

Los Angeles  Department of Water & Power

ERIC GARCETTI
Mayor

Commission
MEL LEVINE, *President*
WILLIAM W. FUNDERBURK JR., *Vice President*
JILL BANKS BARAD
MICHAEL F. FLEMING
CHRISTINA E. NOONAN
BARBARA E. MOSCHOS, *Secretary*

MARCIE L. EDWARDS
General Manager

January 23, 2015

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Authorizes Los Angeles Department of Water and Power File P-43612-1 Grant of a No-Build Easement to Studio Lending Group, LLC

Pursuant to Charter Section 385, enclosed for approval by your Honorable Body is Resolution No. 015 125, adopted by the Board of Water and Power Commissioners on January 20, 2015, approved as to form and legality by the City Attorney, which authorizes Los Angeles Department of Water and Power (LADWP) File P-43612-1 Grant of a No-Build Easement to Studio Lending Group, LLC over a portion of LADWP's Receiving Station H.

If additional information is required, please contact Ms. Winifred Yancy, Manager of Intergovernmental Affairs and Community Relations, at (213) 367-0025.

Sincerely,



Barbara E. Moschos
Board Secretary

BEM:oja

Enclosures: LADWP Resolution
Board Letter
CAO Report
Easement Deed

Los Angeles Aqueduct Centennial Celebrating 100 Years of Water 1913-2013

c/enc: Mayor Eric Garcetti

Councilmember Felipe Fuentes, Chair, Energy and the Environment Committee

Gerry F. Miller, Chief Legislative Analyst

Miguel A. Santana, City Administrative Officer

Rafael Prieto, Legislative Analyst, CLA

David Hirano, Chief Administrative Analyst

Winifred Yancy



Los Angeles Department of Water & Power

RESOLUTION NO. 015 125

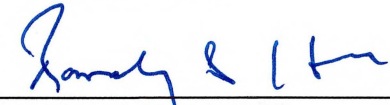
JAN 20 2015

BOARD LETTER APPROVAL

- POWER SYSTEM
- CAO
- LEGAL
- WATER SYSTEM
- CFO

RELEASE DATE: _____


 DAVID H. WIGGS
 Chief Administrative Officer


 RANDY S. HOWARD
 Senior Assistant General Manager
 Power System


 MARCIE L. EDWARDS
 General Manager

DATE: December 30, 2014

SUBJECT: Los Angeles Department of Water and Power (LADWP) File P-43612-1 Grant of a No-Build Easement to Studio Lending Group, LLC Over a Portion of LADWP's Receiving Station H

SUMMARY

The attached Resolution recommends to the Los Angeles 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. Under the Easement, LADWP may terminate the Easement if SLG later demolishes the parking structure or ceases its use for parking. This value has been determined by a licensed appraiser and agreed to by both SLG and LADWP.

City Council approval is required according to Charter Section 385.

- **Location:** 936 N. Poinsettia Place, West Hollywood, CA
- **Area:** 2,720 square feet
- **LADWP Facility:** Receiving Station H
- **Intended Use:** No-build easement to provide adequate fire clearance
- **Payment for the Easement:** \$108,800 to the Power System
- **Council District:** 5

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of the grant of an Easement to SLG

to provide SLG's existing parking structure with adequate fire clearance.

FINANCIAL INFORMATION

The Easement will generate a total of \$108,800 for the Power System.

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 operation of the 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 its operational needs and future expansion in 2011-2012, LADWP determined that the portion of SLG's 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 Water and Power Commissioners (Board) 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 from LADWP for the identified portion of Receiving Station H. Based on its review of SLG 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).

City Council approval is required according to Charter Section 385. A copy of the City Administrative Officer (CAO) report is attached.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA), it has been determined that this agreement is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061 (b)(3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the attached Resolution authorizing execution of the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Easement
- CAO Report

P-43612-1

Resolution No. _____

(Grant of No-Build Easement)

(Portion of LADWP's Receiving Station H)

WHEREAS, the Los Angeles Department of Water and Power (LADWP) entered into a 20-year Lease for a portion of the LADWP's Receiving Station H with Warner Brothers, Inc., predecessor to Studio Lending Group, LLC (SLG) on January 1, 1993, to allow SLG to conduct motion picture and television studio operations. The facilities include both a parking structure on SLG's property and a studio building constructed on both SLG property and LADWP property. This lease expired December 31, 2012. T

WHEREAS, LADWP and SLG have entered into a three year Lease Agreement that expires December 31, 2015, to allow SLG time to transition its motion picture and television studio operations for such that the studio building will timely be removed from the LADWP property.

WHEREAS, SLG has requested that LADWP grant a No-Build Easement (Easement) to SLG to provide adequate fire clearance for SLG's existing parking structure so as to allow its continuing operation. LADWP has determined that the easement can be granted without adversely affecting LADWP operations and maintenance activities.

WHEREAS, consistent with the appraisal that has been completed, SLG will pay the amount of \$108,800 to LADWP upon the recording of the Easement. The Easement provides that LADWP may terminate the Easement if SLG later demolishes the parking structure or ceases its use for parking. The Easement further provides that if the Easement is terminated for any reason within the first five years following the recording date, the LADWP will reimburse a portion of the purchase price to SLG, calculated by amortizing the purchase price over the first five years of the term of this Easement on a straight line basis.

NOW, THEREFORE, BE IT RESOLVED that the Board of Water and Power Commissioners hereby recommends that the City Council approve the grant of the Easement to SLG to provide SLG's existing parking structure with adequate fire clearance;

BE IT FURTHER RESOLVED that the Easement, approved as to form and legality by the City Attorney, and filed with the Secretary of the Board, is hereby approved.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said Easement for and on behalf of LADWP upon approval by the City Council pursuant to City Charter Section 373.

851 210

BE IT FURTHER RESOLVED that the Chief Accounting Employee of LADWP, upon proper certification, is hereby authorized and directed, to authenticate a demand or demands upon the Power Revenue Fund for the Rent Offset, if applicable.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of the Resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held JAN 20 2015

Bouvan E. Masda

Secretary

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

JUL 15 2014
BY *Richard Tom*
RICHARD TOM
DEPUTY CITY ATTORNEY

0150-10265-0000

TRANSMITTAL

TO
Marcie L. Edwards, General Manager
Department of Water and Power

DATE
OCT 09 2014

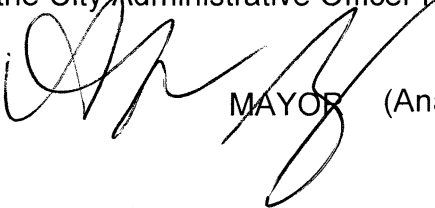
COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT

AUTHORIZATION OF A PERMANENT NO-BUILD EASEMENT DEED TO STUDIO LENDING GROUP OVER A PORTION OF DWP RECEIVING STATION H

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR (Ana Guerrero)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 1, 2014

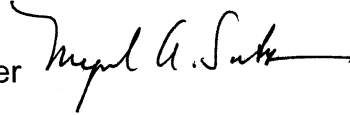
CAO File No.: 0150-10265-0000

Council File No.:

Council District:

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Water and Power dated August 13, 2014; referred by the Mayor for report on September 4, 2014

Subject: **AUTHORIZATION OF A PERMANENT NO-BUILD EASEMENT DEED TO STUDIO LENDING GROUP**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of a proposed resolution authorizing the execution of a permanent no-build easement deed to Studio Lending Group, LLC (SLG), for 2,720 square feet of land owned by the City of Los Angeles (City) located at 936 N. Poinsettia Place within the City of West Hollywood, California.

The proposed easement will provide fire clearance and allow SLG to comply with Fire Code requirements pertaining to a SLG parking structure adjacent to the City owned land which is utilized by DWP as Power Receiving Station H. Without the easement, the City of West Hollywood would require SLG to install a firewall adjacent to the DWP facility. DWP has determined that the proposed easement presents no adverse operational impacts or maintenance expenses associated with the current or anticipated operational needs of the Department. The agreed upon price of the easement is \$108,800, which is based on a fair market appraisal performed in 2012 and updated in 2014. DWP has reviewed the appraisal and determined the compensation is reasonable.

Charter Section 675(d)(2) requires Council approval to sell, lease, or otherwise dispose of, or in any manner withdraw from the control of the Board of Water and Power Commissioners real property. The City Attorney has approved the proposed resolution as to form and legality.

RECOMMENDATION

That the Mayor:

1. Approve the proposed resolution which authorizes the Department of Water and Power to execute a permanent no-build easement deed to Studio Lending Group, LLC, located on City of Los Angeles owned land at DWP Receiving Station H in the City of West Hollywood; and
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed resolution will result in \$108,800 in revenue for the Power Revenue Fund. Since the Department of Water and Power is bound only by the City Debt Management Policies, the City Financial Policies are not applicable. Approval of the proposed resolution will have no impact on the City's General Fund.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 675(d)(2), "Powers and Duties of the Board – Real Estate Interests," subject to the water rights of the City, there is no time limit for Council action on agreements for real property or any rights in real property held by DWP that will be sold, leased or withdrawn from the Department's control.

MAS:RPR:10150022

WHEN RECORDED, MAIL TO:

Department of Water and Power
Real Estate Business Group
P. O. Box 51111, Room 1031
Los Angeles, CA 90051-0100

EASEMENT DEED

The CITY OF LOS ANGELES, a municipal corporation ("City"), grants to Studio Lending Group, LLC, a California limited liability company and its successors and assigns ("Grantee"), a no-build easement to prohibit the construction of above-grade improvements over certain real property in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit A and shown on Exhibit B attached hereto (the "Easement Area").

SUBJECT TO easements, covenants, conditions, restrictions, other matters of record, and the terms in Exhibit C attached hereto.

The easement granted by this deed is an easement appurtenant. The easement shall exist in perpetuity and shall run with the adjacent land owned by Grantee and legally described in Exhibit B attached hereto, provided that the City shall have the right to terminate this easement upon thirty (30) days prior written notice to Grantee in the event that Grantee demolishes the improvements immediately adjacent to the Easement Area at any time in the future (subject to a reasonable period to repair or restore the same following an earthquake or other casualty). During the term of this easement, the City shall not erect, or permit to be erected, any above-ground improvements within the Easement Area.

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Terms and conditions for the easement are included in Exhibit C.

Dated _____

GRANTOR:

THE CITY OF LOS ANGELES
a municipal corporation

By: _____

And: _____

GRANTEE:

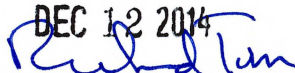
STUDIO LENDING GROUP, LLC

By: _____

Name: _____

Its: _____

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

DEC 12 2014
BY 
RICHARD TOM
ASSISTANT GENERAL COUNSEL