

CITY OF LOS ANGELES
CALIFORNIA

Agenda Item No. 2

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
GENERAL SERVICES
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October 27, 2022

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

Attention: Michael Espinosa, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE LOS ANGELES HARBOR DEPARTMENT FOR CONTINUED USE OF FIRE STATIONS #40, 49, 110, 111, 112 LOCATED AT VARIOUS LOCATIONS ON LOS ANGELES HARBOR DEPARTMENT LAND

The Department of General Services (GSD) requests authority to negotiate and execute five separate Memoranda of Understanding (MOU) with the Los Angeles Harbor Department (LAHD) for the continued operation of Fire Stations #40, 49, 110, 111, 112 located on Harbor Department land in San Pedro and Terminal Island.

BACKGROUND

The City has five Fire Stations (FS) located on LAHD property within the State Tidelands Trust (Trust) land. Two fire stations, FS 110 and FS 111 function specifically for water operations only and respond to calls exclusive to LAHD property and their tenants. Therefore, no rent will be due. Three fire stations, FS 40, FS 49 and FS 112, will have rent due since they have fire engines and respond to emergency calls in the community.

In 1993, the City Council approved MOU No. 1956 between LAHD and the City of Los Angeles relative to repayment of sums owed for prior City services, and payments for future City services to be provided in support of the Trust. While the MOU covered how payment for City services is handled, it does not cover payments for rent concerning the City's use, maintenance and occupancy of LAHD property (i.e. Fire station facilities). Historically the Los Angeles Fire Department's (LAFD) use and occupancy of LAHD property has been governed by individual instruments between LAHD and GSD who manage all lease and license agreements for LAFD.



Compensation has not kept up with market rate for Fire Stations 40 and 49. And Fire Station 112 was not being charged rent even though it clearly served the community and not just LAHD and its tenants. Another reason to execute new MOUs is to clearly identify and agree on what maintenance responsibilities were those of the City and what should be maintained by LAHD.

A separate MOU agreement for each fire station will be executed due to the unique nature of each station; however, basic terms and conditions will be the same across all.

Fire Station 110

This fire station, located at 2945 Miner St., San Pedro, does not have fire engines. Fire Boat 5 is stationed here and responds only to water calls for LAHD and their tenants. The site includes 13,750 sf of land and 9,150 sf of water area. There are two portable buildings and shed on the site, as well as a portable pole canopy where the Fire Boat is kept. The portable buildings, pole canopy, and shed belong to the City. LAHD constructed the on-site paving, seawall, gangway, docks, and fencing.

Fire Station 111

Fire Station 111 is located at 1444 S. Seaside Ave, Terminal Island and functions for water operations only. The site includes 20,475 sf of land and 16,058 sf of water area. The property includes a 2-story fire station, a small shop building and a boathouse where Fire Boat 1 is housed.

Fire Station 112

Fire Station 112 is located at 550 Sampson Way, San Pedro and services both the LAHD tenants and responds to community service calls. The site includes 56,304 sf of land and 14,375 sf of water area. The property includes a two-story, 13,808 sf station, and a 7,177 sf boathouse where Fire boat 2 is housed.

Fire Station 40

Fire Station 40 is located at 330 Ferry St, Terminal Island and responds to community service calls and includes a training facility. The site contains 94,438 square feet of land area, and no water area. The site is improved with a two-story 14,561 sf fire station building a fire tower building,

Fire Station 49

Fire Station No. 49 is located at 400 Yacht Street, Wilmington and responds to calls for service from the community and water service calls. It also houses Fire Boats 3 and 4. The site includes 36,112 sf of land and 13,939 sf of water area. The improvements were built and are owned by the City including the fire station building and the boathouse structure and therefore rent is only calculated based on the land use. The site is improved with a fire station building and a boathouse structure.

TERMS AND CONDITIONS

The 30-year agreement commences upon execution of the agreements. The compensation for Fire Stations 110 and 111 will be \$0 in recognition that services are provided for LAHD properties and their tenants. If compensation becomes due at some point in the future, City Council authority will be requested.

Compensation rates for Fire Stations 40, 49, and 112 are based on an appraisal commissioned by GSD. From there calculations were done for use of that facility, based on service allocation of landside versus waterside uses at each facility. A complete set of terms and conditions are outlined on the attached term sheets for each facility.

BUILDING MAINTENANCE, UTILITIES, AND LANDSCAPING

All maintenance and repairs will be the responsibility of the City, except for the maintenance and repair of certain water related items which LAHD will perform. Items that LAHD is responsible to maintain include wharf piles, fenders, wharf bulkheads, dock ladders, and other such water related items. An exhibit listing maintenance responsibilities of each party will be attached to each MOU.

FISCAL IMPACT

For the three fire stations where rent is due, a new methodology was developed that relies on both the appraisal and service allocation.

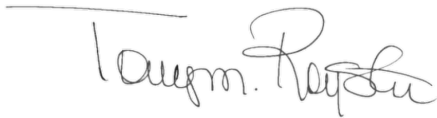
The leasing account currently pays a total of \$64,391 annually. This includes \$52,180 for Fire Station 40 and \$12,211 for Fire Station 49. No rent is currently paid for Fire Station 112. The new annual rental amount for the three fire stations is estimated to be \$801,009.37 an annual increase of \$736,618.37. There will be a savings in the leasing account of \$412,715.68 since it was funded \$813,220.37 this fiscal year in anticipation of these new agreements being executed. This represents six months of savings assuming the agreements will be executed in January 2023.

FIRE STATIONS SUMMARY		
<u>Fire Station</u>	<u>Operations</u>	<u>Proposed Annual Rent</u>
FS 40	Fire Engine and Training	\$ 489,876.52
FS 49	Fire Engine and Boat	\$ 45,381.09
FS 110	Fire Boat Only	No Rent
FS 111	Fire Boat Only	No Rent
FS 112	Fire Engine and Boat	\$ 265,751.76
	<u>Proposed Annual Rent</u>	<u>\$ 801,009.37</u>

	Annual Proposed Costs	2022-23 Estimated Expense (6mo)	2022-23 Available Funding	2022-23 Estimated Surplus
Rent	\$801,009.37	\$400,504.69	\$813,220.37	\$412,715.68

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute five separate Memoranda of Understanding with the Los Angeles Harbor Department for continued use of five fire stations, including Fire Stations 40, 49, 110, 111, and 112 located at various addresses on Harbor Department land under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheets – FS 40, FS 49, FS, 110, FS 111, FS 112

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Tenant <input type="text"/>
MAINTENANCE/ REPAIR DETAILS	GSD is responsible for maintenance and repair for all premises and all improvements within the premises.
TENANT IMPROVEMENTS	N/A
PARKING	Included
UTILITIES	City
CUSTODIAL	City
SECURITY	City
PROP 13 PROTECTION	Other <input type="text"/>
INSURANCE (City)	City is self insured
OTHER:	Land 36,112 sq ft Water area 13,939 ft Total - 50,051 Rent = \$45,381.09 per year or \$3,781.85 Monthly.

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Other <input type="button" value="v"/> See below
MAINTENANCE/ REPAIR DETAILS	GSD is responsible for maintenance associated with the premises except those that are water-related which will be listed on an attachment to be included in MOU.
TENANT IMPROVEMENTS	N/A
PARKING	Included
UTILITIES	GSD
CUSTODIAL	GSD
SECURITY	GSD
PROP 13 PROTECTION	Other <input type="button" value="v"/> N/A
INSURANCE (City)	City is self insured <input type="button" value="v"/>
OTHER:	<p>Land 36,112 sq ft Water area 13,939 ft Total - 50,051</p> <p>Rent = \$45,381.09 per year or \$3,781.85 Monthly.</p>

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Other <input type="text"/> <input type="button" value="v"/> See below <input type="text"/>
MAINTENANCE/ REPAIR DETAILS	GSD is responsible for maintenance associated with the premises except those that are water-related which will be listed on an attachment to be included in MOU.
TENANT IMPROVEMENTS	N/A
PARKING	Included
UTILITIES	GSD
CUSTODIAL	GSD
SECURITY	GSD
PROP 13 PROTECTION	Other <input type="text"/> N/A <input type="text"/>
INSURANCE (City)	City is self insured <input type="button" value="v"/>
OTHER:	(Land 13,750 sq ft and Water area 9,150 sq. ft) Total - 22,900 sq. ft No rent due for premises so long as the premises are solely used for water operations and only for services to Harbor Dept (HD) and other HD properties. If property is not used strictly as stated above, a rent addendum (subject to City Council Approval) will be incorporated in the MOU that is similar to the rent stipulations in other fires station MOUs on HD property.

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Other <input type="button" value="v"/> See Below
MAINTENANCE/ REPAIR DETAILS	GSD is responsible for maintenance associated with the premises except those that are water-related which will be listed on an attachment to be included in MOU.
TENANT IMPROVEMENTS	N/A
PARKING	Included
UTILITIES	GSD
CUSTODIAL	GSD
SECURITY	GSD
PROP 13 PROTECTION	Other <input type="button" value="v"/> N/A
INSURANCE (City)	City is self insured <input type="button" value="v"/>
OTHER:	<p>(Land 20,475 sq ft and Water area 16,058 sq. ft) FS building 5,742 sq ft Total - 36,533 sq. ft</p> <p>No rent due for premises so long as the premises are solely used for water operations and only for services to Harbor Dept (HD) and other HD properties. If property is not used strictly as stated above, a rent addendum (subject to City Council Approval) will be incorporated in the MOU that is similar to the rent stipulations in other fires station MOUs on HD property.</p>

LEASING TERM SHEET

MFC DATE	10/27/2022
LANDLORD	Los Angeles Harbor Department
ADDRESS	425 South Palos Verdes Street, San Pedro, CA 90731
TENANT	Fire Station 112 (City of Los Angeles)
ADDRESS	550 Sampson Way, San Pedro, CA 90731
LOCATION	550 Sampson Way, San Pedro, CA 90731
AGREEMENT TYPE	MOU - Memorandum of Understanding
USE	Operation and maintenance of a fire station and fireboat facility.
SQUARE FEET	70,679 (Land 56,304 sq ft; water area 14,375 sq. ft) FS building 13,808 sq. ft
TERM	30 Year Term
RENT START DATE	Upon Execution
LEASE START DATE	Upon Execution
OPTION TERM	N/A
HOLDOVER	Yes -115% Holdover Fee
SUBLET/ ASSIGNMENT	Right to Assign - Landlord approval
TERMINATION	Yes - by written notice to the other party
RENTAL RATE	Total Annual Rent: \$265,751.76 or \$22,145.98 Monthly
ESCALATION	3% annual, and rent adjustments every five years to current mkt rates
RENTAL ABATEMENT	N/A
ADDITIONAL RENT	N/A
PROPERTY TAX	N/A
OPEX	N/A
CAM	N/A

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Other <input type="text"/> <input type="button" value="v"/> See Below <input type="text"/>
MAINTENANCE/ REPAIR DETAILS	GSD is responsible for maintenance associated with the premises except those that are water-related which will be listed on an attachment to be included in MOU.
TENANT IMPROVEMENTS	N/A
PARKING	Included
UTILITIES	GSD
CUSTODIAL	GSD
SECURITY	GSD
PROP 13 PROTECTION	Other <input type="text"/> N/A <input type="text"/>
INSURANCE (City)	City is self insured <input type="button" value="v"/>
OTHER:	(Land 56,304 sq ft and Water area 14,375 sq. ft) Includes: FS building 13,808 sq. ft A boat house structure 7,177 sq.ft Rent - Land: \$136,371.29 Improvements: \$129,380,47 Total Annual Rent: \$265,751,76 or \$22,145.98 Monthly