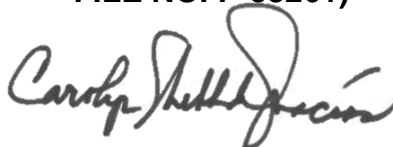


0150-12897-0000

T R A N S M I T T A L

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 02/19/2025	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT 15	

**LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) PROPOSED
RESOLUTION AUTHORIZING A LEASE AGREEMENT WITH CHUNG H. LEE AND KYUNG S.
LEE FAMILY TRUST FOR CONTINUED OPERATION OF A CUSTOMER SERVICE CENTER
LOCATED AT 931 NORTH AVALON BOULEVARD, LOS ANGELES, CALIFORNIA (LADWP
FILE NO. P-58261)**



MAYOR

(Carolyn Webb de Macias for)

Attachment
MWS:PJH:JVW:DLG:JFH:10250152t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: February 12, 2025

CAO File No.: 0150-12897-0000

Council File No.:

Council District: 15

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Department of Water and Power dated January 6, 2025, referred by the Mayor for a report on January 10, 2025

Subject: **LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) PROPOSED RESOLUTION AUTHORIZING A 10-YEAR LEASE AGREEMENT WITH CHUNG H. LEE AND KYUNG S. LEE FAMILY TRUST FOR CONTINUED OPERATION OF A CUSTOMER SERVICE CENTER LOCATED AT 931 NORTH AVALON BOULEVARD, LOS ANGELES, CALIFORNIA (LADWP FILE NO. P-58261)**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed Los Angeles Department of Water and Power Resolution authorizing a lease agreement with Chung H. Lee and Kyung S. Lee Family Trust for continued operation of a Customer Service Center located at 931 North Avalon Boulevard, Los Angeles, California, 90744 for a term of 10 years and a total estimated cost of \$282,000;
2. Authorize and direct, upon proper certification, the Chief Accounting Employee to draw demands on the Water Revenue Fund and/or the Power Revenue Fund, over the term of the agreement, incurred by such agreement; and
3. Return the proposed Resolution to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP, Department) requests authority to execute a Lease Agreement with Chung H. Lee and Kyung S. Lee Family Trust for approximately 1,616 square feet of retail office space located at 931 North Avalon Boulevard, Los Angeles, California, 90744. The proposed lease is for continued operation of a Customer Service Center (CSC) replacing the existing lease agreement that expired on May 31, 2024, that is currently on holdover status.

The term of the proposed new agreement is 10 years and approval will allow continuation of the in-person services and support to commercial and residential customers in the Wilmington area. Either party may terminate the lease upon 90 days' written notice.

The Board of Water and Power Commissioners (Board) has the authority, pursuant to Los Angeles City Charter Section 675(d)(1), to acquire by lease all real property necessary or convenient for LADWP purposes. In accordance with Charter Section 606 and the Los Angeles Administrative Code Section 10.5(e), City Council approval is required for the Department to enter into commercial leases. The proposed agreement has been approved as to form by the City Attorney. This Office has reviewed the request and recommends approval.

BACKGROUND

The Wilmington branch of the Customer Service Center or CSC has been operating at its current location for over 50 years. The leased premises is part of a small plaza located at 931 North Avalon Boulevard in Wilmington, and consists of approximately 1,616 square feet of retail office space. The proposed lease will renew and replace the existing lease agreement that expired on May 31, 2024, which is currently on holdover status.

Proposed Agreement – The proposed agreement is for 10 years, at a total estimated cost of \$282,000, plus the cost of utilities supplied at the leased premises. The proposed base rent schedule for the 10-year term is as follows:

PROPOSED BASE RENT SCHEDULE OVER 10 YEARS

Year	Monthly Base Rent	Annual Base Rent
1	\$2,200.00	\$26,400.00
2	\$2,200.00	\$26,400.00
3	\$2,200.00	\$26,400.00
4	\$2,200.00	\$26,400.00
5	\$2,200.00	\$26,400.00
6	\$2,500.00	\$30,000.00
7	\$2,500.00	\$30,000.00
8	\$2,500.00	\$30,000.00
9	\$2,500.00	\$30,000.00
10	\$2,500.00	\$30,000.00
Total Rent		\$282,000.00

The base rent is subject to a one-time increase of 14 percent at the beginning of the sixth year of the lease term. Under the existing lease agreement, the base rent is approximately \$12 per square foot. The starting base rent under the proposed lease agreement will be approximately \$16 per square foot which market research has determined to be consistent with the cost of comparable retail office space in the surrounding area. Either party may terminate the lease upon 90 days' written notice.

The proposed lease will allow the LADWP to continue its tenancy at this location for another 10 years and continue providing in-person services and support to commercial and residential customers in the Wilmington area.

Alternatives Considered – Below are the various alternatives LADWP considered:

- Do not renew the lease. This alternative would negatively impact the local community as area residents and businesses frequent this CSC to pay their bills and obtain in-person customer service support
- Enter into a new lease at a different location. The Department searched the market for available retail office space; however, an acceptable substitute location could not be found
- Acquire property in the Wilmington area for use as a CSC. Currently there is no appropriate property on the market in that area meeting LADWP's CSC needs

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The LADWP has determined, subject to Board approval, that the item is exempt from CEQA pursuant to Section 15060(c)(3) that states an activity is not subject to CEQA if the activity 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 lease agreement for office space for the Wilmington CSC is not an action subject to CEQA.

The City Attorney has approved the proposed agreement as to form. The Board has the authority, pursuant to Los Angeles City Charter Section 675(d)(1), to acquire by lease all real property necessary or convenient for LADWP purposes. In accordance with Charter Section 606 and the Los Angeles Administrative Code Section 10.5(e), all LADWP agreements over five years require City Council approval. This Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed lease agreement for LADWP's Customer Service Center at 931 North Avalon Boulevard, Wilmington, California, 90744, will not have an impact on the General Fund. The total estimated cost of the lease agreement over the 10-year term is \$282,000 and will be funded from LADWP's Water Revenue Funds and/or Power Revenue Funds. The recommendations in this report comply with LADWP's adopted Financial Policies.

Attachments – January 6, 2025 Correspondence from LADWP, Proposed Resolution, and Lease Agreement

MWS:PJH/JVW:DLG:JFH:10250152