

EXHIBIT "2"

**Memorandum of Lease**

**Amendment And Extension of Existing Lease Agreement**

**EXHIBIT "2"**

RECORDING REQUESTED BY

City of Glendale

WHEN RECORDED MAIL TO:

City Clerk, City of Glendale

613 E. Broadway, Room 110

Glendale, CA 91206-4393

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(Space above line for Recorder's use)

MEMORANDUM OF LEASE

AMENDMENT AND EXTENSION OF  
EXISTING LEASE AGREEMENT

The undersigned as the DEPARTMENT OF RECREATION AND PARKS OF THE CITY OF LOS ANGELES, a municipal corporation ("Lessor"), and the CITY OF GLENDALE, a municipal corporation ("Lessee"), under certain Amendment to Lease Agreement dated March \_\_\_\_\_, 2015, have extended the initial lease term relating to Premises more particularly described in Exhibit "A", in the County of Los Angeles, State of California, and hereby confirm that the term of said Amendment to Lease Agreement commences on March 24, 2015 and will expire on March 23, 2026.

Date: \_\_\_\_\_, 2015

Lessor:

THE CITY OF LOS ANGELES, a municipal corporation acting by and through its BOARD OF RECREATION AND PARKS COMMISSIONERS

By: \_\_\_\_\_  
PRESIDENT

By: \_\_\_\_\_  
SECRETARY

Approved as to form:  
MICHAEL N. FEUER, CITY ATTORNEY

By: \_\_\_\_\_  
DEPUTY CITY ATTORNEY

Date:

Date: \_\_\_\_\_, 2015

Lessee:

CITY OF GLENDALE, a municipal  
corporation

By: \_\_\_\_\_  
SCOTT OCHOA  
City Manager

Approved as to form:  
MICHAEL J. GARCIA, CITY ATTORNEY

By: \_\_\_\_\_  
DORINE MARTIROSIAN  
Assistant City Attorney

Date: \_\_\_\_\_, 2015



REPORT OF GENERAL MANAGER

NO. 15-204

DATE September 2, 2015

C.D. 13

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: GRIFFITH PARK/CENTRAL SERVICE YARD – AMENDMENT TO THE LEASE AGREEMENT WITH THE CITY OF GLENDALE TO PERFORM GROUNDWATER ENVIRONMENTAL REMEDIATION – RESCISSION OF PREVIOUS BOARD ACTION – REVISED AMENDMENT

<i>for</i> R. Barajas <u>CSD</u>	K. Regan _____
H. Fujita _____	N. Williams _____
V. Israel _____	

  
 \_\_\_\_\_  
 General Manager

Approved ✓ Disapproved \_\_\_\_\_ Withdrawn \_\_\_\_\_

RECOMMENDATIONS:

That the Board:

1. Rescind approval of the proposed Amendment to the Lease Agreement with the City of Glendale to perform groundwater environmental remediation on a portion of the Department of Recreation and Parks (Department) Griffith Park/Central Service Yard, approved on January 21, 2015;
2. Approve a revised proposed Amendment, substantially in the form on file in the Board Office, to the Lease Agreement with the City of Glendale to perform groundwater environmental remediation on a portion of the Department's Griffith Park/Central Service Yard to extend the term of the agreement for a period of ten (10) years under terms and conditions described in the Summary of this Report, subject to the approval of the Mayor and the City Council, and the City Attorney as to form;
3. Direct the Board Secretary, in accordance with Executive Directive No.3, to forward the proposed amendment to the Mayor and, concurrently, to the City Attorney for review as to form, and, request that the City Attorney expedite the processing of the amendment through City Council; and,
4. Upon receipt of the necessary approvals by City Council and the City Attorney, authorize the Board President and Secretary to execute the amendment.

## REPORT OF GENERAL MANAGER

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### SUMMARY:

In 1989, the Environmental Protection Agency (EPA) identified elevated concentrations of Volatile Organic Compounds (VOC's) in the groundwater in and around the Glendale/Griffith Park area. Further investigation revealed two distinct plumes of contamination which were called the Glendale North Plume and the Glendale South Plume. The EPA initiated studies to evaluate alternative methodologies for groundwater clean-up. In 1993, the EPA selected a cleanup remedy for these plumes of groundwater contamination. The proposed remedy consisted of groundwater extraction and treatment for the shallow aquifer system. As part of this process, the EPA identified specific sites at which they recommended placement of extraction and monitoring wells. One of these sites was the Department's Griffith Park/Central Service Yard.

On November 4, 1998, the Board, through Board Report No. 464-98, approved a fifteen (15) year lease agreement with the City of Glendale to allow for the remediation of toxic groundwater through the placement of two (2) subsurface extraction and monitoring wells and associated pipelines within the Department's Central Service Yard. The groundwater toxic remediation is being conducted by the City of Glendale, a municipal corporation and the Glendale Respondent's Group, LLC, acting on behalf of the City of Glendale. This lease agreement contained an option to extend the term by another ten (10) years.

At the written request of the City of Glendale, dated April 13, 2014, the Board, through Report No.15-008, approved an Amendment to the Lease Agreement with the City of Glendale that extended the term by an additional ten (10) years. This approval was made on January 21, 2015.

Following the Board's approval of Report No. 15-008, the City Administrative Officer, who reviewed the proposed Amendment for the Mayor's Office, recommended that the proposed Amendment include language for the continuation of rent adjustments every five (5) years beginning at the sixteenth (16<sup>th</sup>) year of the Lease or the first (1<sup>st</sup>) year of the renewal term. Subsequently, the Arts, Parks and River Committee, Chaired by Councilmember Mitch O'Farrell of Council District 13 and whose council district includes Griffith Park/Central Service Yard, recommended that the Amendment include language to give the City the ability to terminate the Agreement with written notification. It should be noted that there are discussions to create a master plan for the redevelopment of the park property from its current use as a maintenance yard to a public park adjacent to the Los Angeles River. Should these plans come to fruition, the proposed revision would give the City leverage over the City of Glendale for relocating the existing wells to a more design friendly location on the same park property.

REPORT OF GENERAL MANAGER

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Department staff concur with the two (2) recommendations received and after further discussions with representatives from the City of Glendale, the following revisions are to be included in the Lease Amendment are being proposed for the Board's consideration and approval:

1. Rent adjustments, as described in the original lease, shall continue during the proposed extension term.
2. The Department shall have the right to terminate the Lease Agreement upon providing two (2) years notice to the City of Glendale.
3. Should the Department provide written notice to the City of Glendale to terminate the Lease Agreement, the City of Glendale's existing wells will not be taken off-line until new replacement wells are on-line.
4. The Lease extension term shall be ten (10) years.

Department staff requests that the Board rescind approval of the Lease Amendment from Report No. 15-008 and approve the revised proposed Lease Amendment described in this Report.

FISCAL IMPACT STATEMENT:

There will be no additional fiscal impacts to the Department's General Fund as a result of this lease with the City of Glendale. It should be noted that the Department will continue to realize savings as Glendale will be responsible for the operation and maintenance costs of the area under the lease for the twenty-five (25) year term of the lease. Currently, the Department receives \$11,520.00 in rent annually or \$115,200.00 during the ten (10) year renewal period. With the proposed revised amendment, the Department may receive an additional \$1,059.84 annually or \$10,598.40 for the term of the renewal period.

This Report was prepared by Cid Macaraeg, Sr. Management Analyst II, Planning, Construction and Maintenance Branch.

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 29, 2015

CAO File No. 0150-08696-0001  
Council File No. 99-0866  
Council District: 9

To: The Mayor

From: Miguel A. Santana, City Administrative Officer *MAS*

Reference: Letter to the Mayor from the Board of Recreation and Park Commissioners dated, January 21, 2015; referred by the Mayor on February 2, 2015

Subject: **AMENDMENT TO LEASE AGREEMENT NO. 250 BETWEEN THE CITY OF LOS ANGELES AND CITY OF GLENDALE**

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### SUMMARY

At its meeting of January 21, 2015, the Board of Recreation and Park Commissioners (Board) approved a proposed amendment to a lease agreement with the City of Glendale (Glendale) relative to the extension of the current lease agreement for an area located within the Department's Griffith Park/Central Service Yard by an additional ten years.

Effective March 24, 2000, the original 15-year lease agreement between the City of Los Angeles, through the Department of Recreation and Parks (Department), and Glendale, allowed Glendale to construct two subsurface extraction and monitoring wells and associated pipelines within the Department's Griffith Park/Central Service Yard. The lease agreement includes one ten-year renewal option. The proposed amendment exercises the one ten-year renewal option. The terms of the lease agreement also provides that upon the expiration of the agreement, the agreement may continue on a month to month basis upon the same terms as specified in the agreement, until terminated by either parties or a new written agreement is executed by both parties.

The lease agreement includes provisions for increasing the annual rent payable of \$8,808 at the beginning of the 6<sup>th</sup> and 11<sup>th</sup> year of the lease. The lease outlines that at the end of the 5<sup>th</sup> and 10<sup>th</sup> year, the rent shall be adjusted upwards equivalent to the cumulative total of the annual Consumer Price Index (CPI) percentage increase during the immediately preceding five year period. According to the Department, Glendale paid an annual rent of \$8,808 at the beginning of the lease. A rent adjustment was applied on the 6<sup>th</sup> year, increasing the annual rent payable by \$1,082 to \$9,890. Another rent adjustment was applied on the 11<sup>th</sup> year, increasing the annual rent payable by \$1,630 to \$11,520. The terms of the amended lease agreement does not provide any language for the continuation of the rent adjustment during the ten-year renewal term.

It is recommended that the lease agreement be amended to include terms for the continuation of rent adjustments every five years beginning at the 16<sup>th</sup> year of the lease or the 1<sup>st</sup> year of the renewal term. Using the same guidelines for rent adjustment for the initial term of the lease, the cumulative total of the CPI increases during the preceding five year period (March 2009-2014) allows for a rent increase up to 9.2 percent, which is equivalent to an increase of \$1,059.64 annually or \$10,598.40 for the ten-year renewal term. A subsequent adjustment on the 21<sup>st</sup> year of the lease or the 6<sup>th</sup> year of the renewal term may also be anticipated if the five year rent adjustment is continuously applied.

Council approval of the proposed lease agreement is required because the term exceeds five years.

## RECOMMENDATION

That the Council:

- 1) Approve and authorize the President and Secretary of the Board of Recreation and Park Commissioners to execute the proposed amendment to the lease agreement No. 250 with the City of Glendale for a period of ten years, subject to the approval of the City Attorney;
- 2) Request the Board of Recreation and Park Commissioners to include the following language to the Amendment; and

**3. Consideration.** Rent adjustment shall be applied during the first and sixth year of the renewal term, using the same method during the original term of the Lease Agreement. The following language shall replace the first and second paragraphs of Section 6(d) of the Lease Agreement:

### 6 Consideration

d. Annual Rent ("Annual Rent") for the first five (5) years of the term of the Lease in the amount of \$8,808 for the lease of the Premises. At the end of the fifth, tenth, fifteenth, and twentieth years, the Annual Rent shall be adjusted upwards (the "Rent Adjustment") by a percentage which represents the cumulative total of the percentage increase in the CPI for each year of the immediately preceding five year period. As used herein, the term "CPI" shall mean the Consumer Price Index for All Items, All Urban Consumers for the Los Angeles-Riverside-Orange County, California Area (1993-1995=100) published by the Bureau of Labor Statistics of the US Department of Labor.

Annual rent shall be due and payable in advance commencing on the Commencement Date and on each subsequent anniversary of the Commencement Date. Annual Rent payments shall be made to Lessor at the address set forth in Section 14 of this Agreement or at such other address as Lessor requests pursuant to the notice provisions of this Agreement. Annual Rent payments for the sixth, eleventh, sixteenth, and twenty-first year of the term of the Lease shall be made as follows: (1) on the sixth anniversary of the

Commencement Date, the City shall pay \$8,808 to Lessor, and the City shall make an additional payment to Lessor in the amount of the Rent Adjustment within (10) days after the Lessor and City agree on the amount of the Rent Adjustment for the following five year period; and (2) on the eleventh, sixteenth, and twenty-first anniversary of the Commencement Date, the City shall pay to the Lessor the amount of the Annual Rent paid for the tenth, fifteenth, and twentieth year of the Lease, respectively, and the City shall make an additional payment to Lessor in the amount of the Rent Adjustment within ten (10) days after the Lessor and City agree on the amount of the Rent Adjustment for the following five year period.

- 3) Request the Board of Recreation and Park Commissioners to revise the expiration indicated on the Memorandum of Lease as March 23, 2025 instead of March 23, 2026 to accurately reflect the end of the ten-year renewal period approved by the Board.

#### FISCAL IMPACT STATEMENT

The City of Glendale will pay \$11,520 in rent annually or \$115,200 during the ten-year renewal period. If the recommendation to continue the rent adjustment is adopted, then an increase of up to \$1,059.84 annually or \$10,598.40 for the term of the renewal period may be received. Additional revenue may also be received during the subsequent rent adjustment. Revenues from this agreement will be deposited in equal parts between the Department of Recreation and Parks General and Special funds. There is no additional impact on the City's General Fund. To the extent applicable, the recommendation stated in this report complies with the City Financial Policies in that user charges and fees are set to support the full cost of operations for which the fees are charged.

  
MAS.LGC.08150060

Attachment