

CAO 649-d

## TRANSMITTAL

TO  
Council

DATE

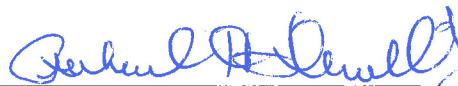
7/5/18

COUNCIL FILE NO.

FROM  
Municipal Facilities Committee

COUNCIL DISTRICT  
1

At its meeting held on June 28, 2018, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD, on behalf of the Los Angeles Police Department (LAPD), to negotiate and execute a new lease agreement between the City and Leigh Holmes for the continued use of space for radio equipment and antenna towers at 1050 Montecito Drive, for a term of five (5) years, including a bilateral agreement for early termination, with two 5-year extension options. The rental rate is approximately \$62,400 annually, with three percent annual escalations. There is a potential General Fund impact as this expense was not budgeted as part of the funding authorized through the Adopted Budget for GSD's leasing account. Any potential shortfall would be reported and addressed through the mid-year Financial Status Report.



Richard H. Llewellyn, Jr.  
City Administrative Officer  
Chair, Municipal Facilities Committee

RHL:MGR:05180155c

**CITY OF LOS ANGELES**  
CALIFORNIA

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June 28, 2018

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

Attention: John White, Legislative Analyst

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW  
LEASE BETWEEN THE CITY OF LOS ANGELES AND LEIGH HOLMES  
FOR CONTINUED USE OF RADIO AND ANTENNA EQUIPMENT SPACE**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease agreement on behalf of the Los Angeles Police Department (LAPD) with Leigh Holmes for the continued use of property located at 1050 Montecito Drive, Los Angeles, California 90031 as a radio equipment and antenna location vital to LAPD communication systems.

**BACKGROUND**

On October 31, 2000 the City of Los Angeles (City) executed a no cost lease with the International Church of Foursquare Gospel for the construction, use and maintenance of radio towers and dedicated radio antenna equipment on the grounds and within the walls of a single-family residence garage at 1050 Montecito Drive. The one year lease automatically renews annually unless otherwise canceled or terminated by either party and remains in effect today. The property was sold to a private individual, Leigh Holmes, in May 2017 and he has agreed to establish a new lease for the continued use of the site by the City until a permanent solution is developed.



The equipment consists of servers, a racking system and accessories secured in a private room in the residence garage, and two 30-45 foot towers located in the side yard of the property. The room and site has a security system, including cameras that are monitored by LAPD and the Information Technology Agency (ITA). A public radio station also maintains equipment in another area of the garage. LAPD and ITA advise that the towers and radio equipment is vital to LAPD UHF voice radio transmission for the eastern portion of the City due to its hilltop location.

On September 8, 2017 Councilmember Gilbert Cedillo issued a motion instructing GSD to report on the feasibility of a lease, a permanent easement or purchase of the property to secure a long term solution.

#### Purchase Option

GSD commissioned a Class A appraisal and the property is currently valued at \$1.6 million. It adjoins a 36.37 acre property known as Flat Top which is owned by Northeast Trees, a non-profit that designs and builds open space parks and trails. They frequently partner with the Recreation and Parks Department (RAP) on parkland endeavors and have agreed to donate the adjoining property to RAP at no cost. RAP is currently surveying the land prior to acquisition. Council District 1 (CD 1) has committed \$225,000 to RAP maintenance funds for the park. The acquisition of Mr. Holmes' property at the very top of the hill adjoining the proposed Flat Top parkland would complete the community's desire to acquire this open space with its expansive views of Los Angeles. CD1 requested \$1.6 million in the FY2018- 2019 budget for the acquisition but it was not approved. Until funding is found, the City needs an alternative solution to secure continued use of the site.

#### Easement Option

GSD explored the option of establishing an easement on the Flat Top property once the RAP acquisition is complete and relocating the equipment to it. However, ITA estimates that it would cost \$1.97 million to relocate the equipment and towers to the same elevation at the new site. It is not cost effective to relocate the equipment at a higher cost than purchasing the property where it currently sits.

Based on the options provided, GSD recommends and the Council Office supports establishing a five year lease agreement with an option to purchase the property once funding is identified.

Lease Option

A proposed lease has been negotiated with the new owner of the property for a five year term with a bilateral agreement for early termination should the City identify funds to purchase the site. ITA has already invested approximately \$25,000 in security improvements and maintaining the equipment at this secured site remains the best option at this time.

MARKET ANALYSIS

The rates are based on the Telecommunications Lease Rate Guidelines (Matrix) established by the State's Department of Transportation. The Matrix outlines the type of user, lease type, and utilizes U.S. Census Bureau California County Total Population data to establish a rate based on geographical location and type of equipment (number of antennas and square footage of enclosed area). Per the Matrix, the Flat Top facility is defined as a Public/Non-Commercial facility, serving emergency and non-emergency users, and utilizes a Telecommunications Vault type lease for Rack and Antenna space(s). The resulting rate based on the Matrix guidelines resulted in annual proposed lease rate of approximately \$62,500 (See chart below).

<b>EQUIPMENT</b>	<b>Annual Rate</b>
<b>Microcell - Annual Base Fee (1-3 Antennas)</b>	<b>\$42,975</b>
<b>Radio equipment in the Racks consist of:</b>	
2 Utility Racks @ \$8,287/rack	\$16,574
<b>Antennas:</b>	
2 Antenna @ \$1,487/antenna	\$2,974
<b>TOTAL:</b>	<b>\$62,523</b>

TERMS AND CONDITIONS

The lease agreement will contain the following:

LOCATION: 1050 Montecito Drive, Los Angeles, CA 90031

LANDLORD: Leigh Holmes

USE: Radio equipment and tower location

**TERM:** Five years, including a bilateral agreement for early termination should the City identify funds to purchase the subject property

**OPTIONS:** Additional Two five-year options

**BASE RENT:** \$5,200 per month or \$62,400 per year

**SQUARE FEET:** 600 square feet

**ESCALATIONS:** 3% annual increases

**UTILITIES:** City pays for dedicated power

**PARKING:** Available at no cost

**MAINTENANCE:** None; Owner maintains the garage dwelling and roof

**FISCAL IMPACT**

The City currently leases the property at no cost. The new negotiated proposed monthly rent would total \$5,200 per month or \$62,400 per year with 3% annual increases throughout the life of the contract. There are no special funds identified for this lease so this cost impacts the General Fund.

**RECOMMENDATION**

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a new lease agreement with Leigh Holmes for continued use of space for radio equipment and towers at 1050 Montecito Drive, Los Angeles, CA 90031 under the terms and conditions outlined in this report.



Tony M. Royster  
General Manager