

BOARD LETTER APPROVAL

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David W. Hanson

David Hanson (May 7, 2026 16:08:06 PDT)

DAVID W. HANSON
Interim General Manager

DATE: May 28, 2026

SUBJECT: First Amendment to Lease with 9136 Sepulveda LLC, Extending Term for an Additional Ten Years for a Customer Service Center at 9154 Sepulveda Blvd, North Hills, CA 91343-LADWP File No. J-101730

SUMMARY

LADWP is requesting approval of a First Amendment to Lease (Amendment) extending the term of an existing lease for retail office space currently housing LADWP's Customer Service Center (CSC) operations. The Amendment is between LADWP and 9136 Sepulveda LLC, a California limited liability company (Lessor), for approximately 4,920 rentable square feet of retail office space located at 9154 Sepulveda Blvd., North Hills, California 91343, for continued operation of a Customer Service Center in the North Hills area. The existing lease was approved by the Board of Water and Power Commissioners (Board) on August 25, 2020.

The Amendment will extend the term of the existing lease that expired on September 13, 2025, and is currently in holdover. The Amendment will cost LADWP approximately \$1,961,571.07 in base rent over the additional ten-year term. LADWP will also pay its pro rata share of common area operating expenses and related monthly charges.

City Council approval is required pursuant to Los Angeles City Charter Section 606.

RECOMMENDATION

It is requested that the Board adopt the attached Resolution approving and recommending City Council's approval of the execution of the Amendment for retail office space located at 9154 Sepulveda Blvd., North Hills, CA 91343, in accordance with City Charter Section 606.

ALTERNATIVES CONSIDERED

The following alternatives were considered:

- Do not extend the Lease. This alternative would negatively impact on the local community as area residents and businesses frequently utilize this CSC to pay their bills and obtain in-person customer service support.
- Enter a new lease at a different location. LADWP surveyed the market for available retail office space; however, an acceptable substitute could not be found.
- Purchasing additional property in the North Hills area for use as a customer service center. After considering acquisition cost, relocation expenses and required build-out investments, LADWP was unsuccessful in locating an appropriate property that meets LADWP's operational needs in a cost-effective manner.

FINANCIAL INFORMATION

The Amendment is for an additional ten-year term with a total estimated cost of \$1,961,571.09 in base rent. LADWP will also be responsible for its share of the common area and Lessor's operating expenses.

The proposed base rent was established through LADWP's market research and negotiations with Lessor. The Amendment modifies the first-year base rent to \$34.78 per square foot per year, which was determined to be appropriate as comparable retail office space in the surrounding area ranged from \$33 to \$48 per square foot per year.

BACKGROUND

The North Hills CSC replaced the previous Mission Hills CSC to provide adequate space and parking for LADWP employees and customers. The North Hills CSC has been operating at the current location since 2021 and is the farthest north of the CSCs within the City of Los Angeles. The Leased Premises is located at 9154 Sepulveda Blvd in North Hills and consists of approximately 4,920 square feet of retail office space providing a reception area and three private consult areas. The Amendment will extend the existing lease agreement, which expired on September 13, 2025, and is currently on holdover.

The proposed Amendment is for an additional term of ten years commencing on September 14, 2025. The rental rates under the Amendment are shown below:

Period	Monthly Base Rent	Annualized Base Rent
Year 1	\$14,259.07	\$171,108.84
Year 2	\$14,686.84	\$176,242.11
Year 3	\$15,127.45	\$181,529.37
Year 4	\$15,581.27	\$186,975.25
Year 5	\$16,048.71	\$192,584.51
Year 6	\$16,530.17	\$198,362.04
Year 7	\$17,026.08	\$204,312.90
Year 8	\$17,536.86	\$210,442.29
Year 9	\$18,062.96	\$216,755.56
Year 10	\$18,604.85	\$223,258.23
Total Base Rent		\$1,961,571.09

The lease is currently on holdover status; however, the holdover rate is not being charged. Upon full execution of the Amendment, Lessor shall reconcile LADWP 's base rent from September 14, 2025, and LADWP shall remit the difference between the paid rent and the scheduled monthly base rent as shown above.

The Amendment will allow LADWP with an early termination option that can be exercised with prior written notice before the 48th month or 84th month of the amended term.

In accordance with the Mayor's Executive Directive No. 15, this Board package was approved by the Office of the Mayor on May 22, 2026.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it 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 amendment for existing office space for the North Hills CSC is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney has reviewed and approved the Resolution and Lease as to form and legality.

ATTACHMENTS

- Resolution
- Agreement
- Reference - Resolution No. 021 028
- ED15