



Board Report

File #: 2021-0383, File Type: Agreement

Agenda Number: 16.

FINANCE, BUDGET AND AUDIT COMMITTEE SEPTEMBER 15, 2021

**SUBJECT: FIFTH AMENDMENT TO LEASE AGREEMENT WITH BALDWIN STOCKER, LLC,
FOR THE MICROWAVE RADIO STATION LOCATED AT LA CIENEGA BOULEVARD
AND STOCKER STREET IN LOS ANGELES**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) or their designee to execute a ten (10)-year, Fifth Amendment to the Lease ("Amendment") commencing January 1, 2022, with Baldwin Stocker, LLC, ("Lessor") for the microwave radio station located at the Baldwin Hills Oil Field at La Cienega Boulevard and Stocker Street in Los Angeles at a rate of approximately \$46,465 per year with CPI escalations annually for a total of \$508,780 over the ten-year term.

ISSUE

Metro must maintain its radio tower on property leased at the Baldwin Hills Oil Field in Los Angeles ("Tower") to maintain rail and bus communications throughout Metro's transportation systems.

BACKGROUND

In 1992, Metro constructed a microwave relay radio facility at the Baldwin Hills Oil Field for continuity of communications with rail and bus operators and has been leasing the property from Baldwin Stocker, LLC ("Lessor") continuously ever since. The lease has been amended four times to extend the term, which expires on December 31, 2021. Metro's Operations & Service Delivery staff has confirmed that Metro continues to need this location for the next ten years.

DISCUSSION

Findings

The annual rental rate of \$46,465 commencing January 1, 2022, with annual CPI rent increases, is below the average lease rate of what Metro pays for other cell tower leases on an annual basis. A Broker's Opinion of Value by John Potts, Executive Officer, Real Estate (licensed real estate broker #01787671), determined that this lease rate is based on the current condition of the property and comparable rental rates and is within market rate.

Considerations

Due to the Tower's location, it is a central hub for Metro's radio communications. Without the Tower, Metro would have to lease several other towers to maintain the same coverage this Tower provides, increasing operating costs substantially.

DETERMINATION OF SAFETY IMPACT

This Board item will not have an impact on safety standards for Metro.

FINANCIAL IMPACT

Approval of the Amendment with Baldwin Stocker, LLC is estimated to be a total of \$508,780 in rent over the ten-year term. The proposed lease obligations are included in the FY22 Budget. Future lease obligations will be included in annual budget preparation.

Impact to Budget

The funding for the proposed lease is the general fund, right-of-way. The funding source is eligible for bus & rail operations and capital projects.

EQUITY PLATFORM

Renewing this lease will maintain communications through this location and provide necessary rail and bus communications that have measurable improvements that bring, or aid in, more constant mobility options for disadvantaged communities. Continuing this lease will positively impact disadvantaged communities who are more reliant on Metro for transportation to get to places of employment or for medical services. Communication within the Metro system is key to delivering on-time, safe, and sanitary services.

As such, this radio tower is an essential link in Metro's bus and rail communication to ensure timely arrivals and stops and to facilitate repairs, maintenance, and janitorial services to keep the Metro system clean and dependable for all who rely on Metro for their transit options.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendation supports strategic plan goal # 2, to provide "outstanding trip experiences for all."

ALTERNATIVES CONSIDERED

If the board chooses not to extend the lease, the alternative is to lease several other towers to maintain the same coverage. This will increase operating costs substantially and is not recommended.

NEXT STEPS

Metro will execute the Amendment with Baldwin Stocker, LLC if the board approves, thereby securing the microwave radio station location through December 31, 2031.

ATTACHMENTS

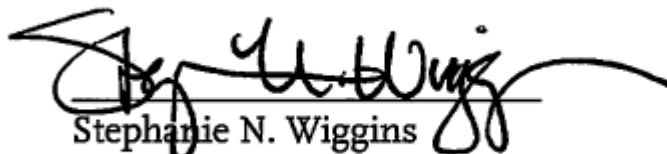
Attachment A - Lease Location

Attachment B - Deal Points

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Stephanie N. Wiggins
Chief Executive Officer