

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ANTONIO R. VILLARAIGOSA
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

August 27, 2009

Approved on 8-27-09 by
The Municipal Facilities Committee

CD 15

Honorable Councilmembers
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Adam Lid, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A LEASE
RENEWAL FOR THE DEPARTMENT OF HOUSING AT 690 KNOX STREET,
LOS ANGELES, CALIFORNIA**

The Department of General Services (GSD) requests authority to negotiate and execute a lease renewal for approximately 9,797 square feet of office space at 690 Knox Street, Los Angeles, California for the Department of Housing.

BACKGROUND

Due to the financial crisis that the City is facing, significant budget reductions are being implemented. At the request of the Los Angeles City Council, GSD, as the negotiating agent on behalf of the Department of Housing, was instructed to renegotiate all five (5) of the Department's leases to reduce these lease costs. To date, this lease is the only one in which GSD has been successful in negotiating a rent reduction.

The Department of Housing's lease at Knox Street will expire on November 30, 2009. GSD has negotiated an agreement with BRCP Realty So Cal Portfolio for a reduction of rent concurrent with a term extension. The reduction is approximately 20% and extends the lease term from five (5) to eight (8) years. The current rental rate is \$1.85 per square foot (plus pass through charges). The proposed rental rate will be \$1.00 per square foot for the first year up to \$2.10 per square foot by the eighth year (plus pass through charges), which equates to an average lease rate of \$1.80 over the eight-year lease term. This proposal is beneficial to the City because of the reduced lease costs and to the landlord in an extended tenancy.

TERMS AND CONDITIONS

The lease agreement contains the following terms and conditions:


- LOCATION: 690 Knox Street, Los Angeles, California
- USE: Office space
- SQUARE FEET: 9,797 rentable square feet
- TERM: Eight (8) years
- RENTAL RATE: \$1.00 per rentable square foot per month, full service gross lease; for the first year for a monthly lease rate of \$9,797 per month; annual step increases thereafter; plus operating expense pass-through charges with 2009 as the new base year
- PARKING: Up to 39 spaces at no additional charge

FISCAL IMPACT


The base monthly rental rate for the first year will be \$9,797 per month or \$117,564 the first year, which is a first-year savings of approximately \$100,404 over the current lease. The Department of Housing has sufficient funds to pay for the cost of this lease.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease renewal at 690 Knox Street, Los Angeles, California, as office space for the Department of Housing under the terms and conditions substantially as outlined in this report.

for 
 Tony M. Royster
 General Manager

TMR:aa

RECEIVED
 CITY CLERK'S OFFICE
 2009 AUG 28 AM 11:37
 CITY CLERK
 BY  DEPUTY