

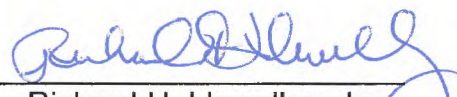
0150-11546-0000

**TRANSMITTAL**

TO Council	DATE 12-10-19	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 4

At its meeting held on November 21, 2019, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a Purchase and Sale Agreement and a Reciprocal Easement and Operating Agreement between the City and Larchmont Properties LP, for a parking garage located at 206-218 North Larchmont Boulevard.

There is no impact on the General Fund. The Department of Transportation currently operates this parking facility (C-124274) through an outside parking contractor. The rent receivables from the lease of this space will generate revenue to the Special Parking Revenue Fund (SPRF). Associated costs including operations and maintenance expenses will be funded by the SPRF.

  
Richard H. Llewellyn, Jr.  
City Administrative Officer

RHL:MC:05200083

**CITY OF LOS ANGELES**  
CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



ERIC GARCETTI  
MAYOR

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

November 21, 2019

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

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A PURCHASE AND  
SALE AGREEMENT (PSA) AND A RECIPROCAL EASEMENT AND OPERATING  
AGREEMENT (REA) FOR 206-218 NORTH LARCHMONT BLVD,  
LOS ANGELES, CA 90004**

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The Department of General Services (GSD) requests authority to negotiate and execute a Purchase Sale Agreement (PSA) and a Reciprocal Easement and Operating Agreement (REA) between the City of Los Angeles ("City") and Larchmont Properties, LP, a California limited partnership, ("Larchmont") for the property located at 206-218 North Larchmont Blvd, Los Angeles CA 90004, Portion of Assessor Parcel Number 5515-025-021.

**BACKGROUND**

In 1986, the City signed a Parking Lease and Option to Purchase Agreement, contract number C-65576, ("Lease") with Larchmont to operate a public parking facility which includes surface parking spaces and a three-level subterranean parking structure (together, Parking Facility). The term of the Lease was 25 years. Originally starting on July 1, 1986, and expiring on July 1, 2011. The Lease was never extended and is currently on holdover.

In 1987, the Parking Facility, as designed and constructed by Larchmont, opened to the public. This Parking Facility serves the public and various Larchmont tenants. In addition to the Parking Facility, Larchmont's shopping center has five (5) street-level retail spaces. One of Larchmont's major anchor tenants is Rite Aid. As provided in the Lease, Larchmont and its merchants are entitled to 13,550 hours per month of free parking with validation.



The Department of Transportation (LADOT) currently operates the Parking Facility through an outside parking contractor who has a parking booth at the entrance/exit. The parking area consists of 167 total parking spaces of which 19 are surface parking spaces and 148 are subterranean parking spaces on three levels.

Under the terms of the Lease, the City operates the Parking Facility and collects all the revenue. The City is responsible for 85 percent of repair, maintenance, and operating expenses and Larchmont is responsible for 15 percent. Revenue for the parking facility goes to LADOT with expenses divided between City and Larchmont. Revenue and expenses for the past three years are as follows:

Fiscal Year	Revenue	Total Expenses	City's Share of Expenses (85%)	Larchmont's Share of Expenses (15%)	Net Income to City
2018-2019	\$168,480	\$159,348	\$135,445	\$23,903	\$33,035
2017-2018	\$169,340	\$138,600	\$117,810	\$20,790	\$51,530
2016-2017	\$169,153	\$135,756	\$115,392	\$20,363	\$53,761

The Lease also obligated the City to pay for the costs associated with the construction of the parking facility paid for by Larchmont which totaled \$2,750,000. The City has since paid off this amount in 180 monthly payments or 15 years.

The Lease also provided the City an option to purchase (Option) the three-level subterranean parking structure (Subterranean Parking Structure) for \$1.00. This Option was exercised by the City on August 25, 1986. The transfer of title for the Subterranean Parking Structure was not completed at the end of the term of the Lease (2011) as intended because Larchmont insisted on filing a Tract Map prior to the transfer. However, that Tract Map was never filed. Larchmont has now submitted plans to subdivide the Parking Facility which are currently under review by the Department of City Planning. Once Larchmont records the new Tract Map to separate the Surface Parking Area from the Subterranean Parking Structure, Larchmont will transfer title of the Subterranean Parking Structure to the City.

The transfer of the Subterranean Parking Structure will be effectuated by two agreements, the Purchase and Sale Agreement and the Reciprocal Easement and Operating Agreement.

#### **PURCHASE AND SALE AGREEMENT (PSA):**

The Purchase and Sale Agreement (PSA) will outline the terms and conditions necessary for the conveyance of the Subterranean Parking Structure to the City. The City will pay half the escrow fees, and all title insurance fees and all incidental costs associated with this property purchase transaction. The PSA will also require that the parties execute a reciprocal Easement and Operating Agreement, as described below, prior to the close of escrow.

**RECIPROCAL EASEMENT AND OPERATING AGREEMENT (REA):**

A reciprocal easement agreement is generally used to establish the legal right to use shared areas between two or more property owners. Larchmont is in the process of separating the Surface Parking Area from the Subterranean Parking Structure as part of the Tract Map, thus creating two separate parking lots that share a common ingress and egress. The City and Larchmont will use a reciprocal easement agreement to establish each parties' respective rights over these shared areas (Surface Parking Area and Subterranean Parking Structure). See Exhibit A for visual representation.

The City and Larchmont also agreed to establish an operating agreement to detail the parties' expense and maintenance obligations for the Parking Facility which will be combined with the Reciprocal Easement Agreement, such that it will be a reciprocal easement and operating agreement (the "REA"). The terms and conditions of the REA will essentially mirror the terms and conditions of the original lease:

- a) City's share of repair and maintenance costs will be eighty-five percent (85%), and Larchmont's share will be fifteen percent (15%).
- b) City's share of operating the parking Facility will also be eighty-five (85%), and Larchmont's share will be fifteen percent (15%).

**FUNDING FOR REA AND ACQUISITION:**

LADOT will utilize the Special Parking Revenue Fund (SPRF) for the maintenance, repairs and operating expenses required by the REA and for the expenses associated with the acquisition as detailed above. Net income to the City will continue to be deposited in the SPRF.

**REA TERMS AND CONDITIONS:**

The proposed REA will include the following:

<b>LOCATION:</b>	206-218 N. Larchmont Blvd, Los Angeles, CA 90004, See Exhibit B.
<b>PARTIES:</b>	LARCHMONT PROPERTIES, LP and CITY OF LOS ANGLEES
<b>USE:</b>	Parking lot
<b>SQUARE FEET:</b>	Approximately 63,260 sq. ft.
<b>TERM:</b>	REA will continue in perpetuity or until the structure is demolished.
<b>DATE:</b>	Upon attestation by City Clerk's Office

- UTILITIES:** Shared cost - City (85%) and Larchmont (15%)
- PARKING SPACES:** 19 surface spaces & 148 subterranean spaces
- PROPERTY TAXES:** City will not be required to pay any property taxes that may be levied on Larchmont's portion of the Parking Structure.
- INSURANCE:** Required Insurance and Minimum Limits.
- MAINTENANCE:** Maintenance, repair, and operating expenses will be shared, the City (85%) and by Larchmont (15%).

**FISCAL IMPACT**

There is no impact to the General Fund. LADOT will utilize the Special Parking Revenue Fund (SPRF) for the maintenance, repairs and operating expenses required by the REA and for the expenses associated with the acquisition as detailed above. Net income to the City will continue to be deposited in the SPRF.

**RECOMMENDATION**

That the Los Angeles City Council authorize the Department of General Services with the assistance of the City Attorney, to negotiate, prepare and execute any documents necessary, including but not limited to a Purchase and Sale Agreement (PSA) and a Reciprocal Easement and Operating Agreement (REA) with Larchmont Properties LP, for the Parking Facility located at 206-218 North Larchmont Blvd, Los Angeles CA 90004 under the terms and conditions as substantially outlined in this report.

  
Tony M. Royster  
General Manager

**EXHIBIT A  
RECIPROCAL EASEMENTS**

Beverly Blvd

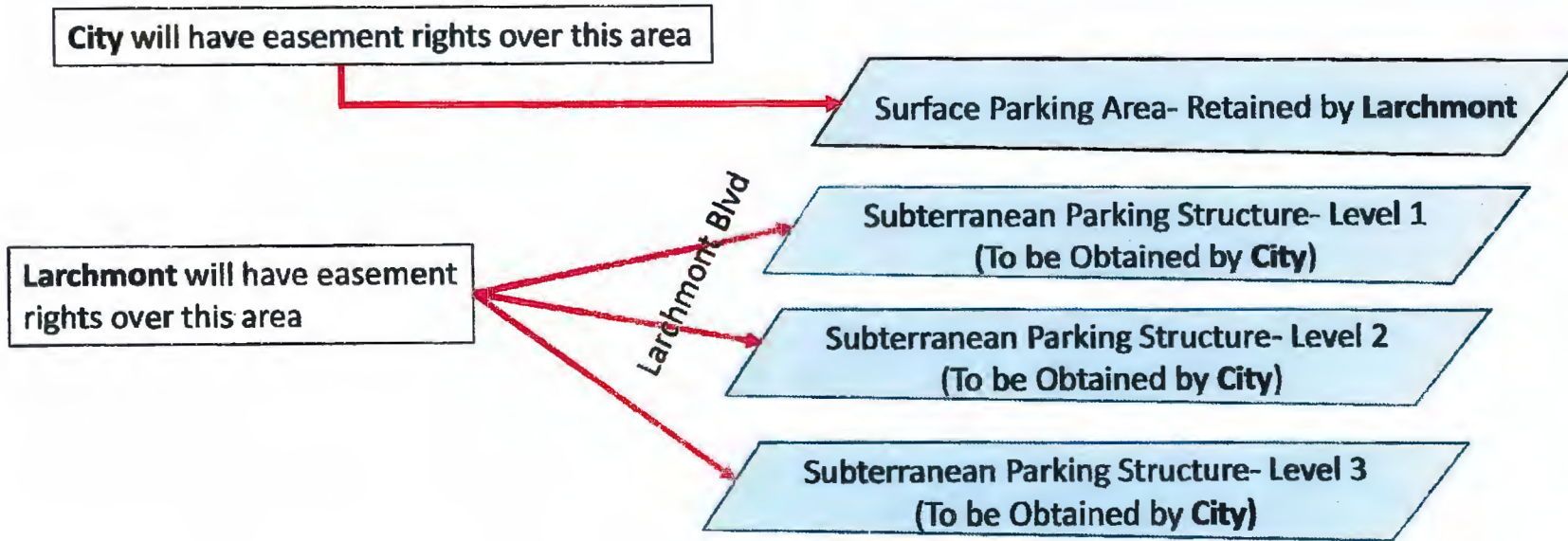
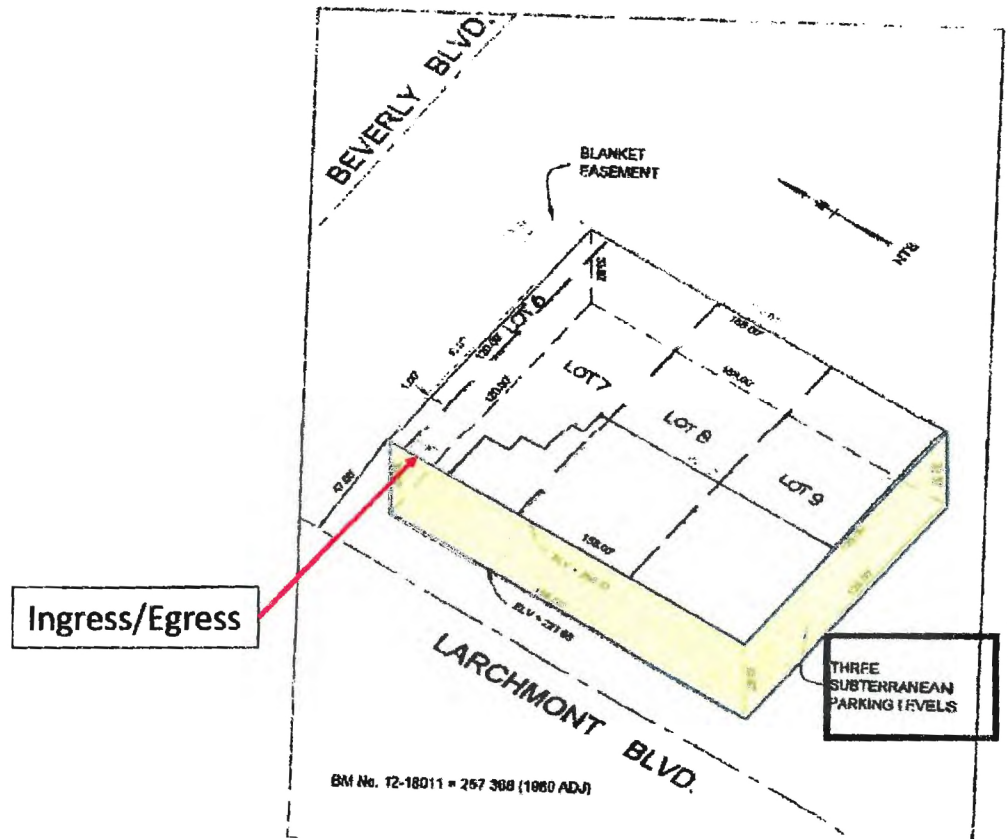


Exhibit A



**EXHIBIT B**  
**Option Premises**  
**3-Level Subterranean Parking-Below highlighted area\***



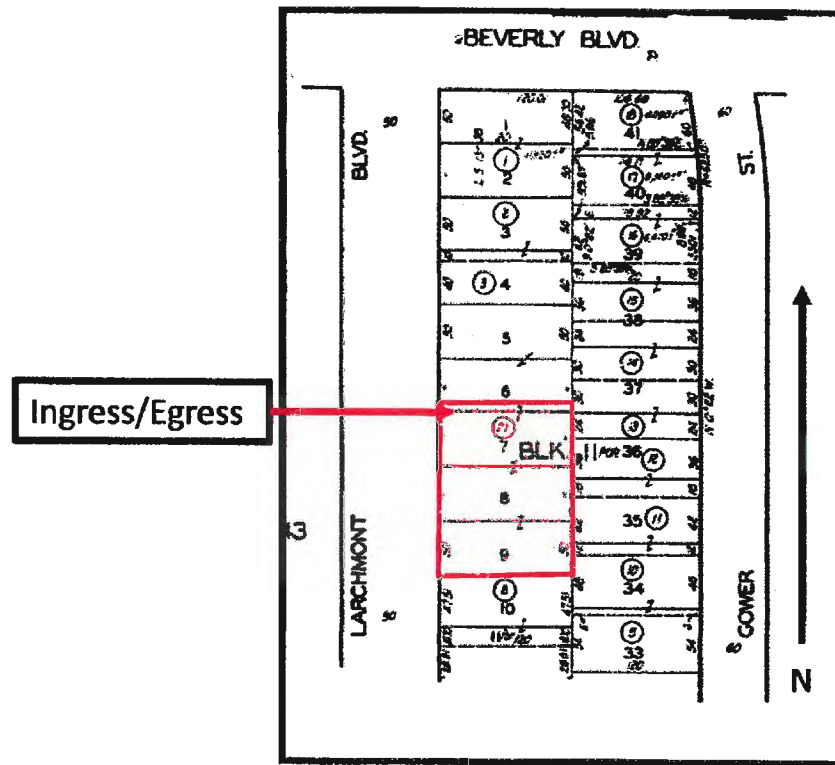
\*Larchmont retains Surface Level Area

**EXHIBIT B**

**Option Premises**

**3-Level Subterranean Parking-Below highlighted area\***

Portion of Assessor Parcel Number 5515-025-021



\*Larchmont retains Surface Level Area