



MICHAEL N. FEUER
CITY ATTORNEY

REPORT NO. R 1 5 - 0 0 3 5
FEB 1 7 2015

REPORT RE:

**DRAFT ORDINANCE TO APPROVE A RESOLUTION AUTHORIZING THE
GRANT OF A NO-BUILD EASEMENT TO STUDIO LENDING GROUP, LLC OVER A
PORTION OF LOS ANGELES DEPARTMENT OF WATER AND POWER'S
RECEIVING STATION H**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance would approve Resolution No. 015 125, dated January 20, 2015, authorizing the grant of a no-build easement on property that is part of Receiving Station H for the Los Angeles Department of Water and Power (LADWP), as described below.

Summary

The enclosed resolution recommends to the City Council approval of the grant of a no-build easement (Easement) to Studio Lending Group, LLC (SLG) to provide SLG's existing parking structure on adjacent property with adequate fire clearance. The easement is for 2,720 square feet at Receiving Station H. Under the terms of the Easement, LADWP may terminate the Easement if SLG later demolishes the parking structure or ceases its use for parking.

SLG will pay \$108,800 to the Power System for the Easement. This value has been determined by a licensed appraiser and agreed to by both SLG and LADWP.

Background

LADWP entered into a 20-year lease of a portion of Receiving Station H with SLG's predecessor, Warner Bros., Inc., on January 1, 1993. The lease facilitated SLG's operation of its existing motion picture and television production studio on property adjacent to LADWP's Receiving Station H. The facility includes both a parking structure located on SLG property and a studio building constructed on both SLG property and on LADWP property.

Based on review of operational needs and future expansion, LADWP determined that the portion of the existing building located on LADWP property must be removed in the near future. To allow for SLG's orderly completion of its existing studio commitments and to ensure the timely removal of the building from LADWP property, the parties entered into a three-year lease commencing on January 1, 2013, and expiring on December 31, 2015. The Board of Commissioners approved of that lease by Resolution 013-150 at its January 11, 2013, Board meeting.

As to the parking structure, SLG, in order to comply with Fire Code requirements, must either construct a fire wall for the structure or obtain the no-build easement for the identified portion of Receiving Station H. Based on its review of SLG's request for a no-build easement, LADWP has determined that the Easement can be granted without adversely affecting LADWP operations and maintenance activities.

An appraisal of the Easement has been completed. Consistent with the appraisal, SLG has agreed to pay \$108,800 for the Easement upon the recording of the Easement. LADWP has reviewed the appraisal and determined the compensation is reasonable.

It is anticipated that the grant of the Easement will take place prior to the end of the three-year lease, under which SLG is already paying rent for the easement area. To relieve SLG from paying rent on the easement area once the Easement has been recorded, LADWP and SLG have agreed that an offset to account for the portion of the lease payment attributable to the easement area will be deducted from SLG's remaining lease payments.

Under the Easement, LADWP may terminate the Easement if SLG later demolishes the parking structure or ceases its use for parking. In the event that the easement granted hereunder is terminated for any reason in the first five years after it is recorded, LADWP will reimburse a portion of the purchase price to SLG. The reimbursement will be calculated by amortizing the purchase price over the first five years of the term of this easement on a straight line basis (e.g., should LADWP terminate the easement at the end of the second year following the recording of the easement, SLG will be entitled to a reimbursement of three years totaling \$65,280).

Charter Requirements

This draft ordinance is transmitted for your approval pursuant to Charter Section 675, after approval by the Board of Water and Power Commissioners of the Department of Water and Power.

CEQA Findings

In accordance with the California Environmental Quality Act (CEQA), it has been determined that this transaction is exempt from further requirements under the Los Angeles City CEQA Guidelines, Article III, Class 12, Categorical Exemption.

Recommendation

Based on the foregoing, it is requested that the City Council adopt the enclosed draft ordinance. A copy of the Board Resolution is included in the Council File.

Council Rule 38 Referral

Pursuant to Council Rule 38, the Board of Water and Power Commissioners recommends approval of the draft ordinance authorizing this transaction.

If you have any questions regarding this matter, please contact Assistant City Attorney Richard Tom at (213) 367-4580. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM/RT:me
Transmittal

ORDINANCE NO. _____

An ordinance approving Resolution No. 015 125 of the Board of Water and Power Commissioners authorizing the execution of an easement deed by the Los Angeles Department of Water and Power (LADWP) to Studio Lending Group, LLC (SLG).

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. It is found and determined that the certain easement described in this ordinance, over property owned by the City of Los Angeles and under the management and control of LADWP, should be granted to SLG, the owner of the adjacent property. Under the easement, LADWP agrees that it will construct no above-ground facilities within the easement area in order to provide SLG's existing parking facility with adequate fire clearance. The Board of Water and Power Commissioners has adopted a resolution to grant this easement, determining that doing so will not adversely affect LADWP's operations and maintenance activities, and requesting the City Council to authorize by ordinance the execution, acknowledgment and delivery of an instrument in writing, as provided in Sections 675(d)(2) of the Los Angeles City Charter, granting said easement to the owner of record.

Sec. 2. The grant of the easement is hereby authorized and ordered. The execution of the appropriate instruments by the President or Vice President of the Board of Water and Power Commissioners or the General Manager of the LADWP is hereby authorized, and each of them is empowered, and directed to execute in the name of the City of Los Angeles, an instrument in writing, approved as to form and legality by the City Attorney, granting to SLG the easement, legally described in Attachment A (attached hereto and incorporated by reference).

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles as follows: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

HOLLY L. WOLCOTT, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By  _____
RICHARD TOM
Assistant City Attorney

Date: 2/17/15

File No. _____

ATTACHMENT A
LEGAL DESCRIPTION

LEGAL DESCRIPTION

EXHIBIT "A"

LADWP No Build Easement Area

A strip of land, 10 feet wide, over that portion of Lot 2 of Tract No. 215, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 14, Pages 42 and 43 of Maps, Records of said County, the northerly line of which is described as follows:

Beginning at the intersection of the northerly boundary line of the City of Los Angeles as established by Los Angeles City Ordinance No. 43261 (New Series), dated February 27, 1922, as condemned by Final Decree of Condemnation entered in Los Angeles County Superior Court, Case No. 596119, a certified copy thereof being recorded on May 22, 1953 as Instrument No. 4180 in Book 41794 Page 283 of Official Records of said County, with the easterly right of way of Poinsettia Place, 60 feet wide, as shown on map of Tract No. 5681, in said city, recorded in Book 136, Pages 23 and 24 of said Maps; thence easterly along said northerly boundary line, 272.00 feet.

The southerly side line of said strip is to be extended or shortened so as to terminate westerly in the easterly right of way of said Poinsettia Place.

See Exhibit 'B' attached hereto and made apart hereof.

This legal description has been prepared by me or under my direction:

Robert C. Olson
Robert C. Olson, PLS 5490

12-24-2013
Date

