


0150-12924-0000

**TRANSMITTAL**

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 04/18/2025	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT N/A	

**LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION  
AUTHORIZING THE SALE OF THREE CITY-OWNED PROPERTIES, IN ACCORDANCE WITH  
CITY LAND ACQUISITION AND DIVESTMENT POLICY FOR INYO AND MONO COUNTIES,  
TO EXISTING TENURED TENANTS IN BISHOP, INYO COUNTY, FOR A TOTAL OF \$610,000**

Transmitted for further processing, including Council consideration. See the  
City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

Attachments  
MWS/PJH/JVW:DLG:10250173t

**REPORT FROM**

## **OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: April 3, 2025

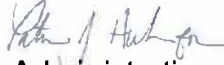
CAO File No. 0150-12924-0000

Council File No.

Council District: N/A

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Communication from the Department of Water and Power dated March 12, 2025; referred by the Mayor for a report on March 12, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER PROPOSED RESOLUTION AUTHORIZING THE SALE OF THREE CITY-OWNED PROPERTIES TO EXISTING TENURED TENANTS IN BISHOP, INYO COUNTY**

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### **RECOMMENDATION**

That the Mayor:

1. Approve the Los Angeles Department of Water and Power (LADWP) proposed Resolution authorizing the LADWP to execute three Agreements of Purchase and Sale of Real Property, and Escrow Instructions for the sale of three City-owned properties under LADWP's management and control to its respective tenured tenants, specifically Mammoth Development, Inc., Ryan T. Miller, and Jack in the Box, Inc., in accordance with the Land Management Guidelines – City Land Acquisition and Divestment Policy for Inyo and Mono Counties, for a total of \$610,000;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the Los Angeles Board of Water and Power Commissioners that the sale of parcels of real property to existing leaseholders is exempt from CEQA pursuant to Section 15060(c)(3) and Section 15378(b)(5) that states an activity is not subject to CEQA if the activity is not a project and does not have a significant effect on the environment; and
3. Return the proposed Resolution and Escrow Instructions to LADWP for further processing, including Council consideration pursuant to Charter Section 675(d)(2).

### **SUMMARY**

The Department of Water and Power (LADWP) Water System requests approval of a proposed Resolution to execute a Purchase and Sale Agreement, and Escrow Instructions (together referred to as "Agreement") to sell three separate City-owned properties (referred to as "Properties") in towns in and around Inyo County. These properties are currently managed and controlled by

LADWP and are proposed for sale to their existing tenured tenants—Mammoth Development, Inc., Ryan T. Miller, and Jack in the Box, Inc.—for a combined negotiated price of \$610,000.

The proposed Agreement complies with California Code Sections 50300-50308 (known as the “Charles Brown Act” or “CBA”), which governs fair treatment of the public by the City of Los Angeles. The Agreement also adheres to the Land Management Guidelines – City Land Acquisition and Divestment Policy for Inyo and Mono Counties, which permit LADWP to sell City-owned properties occupied under Business Leases directly to the existing tenured tenants without a competitive bidding process.

The City Council is required to approve this action pursuant to Charter Section 675(d)(2), as no real property or any rights in real property held by the Board of Water and Power Commissioners (Board) shall be sold, leased, or otherwise disposed of, or in any manner withdrawn from its control, unless by written instrument authorized by the Board, and approved by the City Council. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

The City of Los Angeles owns approximately 315,000 acres, or 70 percent of the land in Inyo and Mono Counties (collectively known as “Eastern Sierra”). The LADWP manages this land, which was acquired to develop and protect the water supply for the citizens of Los Angeles and the Eastern Sierra communities. More than 240,000 acres are leased for grazing or agriculture, with approximately 75 percent open to the public for recreational activities such as fishing, hiking, hunting, and nature study.

*Policy on City Property Sales in Eastern Sierra* - In 1938, the Board adopted a declaration to promote goodwill with the Eastern Sierra communities. This initiative established that surplus City-owned properties in Inyo and Mono Counties be sold at reasonable market prices, provided that the City’s water rights and interests remained protected as prescribed by the Board and in accordance with Charter Section 385 - Sale of City Property.

*Protection for Eastern Sierra Tenants* – The Charles Brown Act was ratified by the California State Legislature in 1945 to promote economic stability and continuous use of land by existing tenants of City of Los Angeles-owned property in Inyo County. The legislation requires LADWP to grant tenants, who have leased land for at least two of the past three years the first right of refusal to lease or purchase City property at reasonable prices when leases are renewed or property is sold in the Eastern Sierra. While the CBA did not establish a City policy for leasing or selling its real property, it instituted state oversight to ensure fair treatment of the public by the City.

*Public Auction and Unintended Consequences* – Past public auctions to the highest bidder have resulted in numerous problematic issues. On April 17, 2012, the Board approved Resolution No. 012 217, which superseded the 1938 declaration by formalizing a policy for the divestment of City-owned properties in the Eastern Sierras. The policy, known as Land Management Guidelines – City Land Acquisition and Divestment Policy for Inyo and Mono Counties (referred to as “Policy”), outlines procedures for the Department to dispose of City-owned land not needed for operational

purposes or is tied to water rights. The amended guidelines clarified LADWP's auction process, requiring the Department to sell leased property at public auction to the highest responsible bidder while offering tenants the first right of refusal to match the highest bid and purchase the property. This change resulted in issues for the local tenants with tenure and numerous unintended consequences, including but not limited to:

- 1) Sales prices exceeding reasonable market values,
- 2) Tenants unable to exercise their first right of refusal to match the highest bid, and
- 3) Tenants lobbying LADWP to halt property sales due to the risk of losing their rights under the CBA and facing displacement.

On May 28, 2019 (Resolution No. 019 207), the Board approved a First Amendment to the Policy to strengthen the procedures for selling City property in the Eastern Sierra. The amendment updated LADWP's property sales policy for commercial agreements, including rental agreements, leases, licenses, and permits. Under the new policy, LADWP can now sell property directly to existing tenured tenants at reasonable prices without public advertising or competitive bidding, instead of selling at public auctions to the highest bidder. These changes safeguard tenants by ensuring properties cannot be sold or leased without adequate protections.

*LADWP Recommendation to Divest Three Surplus City Properties* - LADWP has determined that the proposed three properties are no longer needed for water or power operations, conservation, or resource protection, and that divestment is in the Department's best interest. Following procedures outlined in LADWP's Policy, the Department has negotiated purchase and sales agreements with the existing tenured tenants for direct sale. The combined sales value of the three properties is \$610,000, allocated as follows:

- 1) Mammoth Development, Inc. - \$260,000,
- 2) Ryan T. Miller - \$140,000, and
- 3) Jack in the Box, Inc. - \$210,000.

Pages 3 - 4 of the attachments provide a summary of the properties, including individual descriptions, location, size, and property use. Pages 1 - 22 of Exhibit A (Agreement of Purchase and Sale of Real Property and Escrow Instructions) provide a more comprehensive description of the proposed properties for sale.

*Benefits of Divesting Town Properties* – LADWP will benefit from divesting town properties by reducing ownership and management costs while eliminating administrative expenses associated with marketing or auctioning the properties. Additionally, divestment in the Eastern Sierra will enhance public interest. The City will incur only administrative costs to process the property sales.

*Pricing Considerations* – The CBA specifies that the prime factor in determining the sales charge is the property's economic utility for its intended purposes. LADWP will set a reasonable price based on a professional appraisal, considering the property's market value, which may be set at a

fixed price or within a range. LADWP will also consider other relevant pricing factors that are consistent with the CBA.

*Annual Revenue* – During the last three fiscal years, the annual combined revenue from the three leases amounted to \$98,201. The table below summarizes the specific revenues collected from each tenant:

<b>Annual Revenue Collected from Tenants</b> (Fiscal Years 2022 - 2024)		
<b>Tenants</b>	<b>Avg. Annual Revenue</b>	<b>Revenue</b>
1. Mammoth Development, Inc.	\$19,404	\$58,213
2. Ryan T. Miller	4,562	13,686
3. <u>Jack in the Box, Inc.</u>	<u>8,767</u>	<u>26,302</u>
<b>Total</b>	<b>\$32,733</b>	<b>\$98,201</b>

*Alternatives* – The Department evaluated two alternatives: 1) continuing to lease the Properties or 2) selling the Properties at public auction to the highest bidder. LADWP determined that leasing is inconsistent with its long-term goal of divesting surplus properties that no longer serve operational needs, as ongoing management and maintenance create administrative and cost burdens without strategic benefits. While selling at public auction could generate competitive bids, it does not align with the Policy, which prioritizes returning surplus the land to long-term tenants when feasible to support community stability and ensure fair, orderly transactions.

## **CITY COMPLIANCE**

*California Environmental Quality Act (CEQA)* – The Los Angeles Board of Water and Power Commissioners determined that this item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity is not a project. Section 15378(b)(5) states that government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment do not meet the definition of a project. Therefore, the sale of three parcels of real property to leaseholders is not subject to CEQA.

The City Attorney has reviewed and approved the proposed Resolution and the Agreements as to form. Pursuant to Charter Section 675(d)(2), no real property or any rights or interest in real property held by the Board shall be sold, leased, or otherwise disposed of, or in any manner withdrawn from its control, unless by written instrument authorized by the Board, and approved by the City Council. Our Office has reviewed the request and recommends approval.

## **FISCAL IMPACT STATEMENT**

There is no impact on the City General Fund. The LADWP Water Revenue Fund will receive revenue of \$610,000 from the three respective Property sales. The recommendations in this report comply with the Los Angeles Department of Water and Power’s adopted Financial Policies.

Attachments – LADWP February 6, 2025 Letter, January 23, 2025 Board Correspondence, Proposed Resolution, April 17, 2012 Resolution No. 012 217, May 28, 2019 Resolution No. 019 207, Land Divestment Policy, Agreement of Purchase of Sale of Real Property and Escrow Instructions with: 1) Mammoth Development, Inc., 2) Ryan T. Miller, and 3) Jack in the Box, Inc.

*MWS/PJH/JVW:DLG:10250173*

## ATTACHMENTS



BUILDING A STRONGER L.A.

Karen Bass, Mayor

Board of Commissioners

Nurit Katz

Richard Katz

Mia Lehrer

George S. McGraw

Wilma J. Pinder

Chante L. Mitchell, Secretary

Martin L. Adams, General Manager and Chief Engineer

January 23, 2025

The Honorable Karen Bass  
Mayor, City of Los Angeles  
Room 303, City Hall  
Mail Stop 370

Attention: Ms. Heleen Ramirez, Legislative Coordinator

Dear Mayor Bass:

Subject: Land Divestment Policy - Sale of Three Properties to Existing Tenured Tenants in  
Bishop, Inyo County

In accordance with Executive Directive No. 4, enclosed is a copy of a Board letter and supporting documents recommending approval and transmittal to the Los Angeles City Council of three Agreements of Purchase and Sale of Real Property and Escrow Instructions between the Los Angeles Department of Water and Power and the respective buyers.

It is respectfully requested that your office complete its review as soon as possible. Once the required City Administrative Officer report has been received, the matter will be scheduled for action by the Los Angeles Board of Water and Power Commissioners and forwarded to the Los Angeles City Council for final consideration.

Please contact Mr. Paul Habib, Director of Legislative and Intergovernmental Affairs at (213) 367-3846 upon completion of the review, if the review will take longer than 30 days, or if there are any questions regarding this item.

Sincerely,

A handwritten signature in black ink, appearing to read 'Janisse Quiñones', written in a cursive style.

Janisse Quiñones  
Chief Executive Officer and Chief Engineer

EJ:fm

Enclosure(s)

c/enc: Mr. Luis Gutierrez, Office of the Mayor  
Dr. Frederick H. Pickel, Office of Public Accountability  
Board of Water and Power Commissioners  
Mr. Paul Habib