



RESOLUTION NO. \_\_\_\_\_

**BOARD LETTER APPROVAL**

*John A. Smith Jr.*  
John A. Smith Jr. (Sep 12, 2024 16:10 PDT)

**JOHN A. SMITH JR**  
Chief Administrative Officer

*Joseph Ramallo*

**JOSEPH M. RAMALLO**  
Senior Assistant General Manager -  
Customer Service, Communications and  
Corporate Strategy

*Janisse Quiñones*

**JANISSE QUIÑONES**  
Chief Executive Officer and Chief Engineer

**DATE:** September 12, 2024

**SUBJECT:** Approval of Purchase and Sale Agreement and Escrow Instructions for Purchase of Real Property Located at 21701 Erwin Street, Woodland Hills, California 91367 - LADWP File No. J-103796

**SUMMARY**

Real Estate Services, on behalf of LADWP's Customer Service Division (CSD), is requesting approval of a Purchase and Sale Agreement and Escrow Instructions (Agreement), File No. J-103796 with E&O Asset Holdings, LLC, a Delaware limited liability company (Seller) for the purchase of Seller's property located at 21701 Erwin Street, Woodland Hills, California 91367 (Property). The Property consists of approximately 0.95 acres of improved land, including a one-story commercial office building consisting of approximately 6,800 square feet, and paved parking lot providing approximately 30 parking spaces. CSD is seeking to acquire the Property to serve as a replacement location for the customer service center (CSC) in Canoga Park. The total cost of the acquisition includes the purchase price of \$13,850,000 (budgeted), plus escrow fees, closing costs, and related expenses.

Los Angeles City Council approval is not required.

## **RECOMMENDATION**

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution authorizing the execution of the Agreement with Seller for the purchase of the Property.

## **ALTERNATIVES CONSIDERED**

The following alternatives were considered:

- Do not purchase the Property – LADWP will continue to lease its facilities, requiring more staff time and department resources to administer, oversee, and renew lease agreements, ultimately costing LADWP more money in rent.
- Lease the Property – This Property is not being offered for lease.
- Purchase a different property – No similar property in the requested area was found on the market that meets CSD's needs.

## **FINANCIAL INFORMATION**

The total cost of the acquisition is a one-time purchase price of \$13,850,000 (budgeted), plus escrow fees, closing costs, and related expenses. LADWP obtained an appraisal, prepared by The Doré Group, to determine the value of the Property. The purchase price was established through the appraised value and negotiations with the Seller. The purchase price is consistent with the current market for similar properties for sale in the subject area.

The Property will require construction of improvements to be used as a CSC (Initial Build-Out), which will be designed and constructed by LADWP after acquisition of the Property. The total post-acquisition cost during the first year is estimated to be \$4,728,200. This includes the cost of the Initial Build-Out (estimated to be \$4,488,000) and the first year's operating expenses (estimated to be \$240,200). All funding for the acquisition will come from the Power Revenue Fund.

## **BACKGROUND**

CSD is seeking to acquire the Property to serve as a replacement location for the existing Canoga Park CSC, which is located approximately 3.1 miles northeast of the Property at 7229 Winnetka Avenue, Unit 1, Canoga Park, California 91306. The existing Canoga Park CSC has been at its current location for over 35 years. In a single calendar year (2023), LADWP paid approximately \$72,780.48 in rent and associated CAM charges to lease the CSC facility. Transitioning from leasing to owning department facilities will not only reduce LADWP's leasing costs, but also give LADWP more control over the use, maintenance, and condition of said facilities.

In addition to a CSC, CSD plans to use the Property as a community meeting room, training site, and electrical vehicle charging hub. The 0.95-acre Property includes a one-

story commercial office building, previously operated as a bank, and a paved parking lot with approximately 30 parking spaces. The Property is located approximately 0.3 miles from the Metro Orange Line station offering a public transportation point for members of the public and staff. The Property is located within the Warner Center 2035 Plan, an expansive specific plan approved by the Los Angeles City Council, which will develop approximately 1.7 square miles in the San Fernando Valley for mixed-use and transit-oriented development, enhanced walkability, and sustainability. The Warner Center offers an abundance of retail, business, and residential opportunities for LADWP and its customers to benefit from having community presence in this location.

The building that is situated on the Property (Building) was built in 1977. City of Los Angeles Ordinance No. 183893 (Ordinance) established mandatory standards for earthquake hazard reduction in existing wood-frame buildings that were permitted prior to 1978. The Ordinance requires eligible buildings to undergo seismic retrofit to bring the structure into compliance with new standards. Based on an assessment of the Building, it was determined that the Building will require structural retrofit improvements. As a condition of sale, the Seller has agreed to conduct the necessary retrofit improvements at Seller's sole cost and expense prior to conveying title of the Property to LADWP. In addition, the Building will require construction of improvements to be used as a CSC. LADWP will construct the improvements at a cost estimated to be \$4,488,000.

A Phase I Environmental Site Assessment (ESA) was conducted for the Property by LADWP and no recognized environmental conditions were found. Based on the results of the Phase I ESA, no further investigation is recommended at this time.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(2). In accordance with section 15060(c)(2), an activity is not subject to CEQA if it will not result in a direct or reasonably foreseeable indirect physical change in the environment. Therefore, the purchase of a property where there will be no physical changes to the site and the use will be the same as before is not subject to CEQA.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Resolution and Agreement as to form and legality.

### **ATTACHMENTS**

- Resolution
- Agreement