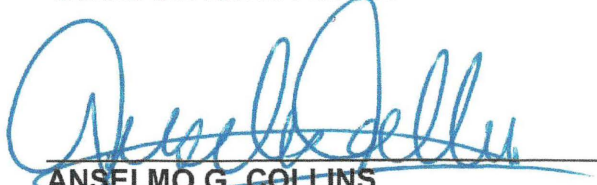


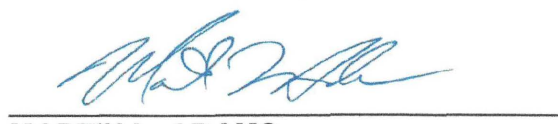


RESOLUTION NO. 023 119

**BOARD LETTER APPROVAL**

  
**ANSELMO G. COLLINS**  
Senior Assistant General Manager  
Water System

  
**ARAM BENYAMIN**  
Chief Operating Officer

  
**MARTIN L. ADAMS**  
General Manager and Chief Engineer

**DATE:** December 7, 2022

**SUBJECT:** Approval of Lease No. 1133 With the California Institute of Technology

**SUMMARY**

Water System is requesting the approval of a new 25-year lease agreement (Lease) with California Institute of Technology (Caltech) for the purpose of conducting astronomical and atmospheric research. Caltech will continue its use of the facility known as the Owens Valley Radio Observatory (OVRO), located on property owned by the City of Los Angeles (City) and under the management and control of LADWP.

City Council approval is required according to City Charter Section 606.

**RECOMMENDATION**

It is recommended that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the execution of Lease No. 1133 with Caltech, in accordance with City Charter Section 606.

## **ALTERNATIVES CONSIDERED**

Alternatives considered include entering into a new lease for a five-year term, not entering into a new lease term at all, or putting the lease out to competitive bid.

The five-year lease alternative would disqualify Caltech from receiving any grant funds for facility operation, maintenance, and future projects. Not entering into a new lease would result in LADWP paying the annual property tax of \$47,073 and closing the largest academic institution operated radio observatory in the world. Lastly, the alternative to seek competitive bidders may bring about an undesirable outcome, such as Caltech owning all facility improvements, telescopes, and satellites.

## **FINANCIAL INFORMATION**

There is no expense to the City other than the administrative cost of processing the Lease. The Lease will generate an estimated rental income of \$2,646 per year or \$13,230 during the first five-year rental period.

## **BACKGROUND**

Since 1956, Caltech has leased approximately 1,167.52 acres of land located at 100 Leighton Lane, Big Pine, California from LADWP for the purpose of conducting astronomical and atmospheric research. The OVRO is the largest academic institution-operated observatory in the world. The facility provides an opportunity for Caltech graduate students to participate in course work that assists them with Master and Doctoral degrees. The existing 25-year lease expired, and Caltech has requested a new lease with a 25-year term.

Pursuant to the Revenue and Taxation Code, Caltech files an annual property tax exemption with the County of Inyo Tax Assessor's Office. In the event Caltech's exemption is no longer allowed, Caltech would be responsible for paying the annual property tax in addition to the rent under the Lease. The property tax bill for 2020-2021 is \$47,073.

Although Caltech is a private university, it is a non-profit organization whose research is supported almost entirely by federal funding. The OVRO operational costs are carried primarily by grants from the National Science Foundation (NSF). Grant monies cover staff salaries, facility operation, maintenance, future projects, and the local community outreach program.

There are two sublessees on the leased premises, the New Jersey Institute of Technology (NJIT) and Associated Universities, Inc. (AUI). NJIT collaborates with Caltech on a series of solar programs that measure space weather and coronal mass ejections that help to provide an early warning system for potential problems to the United States power grid. AUI operates the National Radio Astronomy Observatory

located on the leased premises. The subleases yield no income to Caltech over and above the cost it incurs to run sublessees' operations on leased premises.

In accordance with the Mayor's Executive Directive No. 4, the City Administrative Officer's Report was approved September 2, 2022.

### **ENVIRONMENTAL DETERMINATION**

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Since this agreement would renew a lease for property in Big Pine, California, the proposed action is not subject to CEQA.

### **CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Resolution and Lease as to form and legality.

### **ATTACHMENTS**

- Resolution
- Lease
- CAO Report