



MTA BOARD
JULY 24, 2003

SUBJECT: PUBLIC HEARING RE: RESOLUTION OF NECESSITY

ACTION: ADOPT RESOLUTION OF NECESSITY

RECOMMENDATION

- A. Hold a public hearing on the proposed resolution of necessity for the acquisition of Parcel No. 2701 for the San Fernando Valley Metro Rapidway Project ("Project").
- B. Adopt the attached Resolution of Necessity authorizing the commencement of an eminent domain action to acquire the subject parcel.

RATIONALE

Partial acquisition of the leasehold interest in that certain real property located at 11320 N. Chandler Boulevard in North Hollywood ("Subject Property") is required for the construction and operation of the Project. The real property is owned by MTA and is encumbered with a long term ground lease. A written offer to acquire a portion of the leasehold interest has been presented to the owner of the leasehold interest ("Master Tenant"), as required by California Government Code Section 7267.2. Subsequent negotiations for reaching an amicable resolution for the acquisition of a portion of the leasehold interest ("Subject Property Interest") have failed, and as of this date the offer has not been accepted by the Master Tenant. Because of the imminent need to proceed with construction activities on the Subject Property, staff recommends the acquisition of the Subject Property Interest through eminent domain.

In accordance with the provisions of the California Eminent Domain law and Sections 30503, 30660 and 130220.5 of the California Public Utilities Code (which authorize the MTA to acquire property by eminent domain), the MTA has prepared and mailed notice of this hearing to the Master Tenant and the City Clerk of the City of Los Angeles, informing them of their right to appear at this hearing and be heard on the following issues: (1) Whether the public interest and necessity require the Project; (2) Whether the Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury; (3) Whether the Subject Property is necessary for the Project; and (4) Whether an offer was made in compliance with Government Code Section 7267.2. After all of the testimony and other evidence has been received by the MTA from all interested parties, the MTA must make a determination as to whether to adopt the proposed resolution of necessity to acquire the Subject Property Interest by eminent domain. In order to adopt the resolution, the MTA must, based upon all the evidence before it, find and determine that the conditions stated above exist. Attached is evidence ("Attachment 1") submitted by staff that supports adoption of the attached Resolution that has been approved by counsel, and which sets forth the required findings.

Metropolitan
Transportation
Authority

One Gateway Plaza
Los Angeles, CA
90012-2952

FINANCIAL IMPACT

The acquisition of the Subject Property Interest is included in the approved Project's Budget, and funds are available to proceed with the acquisition.

ALTERNATIVE CONSIDERED

The Subject Property Interest is required for the construction and operation of the Project. Construction of the Project has already commenced and there is an immediate need for the Subject Property Interest. The Board has the option to withhold adoption of the Resolution of Necessity. This would result in an additional delay in obtaining possession of the required Subject Property Interest, or possibly require realignment of the right of way resulting in the need to acquire other privately owned properties (instead of using MTA owned property), and thereby cause delays and increased costs to the Project.

ATTACHMENTS

- Attachment 1 - Staff Report
- Attachment 2 - Resolution of Necessity

Prepared by: Velma C. Marshall
Director of Real Estate

APPROVED AS TO FORM

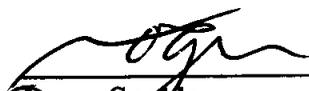
Lloyd W. Pellman
County Counsel



Deputy



Don Ott
Executive Officer, Administration



Roger Snoble
Chief Executive Officer

STAFF REPORT REGARDING THE NECESSITY FOR THE ACQUISITION OF A PORTION OF THE LEASHOLD INTEREST IN PROPERTY LOCATED AT 11320 N. CHANDLER BOULEVARD IN NORTH HOLLYWOOD (MTA PARCEL NO. 2701) FOR THE SAN FERNANDO VALLEY METRO RAPIDWAY PROJECT (“PROJECT”)

BACKGROUND

MTA owns the former railroad right of way located near the intersection of Lankershim Boulevard and Chandler Boulevard, east and west of Tujunga Avenue. The right of way was purchased in 1991 and was purchased subject to an existing lease between the railroad company and North Chandler Associates (“North Chandler”). The ground lease with North Chandler commenced in June 1980 with a termination date of May 31, 2015. In addition, North Chandler has three 5-year options to extend the lease to the year 2030. A written offer was made to North Chandler to acquire a portion of the leasehold interest on April 11, 2003. Staff has engaged in subsequent written communications and personal meetings with the property owner, its attorney, and representative. The MTA’s acquisition offer was not accepted and a settlement has not been reached.

Following is an analysis as to why the attached Resolution of Necessity should be adopted. Additional information justifying the adoption of the Resolution is contained in the Final Environmental Impact Report and Environmental Impact Study for the Project, which was certified by the Board on February 28, 2002, the Major Investment Study, approved by the Board on February 24, 2000, and the other environmental documents and analyses referenced therein.

In May 2001, a Draft Environmental Impact Report and Environmental Impact Study (DEIR/EIS) was circulated and reviewed by interested and concerned parties, including private citizens, community groups, the business community, elected officials and public agencies. Public hearings were held to solicit citizen and agency comments. A No-Build Alternative, a Transportation Systems Management (TSM) Alternative and a Bus Rapid Transit (BRT) Alternative were presented in the DEIR/EIS. The BRT Alternative had three variations: the Full BRT, Lankershim/Oxnard On-Street alignment, and a Minimum Operable Segment (MOS). On July 26, 2001, the Board formally adopted the full BRT Alternative as the Locally Preferred Alternative for the San Fernando Valley East-West Transit Corridor (name of project subsequently changed to Metro Rapidway Project) after review and consideration of the comments received from circulation of the DEIR/EIS. The Board directed that Preliminary Engineering be conducted for this alternative and that a final EIR be prepared. In February 2002, a Final Environmental Impact Report (FEIR) was circulated which retained the alternatives analyzed in the Draft EIS/EIR and includes refinements to the Full BRT Alternative developed during Preliminary Engineering.

The Bus Rapid Transit Alternative (BRT) consists primarily of exclusive bus lanes on the MTA ROW between North Hollywood Metro Rail Station and the planned Warner Center Transit Hub, a distance of approximately 14 miles. In the East Valley, the alignment extends west from the North Hollywood

Metro Red Line station at Chandler and Lankershim Boulevards. The alignment continues westward in the median of Chandler Boulevard, crossing the intersection of Fulton Avenue and Burbank Boulevard diagonally near Valley College. The route then parallels Oxnard Street to Sepulveda Boulevard. The alignment crosses under the I-405 in an existing underpass, entering the West Valley.

In the West Valley, the alignment continues along the northern perimeter of the Sepulveda Basin Recreation Area, crossing the Los Angeles River before White Oak Avenue. The alignment continues west in the MTA ROW, paralleling Topham Street and then Victory Boulevard after passing Winnetka Boulevard. Near the intersection of Victory Boulevard and Variel Avenue, the bus rapidway leaves the MTA ROW and continues on street in mixed traffic to a terminus at the planned Warner Center Transit Hub located along Owensmouth Avenue between Erwin and Oxnard streets.

The bus rapid way alternative includes 13 station stops spaced approximately 1 mile apart including a new bus station adjacent to the North Hollywood Metro Red Line station and the existing Warner Center Transit Hub. Stations would be located at major intersections and at higher density locations such as the Van Nuys Civic Center, Pierce and Valley Colleges, Warner Center and North Hollywood. Park and ride facilities would be included at six stations, four of which would be new lots, one of which would be an expanded facility at Balboa Boulevard and one of which would be the existing lot at North Hollywood Metro Red Line Station.

The Subject Property Interest included in this action is required for the construction and operation of a bus turn-around, circulation and access at the East end of the Project.

A. The public interest and necessity require the Project.

The public interest and necessity require the project for the following reasons:

1. The San Fernando Valley East-West Transit Corridor is currently estimated to have a population of approximately 214,000 residents and is anticipated to have over 268,000 residents by 2020. By the year 2020, over 5 percent of the City of Los Angeles and 15 percent of San Fernando Valley residents will live within ½ mile of the San Fernando East-West Transportation Corridor. Employment in the areas immediately adjacent to the East-West Transportation Corridor is also expected to grow at a rapid pace. In 1994, there were approximately 139,000 jobs in the study area; by 2020 there will be close to 189,000 jobs in the study area representing an increase in employment of over 32 percent, narrowly outpacing the City of Los Angeles at 30 percent. The San Fernando Valley area is served by five major freeways, some of which serve as major intra-state routes and are among the busiest in the nation. The Ventura Freeway, the primary freeway paralleling the East West Corridor, is generally a ten-lane freeway. The freeway is congested in both directions for much of the day. The peak-hour congestion pattern persists for three to four hours in each of the peak periods on a daily basis. During the a.m. and p.m. peak hours, many of the freeways and arterials in the Valley are operating at or near capacity in the peak direction of travel. Most of the freeways are experiencing average operating speeds of under 30 miles per hours in the peak direction of travel (towards the Los Angeles CBD in the a.m. peak; away from the Los Angeles CBD in the p.m. peak).

Growth projections indicated that increases of 16 percent total daily vehicle trips are expected

to be generated in the San Fernando Valley between 1998 and 2020. Vehicle miles of travel are projected to increase by 37 percent between 1998 and 2020. Vehicle hours of travel will increase by 109 percent. It is projected that by 2020 average speeds on all roadways will decline by 34 percent from 32.4 mph to 21.4 mph. By the year 2020, the east-west arterials are projected to be the most congested in the Valley. The most severely congested arterials segments would include Victory Boulevard, Vanowen Street, and Sherman Way from Balboa Boulevard to east of Van Nuys Boulevard.

2. Implementation of the Project will improve access and mobility for residents, employees and visitors to the San Fernando Valley East-West Corridor and result in a reduction of vehicle miles per day and reduction of auto air pollutants.
3. The Project will support land use and development goals by providing high capacity transit linkages between centers (North Hollywood, Van Nuys, Valley College, Pierce College, Warner Center).
4. The Project will provide convenient access and improve connectivity to the regional transit system and will thereby provide alternative means of transportation during fuel crises.
5. The Project will relieve traffic congestion, minimize total travel time, and provide enhanced bi-directional transit service through the Valley.

It is recommended that based on the above evidence, the MTA find and determine that the public interest and necessity require the Project.

- B. The proposed Project is planned and located in the manner that will be the most compatible with the greatest public good and least private injury.

As set forth in the Final EIR, numerous alternative alignments and technologies have been considered by MTA during the planning process for the Project. The BRT was selected because it provides cross-Valley travel times only slightly slower than the rail alternatives and provides travel timesavings over local and Metro Rapid Bus service. The Project also provides travel time savings over the Minimum Operable Segment and the Lankershim/Oxnard alternatives. The BRT was determined to have the lowest capital and O & M costs of all the build alternatives and was the most cost-effective alternative per new transit rider.

The Project would primarily be located within the MTA ROW. The terminal station and parking lot at the North Hollywood terminus would be within MTA owned property and only slightly affects the leasehold interest of North Chandler as described more fully above. Stations are located at major intersections and at higher density locations that have a high number of daily trips, high levels of congestion, high levels of transit usage, dense populations, high density of jobs and a high number of workers. Stations are spaced about one mile apart. There is also an attempt to locate stations on properties that will have the least amount of impact.

Other alternative alignments within existing streets, such as a Rapid Bus alternative, would not produce the same long-term transit benefits as the BRT. Any bus system operating within the existing streets would be constrained by the flow of existing traffic. All of the major east – west arterials through the Valley are congested during commuting in morning and evening hours, and are expected to worsen over time. Thus, any alignment within existing streets would suffer increased travel times as congestion worsens over time. However, the dedicated busway on existing MTA right-of-way would not be subject to congestion, allowing travel time to stabilize. Other exclusive right-of-way alignments, such as an elevated busway along the Ventura Freeway, are substantially more expensive. MTA's budget could not support such alternatives, which makes these alternatives financially infeasible. Light rail is similarly not a feasible alternative. Public Utilities Code Section 130265 limits light rail within the MTA's right-of-way to a below ground subway system. Accordingly, at-grade or trenched light rail along MTA's right-of-way would not be lawful.

It is recommended that, based upon the foregoing, the MTA find and determine that the Project is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

C. The subject property interest is necessary for the proposed Project.

The Subject Property Interest is a partial acquisition of a leasehold interest and is required for the construction and operation of the North Hollywood bus terminal and parking lot as shown in Exhibit "A" hereto.

D. An offer was made in compliance with Government Code Section 7267.2.

California Code of Civil Procedures Section 1245.230 requires that a Resolution of Necessity contain a declaration that the governing body has found and determined that either the offer required by Section 7267.2 of the California Government Code has been made to the owner(s) of record, or the offer has not been made because the owner(s) cannot be located with reasonable diligence. In this situation, notice was provided to the owners of the leasehold interest (North Chandler Associates) since MTA is the record owner of the real property.

California Government Code Section 7267.2 requires that an offer be made to the owner or to the owners of record and in an amount which the agency believes to be just compensation. The amount must not be less than the agency's approved appraisal of the fair market value of the property. In addition, the agency is required to provide the owner(s) with a written statement of, and summary of the basis for, the amount it established as just compensation.

The MTA staff has taken the following actions as required by California law for the acquisition of the Subject Property Interest:

1. Obtained an appraisal to determine the fair market value of the Subject Property Interest.
2. Reviewed and approved the appraisal, and established just compensation,
3. Determined the owner of the Subject Property Interest by examining the title report, lease,

recorded documents, and other written documentation, and

4. Made a written offer to the owner of the Subject Property Interest for the full amount of just compensation, which was not less than the approved appraised amount.

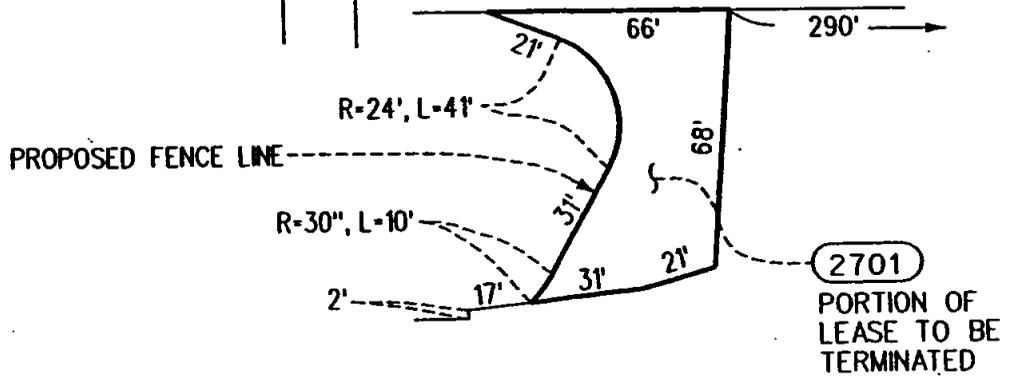
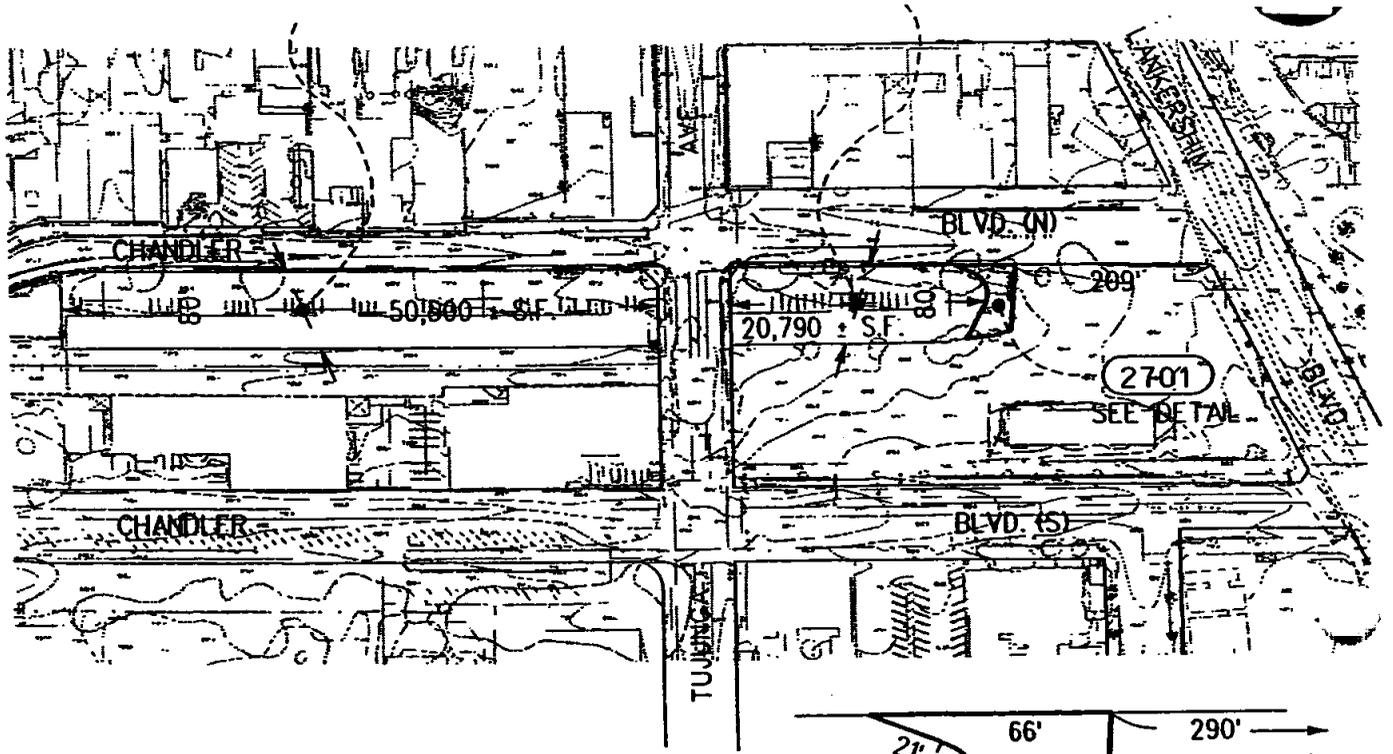
Staff recommends that the MTA Board find that the offer was made in compliance with Government Code Section 7267.2.

ATTACHMENT

Plat Map (Exhibit "A")

EXHIBIT "A"

(MTA PARCEL NO. 2701)



PORTION OF PARCEL	TOTAL	REQUIRED	REMAINDER
NET AREA (SQUARE FEET)	74,000 ±	2710	71,290 ±

**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
SAN FERNANDO VALLEY BRT PROJECT**

STV Incorporated
ENGINEERS/ARCHITECTS/PLANNERS/CONSTRUCTION MANAGERS
1024 WEST 7TH STREET, SUITE 3150
LOS ANGELES, CA. 90017

APPROVED BY: _____
DATE: 5/24/02

SUBMITTED BY: [Signature] DATE: 5/24/02
CRS. TANGAL, P.E., DESIGN MANAGER

**PARCEL PLAT
PARCEL 2701**
(MTA LEASE NO. 000958-00)

CONTRACT NO./DESIGN UNIT	
SCALE	1"=200'
DATE	05/11
DRAWN BY	N. OUM
CHECKED BY	P. WISE
REV. DATE	REV. NO.

GRANTOR/TENANT: NORTH CHANDLER ASSOCIATES

DESCRIPTION : LEASE FOR CONSTRUCTION & USE OF LESSEE-OWNED IMPROVEMENTS. MIA ACCT. NO. 000958-00 (PRE-ACQ.)

TITLE REPORT : NONE REQUIRED

ADDRESS : 11320 CHANDLER BLVD., NORTH HOLLYWOOD

ASSESSOR'S PARCEL NO. 2350-012-901

This does not represent a survey of the land shown hereon. The data shown on this plat are compiled from public sources and are subject to field verification.

NO.	DATE	REVISION DESCRIPTION

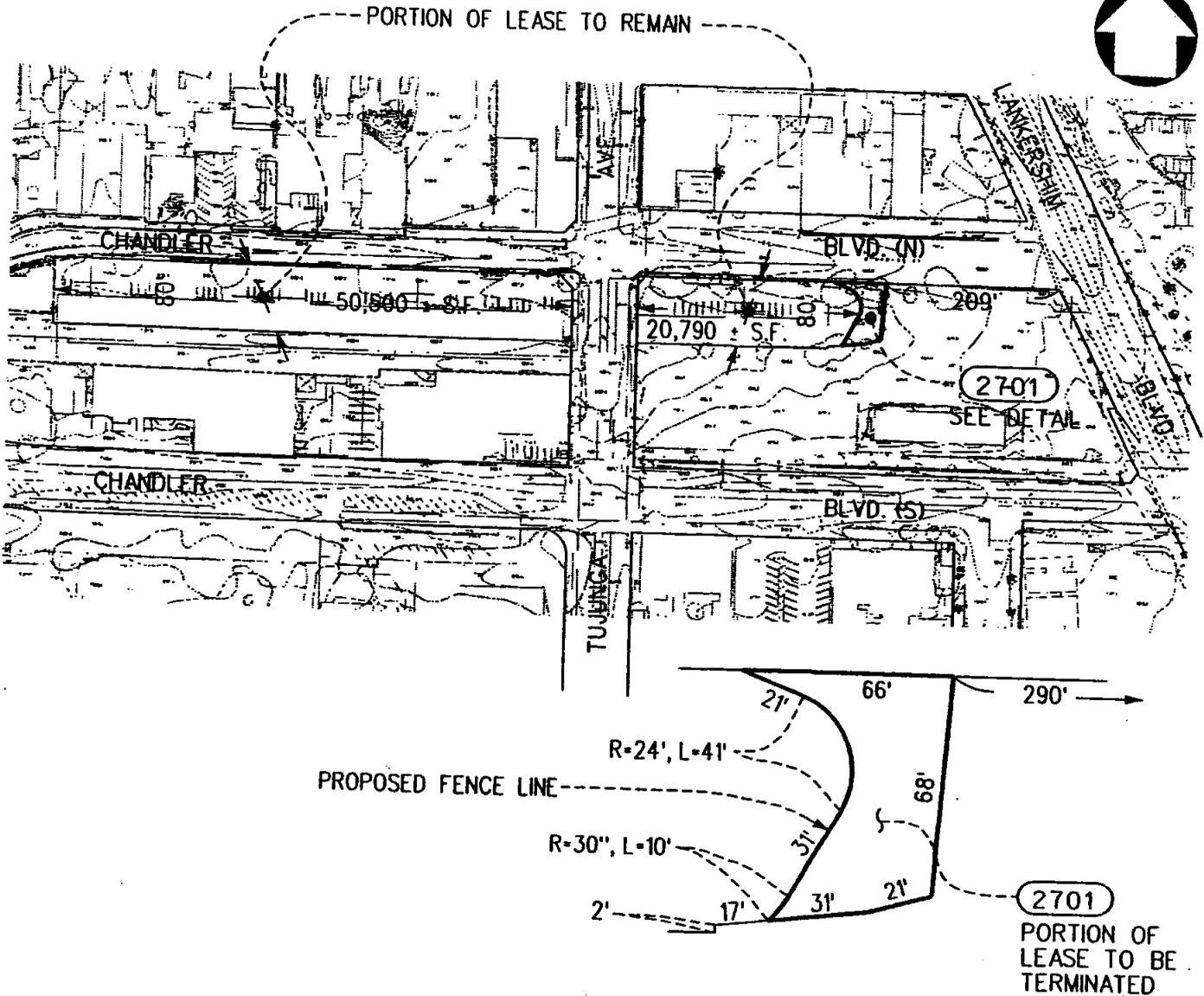


EXHIBIT "B"

PORTION OF PARCEL	TOTAL	REQUIRED	REMAINDER		
NET AREA (SQUARE FEET)	74,000 ±	2710	71,290 ±		

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SAN FERNANDO VALLEY BRT PROJECT		APPROVED BY:	CONTRACT NO./DESIGN UNIT
STV Incorporated ENGINEERS/ARCHITECTS/PLANNERS/CONSTRUCTION MANAGERS 1055 WEST 7TH STREET, SUITE 3150 LOS ANGELES, CA. 90017	PARCEL PLAT PARCEL 2701 (MTA LEASE NO. 000958-00)		
SUBMITTED BY: <i>[Signature]</i> CIVIL ENGINEER, P.E., DESIGN MANAGER	DATE: 5/24/02	MTA PROJECT MANAGER	DATE 05/15/02
			DRAWN BY N. OUM
			CHECKED BY P. WISE
			REV. DATE
			REV. NO.

**RESOLUTION OF THE
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
RE THE ACQUISITION OF PROPERTIES NECESSARY FOR THE SAN FERNANDO
VALLEY EAST-WEST BUS RAPID TRANSIT PROJECT**

THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION
AUTHORITY HEREBY FINDS, DETERMINES, AND RESOLVES AS FOLLOWS:

Section 1.

The Los Angeles County Metropolitan Transportation Authority ("MTA") is a public entity organized and existing pursuant to Chapter 2 of Division 12 of the California Public Utilities Code (commencing with Section 130050).

Section 2.

The property interests described hereinafter are to be taken for public use, namely, for public transportation purposes and all uses necessary, incidental or convenient thereto, in connection with the development, construction, operation and maintenance of the San Fernando Valley Metro Rapidway Project ("Project");

Section 3.

The MTA is authorized to acquire the property interests described hereinafter pursuant to the following:

- a. Article I, Section 19 of the Constitution of the State of California;
- b. California Public Utilities Code, Division 10, Part 3 (Sections 30000-33020, inclusive), and Sections 30503 and 30600 in particular;
- c. California Public Utilities Code, Division 12 (Sections 130000-130730, inclusive), and Section 130220.5 in particular; and
- d. California Code of Civil Procedure Sections 1240.010-1273.050, inclusive, [and Sections 1240.510/1240.610 in particular

Section 4.

The property interest to be acquired consists of the partial acquisition of a leasehold interest ("Subject Property Interest"). The leasehold interest parcel (MTA Parcel 2701) has a total land area of 74,052 square feet. The leasehold interest parcel consists of portions of Assessor Parcel Numbers 2350-012-901 and 2350-011-907. The leasehold interest parcel is located at the southeast and southwest corners of N. Chandler Boulevard and Tujunga Avenue in North Hollywood, California. The Subject Property Interest to be acquired is a 2,710 square foot area at the eastern end of the leasehold interest parcel.

The Subject Property Interest has an irregular crescent shape, concave to the east. The Subject Property Interest to be acquired is generally depicted on Plat Map in Exhibit "A" attached hereto, which is incorporated herein by this reference.

Section 5.

(a) The environmental impacts of the Project were evaluated in the San Fernando Valley East-West Bus Rapid Transit Final Environmental Impact Report ("FEIR") for this Project; and

(b) The Los Angeles County Metropolitan Transportation Authority has reviewed and considered the FEIR, before and as part of the process of determining whether to acquire the above-referenced properties.

Section 6.

The Los Angeles County Metropolitan Transportation Authority hereby declares that it has found and determined each of the following:

(a) The public interest and necessity require the proposed Project;

(b) The proposed Project is planned or located in the manner which will be most compatible with the greatest public good and the least private injury;

(c) The properties sought to be acquired, which have been described herein, are necessary for the proposed Project; and

(d) The offers required by Section 7267.2 of the Government Code have been made to the owners of record.

Section 7.

Legal counsel is hereby authorized and directed to take all steps necessary to commence legal proceedings, in a court of competent jurisdiction, to acquire the properties described above, by eminent domain. Counsel is also authorized to seek and obtain an Order of Immediate Possession of said properties in accordance with the provisions of the eminent domain law and to deposit the total sum of probable just compensation fixed by the Superior Court in its order determining and establishing security for said immediate possession with the Clerk of said Superior Court in connection therewith.

Counsel is further authorized, pursuant to Section 30258 of the Public Utilities Code, to associate with, at its election, a private law firm for the preparation and prosecution of said proceedings.

I, MICHELLE JACKSON, Secretary of the Metropolitan Transportation Authority, do hereby certify that the foregoing Resolution was duly and regularly adopted by the Metropolitan Transportation Authority at a meeting held on the 23rd day of January 2003.

MICHELLE JACKSON

MTA Secretary

Date: _____

APPROVED AS TO FORM:

Lloyd W. Pellman

County Counsel

BY: _____



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LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY

STATEMENT OF JUST COMPENSATION AND APPRAISAL SUMMARY
REAL PROPERTY

VALUATION DATE: January 8, 2003

PROJECT: METRO RAPID TRANSITWAY PROJECT (MRT)

PARCEL: 2701

PROPERTY OWNER:

Los Angeles County Metropolitan Transportation Authority.

LEASEHOLD INTEREST OWNER:

North Chandler Associates

PROPERTY LOCATION:

11320 N. Chandler Boulevard, North Hollywood, CA 91601

PROPERTY DESCRIPTION:

The larger parcel that is included in the leased area consists of two parcels containing a total of approximately 74,052 square feet. Both parcels are improved with a single-story, concrete tilt-up, light manufacturing industrial building. For identification purposes, the parcels will be referred to as the "East Parcel" and "West Parcel". The parcel east of Tujunga Avenue ("East Parcel") contains approximately 23,522 square feet and is improved with a building containing 8,387 square feet and 34 parking spaces. The parcel west of Tujunga ("West Parcel") contains approximately 50,530 square feet and is improved with a building containing approximately 20,967 square feet and 64 parking spaces. The total property has 98 parking spaces. The East Parcel is impacted by the Project ("Impacted Property").

The Impacted Property is located at the extreme easterly end of the East Parcel. This portion of the property has an irregular crescent shape, concave to the east. The area contains 13 parking

spaces. As a result of the Project, 11 of the parking spaces will be taken or rendered inaccessible because of the configuration of the East Parcel in the after condition.

Parking Covenant

There is a parking covenant agreement between North Chandler Associates and Club Associates to lease 22 unidentified parking spaces on the site. Therefore the subject property has a total of 76 available parking spaces.

INTEREST TO BE TAKEN:

Acquisition of 2,710 square fee of the leasehold interest in the property created by the lease between MTA and North Chandler Associates commencing June 1, 1980 and extending to May 31, 2015. (See attached plat map)

BASIS OF JUST COMPENSATION

MTA's offer of Just Compensation is based on the fair market value of the leasehold interest and is not less than the approved appraised valuation. The amount of this offer is the full amount believed to be Just Compensation for the interest to be acquired.

Any increase or decrease in the fair market value of the subject property to the date of the valuation caused by the public improvement for which such property is acquired, other than that due to physical deterioration within the reasonable control of the property owner, has been disregarded in determining the compensation for the subject property by the MTA and its appraisers.

MARKET VALUE DEFINITION:

The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonable adaptable and available.

(California Code of Civil Procedure 1263.320).

PRESENT USE:

Multi-tenant business/industrial complex.

ZONING:

PF-1VL. The PF zone indicates Public Facilities. 1VL is the subject height district and indicates the Very Limited Height District.

HIGHEST & BEST USE:

The continued use of the existing improvements as presently improved.

MARKET VALUE OF THE SUBJECT PROPERTY:

MTA had the subject property appraised to determine the value of the leasehold estate created by the lease between MTA and North Chandler Associates. The appraiser valued the fee simple interest, the rights associated with the proposed taking and the impact to the remainder for the purpose of analyzing severance damages and/or benefits that might accrue to the remainder as a result of the proposed taking.

The appraiser used two of the three traditional approaches to value. The Sales Comparison Approach was utilized to value the underlying land and in valuing the larger parcel as improved. The Income Capitalization Approach was utilized to value the leasehold interest of North Chandler Associates

Land Value Estimate (Fee Simple Interest)

The appraiser analyzed five land sales in the North Hollywood and Burbank area that were zoned M2, CM and C2. Unadjusted sales prices ranged from \$18.10 to \$34.52 per square foot. Land value was concluded at \$25.00/square foot or \$1,851,000 (74,052 sq. ft. x \$25.00)

Land Value – Leased Fee and Leasehold Interest

The appraiser estimated the value of the leasehold estate by the following two methods: (1) conducting a valuation analysis of the leased fee interest in and to the subject site, and then subtracting the value indication from the value of the fee simple estate to leave an extracted value indication of the leasehold estate; and (2) estimating the value of the leasehold interest via a discounted cash flow (DCF) of the expected benefits to accrue to the leasehold position over the remainder of the lease term.

Under the Discounted Cash Flow analysis, the appraiser determined the present worth of anticipated rental payment over the term of the lease and the present worth of the reversion of the property at the termination of the lease. Through May 2005, the rental rate is set by contract. After May 2005, the rental rate is subject to adjustment to market rates. The appraiser analysis provides a value indication of the leased fee interest of \$1,597,000.

The appraiser used two methods for estimating the value of the leasehold interest. Under the Extraction method, the value of the leasehold interest was determined by deducting the value of the leased fee interest from the value of the fee simple interest (\$1,851,000 – fee simple interest less \$1,597,000 – leased fee interest = \$254,000). Under the Discounted Cash Flow method, the appraiser determined that the tenant's leasehold advantage would end after May 2005. The lease

requires that the rent be re-set by mutual agreement to market rate. If the rental rate is established at market, there is by definition, no leasehold advantage. The appraiser estimated that the current contract rent would remain the same for 29 more months until May 2005. The indicated leasehold value under the Discounted Cash Flow method is \$158,000. The appraiser reconciled the difference in the two methods that ranged from \$158,000 to \$254,000. The value by the extraction method indicates that there is a prospect of achieving a sale of the leasehold interest that exceeds the interest indicated by the DCF analysis. Therefore the appraiser made an incremental adjustment of \$25,000 and rounded the value indication for the leasehold interest upward to an indicated value of \$175,000.

Improved Property Value – Leased Fee and Leasehold Value

In determining the lease fee and leasehold value of the improved property, the appraiser used two methodologies: the Sales Comparison Approach and the Income Capitalization Approach. Under the Sales Comparison Approach, the appraiser estimated the value of the leasehold interest for the property as improved as \$1,846,000. Under the Income Capitalization Approach he estimated the value at \$1,992,000.

Value of Part-taken

The value of the part-taken as a portion of the larger parcel considers only the value of the leasehold interest in and to the underlying land. The leasehold interest has a fair market value of \$175,000 that equates to \$2.36 psf of land area ($\$175,000/74,052$ sq. ft.) The part taken has a land area of 2,710 sq. ft. Therefore, the value of the part-taken, as a portion of the larger parcel has a fair market value (rounded to the nearest \$1,000) of \$6,000.

The remainder parcel in the after condition is the same except for the loss of the extreme easterly 2,710 square feet and 11 eleven parking spaces. Based on the appraiser's analysis of competing multi-tenant industrial buildings, Mr. Ellis opined that the rental rate for the subject space east of Tujunga Avenue will decline from \$1.15 per sq. ft. to \$1.05 per square feet as a result of the reduced parking. The value of the leasehold in the after condition based on the reduced rental is estimated to be \$1,928,000

Severance Damages

Severance damages consist of the loss in value to the remainder that is not accounted for by the value of the part taken. Based on the "before and after" valuation methodology, severance damage were estimated as follows:

Value of larger parcel, before condition	\$1,992,000
Value of larger parcel, after condition	<u>\$1,928,000</u>
Difference between before and after values:	\$ 64,000
Less value of part taken	\$ 6,000
Severance Damage based on "before and after" methodology	\$ 58,000

Improvements in the Part Taken

The appraiser estimated the value of the asphalt paved parking area at \$5,000

AMOUNT OF JUST COMPENSATION

Just Compensation for the acquisition of the leasehold interest in Parcel 2701 is as follows:

Value of Part-taken (Leasehold)	\$ 6,000
Severance Damages	\$58,000
Improvements in the Park Taken	<u>\$ 5,000</u>
Total Just Compensation	\$69,000

BERGER & NORTON
A LAW CORPORATION

JF
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Richard D. Norton (Retired)

Of Counsel
Gideon Kanner
Thomas A. Freiberg, Jr.

HAND DELIVERED

July 22, 2003

Michelle Jackson
Board Secretary
MTA
One Gateway Plaza, 3rd Floor
Los Angeles, CA 90012

Re: Notice of Intent to Adopt Resolution of Necessity

Dear Ms. Jackson:

We represent North Chandler Associates (North Chandler), the owner of property that is the subject of your July 8, 2003 Notice of Hearing on Proposed Resolution of Necessity.

Pursuant to Code Civ. Proc. § 1245.235, we request to appear and be heard on North Chandler's behalf at the hearing on the Resolution of Necessity.

Michelle Jackson
July 22, 2003
Page 2

We also make the following objections to the adoption of a resolution of necessity:

There Has Been No Adequate Offer to Acquire

Before adopting a resolution of necessity for the taking of property, the MTA must perform an appraisal of the subject property and make an offer to the owner which complies with Gov't Code § 7267.2. This has not been done.

The MTA's offer is inadequate in several respects, including:

- The Offer fails to provide the principal transactions, reproduction or replacement cost analysis, or capitalization analysis, supporting the determination of value. This violates Gov't Code § 7267.2(b)(2).
- The Offer fails to include sufficient calculations and narrative explanation of severance damages in violation of Gov't Code § 7267.2(b)(3).
- The Offer does not include a map or other legal description which adequately describes the property sought by the MTA. This makes the Offer vague and unintelligible.
- The Offer does not address the harm to North Chandler's business goodwill.

In the absence of a proper Offer, any resolution of necessity adopted by the MTA will be defective.

The Matter Has Been Predetermined

The MTA's decision on this Resolution is predetermined. The MTA has already planned the Project, completed the EIR, hired contractors, and begun construction of the Project. In the course of this work, some of the MTA's contractors and crew have invaded North Chandler's property:

- approximately two weeks ago, a portion of North Chandler's fence was pushed open by construction workers with a back hoe, who entered the Property and began digging a hole in the parking lot. When confronted, the workers claimed they had an order to dig up the parking lot from the contractor for the MTA, and then left the scene;
- approximately five weeks ago, a representative from the phone company appeared on the Property and claimed to have instructions from the contractor for the MTA to strip all phone wiring out of North Chandler's buildings;
- several weeks before the phone company incident, a representative of the gas company entered the Property and claimed he had an order from the contractor for the MTA to remove all gas lines from North Chandler's buildings.

North Chandler Has Been Deprived of Notice and an Opportunity To Be Heard

In adopting a resolution of necessity, the MTA must find, among other things, all of the following:

- "(1) The public interest and necessity require the proposed project. (2) The proposed project is planned or located in the manner that will be most compatible

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with the greatest public good and the least private injury. (3) The property described in the resolution is necessary for the proposed project." (Code Civ. Proc. § 1245.230.)

North Chandler is entitled to adequate notice and an opportunity to be heard on the above-listed matters. (Code Civ. Proc. § 1245.235(a).)

Other than the conclusory statements set forth in the Notice of Hearing and the Offer, North Chandler has been provided with no information to support any of the requirements set forth in Code Civ. Proc. § 1245.230. Thus, North Chandler objects to the adoption of any resolution of necessity on the grounds that it has been given neither adequate notice nor a fair opportunity to be heard.

The Project Will Cause Excessive Injury to North Chandler

The Project has not been planned or located in the manner that will be most compatible with the greatest public good and the least private injury. Among other things, if the terminus area (including the bus turn-around) were moved several hundred feet to the east, the damages to North Chandler's land would be substantially reduced.

Accordingly, the MTA's Project fails to meet the requirements of Code Civ. Proc. § 1245.230(c)(2) and (c)(3).

MTA Has Failed To Comply With CEQA and NEPA

MTA has not fully complied with applicable environmental laws. Such compliance is a prerequisite to exercise of the power of eminent domain.

For example, the comments from numerous agencies, individuals, and other parties contained in Chapter 7 of the EIR/EIS have not been adequately addressed. We incorporate all of those comments and objections into our

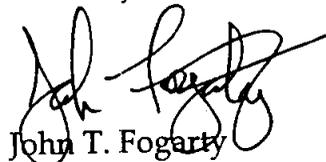
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objections to the MTA's adoption of a resolution of necessity to take North Chandler's property.

Conclusion

For all the reasons stated above, North Chandler Associates requests that the Resolution of Necessity be denied.

Sincerely,



John T. Fogarty
Berger & Norton

PROOF OF PERSONAL SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am over the age of 18 and not a party to the above entitled action;
my business address is 12121 Wilshire Boulevard, Suite 1300, Los Angeles,
California 90025.

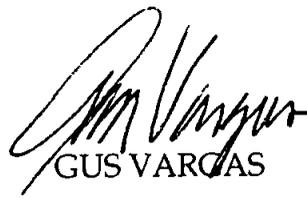
On July 22, 2003, I served the within NOTICE OF INTENT TO
ADOPT RESOLUTION OF NECESSITY on the interested parties in this action by
delivering it by hand to the offices of:

Michelle Jackson
Board Secretary
MTA
One Gateway Plaza, 3rd Floor
Los Angeles, CA 90012

 X (State) I declare under penalty of perjury under the laws of the State
of California that the foregoing is true and correct.

 (Federal) I declare under penalty of perjury that the foregoing is true
and correct.

Executed July 22, 2003, at Los Angeles, California.


GUS VARGAS