

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Agenda Item No. 4

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
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April 15, 2021

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 305, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinosa, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LEASE AGREEMENT WITH SAN PEDRO SKATEPARK ASSOCIATION AT 610 CHANNEL STREET SAN PEDRO, CA 90731

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement with San Pedro Skatepark Association (SPSA), a 501(C)3 nonprofit organization to operate a skatepark located at 610 W. Channel Street, San Pedro, CA 90731.

BACKGROUND

On February 3, 2021, the Los Angeles City Council (Council) adopted a motion from Council District 15 (CD-15) instructing GSD to negotiate a non-profit lease agreement with the SPSA for the operation and maintenance of a skatepark (C.F. 20-1579).

This community-built skatepark was constructed in the early 2000s without proper approval on City property under the Port of Los Angeles (POLA) jurisdiction. In 2014, the skatepark was closed down by Cal Trans and POLA for improvements needed to the freeway overpass above the park. Since then, CD-15 has worked with SPSA to entitle the skatepark and comply with City regulations. Due to concerns about the suitability of POLA managing the skatepark, CD-15 requested that the jurisdiction of the park be transferred to GSD. The department of Recreation and Parks (RAP) will assist GSD in construction oversight of the SPSA improvements of the installation of guard rails, bicycle parking, and striping the parking lot. RAP also assisted in the development of the operation and maintenance terms for this lease.



TERMS AND CONDITIONS

The lease term will be for 20 years with three 10-year extension options. SPSA will assume all liability and maintenance duties to operate the skatepark. The City may terminate with a 60-day written notice. SPSA is responsible for all permitting and constructing improvements required to bring the skatepark up to code with final approval by Los Angeles Department of Building and Safety.

A complete set of terms and conditions are outlined on the attached term sheet.

SAN PEDRO SKATEPARK ASSOCIATION

Since 2004, the San Pedro Skatepark Association (SPSA) has funded, built, and maintained the Channel Street Skatepark. They are a 501(c)3 nonprofit organization run by volunteers for skateboarders. Starting in 2011, they have overseen the long process of building the skatepark at Peck Park in San Pedro. Since 2013, the SPSA has partnered with CD-15, POLA, and numerous skateboarding companies to sponsor "The San Pedro Shred", a festival showcasing downhill skateboarding along with a ramp/street course area. The festival also included local bands, food trucks and more.

MAINTENANCE, UTILITIES AND LANDSCAPING

SPSA will be responsible for all repairs and maintenance of the skatepark. The City will not have any involvement in the daily maintenance and operations. There are no utilities serving the skatepark and no landscaping.

COMMUNITY BENEFIT

The San Pedro Skatepark Association will operate the skatepark from 9:00am – sunset daily. It will serve as a hub for youth activities, primarily skateboarding, but also land stewardship, large-scale art projects and reconstruction of damaged areas. A Community Benefit Analysis (CBA) was performed by the Office of the City Administrative Officer finding the community benefit exceeds the market value of leased space by \$507,982.

FUNDING

There is no necessary funding for this project as SPSA will be responsible for build out of the improvements along with maintenance and insurance.

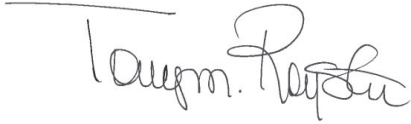
FISCAL IMPACT

There will be no impact to the General Fund. SPSA will be responsible for all costs related to the operation and maintenance of the facility.

No revenue will be generated from this lease to the General Fund during the term period.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to execute a new lease agreement with San Pedro Skatepark Association for the City-owned property located at 610 W Channel Street, San Pedro, CA 90731 under the terms and conditions substantially as outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a horizontal line above it.

Tony M. Royster
General Manager

Attachment: Term Sheet
Community Benefit Analysis

LEASING TERM SHEET

MFC DATE	04/15/2021
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LANDLORD	City Of Los Angeles
ADDRESS	111 E 1st Street, Room 201, Los Angeles, CA 90012
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TENANT	San Pedro Skatepark Association
ADDRESS	2831 S Denison Ave., San Pedro, CA 90731
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LOCATION	610 W Channel St, San Pedro, CA 90731
AGREEMENT TYPE	Non-profit lease
USE	Skatepark
SQUARE FEET	Approximately 7,217 SF
TERM	20 years
RENT START DATE	Later of Date Attested or One (1) day after the transfer of jurisdiction is complete
LEASE START DATE	Date Attested
OPTION TERM	3 ten-year extension option
HOLDOVER	Month-to-Month
SUBLET/ ASSIGNMENT	Right to Sublease/Assign - Landlord approval
TERMINATION	City may terminate with 60 day notice or upon uncured default
RENTAL RATE	None
ESCALATION	N/A
RENTAL ABATEMENT	N/A
ADDITIONAL RENT	N/A
PROPERTY TAX	N/A
OPEX	Tenant
CAM	Tenant

OTHER	
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Tenant
MAINTENANCE/ REPAIR DETAILS	Inspections twice a week for adverse wear. Issues should be repaired immediately. Sweeping and removal of refuse to be performed on a regular basis.
TENANT IMPROVEMENTS	Tenant will construct improvements based on approved plans by RAP. Tenant will install signage requiring use of safety equipment.
PARKING	N/A
UTILITIES	Tenant
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	City is Exempt
INSURANCE (City)	Tenant shall indemnify and hold harmless the City
OTHER:	Hours of Operation: 9:00am - Sunset daily. Closed during periods of wet weather or when unsafe conditions. Hours may be adjusted for special events with permission of the City. Tenant responsible for all Operating Permits and Licenses.

**Report from
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Community Benefit Analysis for Proposed Non-Profit Lease**

I. Proposed Lease Terms and Conditions	
Facility Location:	610 W. Channel Street, San Pedro, CA 90731
Lessee:	San Pedro Skatepark Association, a non-profit 501(c) 3 organization
Council File Reference:	C.F. 20-1579 (Motion adopted February 3, 2021)
Space Assignment:	Approximately 7,217 square feet (Floor)
Term & Renewal Option:	20 years (with 3 ten-year options to renew)
Market Rate:	\$0.36 PSF (\$2,598.12 monthly or \$31,177.44 annually)
Proposed Rental Rate:	\$0 per year during the first term, with rate under any renewal options to be subject to negotiation at the discretion of the City.
Clean-up and Associated Cost:	Lessee shall be financially responsible for all applicable utility and custodial costs.
Tenant Improvements:	Lessee shall have full responsibility for the cost of any needed tenant improvements.
II. History and Current Services	
Mission:	The mission of the San Pedro Skatepark Association is to provide a free public, community run skatepark in the Los Angeles Harbor Area.
Vision:	<p>To build and maintain a concrete skateboard park on a vacant property owned by the City of Los Angeles. To promote healthy activities such as skateboarding, work and job skills, and art appreciation.</p> <p>Utilization of community members (with an emphasis on youth empowerment) in all activities at the skateboard park, including the construction, maintenance, and beautification of the facility.</p> <p>Promotion of our region and town through the use of community volunteerism and large-scale art projects depicting the local culture and history.</p>

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Background / History:	<p>The Channel Street Skatepark was founded in 2002, as a do-it-yourself project under the 110 freeway by a group of community members, with an emphasis on teaching youth basic construction skills. All construction costs were funded by donations (both in-kind services and cash) from community members, businesses and organizations. In 2004, community members created the San Pedro Skatepark Association (SPSA), a 501c3 nonprofit organization. Over the years, fundraisers were organized for construction costs, contests were held to showcase the talent of local youth, and clean-ups of the general area were staged.</p> <p>In 2014, the skatepark closed due to overhead construction on the 110 freeway overpass. Since that time, the SPSA, has worked with Council District 15, to re-open the skatepark. In 2019, SPSA was granted construction permits to redevelop the site. The management of the property will transition from the Harbor Department to the General Services Department. Once the transition is completed, the SPSA plans to start work on repairing areas of the park that were damaged during overhead freeway construction and cleaning up the general area.</p>
Current Services:	<p>The skatepark is currently closed. Once re-opened, the skatepark would serve as a hub for youth activities, primarily skateboarding, but also land stewardship, large-scale art projects and reconstruction of skatepark areas that were damaged by construction on the 110 freeway and neglect during the recent Covid-19 pandemic. In the past, the Channel Street Skatepark served an essential service to youth in the Harbor Area.</p>
III. Community Benefit Analysis	
Value of Direct Services:	<p>A. <u>Value of Dedicated Staff:</u> \$24,960</p> <ul style="list-style-type: none"> • 2 employees at 20.00 per hour • 12 hour shifts 4 days per week = \$480 per week • \$480 per week multiplied by 52 weeks =\$24,960 <p>B. <u>Value of Services to Participants:</u> \$504,000</p> <ul style="list-style-type: none"> • Skatepark construction costs (2002-present day) \$500,000 • Skatepark maintenance \$4,000
Value of Operational Budget:	<p>C. <u>Value of Operational Budget - specify:</u> \$5,700</p> <ul style="list-style-type: none"> • Tool costs (construction, maintenance, clean-up) \$2,500 • Portable restroom (2 w/ handwashing stations) \$1,200 • Liability insurance policy \$2,000

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Additional Offsets / In-Kind Services:	<p>D. <u>Value of Additional Offsets - specify:</u> \$4,500</p> <ul style="list-style-type: none"> • Beautification projects (wall murals, landscaping) \$2,000 • Skate contests \$1,000 • Clean-up events \$500 per event \$1,500
Total Community Benefit:	<u>\$539,160</u> annually (=A+B+C+D above)
Market Value for Leased Space	<p><u>\$31,177.44</u> annually*</p> <p>(* calculated as: average market rate of \$0.36 per s.f. multiplied by assigned space of 7,217 s.f. multiplied by 12 months = \$31,177.44)</p>
Benefits Finding & Recommended Action.	<p>Community benefits estimated at \$539,160 annually exceeds the market value of \$31,177.44 for the leased space by \$507,982.56.</p> <p>Approval of the proposed lease terms is recommended on the basis that the value of the community benefits exceed the market value of the leased space.</p>

0220-05479-0013	Daisy Bonilla	Bernyce Hollins	 Yolanda Chavez
Work Assignment Number	Analyst	Chief	Assistant CAO

YC/DFB/05210109

Released Date: 04-01-21