

Memorandum

To: CHAIR AND MEMBERS
Airspace Advisory Committee

Date: July 10, 2002

From: DEPARTMENT OF TRANSPORTATION
DIVISION OF RIGHT OF WAY
MAIL STATION 37

File: EXCESS LAND
AAC/CTC

Subject: Information Item- Pending Exchange Agreement with Los Angeles Unified School District for Functional Replacement of District 7 Equipment Service Shop 7 Property.

The subject District 7 Equipment Service Shop 7 property has been owned by the Department as an equipment repair and service facility, for approximately 70 years. It is located at 5421 Vineland Avenue, North Hollywood, and serves Los Angeles, Orange and Ventura Counties. It contains 6.2 acres in land area and approximately 67,990 square feet in building area consisting of an office building and two industrial buildings. The buildings are constructed primarily of steel frame with metal siding and roofing material.

The Los Angeles Unified School District (LAUSD) proposes to acquire the property, together with numerous surrounding properties for their East Valley New High School No. 1B Project, through either agreement or condemnation.

Both the Department's independent appraisal and LAUSD's independent appraisal have valued the Shop 7 property at approximately \$6+ million. After extended negotiations, and in lieu of a direct purchase, the parties have entered into an Exchange Agreement, which provides for the LAUSD to provide a new replacement site and functional replacement facility at their sole cost and expense, in exchange for the Department's existing property as described above. The initial estimated cost of a functional replacement site and new buildings is between \$15 to \$20 million.

Benefits to the Department:

- New service and repair facility
- New design
- Potential for expansion
- Department receives new "Turn Key" Functional Replacement Property
- Under a condemnation action, the department would have only been entitled to the Fair Market Value of the property

Basic terms of the Exchange Agreement:

- In exchange for the State's Shop 7 property, LAUSD is to provide the State a "turn key" functional replacement site and replacement improvements to be acquired and constructed by LAUSD.
- Functional replacement is defined as a fully functional and operational replacement of the State's Shop 7 property, such that the replacement property and replacement improvements are ready to be opened, and operated as a State equipment repair and service facility.
- LAUSD's obligation is specifically limited to providing a Functional Replacement. Any "betterments" requested by the State, including additional acreage, building square footage increases or design features resulting in increased construction cost, other than those dictated by regulatory compliance, will be at the sole expense of the State.
- It is the goal of LAUSD to select one of three (3) Department pre-approved replacement sites within sixty (60) days of execution of the Exchange Agreement.
- LAUSD will notify the State immediately in the event that LAUSD is unable to acquire and provide the State one of the three (3) replacement sites. The parties will then jointly select an alternate site.
- LAUSD is to provide State with an informational notice ninety (90) days prior to the estimated completion date of the replacement improvements.
- Following the issuance of an occupancy permit for the replacements improvements, by the City of Los Angeles, the parties agree to deliver their respective deeds into escrow with instructions from the parties for the escrow holder to record the deeds upon the State vacating the Shop 7 property. State shall vacate the Shop 7 property, as soon as possible, but in any event no later than forty-five (45) days following receipt of notice of such issuance.

Attached is a location map, aerial photo, and plat map of the State's Shop 7 property. We will keep the AAC members informed of transaction developments for their information and subsequent recommendation to the CTC.

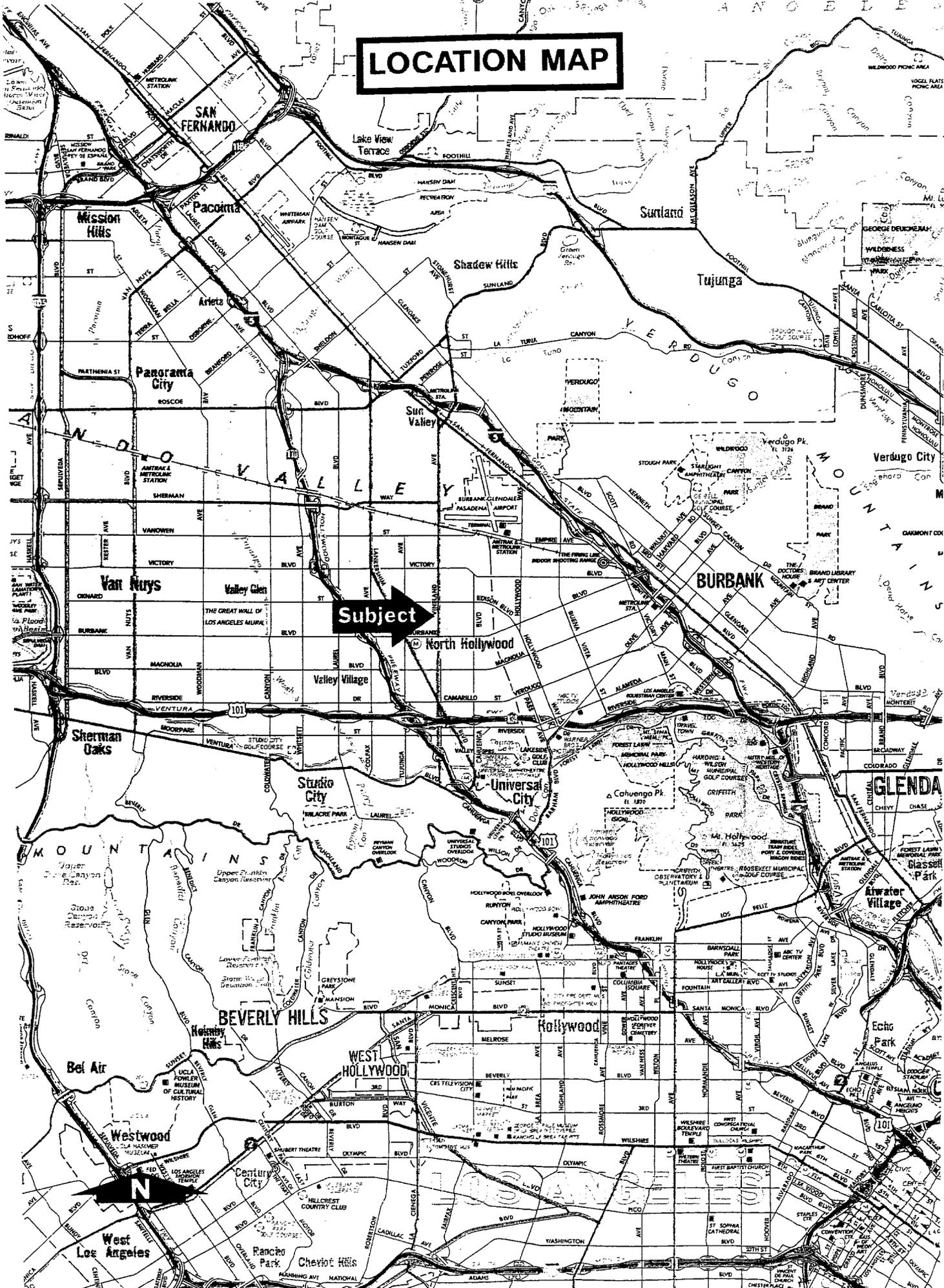
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A handwritten signature in black ink, appearing to read 'Vernon V. Rhinehart', written over a horizontal line.

VERNON V. RHINEHART, Chief
Office of Project Delivery
Right of Way

Attachments

LOCATION MAP



METRO RED LINE STATION

CUMPTON STREET

CHANDLER BOULEVARD

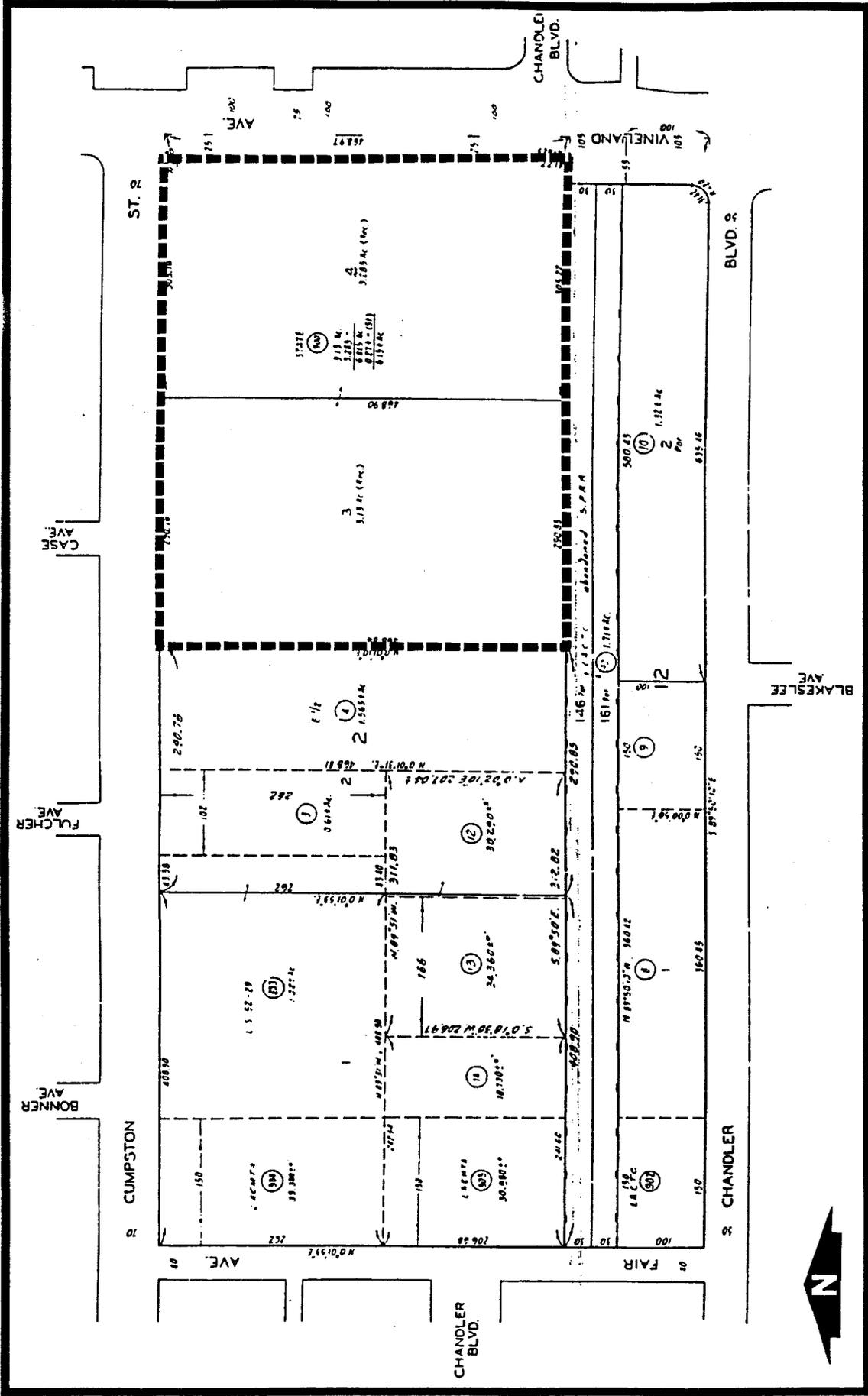
ANNAPOLIS AVENUE

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Filip Van 1983
1600

N

ST. 150

PLAT MAP



Mason & Mason Real Estate Appraisers & Consultants