



# City of Culver City

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## Staff Report

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**File #:** 19-140, **Version:** 1

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**CC - Approval of a Sublease with The Actors' Gang for Use of the Ivy Substation for a 10-Year Term with an Option to Renew for up to Eight Years.**

**Meeting Date:** December 10, 2018

**Contact Person/Dept:** Elaine Warner/CDD  
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**Phone Number:** (310) 253-5777

**Fiscal Impact:** Yes ☒ No ☐

**General Fund:** Yes ☒ No ☐

**Public Hearing:** ☐

**Action Item:** ☐

**Attachments:** Yes ☒ No ☐

**Commission Action Required:** Yes ☐ No ☒ **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (12/05/18); Downtown Business Association (12/06/18)

**Department Approval:** Sol Blumenfeld, Community Development Director (11/29/18)

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### **RECOMMENDATION**

Staff recommends the City Council approve a sublease with The Actors' Gang for use of the Ivy Substation for a 10-year term with an option to renew the sublease for up to eight additional years.

### **BACKGROUND**

On June 8, 1987, the City of Los Angeles entered into a 40-year lease and 10-year option with the former Culver City Redevelopment Agency (CCRA), which was assigned to the City in August 2017. The current lease will expire in June 2037.

In 2005 and 2010, the CCRA entered into license agreements with the Actors' Gang for use of the Ivy Substation to produce live theatrical productions, provide 60 community access days and implement building maintenance up to \$15,000 per year. In 2016, the City and the Actors' Gang began property license renewal discussions and temporarily extended the license in order to complete negotiations.

In August 2017, the City commissioned Walker Consultants to prepare a comprehensive building and systems analysis with a corresponding maintenance plan. (Attachment 1). The plan identifies improvement priorities over the next 10 years.

## **DISCUSSION**

Since 2005, The Actors' Gang has occupied the Ivy Substation cultivating Culver City's cultural brand, supporting children's art education and promoting economic development in Culver City. The Actor's Gang would like to continue occupying the Ivy Substation and is requesting that the City enter into a 10-year sublease with an option to renew the sublease for up to eight additional years.

The following reflect The Actors' Gang proposed terms for a new agreement and continued tenancy at the Ivy Substation:

1. Lease agreement instead of license agreement to enhance The Actors' Gang fundraising efforts and opportunities;
2. 10-year term with an option to renew for up to eight years to coincide with the remaining balance of the City's lease with the City of Los Angeles (until 2037);
3. Cost sharing with the City to maintain the building with a \$30,000 annual contribution (capped) for implementation of the Ivy Substation property maintenance plan with CPI or other annual escalation on repairs and routine maintenance. The Actors' Gang will be responsible for all on-going utility, janitorial, security and garbage collection costs;
4. Five no-fee parking spaces on Culver Boulevard;
5. 50 Community use days and/or evenings set aside with an annual review and renegotiation. Performing Arts Grant recipients and other community organizations (such as CCUSD) shall not be subject to a facility rental fee, but will be required to compensate for technical staffing;
6. Third party rental income, excluding overhead, shall be dedicated toward building maintenance and subject to City approval and independent audit;
7. Ownership of improvements brought in/installed that can be removed without substantial damage such as theater seats, artwork, donated goods, etc. excluding building systems and improvements funded in part by the City;
8. City-sponsorship designation to promote specific performances via street-pole banners in downtown up to four times a year based on availability; and
9. Annual report presentation detailing programming, rental revenues, community use and proposed improvements.

In accordance with City Council's prior negotiating instructions, staff has negotiated a sublease with TAG consistent with the above terms; and the parties have reached agreement, subject to City Council's approval.

### **FISCAL ANALYSIS:**

The Actors' Gang presence in the Ivy Substation has promoted and enhanced Downtown Culver City since 2005. Their continued tenancy in the Ivy Substation will provide consistent activation in both the Ivy Substation and Media Park and reduce the City's obligation to maintain, lease and supervise the building for third-party rentals.

The City has budgeted funds in Fiscal Year 2018-2019 (GL Acct. No. 10150120.612300) to undertake the recommended improvement work outlined in maintenance plan with repayment of The Actors' Gang cost -sharing portion amortized over the term of the lease.

### **ATTACHMENTS**

1. Walker Assessment Report
2. Proposed Performance and Community Availability Schedule

### **MOTION**

That the City Council:

1. Approve a sublease with The Actors' Gang for a 10-year term and option to renew the sublease for up to eight additional years reflecting the terms and conditions set forth in the staff report;
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.