



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

JOHN A. SMITH JR.
JOHN A. SMITH JR. (Sep 16, 2024 18:56 PDT)

JOHN A. SMITH JR
Chief Administrative Officer

AR
Aram Benyamin (Sep 16, 2024 20:16 PDT)

ARAM BENYAMIN
Chief Operating Officer

J. Quiñones

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 12, 2024

SUBJECT: Approval of Purchase and Sale Agreement and Escrow Instructions for the Purchase of Real Property Located at 9160 Jordan Avenue, Los Angeles, California 91311 – LADWP File No. P-104026

SUMMARY

Real Estate Services (RES), on behalf of the Joint System Facilities Services Division (Facilities), is requesting approval of a Purchase and Sale Agreement and Escrow Instructions (Agreement), File No. P-104026 with Jordan Properties Group, LLC, a California Limited Liability Company (Seller), for the purchase of a property located at 9160 Jordan Avenue, Los Angeles, California 91311, generally described as Assessor's Parcel Number 2746-012-031 (Property). The Property includes one two-story industrial building with office space, consisting of approximately 25,374 square feet on approximately 41,120 square feet of land. The total cost of the acquisition will include the purchase price of \$7,600,000 (budgeted), plus escrow fees, closing costs, and related expenses. The Property is ready for LADWP's immediate occupancy, without the need for environmental remediation, or significant renovations or improvements.

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:

- Lease the Property or other industrial space – This Property is not being offered for lease, and leasing the Property or other properties would not provide LADWP with a long-term solution for industrial space for the service area needs.
- Purchase a different industrial property – No similar property in the requested area was found on the market that will meet LADWP needs.
- Do not purchase the Property – If LADWP does not acquire the Property it will negatively impact Facilities' plan to decentralize field operations and to better service local businesses and residents. Acquiring the Property will establish a new service area and cut down on response time and balance workload for existing reporting locations.

FINANCIAL INFORMATION

The total cost of acquisition is a one-time purchase price of \$7,600,000 (budgeted), plus escrow fees, closing costs, and related expenses. The total purchase price will be drawn from the Power Revenue Fund. The Property will require construction of improvements to be used as Mini-Yard (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 \$514,398. This includes the cost of the Initial Build-Out (estimated to be \$453,500) and the first year's operating expenses (estimated to be \$60,898) that will be drawn from the Power Revenue Fund.

APPRAISAL FINDINGS

LADWP engaged a third party to appraise the Property to determine its market value. The appraisal was performed by Lance Doré, member of the Appraisal Institute, and President and CEO of The Doré Group (Doré) in San Diego, California. Mr. Doré is a California Certified General Real Estate Appraiser and is qualified with over 41 years of experience in appraising a wide variety of property types including a number of commercial and industrial properties in Los Angeles County.

Doré's appraisal report concluded that the Market Value of the Fee Simple Interest (As Improved) of the Property was \$7,600,000. Seller was asking \$7,600,000 for the Property. Facilities determined that the Property is of significant benefit to LADWP and authorized RES to negotiate a purchase price of up to \$7,600,000. Negotiations

between LADWP and the Seller resulted in the contemplated purchase price of \$7,600,000.

BACKGROUND

The Property was identified, and Facilities confirmed the Property met the requested criteria. Facilities requested RES proceed with negotiations for the acquisition of the Property. The Property is located in Chatsworth, off Topanga Canyon Boulevard and Nordhoff Street and 17.2 miles from the nearest service yard located at 11781 Truesdale Boulevard, Sun Valley. The Property consists of one two-story Industrial building, consisting of approximately 25,374 square feet, with an estimated original constructed date of 1986. The Property is situated on approximately 0.94 Acres or 41,120 square feet of land. Facilities will occupy the Property immediately after closing and is prepared to perform minimal tenant improvements to its interior office space, security enhancements to its perimeter gates and fencing, and general cleanup of the grounds.

The Property will be utilized for emergency management response staging in the event of a natural or manmade disaster requiring the mobilization of localized equipment. With the increasing population and growing activity, many regions are experiencing unprecedented levels of highway congestion. This rise in traffic creates significant delays for LADWP field crews in responding to emergency situations in a timely manner. This region of Los Angeles is subject to extreme temperatures and high winds that are key factors in urgent response calls and outages. Investing in strategically located properties can help reduce response time during emergencies and alleviate workloads for other service yards. Additionally, the Capital Construction group will be relocated to the Property. The construction group is comprised of members from the John Ferraro Building (JFB) Craft Shops that will be displaced during the JFB Depopulation, Valley and Metro Craft Shops, and new hires in the paint and electrical trades in support of capital construction commitments. The warehouse and mezzanine storage will be utilized for the warehousing of retained items during the JFB Refurbishment Project.

LADWP's Environmental Affairs Site Investigation and Remediation group has obtained Phase I Environmental Site Assessment. No recognized environmental conditions were identified in connection with the Property.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(2) and section 15332, Class 32. 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. The purchase of a property where there will be no physical changes to the site and the use will be the same as before, therefore, is not subject to CEQA. Furthermore, this project is

Categorically Exempt from CEQA review pursuant to Section 15332. Class 32 consists of projects characterized as in-fill development in urbanized areas that meet certain conditions and is not limited to any use type and can apply to, amongst others, commercial, industrial or public facility projects.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- Agreement