

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to proposed indemnity agreement with the current owners of Watts Station.

Recommendation for Council action, pursuant to Motion (McOsker – Hutt):

AUTHORIZE the City Attorney and the Department of General Services to enter into an Indemnity Agreement with the current property owners of Watts Station to:

- a. Indemnify the Assignors and their respective affiliates from and against any and all third-party claims, losses, and expenses relating to the City's failure to perform its obligations under the Equitable Community Revitalization Grant (ECRG) Agreement following the effective date of the Assignment Agreement.
- b. Indemnify the City and its respective affiliates from and against any and all third-party claims, losses, and damages arising out of or relating to Assignors' failure to perform their obligations under the ECRG Agreement on or before the effective date of the /Assignment.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On August 19, 2025, your Committee considered a Motion (McOsker – Hutt) relative to proposed indemnity agreement with the current owners of Watts Station. According to the Motion, Watts Station is a historic train station that is part of the Watts Cultural Crescent, a partially developed ten-acre green space connecting the station to Watts Towers. On September 20, 2024, a Motion (Council File No. 24-1144) was introduced directing City staff to negotiate an agreement for the purchase of Watts Station. The purchase would enable the local community to expand the existing Watts Cultural Crescent and connect it to the Watts Towers campus while also creating additional public space that captures the area's cultural, historical and community significance.

In order to continue the process of acquiring Watts Station, the City and the property owner have signed an Assignment and Assumption Agreement (Assignment Agreement) which now obligates the City to take on the obligations/requirements of the Equitable Community Revitalization Grant (ECRG) Agreement. The ECRG Agreement is a formal contract between a grantee and the California Department of Toxic Substances Control (DTSC) for receiving funds to support the cleanup and revitalization of contaminated properties in disadvantaged communities.

Housing Corporation of America, as managing general partner of Watts Station, L.P., served as the original grantee under the ECRG Agreement. Thomas Safran and

Associates (TSA) is affiliated with the original grantee as they played a lead role in project implementation and grant compliance. Housing Corporation of America and TSA (Assignors) have completed the funded environmental cleanup work required under the ECRG Agreement and have received approval from DTSC. The DTSC has stated that in the event the City fails to fulfill the remaining reporting or reuse-related obligations, DTSC may seek recourse against Housing Corporation of America and/or TSA.

The remaining obligations under the ECRG Agreement are limited and administrative in nature and relate exclusively to the City's planned reuse of the site, including without limitation:

- (1) Notifying DTSC once the reuse plan is finalized.
- (2) Responding to future DTSC information requests.
- (3) Submitting a short reuse summary with photographs.
- (4) Ensuring no changes in use that would render the project ineligible.

Because the Assignment Agreement does not eliminate the potential for DTSC to hold the original grantee or its affiliates accountable for the City's future nonperformance, the Assignors desire to clarify: (1) that the City will indemnify the Assignors solely for claims resulting from the City's failure to perform its post-assignment obligations under the ECRG Agreement; and (2) that the Assignors will indemnify the City for claims resulting from the Assignors' failure to perform its pre-assignment obligations under the ECRG Agreement. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA:	YES
LEE:	ABSENT
JURADO:	YES

ARL
8/19/25
CD 15

-NOT OFFICIAL UNTIL COUNCIL ACTS-