

TRANSMITTAL

TO
Council

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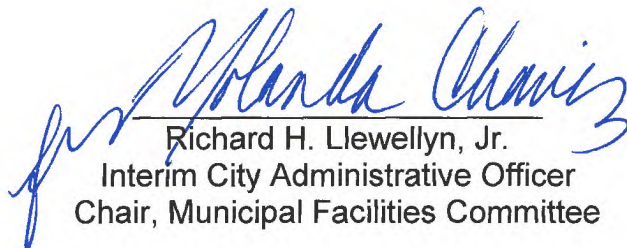
COUNCIL FILE NO.

FROM
Municipal Facilities Committee

COUNCIL DISTRICT
11

At its meeting of May 25, 2017, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize GSD to execute a lease between the City of Los Angeles and the Friends of Historic Fire Station 62 for space owned by the City at 3631-3635 South Centinela Avenue.

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



Richard H. Llewellyn, Jr.
Interim City Administrative Officer
Chair, Municipal Facilities Committee

RHL:ACG:05170130

CITY OF LOS ANGELES
CALIFORNIA

Agenda item No.9

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

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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 re-purpose 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