

ENTERTAINMENT AND FACILITIES COMMITTEE REPORT relative to negotiating and executing a real property lease amendment to an existing contract for office space located at 120 South San Pedro Street for the Information Technology Agency (ITA) Channel 35 to extend the lease by 13 months, from January 1, 2016 through February 28, 2017.

Recommendation for Council action:

APPROVE the recommendations of the Municipal Facilities Committee (MFC) to authorize Department of General Services (GSD) to negotiate the lease amendment for the property located at 120 South San Pedro to extend the lease to February 28, 2017 and cost to remove the satellite and relocate Channel 35.

Fiscal Impact Statement: The GSD reports that the annual expense for the current lease contract is funded for approximately \$239,712 per year. The approximate annual expense calculation for the rent at \$2.00 a square foot by 9,988 square feet would be \$19,976.00 per month and a total of \$239,712 per year. For Fiscal Year 2016-17, the lease contract is funded for \$19,976.00 per month through the end of the fiscal year. However, when the lease contract is terminated on February 28, 2017, there will be a savings to the 6030 Leasing Account budget of approximately \$79,904 (4 months at \$19,976.00 per month). GSD will report at a later date on costs for removal of the satellite dish and relocation costs to their new space assignment once determined.

Community Impact Statement: None submitted.

SUMMARY

At the meeting held on September 13, 2016, your Entertainment and Facilities Committee considered a MFC report relative to negotiating and executing a real property lease amendment to an existing contract for office space located at 120 South San Pedro Street for the ITA Channel 35 to extend the lease by 13 months, from January 1, 2016 through February 28, 2017. The GSD reports that the City currently leases office space containing approximately 9,988 of rentable square feet located on the sixth floor of the subject property and space on the rooftop of the subject property for City's satellite communications dish.

This location has housed the City's Channel 35, which is operated by ITA (lease contract No. 088170-3). While the City made plans for ITA's move to a permanent location, the City has been holding over at the subject property since January 1, 2016 on a month-to-month basis. Although initially serving the City a notice of termination of lease, the landlord has agreed to allow the City to continue its occupancy at the San Pedro Street location through February 28, 2017, without any rent increase. This requested amendment between the landlord and the City will memorialize City's remaining term. Meanwhile, as part of the vacating process, the City must remove a satellite dish installed on the rooftop of the building, and return the rooftop back to its original condition.

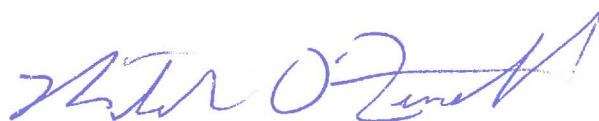
At the landlord's request, the lease amendment will add specificity to the City's duty to remove the satellite dish, and make clear that the roofs restoration is part of the City's obligation to vacate of the premises. The City shall pay an agreed \$500 per day of additional rent commencing March 1, 2017, in the event that the satellite dish removal is not completed. The ITA has indicated they

have a workaround solution and the satellite dish will not be needed for continued operations. ITA's Channel 35 is scheduled to occupy its permanent space at the Merced Theater in the El Pueblo complex in Downtown Los Angeles. Construction at the Merced Theater is underway, and completion time is estimated to be within twenty-four months.

After an opportunity for public comment was held, the Committee moved to approve the recommendation presented in the MFC transmittal as amended, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

ENTERTAINMENT AND FACILITIES COMMITTEE

A handwritten signature in blue ink, appearing to read "John O'Farrell", is written over the committee name.

<u>MEMBER</u>	<u>VOTE</u>
O'FARRELL:	YES
KREKORIAN:	YES
BUSCAINO:	YES
RYU:	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-