

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 3

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

January 25, 2024

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

Attention: Mandy Morales, Legislative Assistant

REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A LEASE AMENDMENT WITH CALIFORNIA DEPARTMENT OF TRANSPORTATION FOR USE OF CALTRANS LOTS AT MAPLE/16TH AND GRAND AVENUE/17TH STREETS

The Department of General Services (GSD), (Lessee), requests authority to negotiate and execute a lease amendment with the California Department of Transportation (Caltrans), (Lessor), to permit the City to enter into a license agreement for the City's contractor, Electrify America (EA). The current lease with Caltrans does not allow the City to sublease or license the site to another entity. The leased location comprises two vacant lots located at Maple Street/16th Street and Grand Avenue/17th Street in Los Angeles in Council District 14 (CD 14). The combined properties are slated to be developed for use by the Los Angeles Department of Transportation (LADOT) as an Electrical Bus Charging Station.

BACKGROUND

In 2016 EA was created as part of Volkswagen's diesel emissions settlement with U.S. and California regulators. As part of the settlement, EA must spend \$2 billion by the end of 2026. In 2020, LADOT participated in an application process to partner with EA's Green Cities Program for the development and installation of electric charging infrastructure, including charging stations. On June 24, 2021, as part of the larger citywide application, EA selected LADOT's proposed project for its Electrical Bus Charging Station on the site owned by Caltrans located at Maple Street/16th Street and Grand Avenue/17th Street. On December 1, 2021, GSD on behalf of LADOT, entered into a 20-year lease agreement (C-139512) for use of the Caltrans site to develop an electric bus charging station with EA.



The current Caltrans lease agreement needs to be amended to allow for the following under Article 15, Section 15.1 Assignments, Subleases and Encumbrances:

The current Lease language states the following: “The Tenant shall not assign, sublease, or encumber this property in any matter whatsoever, nor shall this lease be recorded.”

The amended Lease language will state the following: “Allow the City to execute an agreement to grant a license to Electrify America, as a “Licensee” for the purpose of installing and operating charging stations subject to approval by the Lessor.”

The proposed license agreement will allow EA to access the property. EA, at its own cost and expense, will install electric bus charging stations at the site which shall include all electrical and mechanical equipment, hardware/software including the installation of concrete pads as well as protective bollards. EA will apply for an Encroachment Permit with Caltrans to complete the necessary improvements for the electric bus charging infrastructure.

This work will be managed through a separate agreement between City and EA which covers the installation, operation, service, maintenance and repair of the electric bus charging infrastructure/equipment for an initial term of ten (10) years with a one (1) five (5) year option to extend.

LADOT has experienced significant delays in contracting for this and other projects due to the pandemic as well as staff shortages from key City departments. As of October 2023, LADOT has completed contract negotiations and received all compliance documents from EA, as “Licensee.” If the lease amendment is approved, LADOT will immediately route the contract to the Mayor’s Office for ED3 review with the goal of executing the contract with Electrify America as soon as possible.

TERMS AND CONDITIONS

The proposed Caltrans amendment places the burden on the City to ensure that EA removes the charging stations within thirty (30) days following the end of the initial license term. Therefore, after thirty (30) days, the ownership of the charging stations will vest to Caltrans in the event EA does not remove them within the designated time frame. It should be noted that even with EA’s 15-year license term, the City has an additional five years on the initial lease term to remove the charging stations. Furthermore, the City has two (2) ten (10) year options it may exercise under the Caltrans lease agreement.

All other terms and conditions will remain the same under the current lease agreement. EA shall be subject to all terms and conditions contained in the Original Lease and all amendments to the Original Lease.

FISCAL IMPACT

There is no additional cost to the General Fund as a result of the proposed amendment. Electrify America will cover all capital costs associated with establishing electrical service and electric bus charging infrastructure at the site. LADOT estimates the value of this work at \$12 million based on similar projects recently under contract. Upon the license termination, EA will be responsible for the removal of all electrical service and bus charging infrastructure.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a lease amendment with the California Department of Transportation for the property located at Maple Street/16th Street and Grand Avenue/17th Street in Los Angeles under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE January 25, 2024

LANDLORD State of California, Department of Transportation (CALTRANS)

ADDRESS 100 S. Main Street, MS-6, Los Angeles, CA 90012

TENANT GSD on behalf of Department of Transportation

ADDRESS 100 S. Main Street, 10th Floor, Los Angeles, CA 90012

LOCATION Maple/16th Street & Grand Ave/17th Street

LEASE AMENDMENT Lease Amendment

USE Public Parking and Electrical Bus Charging Stations

SQUARE FEET Two (2) lots approximately 197,427 SF

TERM

RENT START DATE No change from existing agreement

LEASE START DATE No change from existing agreement

OPTION TERM No change from existing agreement

HOLDOVER No change from existing agreement

SUBLET/
ASSIGNMENT Approval of Sublease for Electrify America

TERMINATION No change from existing agreement

RENTAL RATE No change from existing agreement

ESCALATION No change from existing agreement

RENTAL ABATEMENT No change from existing agreement

ADDITIONAL RENT No change from existing agreement

PROPERTY TAX	No change from existing agreement
OPEX	No change from existing agreement
CAM	No change from existing agreement
OTHER	No change from existing agreement
SECURITY DEPOSIT	No change from existing agreement
MAINTENANCE/ REPAIR	No change from existing agreement
MAINTENANCE/ REPAIR DETAILS	No change from existing agreement
TENANT IMPROVEMENTS	Electrify America to install bus charging stations subject to Caltrans' approvals through Encroachment Permit
PARKING	No change from existing agreement
UTILITIES	No change from existing agreement
CUSTODIAL	No change from existing agreement
SECURITY	No change from existing agreement
PROP 13 PROTECTION	N/A
INSURANCE (City)	N/A
OTHER:	<p>-Upon approval of this Caltrans amendment, LADOT will execute a separate operating agreement Electrify America for the installation and operation of electrical bus charging stations for an initial term of ten (10) years with one, five (5) year option to extend.</p> <p>-Lessee, prior to the installation and Construction of the charging system, shall furnish to Lessor the final construction plans and specifications for Lessor's review and approval.</p> <p>-Once installed and constructed, the charging station shall become a part of the structure on which it is installed and shall, pursuant to Article 7 of the Original Lease, vest in Lessor at the end of the term of the Original Lease if not removed from the premises up to thirty (30) days following the end of the license's term, and any extension thereof., Lessor agrees and acknowledges that: (a) pursuant to the license to be issued by Lessee to Electrify America, Electrify America is, and shall at all times, remain the owner of the charging stations.</p>

PRINT:

Rachel Kim, Senior Right of Way Agent CALTRANS

SIGNATURE: