



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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November 21, 2017

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 November 21, 2017

LORI GLASGOW  
EXECUTIVE OFFICER

**NEW GROUND LEASE  
SANTA MONICA COLLEGE  
23555 CIVIC CENTER WAY, MALIBU  
(THIRD DISTRICT)  
(3 VOTES)**

### SUBJECT

A new 25-year ground lease, with seven 10-year options to extend, for Santa Monica College for the use of approximately 128,500 square feet of land at the Malibu Civic Center, and 189 on-site parking spaces.

### **IT IS RECOMMENDED THAT THE BOARD:**

1. Acting as a responsible agency for the proposed Santa Monica College Malibu Campus Project, consider the attached Final Environmental Impact Report prepared and certified by the Board of Trustees of the Santa Monica Community College District as lead agency; certify that the Los Angeles County Board of Supervisors has independently considered and reached its own conclusions regarding the environmental effects of the project as shown in the Final Environmental Impact Report; adopt the mitigation monitoring programs finding that the mitigation monitoring program is adequately designed to ensure compliance with the mitigation measures during project implementation; find that there are no further feasible alternatives or feasible mitigation measures within the Board's power that would substantially lessen or avoid any significant effect the project would have on the environment; and determine that the significant adverse effects of the project have been reduced to an acceptable level as outlined in the Environmental Findings of Fact, which findings are adopted and incorporated herein by reference.

2. Find that the proposed use of the property by the Santa Monica Community College District serves public purposes and that the property to be leased will not be needed for County purposes during the term of the proposed ground lease.
3. Approve and instruct the Chairman to sign a 25-year ground lease, with seven 10-year options to extend the term, with Santa Monica Community College District, for approximately 125,800 square feet of land and 189 on-site parking spaces, to be used for an educational facility for Santa Monica College, and a new Sheriff's substation, at 23555 Civic Center Way, Malibu for a one-time payment in the amount of \$4,369,665, which is the value of the leasehold interest approved by the Board on April 19, 2011.
4. Authorize the Chief Executive Officer, or her designee, to use either the Director of Internal Services, Santa Monica Community College District, or a County-approved vendor, to acquire telephone systems for the Sheriff's Department at a cost not to exceed \$150,000.
5. Authorize and direct the Chief Executive Officer, or her designee, to execute any other ancillary documentation necessary to effectuate the lease, and authorize the Chief Executive Officer, the Sheriff, and the Director of Internal Services, or their designees, to take actions necessary and appropriate to implement the project. The lease will be effective upon approval by the Board of Supervisors, but the term will commence upon completion of the improvements and issuance of a final Certificate of Occupancy.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed ground lease (Ground Lease) would allow Los Angeles County (County) to lease to Santa Monica College District (SMCCD) a 128,500 square foot parcel (Ground Lease Parcel) within the Malibu Civic Center (Civic Center), which is comprised of 9.18 acres and is owned by the County. SMCCD seeks to construct a new building on the Ground Lease Parcel to operate as an extension of Santa Monica College (SMC). The proposed new building (SMC Building) has been designed and will be constructed so as to not interfere with the County's ownership or use of the remainder of the Civic Center. In connection with the construction of the SMC Building, SMCCD will demolish the vacant Sheriff's station within the Ground Lease Parcel, which is dilapidated and of no further use to the County. The proposed Ground Lease also requires SMCCD to construct, at SMCCD's expense, a new communications tower to replace the existing outdated tower located on the Ground Lease premises.

The SMC Building will include space comprised of approximately 5,700 square feet, at grade level, for a Sheriff's substation and Planning Center. The SMC Building will also include a classroom design that will facilitate conversion into an Emergency Operations Center (EOC) for local emergencies. Such space will contain closets for communications and other equipment, at County expense, that would be locked except during EOC operations and training programs. The new Sheriff substation and EOC are referred to collectively as the "Sheriff Space".

The Sheriff Space is needed because it will replace, to some extent, some of the former Sheriff station that was decommissioned in 1991. The Sheriff Space will allow the Sheriff to provide improved services to the City of Malibu by being in closer proximity to the service area. The Sheriff Space is an important component of the project and received great support from the Malibu community. The Sheriff Space will save the Sheriff Department time in transporting people for booking to the Lost Hills Sheriff Station in Calabasas.

The new Sheriff substation can house up to ten Sheriff's deputies, investigative and support staff at one time, many of whom will be working on different shifts. In addition, the Sheriff Space will be needed in the event of an emergency in Malibu.

The proposed Ground Lease will allow the Civic Center to be used in a way that benefits the public, both for educational and safety purposes, and the development will result in the beautification of the Civic Center by having the vacated Sheriff's station demolished.

The proposed project has been approved by the City of Malibu Planning Commission and the Malibu City Council. In addition, approvals have been obtained from the California Coastal Commission, Department of State Architect (DSA), the SMC Board of Trustees, and the Federal Aviation Administration. Real Estate Management Commission review is not required pursuant to County Code 3.58.070 because the proposed transaction is between the County and another public agency.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal 1 "Make Investments That Transform Lives" directs that we will aggressively address society's most complicated social, health, and public safety challenges. We want to be a highly responsive organization capable of responding to complex societal challenges – one person at a time. The proposed Ground Lease supports this goal by allowing for the provision of services that improve education and productivity, enhance public safety, and provide customer service.

### **FISCAL IMPACT/FINANCING**

SMCCD will pay all costs for the proposed project, excluding certain demolition, sewer connection, capital sewer construction and tenant improvement costs which are County costs. However, the County's costs will be paid by offsetting such costs against the one-time payment due to the County by SMCCD pursuant to the terms of the Ground Lease in the amount of \$4,369,665. Total costs to the County for the proposed project shall not exceed \$4,369,665. A cost reconciliation will be provided to the County at the end of construction of the SMC Building and other improvements pursuant to the terms of the Ground Lease. To the extent any amounts remain due to the County after offsetting the County costs against the one-time payment of \$4,369,665, SMCCD shall pay such remaining amount to the County within 60 days from substantial completion of the project.

In addition, SMCCD will provide, at its own cost and expense, approximately \$1,500,000 in base improvements for the Sheriff Space, and pay for the additional costs to re-route utilities, construct a new telecommunications tower with new antennas, resurface and restripe the front parking area, install new landscaping, provide monument signage, provide storm water retention, and improve ADA accessibility. These improvements will revitalize the Civic Center property and add needed community services. In addition, SMCCD is paying \$719,677 in capital costs for its proportionate share of the new Civic Center sewer costs that otherwise would be borne by the County.

### **Operational Budget Impact**

The proposed substation will be operated utilizing existing staff from Lost Hills Sheriff's Station. This staff currently provides law enforcement services for Malibu. No additional resources are anticipated at this time.

Operations and maintenance of the proposed substation will be shared between SMCCD and the Sheriff's Department. SMCCD will fund the base improvements and maintain all major building systems, along with the structure, pursuant to the lease terms and the Sheriff's Department will be responsible for interior miscellaneous repairs and maintenance for such items including carpet, painting, certain plumbing repair and janitorial services pursuant to the lease, as well as ongoing utility costs. The cost of these operating and maintenance expenses will be absorbed within the Sheriff Department's existing budgetary resources. Annual operating and maintenance costs are estimated at approximately \$60,000. The Sheriff Department will also be responsible for a one-time cost of approximately \$150,000 for a new phone system, which cost shall also be absorbed within the Sheriff's existing budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

SMCCD operates SMC, a two-year community college that currently offers more than eighty fields of study to approximately 30,000 students at its main campus in the city of Santa Monica and nearby satellite locations. Voters within the SMCCD, which includes Malibu, approved a \$135 million bond measure in 2004 that included \$25 million for an instructional facility in Malibu. The proposed project has been designed to fulfill this goal. SMCCD proposes to construct an approximately 25,000 square foot building on the Civic Center property to serve as a satellite campus.

The Civic Center is located in Malibu and comprises 9.18 acres. The subject 128,500 square foot parcel is part of the Civic Center. The Civic Center is improved with two primary buildings that together comprise 85,260 square feet of space. The main building houses a Courthouse (not currently in use), Public Library and office space for the County's Department of Public Works. The second building is the site of a former Sheriff's station and is a freestanding building. The former Sheriff's station was decommissioned in 1991 when the Sheriff's Department moved to the Lost Hills Sheriff Station replacement facility located in the City of Calabasas.

A separate utility building serves both the main building and the former Sheriff station and provides heating and cooling equipment. In addition, the property includes a garage and fueling station and a Federal Aviation Administration-approved heliport and County employee and public parking.

On April 19, 2011, the Board authorized the Chief Executive Office (CEO) to enter into negotiations with SMCCD for a 25-year Ground Lease agreement to provide approximately 125,000 square feet of land at the Malibu Civic Center for use by SMCCD as its Malibu campus at a total cost of \$4,369,665. The CEO was to present the proposed lease to the Board by January 12, 2012, or have the discretion to discontinue negotiations after that date. Negotiations with SMCCD have been ongoing since that time, while SMCCD worked to process its Final Environmental Impact Report and obtain regulatory approvals.

Delays in bringing this matter back to the Board were caused by the lengthy Environmental Impact Report (EIR) process, which required several rounds of comments from the County of Los Angeles and approvals from the City of Malibu Planning Commission, City of Malibu City Council, California Coastal Commission, and the SMC Board of Trustees. The preparation time, comment periods, public hearings, numerous approvals, and final certification of the EIR took years to complete. Delays were also contributed by the Regional Water Quality Control Board's requirement for a new City wastewater system and sewer, and the City of Malibu's formation of an assessment district. In addition, SMCCD's required bidding procedure for an architect, lengthy plan preparation, and approval of the final plans by the California DSA, which is required for an educational facility, also delayed this matter.

The proposed new Ground Lease includes the following provisions:

- A 25-year Ground Lease, which becomes effective upon the date of Board of Supervisor approval. The term of the lease commences upon completion of the improvements SMCCD and issuance of a final Certificate of Occupancy.
- Seven 10-year option periods to extend the lease on the same terms and conditions, at a rental rate of \$1.00, with 180 days prior written notice from SMCCD.
- SMCCD consideration for the Ground Lease is a one-time payment of \$4,369,665 and SMCCD providing, at its sole cost and expense, certain "Base Building Improvements" as defined in the Ground Lease. Such Base Building Improvements include, but are not limited to, the Premises shell and exterior, windows and mullions, core mechanical, electrical, plumbing, life safety, air conditioning, ventilation and structural systems, restrooms, public walkways, exterior plaza and landscaping, and County low-voltage requirements, excluding telephones.
- The County will pay SMCCD for the following items (a)-(d): (a) demolition costs not to exceed \$1,000,000, (b) the County's share of capital costs for construction of the new sewer in the City of Malibu in the amount of \$1,094,102, (c) sewer hook-up costs for the rest of the Civic Center not to exceed \$150,000, and (d) tenant improvement costs not to exceed \$2,125,563 for the Sheriff's space by offsetting such costs against the one-time payment of \$4,369,665.
- The County will collect the total amount of \$1,813,779 from SMCCD for reimbursement of sewer costs pre-paid to the City of Malibu. Such payment shall be paid to the County within ten business days of Board approval of the attached Ground Lease. The County's share of the pre-paid sewer costs is \$1,094,102 and SMCCD's share is \$719,677. Once the County receives reimbursement of the total sewer costs in the amount of \$1,813,779, because that sum includes the County's \$1,094,102 share, the County will apply the amount of County's share towards the one-time payment as described above.
- The County will own the Sheriff's substation at the end of construction and will own the SMC Building at the end of the Ground Lease term.
- SMCCD is responsible for all operating and maintenance expenses associated with its occupancy. SMCCD is also responsible for certain exterior maintenance of the Sheriff's substation, and concealed items within the walls. The Sheriff Department will be responsible for ongoing utility costs and certain maintenance items within its substation space, and janitorial costs.
- SMCCD will pay, at its own expense, for re-routing of all utilities, construction of a new telecommunications tower, and related equipment for the County, all costs for construction of its educational facility, landscaping, resurfacing and restriping of the front parking area, and all costs listed as Base Building Improvements set forth in the Ground Lease.
- SMCCD has a right of first refusal to purchase the Ground Lease Property upon the terms of the Ground Lease, if the County desires to sell at any time.
- The County has imposed a use restriction that requires that the property be used only for an educational facility, community-oriented interpretative center, and/or governmental purposes compatible with existing Civic Center uses, or such other uses as are approved by the County.

- The County has reviewed the proposed improvements and parking/circulation in order to ensure continued access to, and availability of parking for, the remaining Civic Center facilities, and to satisfy its parking obligations with the Department of Public Works and Library. Sufficient parking for access to the Civic Center will be available.
- Attached to the Ground Lease is a reciprocal parking and operational agreement to be signed by the County and SMCCD, which specifies parking space allocation, rules and regulations for the Civic Center and allows the County and its contractors, licensees and invitees to access, use and maintain main communications room, the telecommunication tower and the Sheriff Space located on the Ground Lease premises. The County will have 110 non-exclusive parking spaces and 90 exclusive parking spaces for County employees. SMCCD will have 189 parking spaces of which 179 will be for non-exclusive use and ten of these spaces will be provided to the Sheriff Department for its exclusive use in a secured area.

The proposed lease of this property is authorized by Section 26227 of the California Government Code. County Counsel has reviewed the attached lease and has approved it as to form.

#### **ENVIRONMENTAL DOCUMENTATION**

In approving the Ground Lease, the County is acting as a responsible agency for the SMCCD. SMCCD as lead agency, has prepared an initial study, consulted with the County, and certified a Final Environmental Impact Report for this Project on January 13, 2016. The County's execution of the Ground Lease will not have a significant effect on the environment.

Upon your Board's approval of the project, CEO will file a Notice of Determination with the County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

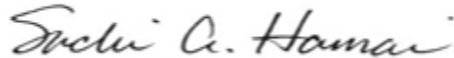
#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current services or projects. The County will require SMCCD to re-route utilities in order to continue operations prior to demolition of the former Sheriff's station. A new communications tower will be built before the old one is demolished or antennas will be rerouted to an acceptable location prior to demolition. Prior to construction, SMCCD will also be required to relocate the Malibu Community Labor Exchange, a current non-profit licensee that provides day labor opportunities and job assistance to low-income and homeless people. Sheriff concurs with the proposed Ground Lease.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:DL

JC:CB:ls

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Internal Services  
Sheriff