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Via Email

June 27, 2025

The Honorable City Council
Attention: Heleen Ramirez
Trade, Travel and Tourism Committee
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Email: heleen.ramirez@lacity.org

Re: City Council's July 1, 2025, hearing on a proposed resolution of necessity for partial condemnation of property located at 9860 South Sepulveda Boulevard and 6225 West Century Boulevard (APN 4124-026-011) in connection with the Airfield Terminal Modernization Project and owner's objections to adoption of such a resolution of necessity

Agenda Item No. 3

Dear Ms. Ramirez:

This firm represents SWC CA LAX LLC and its representative, Washington Capital Management, Inc., the owner of property located at 9860 South Sepulveda Boulevard and 6225 West Century Boulevard, Los Angeles (Assessor's Parcel No. 4124-026-011), which is the subject of the City Council's notice of a July 1, 2025, hearing to adopt a resolution of necessity authorizing partial condemnation of a partial fee acquisition, a permanent easement, and two temporary-construction easements on Owner's property in connection with LAWA's Airfield Terminal Modernization Project.

We submit this letter to document and preserve Owner's objections to the City Council's proposed resolution of necessity. Enclosed are Owner's objection letters sent to LAWA's Board prior to its consideration and adoption of the resolution of necessity. Owner makes the same objections to the City Council's proposed resolution of necessity as it did to LAWA's resolution of necessity and incorporates those objections into this letter by reference.

Allen Matkins Leck Gamble Mallory & Natsis LLP
Attorneys at Law

The Honorable City Council
June 27, 2025
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Owner requests that this objection letter be included in the record for Agenda Item Number 3 for the hearing for the City Council to consider adoption of a resolution of necessity.

We request that copies of this objection letter be distributed to all City Councilmembers prior to their considering the adoption of any resolution of necessity.

For the reasons detailed in the enclosed letter, Owner respectfully requests that the City Council (1) *not* proceed with the adoption of any resolution of necessity and instead direct LAWA (2) to obtain a new or updated appraisal that properly values the property and resultant severance damages and (3) to make a proper offer to purchase.

Very truly yours,



K. Erik Friess

KEF
Enclosures

May 30, 2025 Letter to LAWA re Objections to Proposed Resolution of Necessity
June 4, 2025, Letter to LAWA re Objections to Proposed Resolution of Necessity



1200 Sixth Avenue, Suite 700
Seattle, WA 98101

Telephone (206) 382-0825

May 30, 2025

VIA OVERNIGHT MAIL
AND VIA EMAIL

Los Angeles World Airports
Attn: Board Secretary
1 World Way, Room 115
Los Angeles, California 90045

Re: Request for Continuance, Request to Be Heard, and Objection to Proposed Adoption of Resolution of Necessity to Acquire Certain Property Interests by Eminent Domain in the Property Located at 9860 South Sepulveda Boulevard, Los Angeles, California and 6225 West Century Boulevard, Los Angeles, California 90045 and Identified as Assessor Parcel Number (APN) 4124-026-011 (the "Subject Property")

Dear Board Secretary:

SWC CA LAX LLC, as owner of the Subject Property and its representative, Washington Capital Management, Inc. (collectively, "Owner") is in receipt of the May 19, 2025 Notice of Hearing Regarding Adoption of a Resolution of Necessity to Acquire Property by Eminent Domain regarding the Subject Property noticed for June 5, 2025, at 10:00 a.m. (the "Hearing") and respectfully requests that the Hearing be continued by no less than ninety (90) days to enable the Owner to complete its assessment of the proposed taking and enable the Owner and the Los Angeles World Airports ("LAWA") an opportunity to resolve this matter informally.

In the event the Hearing is not continued, pursuant to California Code of Civil Procedure section 1245.235, the Owner respectfully requests to appear and be heard at the Hearing regarding the adoption of the Resolution of Necessity.

Furthermore, without waiving any rights to present other grounds at the Hearing, the Owner objects to the adoption of the Resolution of Necessity as improper at this time on each of the following grounds:

1. LAWA Has Failed to Extend a Legitimate Precondemnation Offer Pursuant to Government Code section 7267.2

Government Code section 7267.2 provides that LAWA must make a proper offer of just compensation based upon its approved appraisal as a mandatory prerequisite to adopting a resolution of necessity. Code Civ. Proc. Sections 1240.040, 1245.230(c)(4); and see *City of San Jose v. Great Oaks Water Co.* (1987) 192 Cal.App.3d 1005.

While LAWA presented a valuation of the proposed just compensation for the permanent partial fee interest and easement taking and a temporary construction easement for over an estimated two-year period, which Owner did not receive until April 11, 2025. Unfortunately, LAWA's valuation fails to take into account all the relevant facts and factors to support a proper analysis. In fact, absent from LAWA's valuation, is the consideration of the significant loss of business the Owner will suffer as a result of the proposed taking. Furthermore, the valuation does not apply proper methodologies and fails to undertake the required analysis. LAWA's appraisal of \$4,036,476 as just compensation to Owner does not accurately reflect the permanent loss of billboards and 40% of the property's on-site revenue generating parking. Additionally, LAWA's valuation completely fails to account for the substantial disruption to the Owner's Hotel operations caused by construction activity that will be lasting 26 months on the property. Given the great disparity in these valuations, LAWA's precondemnation offer is invalid and cannot support the adoption of the Resolution of Necessity regarding the Subject Property.

Corrections made to any valuation after the adoption of a resolution of necessity is not proper and should not be permitted here. At a minimum, the Hearing should be continued to enable the parties to resolve the dispute regarding the valuation.

2. LAWA Has Failed to Negotiate in Good Faith As Required by Government Code section 7267.1

Pursuant to section 7267.1, LAWA has an affirmative obligation to first seek to acquire the Subject Property by negotiation. *Johnston v. Sonoma County Agricultural Preservation & Open Spaces Dist.* (2002) 100 Cal.App.4th 973. The Owner has made a reasonable request for additional time so that it can complete its valuation of the loss that will be sustained as a result of LAWA's proposed condemnation and to assess the adequacy of its precondemnation offer. Given the complicated nature of the business operations, this is not an analysis that can be completed overnight. The very recent changes to the Project scope, the compressed timeline of which is set forth on the third page of Washington Capital's Memo, have not allowed Owner sufficient time to review the new details and conduct its own appraisal, which is set to be completed by mid- to late-July 2025.

A legitimate precondemnation offer requires that the negotiations be made in good faith. The fact that LAWA's current valuation fails to take into account significant facts and information and also misapplies an incorrect cap rate demonstrates that it is not offering the Owner just compensation for the proposed taking. Moreover, the proposed construction easement will limit ingress and egress to the Hotel, negatively impact visibility, likely deter customers/guests and vendors to the Hotel, one of the few hotels located near an international airport ranked as one of the busiest by

total passengers in the world. The construction may or may not result in loss of utilities to certain Hotel rooms. Yet, these significant business-related damages are entirely omitted from LAWA's valuation. LAWA expects the Owner to accept a knowingly inadequate offer with the looming threat of potential litigation. While the Owner remains willing to continue its negotiations in good faith, they should not be forced to accept an amount that does not constitute just compensation without having sufficient opportunity to assess the valuation. As such, the Owner respectfully requests that, at a minimum, the Hearing be continued or the Resolution of Necessity not be adopted.

3. If the Resolution of Hearing Moves Forward on June 5, 2025, Without Affording the Owner an Opportunity to Complete Its Analysis, No Fair Hearing Can Take Place

To determine whether a resolution of necessity should be adopted, the hearing that takes place must be fair and determined on the basis of evidence that is presented in a judicious and nonarbitrary fashion. *Redevelopment Agency v. Norm's Slauson* (1985) 173 Cal.App.3d 1121, 1129. Where it is impossible for a fair and impartial hearing to take place - - such as is the case here where the information is incomplete and inaccurate and the Owner has not had sufficient time to evaluate the proposed valuation - - the resolution of necessity would be deemed void. *Id.* Under the circumstances here, any Hearing would be a pre-tense and premature adoption of the Resolution of Necessity (without affording the Owner sufficient time to fully assess the LAWA valuation and complete its own assessment) would effectively and improperly "rubber stamp" a pre-determined result.

Furthermore, until the Owner can fully assess and evaluate LAWA's valuation and proposal, it cannot determine that the proposed Project is, in fact, planned or located in a manner that will be most compatible with the greatest public good and the least private injury. The Owner reserves its rights to object on those grounds as well.

On all of the foregoing grounds as well as any that may be presented at the Hearing, the Owner objects to the Hearing taking place on June 5, 2025, as well as any adoption of a resolution of necessity. At a minimum, the Owner requests that the Hearing be continued to a date no earlier than 90 days from the date of this letter.

Sincerely,


Matt DeBellis

Senior Vice President
Washington Capital

Attachment: Memo from Washington Capital

Copies Delivered as Noted:

Marla Bleavins (via email)

Chief Airport Administrative Officer
Commercial Development Division
Los Angeles World Airports
1 World Way
Los Angeles, California 90045-5803

Cynthia Alexander, Esq. (via overnight mail and email)
Office of the City Attorney, Airport Division
1 World Way, Room 104
Los Angeles, CA 90045

Evan Haug, Commercial Development Division (via email)

Jeffrey Gilbo, Commercial Development Division (via email)

MEMORANDUM



To:

From: Washington Capital

Date: May 19, 2025

Re: **Hyatt Regency LAX**
Pedestrian Bridge

Current Status:

- Los Angeles World Airports (LAWA) has offered \$4,037,000 for the following:
 - 1) A fee taking of 100 square feet for permanent installation of an overhead directional Guide Sign;
 - (2) A permanent easement of 3,358 square feet for a Pedestrian Bridge;
 - (3) A temporary construction easement (TCE) containing 620 square feet for a duration of two (2) months for construction of the overhead sign; and
 - (4) A temporary construction easement (TCE) containing 3,335 square feet for a duration of 26 months for construction of the Pedestrian Bridge and the overhead directional Guide Sign.
- On May 20, 2025, we received via email a Notice of Hearing for a Resolution of Necessity is scheduled for June 5, 2025,
- It will take approximately ten (10) weeks to get an appraisal which includes the full impact on business operations during construction, the permanent impact of losing approximately 40% of total on-site parking as it relates to revenue and business operations, the full impact of the loss of billboards and ground floor hotel retail, among others.

Background:

- On February 10, 2025, we received an offer letter (dated February 6, 2025), outlining a proposal from Los Angeles World Airports (LAWA) to acquire a portion of the property for the purpose outlined herein. We were given until March 10, 2025, to accept the offer. The offer price was \$1,910,000 which included the permanent loss of 12 parking stalls, among other items.
- On March 28, 2025, we received a revised offer letter from LAWA for \$2,835,000. The primary changes being that 16 spaces would be lost permanently. There was mention of required re-striping for ADA accessible spaces that would result in an additional 50 lost stalls, but there was no compensation associated with that. The incorrect assumption was made that the easement agreement giving access to the nearby parking structure could be changed to provide for 50 spaces in the parking garage. We were given until April 28, 2025, to accept the offer.
- On April 11, 2025, we were given a third offer from LAWA with a valuation of \$4,037,000. The primary change with this offer was to compensate for the loss of 50 stalls permanently. We were given until May 10, 2025, to accept the offer.
- During the week of April 21, 2025, a meeting was requested with LAWA to discuss the potential impact of the pedestrian bridge to hotel operations and the loss of 50 permanent parking stalls, among others
- On May 2, 2025, we met with LAWA to discuss the proposed project. LAWA said they would follow-up from the discussion in the meeting.
- There was a meeting on May 21, 2025, as requested by LAWA, to follow-up from the May 2nd meeting.

Conclusion:

Active dialogue has been ongoing with LAWA. We need time to get an accurate appraisal to assess the full proposal from LAWA and to continue our discussions.

Allen Matkins

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Direct Dial: 949.851.5478 File Number: 119600.02530/4934-0065-8506.1

Via Email

June 4, 2025

Board Secretary
Board of Airport Commissioners
Department of Airports
City of Los Angeles
1 World Way, Room 115
Los Angeles, CA 90045

Email: laxboac@lawa.org

Re: LAWA's June 5, 2025, hearing on a proposed resolution of necessity for partial condemnation of property located at 9860 South Sepulveda Boulevard and 6225 West Century Boulevard (APN 4124-026-011) in connection with the Airfield Terminal Modernization Project and owner's additional objections to adoption of such a resolution of necessity

Agenda Item No. 19

Dear Board Secretary:

This firm represents SWC CA LAX LLC and its representative, Washington Capital Management, Inc., the owner of property located at 9860 South Sepulveda Boulevard and 6225 West Century Boulevard, Los Angeles (Assessor's Parcel No. 4124-026-011), which is the subject of the Board of Airport Commissioners' notice of a June 5, 2025, hearing to adopt a resolution of necessity authorizing condemnation of a partial fee acquisition, a permanent easement, and two temporary-construction easements on Washington Capital's property in connection with LAWA's Airfield Terminal Modernization Project.

Washington Capital previously sent objections to LAWA's proposed resolution of necessity on May 30th. We submit this letter to document and preserve Washington Capital's additional objections to LAWA's proposed resolution of necessity. Washington Capital requests that this additional objection letter be included in the record for Agenda Item Number 19 for the hearing for the Board to consider adoption of a resolution of necessity.

Board Secretary

June 4, 2025

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We request that copies of this objection letter be distributed to all Board decision-makers prior to their considering the adoption of any resolution of necessity.

OBJECTIONS

LAWA has not satisfied State-mandated prerequisites for adopting a resolution of necessity. More specifically, LAWA failed to make an offer of just compensation based on a valid appraisal of the property. Thus, LAWA cannot adopt a resolution of necessity.

Under California's Eminent Domain Law, a condemning agency must comply with several procedural prerequisites before adopting a resolution of necessity and instituting a condemnation action. Among other requirements, the condemning agency: (1) must appraise the fair market value of the property to be condemned; (2) must make an offer of just compensation reflective of that value; (3) must provide a written statement explaining the basis of the agency's determination of fair market value; and (4) must engage in good-faith negotiations before initiating a condemnation offer. (Gov. Code, §§ 7267.1, 7267.2; Code Civ. Proc., § 1245.230.)

LAWA has not completed the above-listed prerequisites for adopting a resolution of necessity to condemn Washington Capital's property. LAWA is required to pay the owner the fair market value of the property that LAWA intends to take. (Cal. Const., art. I, § 19; Code Civ. Proc., § 1263.310.) Accordingly, LAWA's appraisal must accurately reflect the fair market value of Washington Capital's property and take into account all relevant considerations.

But LAWA's appraisal is seriously defective, rendering it invalid, as detailed below. Because of these significant defects in the appraisal, LAWA has not properly made an offer under Government Code section 7267.2 and cannot make a finding that it has. Thus, LAWA cannot properly adopt a resolution of necessity.

LAWA's appraisal misses the proper value of Washington Capital's property.

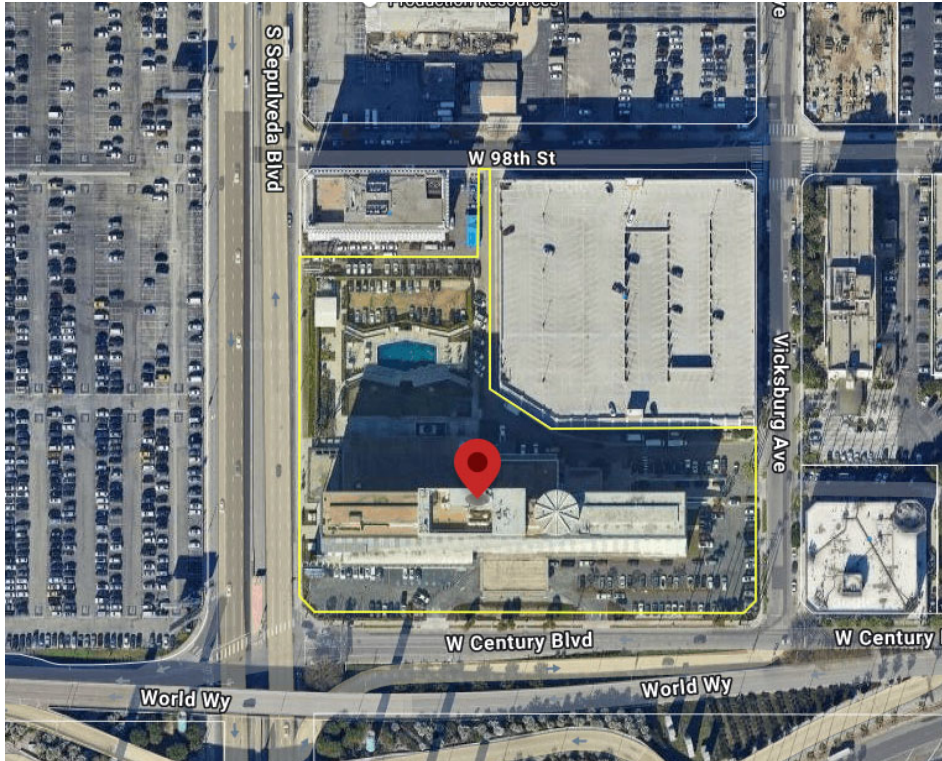
Washington Capital's property is a nearly 4.7-acre property, located at the corner of Sepulveda Boulevard and Century Boulevard. The property is currently developed with a 13-story, 580-room Hyatt Regency hotel, parking, and hotel-related amenities (e.g., first-floor retail, pool). It also has two billboards facing Sepulveda Boulevard.

As shown in the below aerial photograph, Washington Capital's property has ideal access and visibility from two major thoroughfares:

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Despite the property's being located in a fantastic location for hotels, LAWA's appraiser mistakenly concluded that the highest-and-best use of the property is future redevelopment of commercial or industrial uses. Tellingly, LAWA's appraiser provides scant analysis or discussion to support his highest-and-best use opinion.

Even though Washington Capital's property is entitled and improved with a hotel development, LAWA's appraiser disregarded the improvements, which is improper. By defining the property as "land only," LAWA's appraiser excluded from the analysis various severance damages (as discussed below). No law allows LAWA to appraise an *improved* property using the fiction that it is *vacant*.

LAWA violated Government Code section 7267.2 by failing to appraise Washington Capital's *improved* property. "A public agency may exercise the power of eminent domain only if it has adopted a resolution of necessity that meets the requirements of" the Eminent Domain Law. (Code Civ. Proc., § 1240.040.) If a public entity's resolution of necessity is defective, it *cannot* condemn private property. As the Law Revision Commission explained in its comments to section 1240.040: "If the public entity fails to adopt such a resolution [of necessity], or adopts a defective resolution, it may not condemn property." (Cal. Law Revision Comm. com., West's Ann. Cal. Code Civ. Proc. (2025 ed.) foll. § 1240.040; see also Code Civ. Proc., § 1245.220.)

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The law requires that LAWA satisfy certain procedural prerequisites *before* adopting a resolution of necessity. A precondemnation offer under Government Code section 7267.2 is a procedural prerequisite of a resolution of necessity. The resolution of necessity must recite that the offer required by Government Code section 7267.2 has been made. (Code Civ. Proc., § 1245.230, subd. (c)(4).) But if a resolution of necessity contains inaccurate or insufficient information, the public agency *cannot* condemn the property. (See *City of Ontario v. We Buy Houses Any Condition, LLC* (2024) 103 Cal.App.5th 1212, 1217-1219 [failure to provide public project description in a resolution of necessity is a gross abuse of discretion]; *City of Stockton v. Marina Towers, LLC* (2009) 171 Cal.App.4th 93, 114-115 [vague project description in a resolution of necessity is a gross abuse of discretion]; see also *City of San Jose v. Great Oaks Water Co.* (1987) 192 Cal.App.3d 1005, 1011-1013 [failure to provide summary statement required by Government Code section 7267.2 renders resolution of necessity defective].) An inaccurate appraisal will derail the resolution of necessity, as described below.

Government Code section 7267.2 requires that the *actual* property sought to be condemned be appraised. If property is *improved*, an appraisal of *vacant* land is *not* an appraisal of the property actually being taken. Before adopting a resolution of necessity, the condemning agency must extend an offer of just compensation based on an appraisal reflecting the fair market value of the *actual* property that is to be condemned; the appraisal must accurately identify and describe the *actual* property sought for condemnation. (Code Civ. Proc., §§ 1240.040, 1245.230, subd. (c)(4); see also Evid. Code, § 816 [a “comparable sale” property “must be sufficiently alike in respect to character, size, situation, usability, and improvements, to make it clear that the property sold and the property being valued are comparable”]; 25 Cal. Code reg., § 6182, subd. (c)(1) [compensation shall be based on “the real property being acquired”]; The Appraisal of Real Estate (Appraisal Institute, 15th ed. 2020), pp. 41-42 [explaining that one of the first steps in the appraisal process is determining the property’s characteristics, including its location and physical characteristics]; Uniform Standards of Professional Appraisal Practice, Standards Rule 1-2(e) [in preparing an appraisal, an appraiser must identify the property’s characteristics]; Uniform Standards of Professional Appraisal Practice, Standards Rule 1-1(b) [in preparing an appraisal, an appraiser “must not commit a substantial error of omission ... that significantly affects an appraisal.”].) Accurate identification of property sought to be condemned is integral to a property owner’s right to procedural due process.

The appraisal cannot be of a *hypothetical, nonexistent* property – it must be for the *actual* property being acquired. (See Gov. Code, § 7267.2, subd. (b)(3) [“the just compensation *for the real property acquired*”]; see also 25 Cal. Code reg., § 6182, subd. (c)(1) [the determination of just compensation must be based on consideration of “*the real property being acquired*”].) Prior to initiating negotiations with the property owner, a condemning agency is required to: “Establish an amount it believes to be just compensation for the property, which amount shall, in no event, be less than the public entity’s appraisal of the fair market value of *the property as improved*.” (25 Cal. Code reg., § 6182, subd. (b)(3), emphasis added.)

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No statute, regulation, or case authority allows LAWA to appraise Washington Capital's improved property as hypothetical, vacant land. The applicable statutes and regulations indicate that LAWA's appraisal must be of *improved* property since the property being appraised for acquisition is improved. LAWA made a precondemnation offer based on an appraisal of a completely different property, *not* the property LAWA seeks to acquire.

LAWA's appraisal ignored the income-producing nature of Washington Capital's property.

LAWA's appraiser used only the sales-comparison approach to value Washington Capital's property. LAWA's appraiser asserted that the sales-comparison approach is the principal approach used to value land. But Washington Capital's property is *not* vacant land.

LAWA's appraiser ignored that Washington Capital's property is income-producing. LAWA's appraiser should have also used the income-capitalization approach to value Washington Capital's property. This is a significant omission.

The Appraisal of Real Estate identifies that any property "that has the potential to generate income can be valued using the income capitalization approach." (The Appraisal of Real Estate (Appraisal Institute, 15th ed. 2020), p. 414.) The Appraisal of Real Estate specifies that the income-capitalization approach should be given "greater weight" than the other valuation approaches (e.g., sales-comparison approach) in determining an income-generating property's value. (*Id.* at pp. 414-415.)

LAWA's appraisal used non-reflective and outdated comparable sales.

To determine land value, LAWA's appraisal includes 11 "comparable" land sales. Several "comparable" land sales are zoned for office and residential. Very few are zoned for industrial and commercial uses. It is unclear why LAWA's appraiser selected land sales zoned for office and residential when the appraiser's highest-and-best use conclusion is industrial or commercial use. The office and residential land sales drove down the valuation range for Washington Capital's property.

LAWA's appraiser did not indicate whether the "comparable" land sales were put under contract at *unentitled* values. There was no discussion or analysis of the properties' entitlement status. This is a significant miss as buyers often seek entitlements *after* the properties are put under contract, thereby locking in *lower* prices per square foot.

The non-reflective, unentitled "comparable" land sales used by LAWA's appraiser drove down the value conclusion for Washington Capital's property. And LAWA's appraiser chose a price per square foot in the *middle* of the range of the "comparable" sales. At a minimum, Washington Capital's price per square foot should have been at the top of the range. LAWA's appraiser's land valuation is likely off by *at least* \$100 per square foot.

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Additionally, LAWA's appraiser used *extremely* dated sales. LAWA's appraiser found one sale from 2025 and one sale from 2024. The other sales were years older. Some sales were as far back as April 2019 and March 2021. LAWA's appraiser's outdated "comparable" sales do not reflect fair market value in this rapidly escalating real-estate market. This should be reflected in LAWA's appraisal.

LAWA's project is not planned or located in a manner that will be most compatible with the greatest public good and the least private injury.

A public agency may not exercise the power of eminent domain for a proposed project unless it establishes that "the project is planned or located in a manner that will be most compatible with the greatest public good and the least private injury." (Code Civ. Proc., § 1240.030, subd. (b).) LAWA's project is *not* planned to create the least private injury to Washington Capital. LAWA has failed to provide any documentation that demonstrates that the project results in the least private injury to Washington Capital. In fact, LAWA has provided *no* documents that show that LAWA even considered Washington Capital's injury.

One of the most significant private injury concerns is the property's significantly reduced parking during construction and in the after condition. Even though Washington Capital indicated to LAWA that there are serious issues with the permanent elimination of 50 parking spaces, LAWA failed to alleviate (or even address) these parking concerns. LAWA failed to consider Washington Capital's private injury if it cannot maintain adequate on-site parking on Washington Capital's property.

Additionally, Washington Capital's two billboards currently on the property along Sepulveda Boulevard will have terrible visibility in the after condition. LAWA's appraiser significantly undervalued the income being generated by these billboards, and the impacts to Washington Capital's real property and business if the revenue being generated by these billboards is substantially reduced.

LAWA's appraisal grossly underestimates Washington Capital's devastating severance damages, both for physical changes caused by LAWA's project and impacts to parking.

LAWA's project permanently eliminates 50 parking spaces from Washington Capital's property. This is a significant loss of parking as the hotel has a total of 120 parking spaces. This is a loss of over 40% of the property's on-site parking spaces. On-site parking is a vital component of Washington Capital's successful hotel operation on the property. Washington Capital's business model provides convenient lodging and parking for its guests traveling through LAX. The elimination of over 40% of the property's convenient on-site parking will have real-estate valuation impacts and reduce Washington Capital's business goodwill.

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LAWA's appraiser downplays the number of on-site parking spaces lost due to LAW A's project. LAW A's appraiser ignores that by permanently eliminating 16 parking spaces (and temporarily eliminating 21 additional parking spaces for a duration between six to 26 months), Washington Capital's entire parking lot will need to be brought up to current City code standards. So, Washington Capital will lose 50 (not 16) parking spaces. Despite this significant loss of parking spaces, LAW A's appraiser opines that there are no severance damages. This is facially absurd.

And LAW A's appraiser's suggestion that permanent off-site parking is an equivalent replacement of the on-site parking spaces lost is ridiculous. Washington Capital's guests look for convenience when selecting a hotel. Having to park off-site and walk over a quarter of a mile – with luggage – to access Washington Capital's hotel will drive potential guests away. These guests will select another LAX-adjacent hotel with sufficient on-site parking instead.

Despite the significant impacts of LAW A's acquisitions (detailed throughout this objection letter), LAW A's appraisal identifies *zero* severance damages. LAW A's appraiser ignores significant severance damages by asserting that the remainder property is only slightly smaller (2%) in the after condition and has the same topography and general shape. This rationale is purposely obtuse. LAW A's appraiser fails to acknowledge and analyze the significant impacts caused by LAW A's massive pedestrian bridge and directional signage. Asserting that there are no severance damages is a preposterous position.

**LAW A's appraisal ignored impacts caused by the proposed
pedestrian bridge and directional guide sign.**

In the after condition, Washington Capital's hotel will face a massive, above-grade concrete bridge rather than its current open perspective. The pedestrian bridge is merely 200 feet away from the hotel's lobby door. It will tower and loom over the entrance of Washington Capital's hotel.

The following are exhibits that depict LAW A's proposed bridge structure adjacent to Washington Capital's hotel:

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This massive concrete bridge will attract graffiti, which Washington Capital will not be able to cover or address as the bridge is located on LAWA land. And the bridge structure will also attract crime and homeless encampments, which will negatively impact Washington Capital's property. Finally, the entire hotel, especially the guest rooms closest to the construction area and bridge, will experience a loss of privacy due to the bridge's above-grade view into the hotel. At a

Board Secretary

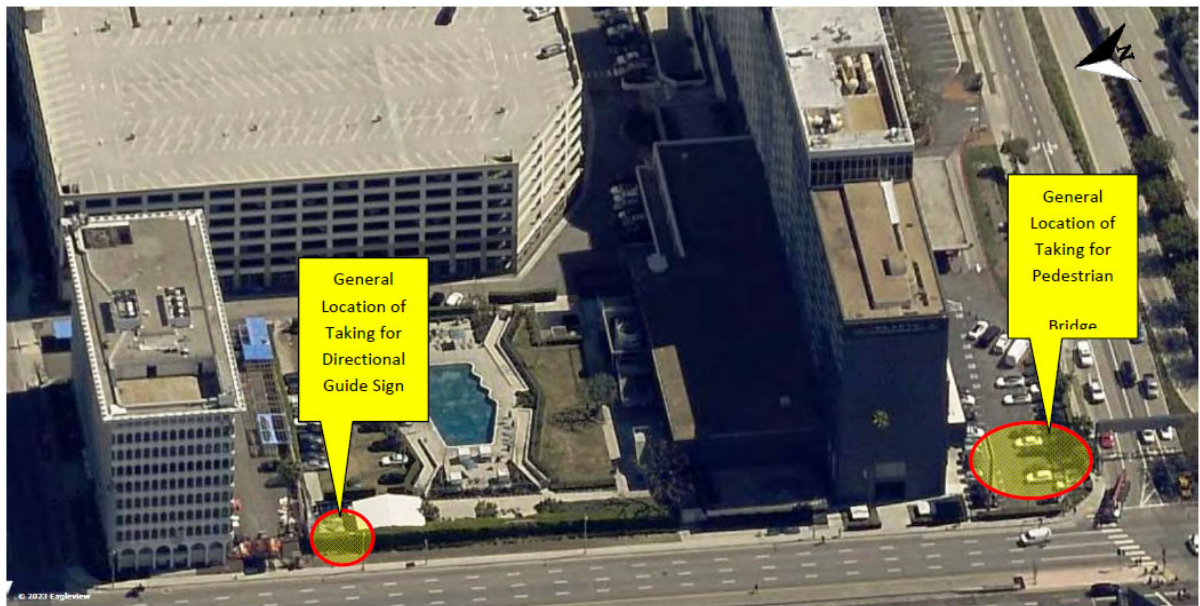
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minimum, the guest rooms closest to the bridge will need to be rented at reduced rates in the after condition.

Despite being unable to utilize the permanent easement area being acquired for LAWA's pedestrian bridge, LAWA's appraiser values the easement at 90% of fee value. This is much too low; the permanent easement should be valued at 100% of fee value.

And LAWA's gantry directional guide sign will detract from the aesthetics of Washington Capital's hotel. The directional guide sign will negatively impact the view and feel of the hotel's amenities, including its pool area. It will also negatively impact the guest rooms facing the gantry signage. The following is an aerial photograph with the location of the directional guide sign identified:



LAWA's appraisal missed construction impacts to Washington Capital's property.

Washington Capital will need to address and manage guest issues and other inconveniences during LAWA's years-long construction period. Increased noise, dust, debris, light, vibrations, security issues, and other disruptions caused by LAWA's construction will impact Washington Capital's guests and employees. Washington Capital will experience light and noise pollution during LAWA's construction. This will negatively impact all hotel guests, especially guests with windows facing the construction areas. Washington Capital will need to offer room rental rate reductions and concessions to try to minimize the loss of guests, and may need to offer significant incentives to attract prospective guests.

Access to and from Washington Capital's hotel will also be impacted by LAWA's construction. Yet LAWA's appraiser ignores this.

LAWA's appraisal undervalues the temporary construction easements.

Even though Washington Capital, its guests, and its employees will not be able to use the areas impacted by the temporary-striping easement and the access easement, LAWA's appraiser values these easements at only 75% of fee value. A figure closer to 100% of fee value should be used to acknowledge the limitations of access and use of these areas.

LAWA's appraisal missed impacts to Washington Capital's income-generating billboards on the property.

Washington Capital's property has two outdoor billboards facing Sepulveda Boulevard, which generate income for the property.

LAWA's appraiser acknowledges that the south-facing billboard will be obstructed by LAWA's pedestrian bridge. LAWA's appraiser also acknowledges that changing its advertising messages may be more difficult after the pedestrian bridge is built due to the close proximity between the billboard and the bridge. And LAWA's overhead directional signage will obstruct Washington Capital's other billboard on Sepulveda Boulevard.

Despite identifying that some billboards generate revenue between \$28,000 to \$53,000 *per side per month*, LAWA's appraiser selects \$4,000 and \$2,500 for the monthly rental rates for Washington Capital's two billboards. And LAWA's appraiser values the impacts at 95% of the underlying value, not 100%. If the billboards are not visible and marketing messages cannot be changed, they should be valued at 100%. LAWA's appraiser's rental figures are extremely low and do not reflect the income they generate for Washington Capital. The loss of these billboards negatively impacts the real-estate valuation of Washington Capital's property and its business goodwill.

If LAWA was truly inflicting the least private injury, it would work with Washington Capital to relocate its two billboards to other viable locations on Washington Capital's property to maintain at least some of the revenues generated by these billboards. But LAWA failed to do so. This is yet another example of LAWA failing to inflict the least private injury on Washington Capital.

**LAWA's appraisal suggests the "possibility of a perceived benefit" from LAWA's project.
Not so.**

LAWA's appraiser notes that Washington Capital's hotel "will have the possibility of a perceived benefit" from LAWA's new pedestrian bridge since access across Sepulveda Boulevard will be 200 feet from the hotel's lobby door. That is not correct. This assertion ignores the nature

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of Washington Capital's business and the guests that select this hotel for lodging while traveling through LAX. Washington Capital's guests travel through LAX, rent a car, and park their rental car in the hotel's parking lot. Convenience is key for Washington Capital's guests. None of Washington Capital's guests will be using the pedestrian bridge to access LAX – the bridge does not provide convenient access to and from LAX. And there is already a signalized intersection at the location of the pedestrian bridge – a pedestrian bridge is wholly unnecessary. The pedestrian bridge harms Washington Capital's property; it does not provide any quantifiable benefits.

LAWA's appraisal undervalues the two borings it is going to complete prior to project construction.

LAWA's appraisal acknowledges that it will need to complete two borings prior to commencement of project construction. The borings will take 12 days to complete. LAW A's appraisal acknowledges that eight parking spaces will be unavailable for the 12-day boring period. The borings will require the storage of equipment on Washington Capital's property and adjacent Sepulveda Boulevard. There will be access, noise, vibration, and other impacts during this 12-day period. LAW A's appraiser ignores these impacts. LAW A's appraisal includes compensation to rent eight off-site parking spaces for this 12-day period. There is no valuation of the impacts to Washington Capital besides this meager parking-space-rental amount (\$5,500). This is a significant miss by LAW A's appraiser.

Conclusion.

Because the evidence presented in these objections and the previously provided objections establishes that LAW A's appraisal is fundamentally flawed, LAW A *must* commission a new appraisal that properly assesses Washington Capital's property, and LAW A *must* make a new offer before proceeding with a resolution of necessity. (See Cal. Code Regs., tit. 25, § 6182, subd. (i)(2).) The requirement to update the appraisal is *not* discretionary; California Code of Regulations section 6182 states that LAW A "shall" update its appraisal in this circumstance. (*Ibid.*) LAW A must correct the fundamental issues with its appraisal so the parties can engage in good-faith negotiations and increase the likelihood of avoiding litigation. (See Gov. Code, § 7267.1, 7267.2.)

Public agencies have a "high order" duty to look out for the property owner's interests and ensure that just compensation is paid. (See *City of Los Angeles v. Decker* (1977) 18 Cal.3d 861, 871.) Since Washington Capital has made LAW A aware of the fundamental defects, mistakes, and omissions in its appraisal, LAW A cannot fulfill its "high order" duty without correcting its appraisal and making a new offer to Washington Capital.

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Washington Capital therefore respectfully requests that LAWA (1) *not* proceed with the adoption of any resolution of necessity and that LAWA instead (2) obtain a new or updated appraisal that properly values the property and resultant severance damages and (3) make a proper offer to purchase.

Very truly yours,



K. Erik Friess

KEF