



FINANCE & BUDGET COMMITTEE
APRIL 18, 2002

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

SUBJECT: SALE OF SURPLUS PROPERTY

**ACTION: DECLARE CERTAIN MTA REAL PROPERTY AS SURPLUS
AND AUTHORIZE THE SALE**

RECOMMENDATION

Declare that certain real property located on the south side of Mealy Street between Tamarind Avenue and Mona Boulevard in the City of Compton as surplus and authorize the sale of the property to Owens Corning, a Delaware Corporation for \$361,000.

ISSUE

The subject property is not required for any future MTA transit project and was recommended for disposition after review and concurrence by various MTA departments. Disposition of surplus properties is an avenue for generating additional revenue to MTA and returning unused properties to active use.

POLICY IMPLICATIONS

The disposition of this property complies with the adopted Disposition of Surplus Real Property Policy.

OPTIONS

The alternative to selling this property is to retain it for future transit purposes or to lease to others on an interim basis. Various MTA departments confirm that there is no requirement for future transit activity at this location. The property is a vacant lot and during the past three years, there have been no requests from the public to lease this site.

FINANCIAL IMPACT

The sale of this property will generate a one-time payment to MTA in the amount of \$361,000. The sale will eliminate on-going maintenance costs, and the responsibilities and liabilities associated with ownership of a vacant parcel. The revenue received from the sale of the subject property will be used for other transportation related purposes.

BACKGROUND

Pursuant to Article 8 of the California Government Code Sections 54220-54320, an offer to sell surplus property, subject to MTA Board approval, was mailed to various governmental agencies in July 1998. There were no responses from any of the governmental agencies. A notice of sealed bid sale was then mailed to approximately one hundred parties. Advertisement for sale of the subject property was placed in local newspapers and advertising sales signs were placed on the property. There was a sealed bid opening on December 14, 1998 and no bids were received to purchase the property. The property has been on the MTA's list of surplus properties for over three years with no serious acquisition offers being made.

In January 2002, a written offer to purchase the property was received from Mr. Arnold Luster of Major Properties, a real estate commercial and industrial developer. Staff reviewed the offer and was prepared to recommend acceptance of the offer to the MTA Board at its February meeting. Prior to the Board meeting staff received a higher offer to purchase the site from Owens Corning. No action was recommended at the February Board meeting and both parties were requested to submit their "highest and final" offer to purchase the property in a sealed envelope on or before March 15, 2002. The parties were informed that their offer should not be less than their previous offer and that the highest offer received would be recommended to the MTA Board for approval. Mr. Luster submitted an offer in the amount of \$252,100 and Owens Corning submitted an offer in the amount of \$361,000. A 10% deposit of the offered amount was submitted by both parties in the form of a cashier's check.

PROPERTY DESCRIPTION

The subject property is located on the southerly side of Mealy Street between Tamarind Avenue and Mona Boulevard in the City of Compton. (See Attached Plat) The property consists of eleven (11) unimproved vacant lots with a cumulative area of approximately 80,450 square feet (1.85 acres). A railroad easement to Union Pacific Railroad consisting of 8,930 square feet affects four of the subject lots.

The property was originally acquired from Owens Corning by the Los Angeles County Transportation Commission (predecessor of the MTA) on April 5, 1988 for use as a railroad connection between two Union Pacific Railroad right-of-ways. With the planned development of the Alameda Corridor Project, the railroad connection project was abandoned and the property became surplus property with no specific planned transportation requirement.

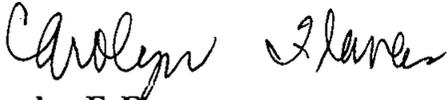
Property Value

Richard Coker, MAI, prepared an appraisal for the subject property using a date of value of October 30, 2001. He indicated that the highest and best use for the property as vacant is to hold for future industrial development until the economy improves and demand justifies development. The appraiser analyzed five (5) comparable land sales in the surrounding area that resulted in an adjusted price range from \$3.84 per square foot to \$7.49 per square foot. He made adjustments for market conditions, location, size, exposure, access and topography and estimated the fair

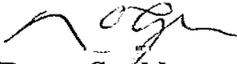
market value of the subject property at \$4.00 per square foot, or \$221,000. The total value includes a discounted value of 75% to the approximately 21,532 square feet of the property impacted by the railroad right of way easement. The offer from the Owens Corning is \$140,000 higher than the appraised value.

ATTACHMENT - Parcel Plat

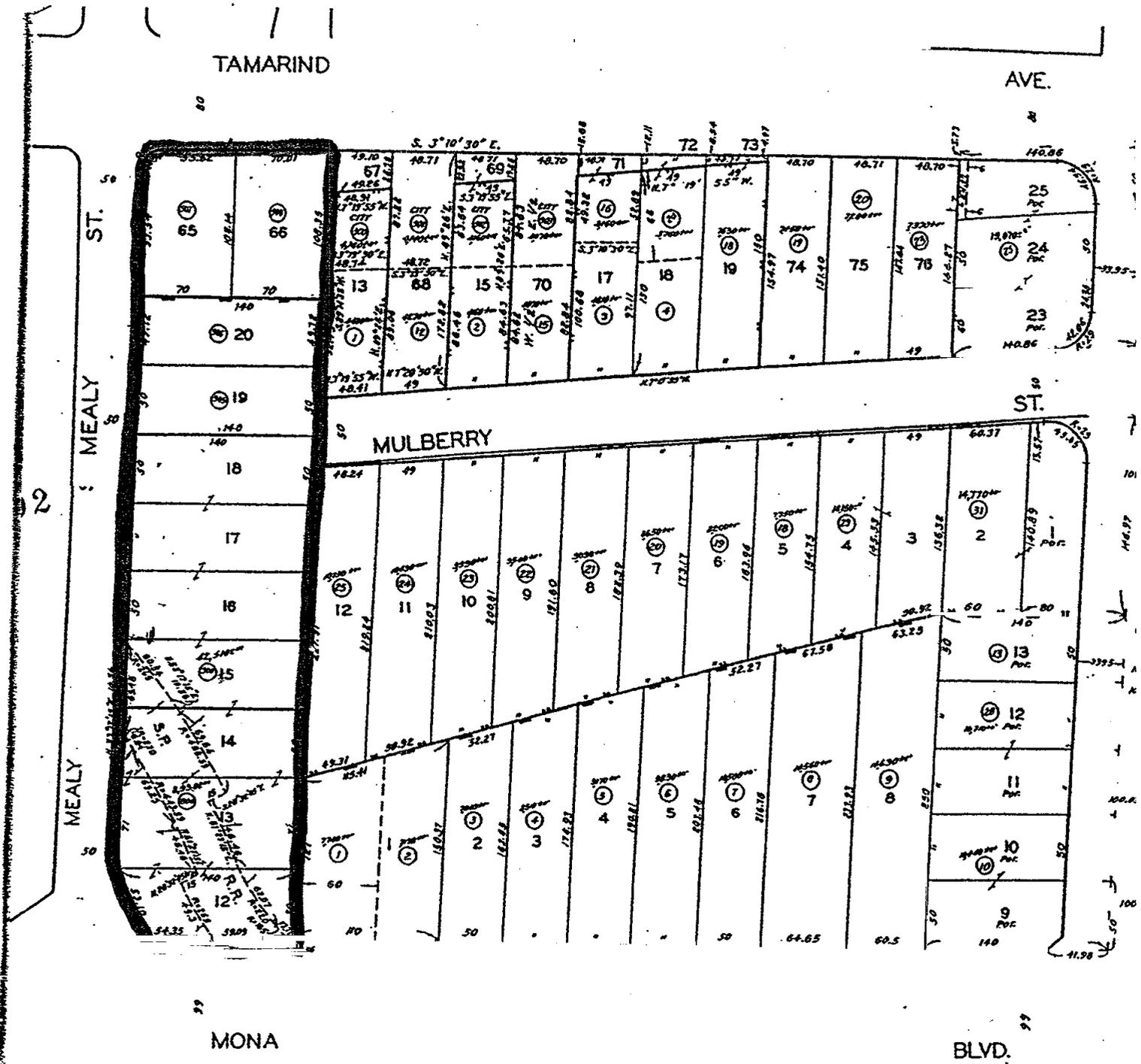
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**Roger Snoble
Chief Executive Officer**



Disposition of Surplus Property