



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

ANSELMO G. COLLINS
Senior Assistant General Manager
Water System

Aram Benyamin (Sep 12, 2024 16:57 PDT)

ARAM BENYAMIN
Chief Operating Officer

JANISSE QUIÑONES
Chief Executive Officer and Chief Engineer

DATE: September 9, 2024

SUBJECT: Approval of Lease No. 1429 with Kenneth Sample

SUMMARY

Water System requests the approval of a new five-year lease agreement (Lease) with Kenneth Sample (Lessee) to operate and maintain a service station, mini-market, and truck stop on property owned by the City of Los Angeles (City) under the management and control of LADWP.

The Lease will generate an estimated income of \$275,580 over the five-year term.

City Council approval is not required.

This Lease will expire five years after it has been fully executed.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution authorizing the approval and execution of the Lease with Lessee.

ALTERNATIVES CONSIDERED

Alternatives considered include:

1. Not entering into the Lease will result in the existing lease remaining in holdover and at the current rental rate and terms. This alternative is not desirable as a new lease is necessary to bring the rent and agreement terms up to date. The Charles Brown Act (CBA) (California Government Code Sections 30500-30508) allows LADWP to enter into new leases with existing lawful lessees without competitive bidding.
2. Terminate the existing lease and require the Lessee to remove all improvements and surrender the property back to LADWP. This alternative is not desirable as the property is not presently needed for LADWP purposes and allowing the property to continue to be leased will generate revenue and eliminate the need for LADWP to maintain vacant land.

FINANCIAL INFORMATION

LADWP determined the rental charge in accordance with the CBA, and Lessee independently determined and agrees that the monthly rental charge is a reasonable price. The Lease will generate an initial monthly rental income of \$4,593, and an estimated income of \$275,580 during the five-year Lease term. There is no expense to LADWP other than the administrative cost of processing the Lease.

BACKGROUND

In Inyo County, LADWP must comply with the CBA, which requires a local agency owning in excess of 50 percent of all private land situated in another county to first give the existing lawful tenant an opportunity to lease or buy the property at a reasonable price when LADWP renews the lease or sells the leased property. CBA was enacted by the California State Legislature in 1945 to promote economic stability and continuous use of land by the existing lawful tenant in Inyo County, given that the City owns and controls nearly 70 percent of all private land located in Inyo County.

Since February 1, 2000, Lessee has leased from LADWP approximately 1.50 acres of land located at 1290 North Main Street, Bishop, Inyo County, California for use as a site for a service station, mini-market, and truck stop. The land is owned by the City and under the management and control of LADWP. Lessee owns the building and improvements located on the leased property. The initial monthly rent is \$4,593, subject to annual adjustments based on a change in the Consumer Price Index.

The existing five-year lease expired on January 31, 2005, and has been in holdover status while the Lessee performed corrective action to remediate soil and groundwater contamination on the premises. In January 2022, the State of California Lahontan Regional Water Quality Control Board gave notice of closure of the case. Lessee has requested the issuance of a new five-year lease for continued use of the property. LADWP recommends issuing the Lease directly to Lessee in accordance with the CBA.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, the approval of a renewed lease agreement for the continued operation of a service station, mini-market, and truck stop is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney has reviewed and approved the Lease and Resolution as to form and legality.

ATTACHMENTS

- Resolution
- Lease