

0150-07450-0001

TRANSMITTAL

TO
Martin L. Adams, General Manager
Los Angeles Department of Water and Power

DATE
09/02/2022

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
All

**APPROVAL OF LAND LEASE AGREEMENT NO. 1133 – CALIFORNIA INSTITUTE OF
TECHNOLOGY AND THE LOS ANGELES DEPARTMENT OF WATER
AND POWER FOR THE OWENS VALLEY RADIO OBSERVATORY**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR
(Andre Herndon for)

MWS:IR:10230005

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 1, 2022

CAO File No. 0150-07450-0001

Council File No.

Council District:

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated May 31, 2022,
Referred by Mayor's Office June 9, 2022

Subject: **APPROVAL OF LAND LEASE AGREEMENT NO. 1133 – CALIFORNIA
INSTITUTE OF TECHNOLOGY AND THE LOS ANGELES DEPARTMENT OF
WATER AND POWER FOR THE OWENS VALLEY RADIO OBSERVATORY**

RECOMMENDATION

That the Mayor:

1. Approve the proposed Resolution between the California Institute of Technology (Caltech) and the Los Angeles Department of Water and Power (LADWP) authorizing the execution of a new 25-year Lease Agreement with five 5-year renewal options for 1,167.52 acres for the purpose of conducting astronomical and atmospheric research and operating related facilities;
2. Upon proper certification, the Chief Accounting Employee is authorized and directed to deposit funds into the Water Revenue Fund from rental income received under the Lease Agreement; and,
3. Return the proposed Resolution to the Department for further processing, including City Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP) requests authority to execute a new Lease Agreement for a total of 25 years, which will be renegotiated every five years over the term of the agreement with Caltech for 1,167.52 acres of land owned by the City of Los Angeles and under the management and control of LADWP for astronomical and atmospheric research conducted at the Owens Valley Radio Observatory (OVRO) located at 100 Leighton Lane, Big Pine, Inyo County, California. This facility supports the work of Caltech graduate students to assist them with their work with their Master's and Doctoral degrees. The original lease expired on May 31, 2013 and has been on a Month-to-Month Agreement. Upon execution of the Lease Agreement, the base annual rent will be \$2,646 per year, for the first 5-year term. The total anticipated rental income

for the first 5-year term is \$13,230.

City Council approval is required pursuant to Charter Section 606, for lease agreements greater than five years. The City Attorney has approved the proposed Resolution as to form and legality.

Background & Proposed Lease Agreement

Caltech has leased approximately 1,167.52 acres of land located in Big Pine, California from LADWP since 1956, for the purpose of conducting astronomical and atmospheric research. The OVRO is the largest academic institution operated observatory in the world. There are two sub-lessees on the leased premises, the New Jersey Institute of Technology and Associated Universities, Inc. The facilities on the land are owned and maintained by Caltech. These facilities support the work of Caltech students and provide the facilities necessary to allow them to continue their Master's and Doctoral degree work.

The prior Lease Agreement expired in 2013, and Caltech has been on a Month-to-Month Hold Over Tenancy until a new Agreement is fully executed. LADWP reports the delay is due to an impasse with negotiations and staff turnover at Caltech. Approval of the proposed Lease Agreement is for 25 years, with five 5-year renewal options, effective upon the date of execution. The annual rental income is \$2,646 for the first five years, and will be renegotiated at each 5 year renewal option period. The Lease Agreement may be terminated without further liability with a 30 day prior written notice subject to specific provisions in the Agreement. In addition, the Lease Agreement is subject to compliance with all provisions of the Contractor Responsibility Ordinance (CRO). Failure to comply with the CRO and any provisions of the Lease Agreement shall constitute a material breach.

Governance

Under the City Charter Section 675 (d) (1), the Board has the authority to acquire by lease, all real property for use by LADWP. In addition, pursuant to City Charter Section 606, approval of the City Council is required for LADWP to enter into Leases for a term greater than five years. Unless Council takes action disapproving the lease within 30 days after submission of it to Council, the lease shall be deemed approved. If Council does not approve the lease, Council shall return it to the originating board for reconsideration and resubmission.

FISCAL IMPACT STATEMENT

There is no General Fund impact. Approval of the proposed Resolution and Lease Agreement will have a \$13,230 fiscal impact for the first five years in rental income to the Water Revenue Fund. The proposed action complies with the LADWP Financial Policies.

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Attachments