



Metro Board Approved Policy

Disposition of Surplus Real Property

Adopted: August 23, 2001

Historical Perspective

During the course of implementing various transit programs and providing services to the public, MTA and its predecessor agencies have acquired real property for public transit and related uses. When real property is no longer required for public transit purposes by the MTA, it should be sold or exchanged in accordance with adopted policy.



REAL ESTATE DISPOSITION OF SURPLUS REAL PROPERTY

POLICY STATEMENT

During the course of implementing transit programs and providing services to the public, the Los Angeles County Metropolitan Transportation Authority (MTA), and its predecessor agencies, has acquired real property for public transit and related use. If the MTA subsequently determines that a property is no longer required for transit or public use, it may sell, contract to sell, sell by trust deed, or exchange such real property or interest therein in the manner and upon the terms, standards, and conditions established herein and approved by the Chief Executive Officer (CEO) or the MTA Board of Directors ("MTA Board"). All sales of property will be made in exchange for payment in cash, exchange for other lands required for transportation purposes or other value as determined by the CEO or MTA Board. The MTA will obtain fair market value for any Surplus Real Property offered for sale, except that less than fair market value may be accepted if it is determined to be in the best interest of the MTA to sell the property for a negotiated amount that is subsequently approved by the CEO or the MTA Board.

Properties that have been determined to be surplus to MTA's transit or public use, may be disposed of by any of the following means:

- (1) Directly to a public agency at their request without providing notice to other agencies or calling for a competitive bid, at a price representing the fair market value and upon determination that the public agency's use shall be for low to moderate income housing as described in Government Code Section 54220 et. seq;
- (2) Directly to a public agency as a result of notification pursuant to California Government Code Section 54220 et. seq.;
- (3) Directly to an adjacent property owner pursuant to provisions of this policy;
- (4) Directly to the party who submits the highest bid pursuant to a competitive sealed bid or sale at public auction.

Sale to Public Agency

Properties determined to be surplus to transit or public requirements, and not sold directly to another public agency for housing purposes, shall be first disposed of pursuant to California Government Code Section 54220 et. seq. Prior to disposing of any Potentially Surplus Real Property, a written offer will be made to sell or lease the



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property to public agencies for the purpose of developing low and moderate-income housing, park and recreational purposes, for enterprises zone purposes, or school purposes. The offer to sell or lease the property to a public agency will be exclusive for a period of sixty (60) days. In the event more than one public agency responds, first priority shall be given to the public agency which agrees to use the site for low to moderate income housing, except that first priority shall be given to a public agency which agrees to use the site for park or recreational purposes if the Surplus Real Property is already being used and will continue to be used for park or recreational purposes, or if the Surplus Real Property is designated for park and recreational use in the local general plan and will be developed for that purpose. The next priority will be given to the public agency that makes the first offer to purchase the property for fair market value as established by MTA.

Sale to Adjacent Property Owner

If no public agency accepts MTA's offer to sell or lease the Surplus Real Property within sixty (60) days, then MTA may, at its discretion, offer to sell the property to adjacent property owners for fair market value or a negotiated amount that is subsequently approved by the CEO or the MTA Board. Property may be sold to the owner of adjacent property without the necessity of calling for competitive sealed bids or selling at public auction when the following facts or circumstances exist: (1) the Surplus Real Property is a remnant and is below the average normal standard size and shape of other privately owned properties in the immediate neighborhood; (2) the sale of the parcel to a party other than the adjacent owner may cause an undue or unfair hardship to such adjacent owner in the normal land use development or operation of his property; and (3) the fair market value of such parcel considered as part of the adjacent property would be higher than under separate ownership. A Surplus Real Property may also be sold to an adjacent property owner without competitive sealed bids when the sale of an Surplus Real Property to other than the adjacent owner would deprive the adjacent owner of an existing vested right of access to a public highway and thereby create a possible cause of action against the MTA.

Sale by Competitive Sealed Bid or Public Auction

If no adjacent property owner accepts MTA's offer to sell the Surplus Real Property within thirty (30) days, then MTA may dispose of the property to the general public by sealed bid or public auction. Each person submitting a proposal to purchase a property by sealed bid or public auction must submit a deposit of ten percent (10%) of the offered price at the time his or her proposal is submitted. MTA employees and their



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immediate family (spouse, children and parents) are precluded from purchasing MTA's Surplus Real Property.

If the Surplus Real Property is not subsequently sold as a result of the sealed bid or public auction process, the property may be sold to the party who makes the highest reasonable offer to purchase the property that is acceptable to the CEO or MTA Board. The property shall be advertised for sale on the open market by use of advertising on-site, in newspapers, the internet and/or use of a commercial real estate broker.

PURPOSE

This policy provides guidelines to regulate the sale or disposition of MTA Real Property that has been determined to be surplus to MTA's need for public use.

AUTHORITY


California Public Utilities Code Sections 130220, 130240 and 130240.1 authorize the MTA to acquire and dispose of real property. The MTA Board of Directors or its designee is empowered to make conveyance of all property belonging to MTA.

APPLICATION

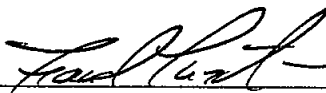
This policy applies to the disposition for all real property that has been declared surplus to MTA requirements for public use. However, properties that are designated as a joint development site will be governed by the adopted Joint Development Policy.



Director Of Real Estate



County Counsel



Executive Officer Administration

Office of Chief Executive Officer

_____(Date)

Adopted By Board Of Directors



REAL ESTATE DISPOSITION OF SURPLUS REAL PROPERTY

1.0 PROCEDURES

1.1 Identification of Potentially Surplus Real Properties

The Real Estate Department shall periodically take inventory of MTA real property to determine if any properties are no longer required for public or transit use. The list may also include properties for which inquiries have been made from the public as to the availability of the property for disposition. The list of properties shall include a description of the property, acquisition information, a location map and a description of its current use.

1.2 Review of Potentially Surplus Real Properties

A list of those properties identified as being potentially surplus shall be circulated to relevant departments within the MTA organization and to the Southern California Regional Rail Authority (SCRRA) for their review and comment regarding the requirement to retain the property for future public use. Departments will be given a reasonable time to (which shall not be less than ten (10) working days) to review the list and to indicate whether there is a continuing transit or public need for the property. If a legitimate ongoing or future need is identified for a specific property, the property will be removed from the potential surplus list. If there is a consensus that the property is not needed for current or future transit or public requirements, the property will be considered for disposition.

The original funding source for the acquisition of the property will also be determined during this time period. The Potentially Surplus Real Property list will be forwarded to the Accounting Department and the Capital Planning Department to ascertain whether state or federal funds were included in the initial funds used to acquire the property and if so, what additional terms and conditions must be considered in the sale of such property.

Once all of the comments have been received, the final list of Surplus Real Properties will be established. The final list will be published and distributed to the departments who received the initial list.



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1.3 Verification of Ownership

The Real Estate Department shall order a Preliminary Title Report (PTR) for each of the properties that are included on the final list of Surplus Real Properties to verify MTA's ownership and to ascertain the condition of title. Upon Request, the PTR shall subsequently be made available to public agencies or potential buyers as evidence of MTA ownership of the property.

1.4. Establishment of Fair Market Value and Sales Price

The Real Estate Department shall obtain an appraisal or value estimate of the properties considered for disposition to determine the estimated market value. The appraisal may be prepared either by an outside fee appraiser or internal staff. The market value established by the appraisal or value estimate shall set the initial *minimum* price that MTA shall accept for the purchase of the property.

If there is a significant delay in the sale of the property, the initial minimum price may be adjusted to reflect the current market conditions. In addition, the property may be sold for less than market value if it is determined to be in the best interest of the MTA to sell the property for a negotiated amount that is subsequently approved by the CEO or the MTA Board.

1.5 Property Condition and Environmental Due Diligence

The buyer of any Surplus Real Property shall be responsible for conducting its own due diligence to determine the environmental condition of the property. MTA shall make available for viewing any environmental reports it has on the property to the party who enters into a Contract of Sale to purchase the property. Unless provided otherwise, all Surplus Real Property shall be sold "As Is, Where Is."

1.6 Advertising Availability of Surplus Real Property.

1.6.1 **Public Agencies.** A final list of Surplus Real Properties will be mailed to the local public agencies located in the general areas that the properties are located. The public agency list will consist of local city managers, city clerks, the city, county and state recreations departments, community housing and redevelopment departments and school administration offices. The mailing to public agencies will include a cover letter, informational data and location maps describing each property. The cover letter will indicate that the attached properties are Potentially Surplus Real Properties subject to final approval of the CEO or MTA Board. The public agencies



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shall be given sixty (60) days from the date of the notice letter to indicate their interest in acquiring the Potentially Surplus Real Property.

1.6.2 **Adjacent Property Owners.** If no public agency indicates an interest in acquiring a Potentially Surplus Real Property by the 60-day deadline, the property may be made available to the general public or at the discretion of the Director of Real Estate, to an adjacent property owner. Each adjacent property owner will be provided notice of the availability of the Potentially Surplus Real Property and requested to provide notice of their interest in acquiring the Potentially Surplus Real Property within thirty (30) days from the date of the notice letter from MTA. If more than one adjacent property owner is interested in acquiring the property, priority shall be given to the adjacent property owner who offers to acquire the property for market value as established by MTA or higher within the 30-day period.

1.6.3 **General Public.** If no adjacent property owners indicate an interest in acquiring the Potentially Surplus Real Property, the property shall be offered to the general public. The property shall be posted with a "for sale" sign with the appropriate MTA contact name and telephone number listed. The General Public shall be notified of the availability of the Potentially Surplus Real Properties by any of the following means: direct mail, advertisement in a local newspaper of general circulation, posting on the MTA Internet web page, and/or posting "For Sale" signs on the property.

1.7 **Sealed Bid Procedures**

The sealed bid package will include (1) a cover letter explaining the sealed bid process and indicating the date, time and location that all bids are due to MTA, (2) an informational data sheet on the property including location, legal description, zoning, assessor's parcel number and other physical data, and (3) a location map. A date and time will be established for opening the sealed bids. The sealed bid process will be conducted by the Director of Real Estate, or his/her designee, at the location, date and time designated in the cover letter. The bid opening will be conducted generally in the following manner:

1. All proposals submitted prior to the bid opening date and proposals submitted on the date of the opening prior to the deadline time will be accepted for opening.
2. Each proposal opened will be inspected to verify that the proposer has submitted a ten percent (10%) deposit in the form of a Cashier's Check or Money Order based on the amount offered to purchase the property. If the required deposit is not



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enclosed or provided by the proposer when requested at the opening, the proposal will be immediately rejected and discarded.

3. The qualified bids will then be read aloud and the amount proposed will be posted on a board, which contains a list of the properties available for purchase.
4. The apparent highest bidder will be determined and announced. The deposit amount will be retained by MTA and used as a credit against the purchase price. Deposits submitted with the remaining bids will be returned to the unsuccessful bidder.

1.8 Approvals Required

1.8.1 MTA Board of Directors Approval. The MTA Board must approve the disposition of any Surplus Real Property when the recommended sales price is above \$200,000.

1.8.2 CEO Approval Authority. The CEO (or his/her designee) may approve the disposition of any Surplus Real Property when the recommended sales price is \$50,001 to \$200,000.

1.8.3 Executive Officer, Administration Authority. The Executive Officer, Administration may approve the disposition of any Surplus Real Property when the recommended sales price is \$25,001 to \$50,000.

1.8.3 Director of Real Estate Authority. The Director of Real Estate may approve the disposition of any Surplus Real Property that is determined to have a nominal value and the recommended sales price is \$25,000 or less.

1.8.4 Federal or State Agency Approval. Approval by the applicable federal or state funding agency shall be obtained, if required, for the disposition of properties acquired with the use of federal or state funds. Allocation of the proceeds from a federally or state funded property shall be in accordance with the applicable federal or state fund transfer agreement.

1.9 Execution of Documents. The Director of Real Estate is delegated the authority to execute all conveyance documents required on behalf of MTA in connection with the disposition of real property.



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1.10 Closing Transaction

The property sale transaction shall be consummated in the standard adopted procedures in place for the closing of real estate transactions. Upon receipt of the proceeds of the sale, notice shall be sent to the appropriate internal departments notifying them that funds have been deposited with the MTA Cashier with instructions on where to credit the proceeds from the sale of the real property.

2.0 DEFINITION OF TERMS

MTA - the Los Angeles County Metropolitan Transportation Authority.

Potentially Surplus Real Property(ies) - real property, land and improvements thereon owned by MTA that have been identified as being potentially surplus to MTA's transit or public purposes.

Surplus Real Property(ies) - real property, land and improvements thereon, owned by MTA that has been determined in accordance with the procedures described herein to be no longer required for transit or public purposes.

3.0 RESPONSIBILITIES

Board of Directors approves the disposition of any Surplus Real Property when the recommended sales price is above \$200,000.

Chief Executive Officer (CEO) (or his/her designee) approves the disposition of any Surplus Real Property when the recommended sales price is \$50,001 to \$200,000.

Executive Officer, Administration approves the disposition of any Surplus Real Property when the recommended sales price is \$25,001 to \$50,000.

Director of Real Estate Authority approves the disposition of any Surplus Real Property that is determined to have a nominal value and the recommended sales price is \$25,000 or less.

Real Estate Department administers and implements this policy.



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4.0 REFERENCES

California Public Utilities Code Sections 130220, 130240 and 130240.1
California Government Code Sections 54220 et. seq.

5.0 PROCEDURE HISTORY

Informal policies existed with former RTD and LACTC

August 2001 – New MTA Policy