

TRANSMITTAL

0220-05270-0001

TO Council	DATE 06-17-20	COUNCIL FILE NO. 16-0492
FROM Municipal Facilities Committee	COUNCIL DISTRICT 11	

The Municipal Facilities Committee (MFC) waived the attached report, prepared by the Office of the City Administrative Officer (CAO), which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize a one-year time extension for an Option to Lease agreement (C-131624) between the City and Friends of Historic Fire Station 62 (FHFS) for the decommissioned Fire Station No. 62, located at 3631-3635 South Centinela Avenue in Council District 11. The Office of the City Attorney has advised that approval of the extension is needed prior to expiration of the current term on June 27, 2020. At this time there is no identified City uses for this facility and the recommended extension is supported by the Council Office. There is no impact on the General Fund as a result of the recommended action.


Richard H. Llewellyn, Jr.
City Administrative Officer

RHL:MC:05200162

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 17, 2020

CAO File No. 0220-05370-0001
Council File No. 16-0492
Council District: 11

To: The Municipal Facilities Committee

From: Richard H. Llewellyn, Jr.,  City Administrative Officer

Reference: Council District 11 Communication Received on: June 12, 2020

Subject: **OPTION TO LEASE EXTENSION: FRIENDS OF HISTORIC FIRE STATION NO. 62**

RECOMMENDATION

That the Council, subject to the approval of the Mayor, authorize the General Manager of the Department of General Services, or designee, to execute an amendment to an Option to Lease agreement (C-131624) between the City and Friends of Historic Fire Station 62 for use of the decommissioned Fire Station No. 62, extending the term by one year from June 27, 2020, through June 27, 2021, subject to approval of the City Attorney as to form.

SUMMARY

On June 27, 2017, Council authorized the City to enter into a three-year Option to Lease (Agreement) with Friends of Historic Fire Station 62 (FHFS) for the decommissioned Fire Station No. 62 (FS 62), located at 3631-3635 South Centinela Avenue in Council District 11 (C.F. 16-0492). The current terms of the Agreement (C-131624) allows FHFS, a non-profit, 501(c)3 corporation, exclusive and irrevocable rights to lease the property at a future date, provided that it obtains sufficient capital funding within the original three-year term to fully fund the repair and rehabilitation of the building.

FHFS is an organization created by the local community and the Mar Vista Community Council to engage in a range of neighborhood-focused services, including, but not limited to: Community Emergency Response and Training (CERT); art; culture and educational classes; grassroots democracy and government education sessions; green technology and sustainability efforts; and, community history lessons. FHFS has indicated a need for additional time to conduct fundraising activities in order to secure the necessary funding to address capital improvement needs at FS 62. At this time there are no identified needs for City operations at this site. As such, approval of the one-year extension requested by the Council Office on behalf of the agency is recommended.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund as a result of the recommended action.

FINANCIAL POLICIES STATEMENT

The report recommendation complies with the City's Financial Policies.

RHL: MC:05200162

Attachment

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Attachment
Agenda item No.9
DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

May 25, 2017

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Eric Villanueva, Legislative Assistant

**APPROVAL OF AN OPTION TO LEASE
CITY-OWNED OLD FIRE STATION 62 LOCATED AT 3631-3635
SOUTH CENTINELA AVENUE TO FRIENDS OF HISTORIC FIRE STATION 62**

The Department of General Services (GSD) requests approval to negotiate and execute a tenant Option to Lease at 3631-3635 South Centinela Avenue, old Fire Station 62 for approximately 15,000 square feet of land with a 4,700 square foot building. This option will provide the Friends of Historic Fire Station 62 (FHFS), a non-profit 501(c)3 corporation, exclusive and irrevocable rights to lease the property at a future date provided FHFS, in addition to satisfying other conditions, successfully obtains sufficient capital funding within a three-year timeframe to finance the repair and rehabilitation of the building. FHFS may then exercise a three-year lease agreement to complete the capital repairs at the facility. FHFS may not take occupancy until all capital improvement work and permits are first completed. Once completed, FHFS will deliver community-based services.

BACKGROUND

On May 3, 2016, Council District 11 introduced a Bonin-Cedillo Motion (C.F. 16-0492) instructing GSD, in consultation with the City Administrative Officer and the City Attorney, to negotiate and present to Council a lease agreement with FHFS to repurpose the facility to resolve public safety nuisances and provide community-based services. The intent of the lease option is to provide the organization an initial term of three-years to conduct a capital campaign to raise funds required to rehabilitate the

facility for public use. The property has been vacant for nearly a decade and subject to various public safety hazards including illegal dumping.

FHFS is an organization created by the local community and the Mar Vista Community Council to engage in a full spectrum of neighborhood-focused services, including, but not limited to: Community Emergency Response and Training *CERT); art, culture and educational classes; grassroots democracy and government education sessions; green technology and sustainability efforts; and community history lessons.

As FHFS is still in the process of raising funds needed for the capital repairs and will not occupy the facility, an Option to Lease Agreement is the appropriate vehicle for achieving the objectives set forth in the initiating motion. As recommended by the City Attorney, FHFS requires an exclusive site assignment to raise the needed capital. Subject to the terms of the proposed Option to Lease, FHFS would have the exclusive right to enter into a formal lease after FHFS satisfies certain conditions, including without limitation the following:

- Obtain sufficient capital funds within the three year term specified for this activity from date of Council approval of Option to Lease.
- Demonstrate the value of services proposed by and required of FHFS during the term of the lease will meet or exceed the market value of the leased property at the time the lease is executed.
- Maintain FHFS non-profit status throughout the lease term and;
- Assume the costs of facility operations and maintenance in accordance with current City practices for similar non-profit leases.

Construction on Fire Station 62 will include demolition for reconfiguration of interior space and installing drywall on the ceilings. Asbestos and lead containing materials will be removed. Parking lot will be re-striped. New HVAC, electrical service, restrooms painting, drywall ceilings and flooring will be installed. Total quote for the work is \$792,535.

TERMS AND CONDITIONS

The Option to Lease agreement contains the following terms and conditions:

LOCATION: 3631-3635 South Centinela Avenue

LANDLORD: City of Los Angeles

TENANT: Friends of Historic Fire Station 62

USE: Community Center

TERM: FHFS has three years from Council approval to satisfy all pre-conditions to lease. Lease to be three years if Option to Lease is exercised

OPTION TERM: 20 years plus two five-year extensions

RATE: \$0

SQUARE FEET: 15,000 square feet

ESCALATIONS: None

UTILITIES: Tenant will be responsible for utility costs if and when lease agreement is executed

PARKING: Not applicable

OTHER: Tenant will be responsible for custodial and maintenance if and when lease agreement is executed. Tenant has three years to raise funds from the date of Council approval of this Option to Lease. When funding is completed, tenant can exercise the three year Option to Lease but cannot take occupancy until capital improvements and building permits are completed. Tenant will then have a 20 year option to extend.

FISCAL IMPACT

Should the FHFS satisfy the terms of the Option to Lease agreement and proceed into a lease agreement to occupy the facility, FHFS will be solely responsible for facility operations and maintenance costs.

RECOMMENDATION

That the Los Angeles City Council approves the Department of General Services to negotiate and execute an Option to Lease with a renewal term with the Friends of Historic Fire Station 62 for the Old Fire Station 62, located at 3631-3635 South Centinela Avenue, Los Angeles CA 90056, subject to terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

CONTRACT SUMMARY SHEET

TO: THE OFFICE OF THE CITY CLERK,
COUNCIL/PUBLIC SERVICES DIVISION
ROOM 395, CITY HALL

DATE: 8/7/18

(PLEASE DO NOT STAPLE THE CONTRACT FOR THE CLERK'S FILE)

FORM MUST BE TYPEWRITTEN

FROM (DEPARTMENT): General Services

CONTACT PERSON: Charles Kuan PHONE: 213 9228532

CONTRACT NO.: C131624 COUNCIL FILE NO.: _____

ADOPTED BY COUNCIL: 16-0492
DATE _____

APPROVED BY BPW: _____
DATE _____

NEW CONTRACT X
AMENDED AND RESTATED _____
ADDENDUM NO. _____
SUPPLEMENTAL NO. _____
CHANGE ORDER NO. _____
AMENDMENT _____

CONTRACTOR NAME: Friends of Fire Station 62

TERM OF CONTRACT: 7/12/18 THROUGH: 6/27/20

TOTAL AMOUNT: N/A

PURPOSE OF CONTRACT:

Option to lease and do tenant improvement work first

OPTION TO LEASE

This Option to Lease (this "Option Agreement") is dated, for identification purposes only, as of this 12th day of July, 2018, and entered into by and between Friends of Historic Fire Station 62, a California non-profit corporation ("Prospective Tenant"), and the City of Los Angeles, a California municipal corporation, acting by and through its Department of General Services ("Owner"). Prospective Tenant and Owner shall each be referred to herein as a "Party" and collectively be referred to herein as the "Parties".

RECITALS

- A. Owner is the fee simple owner of certain land, and all improvements thereon, located at 3631-3635 South Centinela Avenue, Los Angeles, California, which is the site of an old fire station commonly known as Fire Station 62 in the Mar Vista neighborhood of the City of Los Angeles (collectively, the "Option Property"). The Option Property is more accurately identified on the map attached hereto as Exhibit A and the legal description attached hereto as Exhibit B.
- B. Prospective Tenant is a non-profit corporation whose mission is to rehabilitate Fire Station 62 and operate it as a community center open to the public.
- C. The Parties desire to execute this Option Agreement, thereby granting Prospective Tenant a sole and exclusive option to lease the Option Property, pursuant to the terms set forth below.

AGREEMENT

NOW, THEREFORE, for just and proper consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties do hereby agree to the following:

- 1. **Grant of Option Right.** Owner hereby grants to Prospective Tenant a sole and exclusive option to lease the Option Property, subject to the terms and conditions of this Option Agreement. Such option to lease the Option Property shall hereinafter be referred to as the "Option".
- 2. **Potential Lease.** Prospective Tenant shall have the right, but not the obligation, to exercise the Option to lease the Option Property at any time during the Option Term (as defined below) in accordance with the procedure and conditions set forth below. Within thirty (30) calendar days after Prospective Tenant's timely and validly exercise of the Option in accordance with the terms and conditions herein, the Parties shall execute a lease substantially in the form attached hereto as Exhibit C ("Lease").
- 3. **Option Term.** The "Option Term" shall commence upon full execution of this Option Agreement by the Parties and expire at 5:00pm PST on June 27, 2020, subject to earlier termination pursuant to the terms and conditions of this Option Agreement. The Option shall automatically terminate and be deemed void in the event Prospective Tenant fails to timely and validly exercise the Option within the Option Term.

4. **Exercise of Option.** To timely and validly exercise the Option, Prospective Tenant must complete all of the following prior to the expiration or earlier termination of the Option Term: (i) satisfy all of the Option Pre-Conditions (as defined below); and (ii) deliver a written notice ("Exercise Notice") to Owner, indicating Prospective Tenant's intent to exercise the Option, after all of the Option Pre-Conditions have been satisfied.

5. **Option Pre-Conditions.** As conditions precedent to Prospective Tenant's right to exercise the Option, Prospective Tenant shall have demonstrated, with written documentation, and to the reasonable satisfaction of Owner, all of the following (collectively, the "Option Pre-Conditions"):

- a. As of the date of the Exercise Notice, Prospective Tenant shall have raised readily-available funds either: (i) in an amount no less than \$1,561,640.63 (i.e., \$1,301,367.19 plus 20% contingency), or (ii) if \$1,561,640.63 is insufficient to cover all soft and hard costs necessary to complete the Renovation Project (as defined in the Lease) at the California Prevailing Wage rates, with a 20% contingency, as determined as of the date of the Exercise Notice, then in an amount sufficient to cover all soft and hard costs necessary to complete the Renovation Project at the California Prevailing Wage rates, with a 20% contingency (in either case, the "Budget Amount"). No portion of the Budget Amount shall be funded by the Owner. In addition, no portion of the Budget Amount shall be funded by any type of financing with any security interest in any portion of the Option Property;
- b. Prospective Tenant shall have provided to Owner: (i) a detailed written description of the types/categories, nature, level/quantity, and frequency of community center-related services that will be required of Prospective Tenant under the Lease, for the term of the Lease, and such specified types/categories, nature, level/quantity, and frequency of services shall have been mutually-agreed upon by and between Prospective Tenant and Owner; and (ii) evidence demonstrating that the value (determined as of the date of the Exercise Notice) of such services required of Prospective Tenant under the Lease, for the term of the Lease, is equal to or exceeds the market value (determined as of the date of the Exercise Notice) of the leasehold in the Option Property for the term of the Lease;
- c. Prospective Tenant shall have provided evidence showing that Prospective Tenant has continuously maintained its non-profit status; and
- d. Prospective Tenant shall have shown that, as of the date of the Exercise Notice, Tenant has not defaulted under any contract with the City of Los Angeles and is able to satisfy all of the contracting requirements set forth in the Lease.

Upon Prospective Tenant's timely submittal of written documentation in an effort to evidence satisfaction of the Option Pre-Conditions, Owner, acting reasonably and in good faith, shall either approve or reject Prospective Tenant's submittal within 15 calendar days after such submittal. In the event that Owner rejects such submittal, Owner shall specify the reason(s) of its

rejection, and Prospective Tenant shall be given an opportunity to resubmit written documentation evidencing satisfaction of the Option Pre-Conditions, which resubmittal shall be made within 10 calendar days after Owner's rejection of the original submittal. Owner, acting reasonably and in good faith, shall either approve or reject Prospective Tenant's resubmittal within 15 calendar days after such resubmittal.

6. **Limitation on Transfer.** During the Option Term, Owner shall not (i) encumber the Option Property or any part thereof, or (ii) sell or otherwise transfer title to the Option Property or any part thereof to any third party without Prospective Tenant's consent.

7. **Possession and Access.** This Option Agreement shall not grant to Prospective Tenant any right to access, possess, and/or occupy any portion of the Option Property. If and when the Lease becomes fully-executed, Prospective Tenant, who would be the tenant under such Lease, would have access and possession to the extent provided in the Lease.

8. **Notices.** All notices and demands which may or are to be required or permitted to be given by either Party to the other hereunder shall be in writing. All notices and demands shall be personally delivered (including by means of professional messenger service), sent by United States mail, postage prepaid, return receipt requested, or transmitted by telecopier (e.g., Fax) or electronic mail (upon mutual agreement of participating parties), in which case the receiving Party shall immediately confirm receipt of such telecopied or e-mailed notice. All notices are effective upon receipt. For the purposes of such notices, the addresses for the Parties are set forth below. Either Party may from time to time designate another person or place in a notice.

All notices given under this Option Agreement which are mailed or telecopied shall be addressed to the respective Parties as follows:

To Owner: City Of Los Angeles c/o Department of General Services c/o Real Estate Services Suite 201, City Hall South 111 East First Street Los Angeles, California 90012 Telephone: (213) 922-8551 Telecopier: (213) 922-8511	With a copy to: Office of the Los Angeles City Attorney Real Property/Environment Division 700 City Hall East, 200 North Main Street Los Angeles, California 90012 Telephone: (213) 978-8175 Telecopier: (213) 978-8090
To Prospective Tenant: Friends of Historic Fire Station 62 Attention: Albert Olson PO Box 66 2012 Los Angeles CA 90066- Telephone: (424) 250-0562 Email: fohfs62@gmail.com	With a copy to: Councilmember Mike Bonin City of Los Angeles, 11th District 200 N. Spring Street, Room 475 Los Angeles CA 90012 Telephone: (213) 473-7011

9. **Assignment and Transfer.** Prospective Tenant shall not assign or otherwise transfer any or all of its rights arising from this Option Agreement. Any attempt by Prospective Tenant to assign or otherwise transfer any of its interests in or rights to this Option Agreement shall be invalid, have no effect, and cause this Option Agreement to automatically and immediately terminate.

10. **Waiver.** No waiver of any condition (including without limitation any of the Option Pre-Conditions) or legal right or remedy shall be implied by the failure of Owner to declare a forfeiture, or for any other reason, and no waiver of any condition or covenant shall be valid unless it be in writing signed by Owner granting or consenting to such waiver.

11. **Early Termination.** Prospective Tenant may, at any time, terminate this Option Agreement by notifying Owner in writing. Owner shall have the right to terminate this Option Agreement immediately upon the occurrence of any of the following: (i) Prospective Tenant does not maintain its non-profit corporation status; (ii) Prospective Tenant defaults, beyond any applicable notice and cure period, under any contract between Prospective Tenant (or any affiliate of Prospective Tenant controlled and/or wholly-owned by Prospective Tenant) and the City of Los Angeles; (iii) the Option Property is destroyed or damaged, wholly or partially, and Prospective Tenant is not willing to restore the Option Property at the sole cost and expense of Prospective Tenant (which cost and expense could be added to the Budget Amount); and/or (iv) the Option Property, or any portion thereof, is subject to any condemnation action or threat of condemnation by any public entity other than the City of Los Angeles.


12. **Entire Agreement/Amendment.** This Option Agreement and the exhibits attached hereto set forth all the covenants, promises, agreements, conditions and understandings between the Parties concerning the Option Property, and there are no covenants, promises, agreements, conditions or understandings, either oral or written, between the Parties other than are herein set forth. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Option Agreement shall be binding upon the Parties unless reduced to writing and signed by the Parties.

13. **Severability.** In the event that any provision or section of this Option Agreement is rendered invalid by the decision of any court or by the enactment of any law, ordinance or regulation, such provision shall be deemed to have never been included therein and the balance shall continue in effect in accordance with its terms.

14. **Jurisdiction.** This Option Agreement and the rights and obligations of the Parties arising hereunder shall be construed in accordance with the laws of the state in which the Option Property is located.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS HEREOF, Owner and Prospective Tenant have executed this Option Agreement as of the date first written above.

<p>OWNER:</p> <p>City of Los Angeles, a California municipal corporation, acting by and through its Department of General Services</p> <p>By: <u>[Signature]</u> Name: <u>Tony M. Royster</u> Its: <u>General Manager</u> Date: <u>8-3-18</u></p>	<p>Approved as to form:</p> <p>Michael N. Feuer, City Attorney</p> <p>By: <u>[Signature]</u> Name: <u>Edward Yoon</u> Title: <u>Deputy City Attorney</u> Date: <u>7-12-18</u></p>
	<p>Attest:</p> <p>Holly L. Wolcott, City Clerk</p> <p>By: <u>[Signature]</u> Name: <u>Michael Valdivia</u> Title: <u>Deputy City Clerk</u> Date: <u>8/7/18</u></p> <p>C-131624</p> 
<p>PROSPECTIVE TENANT:</p> <p>Friends of Historic Fire Station 62, a California non-profit corporation</p> <p>By: <u>[Signature]</u> Name: <u>Albert Olson</u> Its: <u>President</u> Date: <u>7-6-2018</u></p>	