

APPROVED
APR 19 2007

REPORT OF GENERAL MANAGER

NO. 07-99

DATE April 19, 2007

BOARD OF RECREATION
and PARK COMMISSIONERS

C.D. 7

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: HANSEN DAM/CHILDREN'S MUSEUM - CONSENT TO ALLOW THE CHILDREN'S MUSEUM OF LOS ANGELES TO SUBLEASE THEIR LEASEHOLD TO THE COUNTY OF LOS ANGELES AND THE PROPOSED SUB-LEASE AND SUB-SUB-LEASE AGREEMENT BETWEEN THE CHILDREN'S MUSEUM OF LOS ANGELES AND THE COUNTY OF LOS ANGELES

R. Adams _____	J. Kolb _____
J. Combs _____	F. Mok _____
H. Fujita _____	K. Regan _____
S. Huntley _____	*M. Shull <i>MS</i>

Reg Adams Jr

General Manager

Approved *As amended see attached* _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

1. Consent to the Children's Museum of Los Angeles (CMLA) subleasing their leasehold to the County of Los Angeles in order to have access to one million dollars in State Proposition 40 funds that the County intends to pass on to the CMLA;
2. Approve the proposed sub-lease and sub-sub-lease agreement between the CMLA and the County of Los Angeles, substantially in the form on file in the Board Office;
3. Recommend that the City Council consent to allowing the CMLA to sublease their leasehold to the County of Los Angeles and approve the proposed sub-lease and sub-sub-lease agreement; and,
4. Direct the Board Secretary to transmit the proposed sub-lease and sub-sub-lease agreement to the Mayor, in accordance with Executive Directive No. 3, and to the City Attorney for review and approval as to form.

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SUMMARY:

On May 22, 2000, the Board of Recreation and Park Commissioners (Board) approved Report No. 00-195 and adopted Resolution No. 9858 authorizing the relocation of the Los Angeles Children's Museum to a 0.85 acre vacant site owned by the Department of Recreation and Parks (Department) and located adjacent to the Hansen Dam Recreation Area near the intersection of Foothill Boulevard and Osborne Street. The Board also approved a fifty-year ground lease between the City and the Children's Museum of Los Angeles (CMLA) for use of the site and authorized the Department's General Manager to negotiate and execute an operating agreement with the CMLA for the construction, operation, and maintenance of a children's museum (Museum). The fifty-year ground lease was executed on June 28, 2000, and the operating agreement was executed on June 27, 2001.

CMLA is currently in the process of constructing the Museum. Per the Bureau of Engineering, construction is approximately 75% complete. The construction budget for the Museum is estimated at twenty-five million dollars. At this time, CMLA has a little over twenty-four million dollars available. Recent conversations between the County of Los Angeles (County) and the CMLA have resulted in the County agreeing to sub-grant one million dollars in State Proposition 40 funds to CMLA for the completion of the Museum. With these funds, the construction of the Museum will be fully funded.

In order for the County to access the funds and grant them to CMLA, it must be able to show site control. Further, it is our understanding that the County has no desire to actually operate any portion of the Museum and would prefer that this be done by CMLA. The County Counsel and City Attorney have advised that the appropriate way of accomplishing the desired situation is to have the CMLA sub-lease the Museum to the County and the County will then lease it back to CMLA for a coterminous term.

In accordance with Article 17, Sub-article 17.1 of the ground lease agreement between the City and CMLA, CMLA may not sub-lease the Museum premises or any portion to any entity, group, or person without the consent of the Board and the City Council. The City Attorney has further opined that any proposed sub-lease agreement must be approved by both the Board and City Council.

Therefore, through this report, the Board is being asked to give consent to allow the sub-lease of the Museum premises to the County and approve the draft sub-lease and sub-sub-lease agreement substantially in the form on file in the Board Office, and recommend to the City Council that they consent to the same.

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The proposed sub-lease and sub-sub-lease agreement will contain provisions that show that the Museum premises shall be leased to the County and that the County lease the premises back to the CMLA. This agreement will incorporate the same terms and conditions as the ground lease agreement between the City and CMLA.

FISCAL IMPACT STATEMENT:

There will be no fiscal impact to the Department's General Fund as all the funds for this action will be paid from the State's Proposition 40 funds allocated to the County.

Prepared by Cid Macaraeg, Senior Management Analyst II, Real Estate and Asset Management.

EXCERPT FROM THE MINUTES OF THE SPECIAL MEETING
BOARD OF RECREATION AND PARK COMMISSIONERS
APRIL 9, 2007

GENERAL MANAGER'S REPORT:

07-99

HANSEN DAM/CHILDREN'S MUSEUM - CONSENT TO ALLOW
THE CHILDREN'S MUSEUM OF LOS ANGELES TO SUBLEASE
THEIR LEASEHOLD TO THE COUNTY OF LOS ANGELES AND
THE PROPOSED SUB-LEASE AND SUB-SUB-LEASE AGREEMENT
BETWEEN THE CHILDREN'S MUSEUM OF LOS ANGELES AND
THE COUNTY OF LOS ANGELES

Mr. Michael Shull, Superintendent, Planning and Development Division, amended the report as follows:

Recommendation No. 2 is changed to read:

2. Approve the terms of a proposed sub-lease and sub-sub-lease agreement between the CMLA and the County of Los Angeles (County), which are that the premises leased by the City to the CMLA be sub-leased to the County for a term of 20 years on the same terms and conditions contained in CMLA's Ground Lease executed June 28, 2000, as amended, and that simultaneously the County sub-sub-lease the premises back to the CMLA for a period of 20 years on the identical terms and conditions of the sub-lease.

Recommendation No. 4 is renumbered to No. 5 and a new No. 4 is added to read:

4. Direct staff to prepare and transmit to the County for approval and execution by the County and the CMLA the sub-lease and sub-sub-lease agreement in accordance with the terms specified in this report, subject to City Attorney approval as to form.

Motion

It was moved by Commissioner Casillas, seconded by Commissioner Williams that Report No. 07-99 be approved as amended. There being no objections, the Motion was unanimously approved.