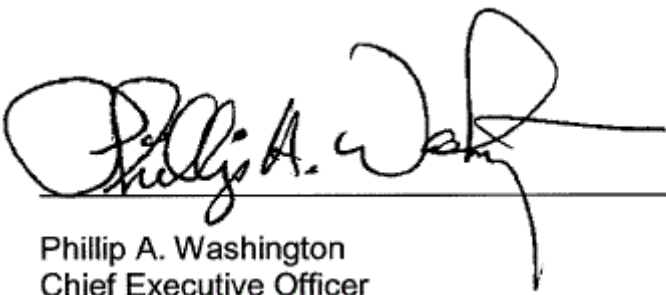
Attachment B - Exhibit B-1 - Legal Description, Permanent Street Easement and Exhibit B-2 - Depiction, Permanent Street Easement

Attachment C - Exhibit C-1 - Legal Description, Fee Interest, Parcel 4-17B and Exhibit C-2 - Depiction, Parcel 4-17B

Attachment D - Exhibit D - Site Plan

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