

# CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI  
MAYOR

Agenda Item #4

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
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DEPARTMENT OF  
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January 28, 2016

Miguel A. Santana, Chair  
Municipal Facilities Committee  
200 N. Main Street, Suite 1500  
Los Angeles, CA 90012

## **APPROVAL OF A NEW LEASE BETWEEN THE CITY OF LOS ANGELES AND EBONY REPERTORY THEATRE AT NATE HOLDEN PERFORMING ARTS CENTER AT 4718 W. WASHINGTON BLVD, (R/W A-225**

The Department of General Services (GSD) requests renewal approval of a lease for approximately 23,300 rentable square feet of ground space consisting of a 399 seat live theater, rehearsal space/multipurpose community room, and retail spaces at the Nate Holden Performing Arts Center to the Ebony Repertory Theatre, Inc.

### **BACKGROUND**

The City of Los Angeles (City) has leased the space to the Ebony Repertory Theatre (Tenant) at the Nate Holden Performing Arts Center under a lease that commenced January 1, 2008, and ended in December 31, 2010, for \$1.00 per year. The Tenant has operated under holdover since December 31, 2010.

The Tenant operated the building to create, develop and sustain a multi-cultural world class professional theater as well as educational activities such as seminars and workshops, outreach programs, artistic displays and other community programs. To the extent possible, the Ebony Repertory Theatre provides low cost and/or free theatrical, artistic and educational programs. Consistent with the terms authorized by Council as part of the original lease negotiation, the City has been responsible for all security, custodial and maintenance expenses, with the tenant responsible for utility expenses and all other operating costs (Council File No. 07-2583).

In June 2015, Council District 10 approached GSD about establishing a new agreement with the terms and conditions outlined below:



TERMS AND CONDITIONS

LOCATION: 4718 W. Washington Blvd.

LANDLORD: City of Los Angeles

TENANT: Ebony Repertory Theatre, Inc.

USE: Theater and educational activities

SQUARE FEET: Approximately 23,300 square feet

TERM: Five (5) years

OPTION TERM: Three (3) 4 year options to renew at City's option

RATE: \$1.00 per year on condition agency adheres to services consistent with its mission statement

ESCALATIONS: None

UTILITIES: Tenant will be responsible for all utility and operating costs

PARKING: Not Applicable

OTHER: City will pay for all security, maintenance and custodial work. Performing arts and presentations will be held no less than 65 days from September through June and be open to the general public on a year round basis.

With approval of Council District 10 Councilmember, City shall be entitled to use the premises for up to 30 days annually at no cost.

Tenant can change name of seats and rooms, but not the theater name without approval of the City of Los Angeles.

Tenant shall be allowed to apply for liquor license and serve alcohol onsite

COMMUNITY BENEFIT ANALYSIS

The CAO has completed the community benefit analysis reflected in the report attachment and recommends approval of the proposed license terms.

As summarized in the chart below and as detailed further in the attachment, the total community benefit inclusive of administrative staffing, operations, theatre productions and other events exceeds the market value for the facility space the tenant would occupy:

(A) Total Community Benefit	(B) Market Value of Leased Space	(C) Excess Benefits (=A-B)
\$506,016 annually	\$349,500 annually	\$156,516


### FISCAL IMPACT

There is no additional impact on the General Fund for the cost of operations and maintenance as these expenses already are funded through GSD's operational budget.

The annual cost incurred by the City in support of this facility totals \$144,000, which includes security (\$60,000), maintenance (\$52,000) and custodial expenses (\$32,000). In comparing the level of excess benefits estimated at \$156,516 annually above the market value of the leased space to the City's annual cost of approximately \$144,000 for operational and maintenance expenses, the Tenant still provides a net positive benefit to the community.

### RECOMMENDATION

That the Los Angeles City Council authorizes the leasing of space at the Nate Holden Performing Arts Center to the Ebony Repertory Theatre, Inc., located at 4718 W. Washington Blvd., Los Angeles, CA 90016.



Tony M. Royster  
General Manager

Attachment – Motion  
CAO Community Benefit Analysis

# ENTERTAINMENT AND FACILITIES

## MOTION

The Nate Holden Performing Arts Center (NHPAC) is a multi-use complex that includes a theatre, rehearsal hall/studio, box office, and concession area. NHPAC is located in the Mid-City Adams-Leimert Park-Baldwin Hills planning area in Council District 10.

The Ebony Repertory Theatre (ERT) is the current resident company and operator of the NHPAC. ERT's mission is to operate a world-class professional theatre rooted in the experience of the African Diaspora and shaped by a dynamic perspective that incorporates an understanding of, and respect for, the unique African-American journey to freedom. ERT strives to provide a permanent home for artists of color that enables artists to explore, experience, and present a variety of programs; to provide a nurturing environment and working laboratory for these artistic collaborators; and to be recognized as an innovative theatre for the exploration of the African-American experience.

Prior to ERT operating at the NHPAC, the NHPAC remained vacant for a number of years. ERT has operated at the NHPAC since 2008. ERT should continue to operate at the NHPAC in order to sustain a world-class professional theatre.

I THEREFORE MOVE that the City Council instruct the Department of General Services, with assistance from the City Administrative Officer and in consultation with the City Attorney, to negotiate and execute a lease with the Ebony Repertory Theatre for use of the Nate Holden Performing Arts Center located at 4718 West Washington Blvd. Los Angeles 90016.

PRESENTED BY: 

HERB J. WESSON  
Councilmember, 10<sup>th</sup> District

SECONDED BY: 

cab

  
OCT 23 2015

Report From  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
 Community Benefit Analysis for Proposed Non-Profit Lease Agreement

<b>III. Proposed Lease Terms and Conditions</b>	
Facility Location:	4718 W. Washington Boulevard, Los Angeles 90016 CD 10, Nate Holden Performing Arts Center
Lessee:	Ebony Repertory Theatre (ERT) a non-profit 501(c)3 organization.
Council File Reference:	15-1266 (Motion referred to Entertainment and Facilities Committee on 10/23/15).
Space Assignment:	Approximately 23,300 square feet (s.f.).
Term & Renewal Options:	5 year initial term, with three 4-year renewal options.
Market Rate:	\$1.25 per s.f. (Monthly Rate: \$29,125; Annual Rate \$349,500).
Proposed Rental Rate:	\$1 per year, on condition agency provides services defined herein, for a total annual value estimated at \$506,016.
Other Terms:	Continuation of the cost sharing terms established under the original lease, with the Lessee responsible for all operating costs and utility expenses and the City responsible for security, custodial and maintenance expenses, which are estimated to be \$33,000 annually (C.F. 07-2583).

<b>IV. Agency Background Information</b>	
Mission:	To create, develop, nurture and sustain a world-class professional theatre rooted in the experience of the African diaspora and shaped by a dynamic perspective that incorporates an understanding of, and respect for, the unique African-American journey to freedom.
History:	The City was unsuccessful in obtaining an operator for the Nate Holden Performing Arts Center (NHPAC) through two separate Request for Proposals (RFP) that were released by the Community Redevelopment Agency and later by the Cultural Affairs Department (CAD) in 2004.  CAD operated the NHPAC on a minimal basis until the Ebony Repertory Theatre (ERT) assumed operations in FY 2007-08. After receiving an informal proposal from ERT, Council made a determination that the City's best interest would be served through initiating a pilot program with ERT to provide community benefits through the experience of multi-cultural, professional theatre productions (C.F. 07-2583).
Current Services:	ERT provides the following services, as per the City lease terms (Contract No. 113079): <ul style="list-style-type: none"> <li>• Professional theatre and other performing arts presentations and performances, with a minimum programming calendar of 65 days per calendar year.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Educational activities, including seminars, workshops, outreach programs, artistic displays and other programs developed in consultation with local educational institution and the surrounding community.</li> <li>• Low-cost and/or free theatrical, artistic and educational programs (agency reports an \$83,160 annual value for admissions discounts, based on an average value of \$14.34 per discount).</li> <li>• No-cost use of the facility for City-sponsored events, up to 30 days annually, with the City responsible for all costs directly connected with the City event.</li> </ul>
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**III. Community Benefit Analysis**

	A) Total - \$506,016:
Value of Operational Budget:	<ul style="list-style-type: none"> <li>• Administrative Staffing - \$28,000 (salary costs for one managing director &amp; one intern).</li> <li>• Operations - \$84,656 (office expenses, equipment and utilities).</li> <li>• Production - \$383,360 (salaries and fees for artist and performers, design and production, advertisement, rentals and supplies).</li> </ul>

Total Community Benefit: **\$506,016 annually**

Market Value for Leased Space: **\$349,500 annually**  
*Calculated as: average market rate of \$1.25 per s.f. multiplied by assigned space of 23,300 s.f. multiplied by 12 months = \$349,500.*

Benefits Finding & Recommended Action:  
 The total community benefits estimated at \$506,016 annually exceeds the market value of \$349,500 for the leased space by **\$156,516**.  
 The proposed lease terms are recommended on the basis that the rental value of the spaced is offset by the annual service provision that will be provided by the non-profit agency.

1-6-16	<i>[Signature]</i>	<i>[Signature]</i>	<i>[Signature]</i>
Date	Analyst	Chief	Assistant CAO