MEMORANDUM

TO: The Governing Board

FROM: Joseph T. Edmiston, FAICP, Executive Officer

DATE: February 5, 2014

SUBJECT: Agenda Item IX: Consideration of resolution authorizing: (a) amendments to option agreement for Laurel Canyon and Mulholland properties; (b) contingent reduction of square footage of existing conservation easements on APNs 5565-003-040 and 041; (c) contingent granting of access easement over APN 5565-003-900, and (d) contingent sale of APN 5565-003-900, City of Los Angeles.

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing: (a) amendments to option agreement for Laurel Canyon and Mulholland properties; (b) contingent reduction of square footage of existing conservation easements on APNs 5565-003-040 and 041; (c) contingent granting of access easement over APN 5565-003-900, and (d) contingent sale of APN 5565-003-900, City of Los Angeles.

Background: The Mountains Recreation and Conservation Authority (MRCA) has five parcels at Laurel Canyon Boulevard and Mulholland Drive under a long term option. That option agreement permits the MRCA to assign the right to acquire one of the parcels to the City of Los Angeles. The City Council has approved $1,500,000 of Proposition K funding to acquire that 1.71-acre parcel. The MRCA has officially assigned its right to acquire the property to the City. The City’s Recreation and Parks Commission was about to approve the City’s acquisition of the parcel. However, City staff steadfastly said the City would not acquire the parcel if the owner retained an access easement to Mulholland Drive to his remaining four parcels.

With the City’s acquisition of the 1.71-acre parcel, the MRCA has approved sufficient funding from Measure HH to acquire the remaining four lots over the period of approximately seven years interest free. As the option agreement is written, the owner retains access to his property from Mulholland Drive through the future City property and the existing and future MRCA properties until he owns just one lot that has indisputable access from Amor Drive from Laurel Canyon Boulevard. Any other scenario leaves the Seller vulnerable to an MRCA default. Once the MRCA and City own all of the properties, or all but the last lot, said easement to Mulholland Drive is permanently extinguished.

A local public agency exercising joint powers of the Santa Monica Mountains Conservancy, the Conejo Recreation & Park District, and the Rancho Simi Recreation & Park District pursuant to Section 6500 et seq. of the Government Code.
The owner will not sell the large lot to the City if the sale cuts off his access to Mulholland Drive. If the MRCA cannot find another solution, the Santa Monica Mountains permanently lose over a million dollars in hard won funding to acquire an iconic mountain property. The proposed set of actions provide the solution to allow the sale to the City to proceed immediately. The Seller has agreed that these actions will remedy his concerns. The MRCA would essentially temporarily collateralize some of its real estate interest in the project, but maintains total control just by making its already approved and funded annual payments on the properties, that take the parcels one-by-one. The great reward far outweighs the small risk.

The first action is to amend the standing option agreement to incorporate the below elements. The remaining actions are all contingent on both the MRCA defaulting on acquiring three of four remaining lots and (as back up insurance) the City of Los Angeles not providing approvals for adequate access to the owner’s properties. Under this improbable default scenario, the owner can apply to the City for a Private Street Map to serve the remaining lots from his Laurel Canyon Boulevard access. Only, if that Private Street Map application is denied, the remaining actions would then restore adequate value back to the owner. In any case the large top lot and other lots would no matter what remain under public ownership.

The first of these three contingent restorative actions is to remove the thin inter-lot portions of two existing conservation easements on lots 040 and 041 as shown on the attached figure. Those easements are now redundant because the MRCA secured a superior east-west habitat linkage through the site just to the north. The second action is to grant the owner a new access easement to Laurel Canyon Boulevard over MRCA-owned APN 5565-003-900 (see attached figure). The third action is to offer APN 5565-003-900 at a reduced price to said owner.