CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

KAREN BASS
MAYOR

DEPARTMENT OF
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ROOM 701
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Agenda Item No. 7

June 25, 2026

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

Attention: Adam Lid, Legislative Assistant

REVISED
REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A GROUND LEASE AGREEMENT WITH L.A. ARENA LAND COMPANY, LLC FOR A GROUND LEASE FOR A PORTION OF CHICK HEARN COURT BETWEEN FIGUEROA AND GEORGIA STREET, LOS ANGELES, CA 90026

The Department of General Services (GSD) requests authority to negotiate and execute a ground lease for Chick Hearn Court located between Figueroa and Georgia Street to L.A. Arena Land Company, LLC Los Angeles, CA 90026. AEG is the parent company of L.A. Arena Land Company, LLC. which will be the lessee. The updated report provides additional background information to provide insight on the history and the next steps on the project.

BACKGROUND

Chick Hearn Court is currently a public street located on West 11th Street between Figueroa Street and Georgia Street (Site). The Site is bounded by L.A. Live to the north and Crypto.com Arena to the south. AEG owns the L.A. Live site and has exclusive possession and control of the arena pursuant to a 55-year ground lease with the City which expires March 26, 2053.

In 2009, under CF #08-3401, Council approved an MOU between LA Department of Transportation (DOT) and AEG to close Chick Hearn Court for pedestrian use during off-peak hours. Additionally, Council approved a motion for an R-Permit under CF #21-0859-S1 and subsequently an R-Permit was issued for construction related to the street vacation request. The R-Permit document is attached for reference. Regarding the street vacation only, referrals were sent to the adjoining property owners. Notifications went to 211 property owners. BOE did not receive any comments or responses to these letters. Letters were also sent by the City Clerk to notify residents of the public hearing.

In 2022, under CF#21-0859, Council approved the street vacation of Chick Hearn Court subject to certain conditions, including that AEG own the property underlying the street, which the City owned. In 2025, Council amended the condition to allow AEG to lease the property and Council approved the re-initiation of the street vacation to allow additional time for AEG to lease the property.

In 2023, under CF #21-0859 S-2, CD9 introduced a motion to direct GSD to sell the property underlying Chick Hearn Court to AEG so that AEG could satisfy the aforementioned condition of approval for the street vacation. In 2024, at GSD's request, CD9 amended its motion to direct GSD to lease the property to AEG. In 2024, Council adopted the amended motion. In 2025, Council declared the property "exempt surplus land" on the grounds that it would be leased to an adjacent property owner, AEG.

Under CF# 22-0538, Council approved amendments to the General Plan and the Los Angeles Sports and Entertainment District (LASED) Specific Plan. Those amendments included changes expressly to facilitate the conversion of Chick Hearn Court to a pedestrian-only promenade upon the street's vacation. There was a full EIR prepared and certified, which should have included traffic impacts. Furthermore, GSD has confirmed with CD 1 on the impact and received confirmation on the support of this project.

In June 2024, the City Council directed GSD to lease the Site to AEG to enhance the visitor experience at both locations (CF #21-0859-S2). The lease would also allow the City to impose on AEG stringent standards for the provision of maintenance, repair, custodial, utility, and security services.

The goal of the project is to make it a smoother transition for visitors between the L.A Live complex and the Crypto arena. Additionally, AEG is providing uniform security services and maintenance for both sites, and the project is in-line with the City’s goal to provide a seamless pedestrian plaza to make it a more cohesive and uninterrupted public experience and pathway to the garage and surrounding area.

The Site divides the arena and LA Live complex and since its opening and continued operation, there has been a street dividing the two. It would be a better use as a pedestrian paseo to combine and unify the complex with that end of the arena. Also, the street was never formally vacated and the Bureau and Engineering and LADWP is in the process of completing the pending entitlements to accommodate this long-term lease. All work and improvements to connect the LA Live and the arena would fall under AEG under the lease.

TERMS AND CONDITIONS

The initial lease term will commence upon City Clerk's attestation and expiring concurrently with the current Crypto.com arena lease on March 26, 2053. The annual rent shall be $185,000 with a 2.5% annual increase. Lastly, there are currently street vacation conditions that need to be met in order for the street vacation process to be finalized. The lease is subject to the street vacation occurring first.

A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

Based on the unique nature of this site as a pedestrian paseo, there were no comparable properties in the market. However, GSD obtained an appraisal for the market value of the property and rental market value of the site as a paseo and it supports the proposed rent.

Additionally, AEG would uniquely benefit from the leased property as the owner and/or possessor of both abutting properties. GSD determined that the agreed upon rent is reasonable.

MAINTENANCE/UTILITIES/LANDSCAPING

AEG shall be responsible to maintain both daily and preventative maintenance, utilities and landscaping.

FISCAL IMPACT

The proposed lease will result in annual revenue of $185,000 to the General Fund. The total revenue from the potentially up to 27 years of this agreement is approximately $7,013,720.

Proposed Lease Revenue from Chick Hearn Court		
	Annual Rent Revenue	**Total Estimated Annual Rent Revenue w/2.5% increases (27 Years)**
Rent	$185,000.00	$7,013,720

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor:

1. FIND, pursuant to the Los Angeles City Charter Section 371(e)(10) and Administrative Code Section 10.15(a)(10), that the use of competitive bidding would be undesirable, impractical and impossible for this contract. As AEG jointly operates L.A. Live and the arena and provides uniform security and maintains access to and from these two facilities across this vacated street. Having a third party involved would further complicate matters operationally and contractually. Furthermore, during special events, where the site has been subject to closure, a third party involved could create additional unwarranted conflicts with the current agreements in place. Additionally, it would be undesirable and impractical to another lessee who may not have the decades-long experience and expertise to operate and maintain the overall site as AEG does. Therefore, competitive bidding the ground lease would be undesirable, impractical and essentially impossible, but also would not affect the final result or produce any advantage for the City.

2. AUTHORIZE the Department of General Services to negotiate and execute a ground lease agreement based on the revised terms and conditions with the L.A. Land Company, LLC (AEG) for the use of the City-owned property located on West 11th Street between Figueroa Street and Georgia Street under the terms and conditions as substantially outlined in this report, with an effective date commensurate with the date of the street vacation approval.

Tony M Royster
General Manager

Attachments: Term Sheet
Final R-Permit - Ref No. 2022000118

LEASING TERM SHEET

MFC DATE	June 2026
LANDLORD	City of Los Angeles - GSD
ADDRESS	111 1st Street, Los Angeles, CA 90012
TENANT	L.A. Land Arena Company, LLC
ADDRESS	800 West Olympic Blvd., LA, CA 90015
LOCATION ADDRESS	West 11th Street between Figueroa Street and Georgia Street
USE	Pedestrian Plaza
SQUARE FEET	70,766 SF
EARLY POSSESSION	None
TERM	Upon City Clerk's attestation to March 26, 2053
LEASE COMMENCEMENT DATE	Upon City Clerk's attestation
LEASE EXPIRATION DATE	March 26, 2053
RENT START DATE	Lease Commencement Date
RENT	$185,000 annually
AGREEMENT TYPE	Lease
RENT INCREASES	2.5% annually
HOLDOVER	N/A
SUBLET/ ASSIGNMENT	Tenant may assign/sublease subject to certain limitations / requirements

RENEWAL OPTION

NOTICE PERIOD	N/A

TERM	None
DATES	N/A

OPTION RENT / ESCALATION	N/A – no renewal option
OPTION RENT - RENT SCHEDULE	N/A
RENT ABATEMENT	None
OPEX - CAM	Tenant responsible for all utilities, custodial, landscaping, security, routine maintenance, and minor repairs
LATE FEE	None
PROPERTY TAX	None, but Tenant may be subject to possessory interest tax.
PROPERTY INS.	Tenant required to maintain general liability insurance ($5,000,000 per occurrence)
ADDITIONAL RENT	N/A
PARKING - NUMBER OF PASSES	None
MONTHLY PARKING COST	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR: LANDLORD	None
MAINTENANCE/ REPAIR: TENANT	Tenant responsible for all maintenance and repairs
TENANT IMPROVEMENTS: ALLOWANCE/SCOPE	None
UTILITIES	Tenant responsible for all utilities
CUSTODIAL / LANDSCAPING	Tenant responsible for custodial services and landscaping
SECURITY	Tenant shall provide security

PROP 13	N/A
INSURANCE (CITY)	City is self insured
INSURANCE (OTHER PARTY)	- General liability insurance in the amount of $5,000,000 per occurrence - Additional requirements to be determined by CAO Risk Management
OTHER:	
PRINT:	
SIGNATURE:	

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TED ALLEN, PE
CITY ENGINEER

1149 S BROADWAY, SUITE 700
LOS ANGELES, CA 90015-2213

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REVOCABLE PERMIT

CITY ENGINEER'S REVOCABLE PERMIT NO. **R-2350-0067**

This Revocable Permit hereby issued on this day of **August 8, 2023**

ISSUED TO: **LA Live Properties, LLC**

ADDRESS: **800 West Olympic Blvd, Suite 305, Los Angeles, CA 90015**

FOR THE PURPOSE OF: **A revocable permit to close, fence, and occupy portion of Chick Hearn Court, Between Georgia Street and Figueroa Street prior to the completion of the conditions for the Street Vacation entitled: "Chick Hearn Court between South Figueroa Street and Georgia Street" VAC - E1401399. The Revocable Permit shall become void once the Resolution to Vacate has been adopted by the City Council.**

PERMIT CONDITIONS:

1. Evidence of the required Liability Insurance must be provided annually to the Board of Public Works.

WESLEY TANIJIRI, District Engineer
Central District
Bureau of Engineering

Date: **August 8, 2023**

District Map No. **127-5A205** **Waiver No.** **N/A**

SITE ADDRESS / LOCATION OF PUBLIC WAY: **Chick Hearn Court, between Georgia Street and Figueroa Street**