


TRANSMITTAL

TO Council	DATE 09-25-17	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its meeting held on August 31, 2017, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize GSD to negotiate and execute a new lease agreement between the City and Stevenson Lim (doing business as City Printing), for City owned property located at 201 North Figueroa Street, Suites P1-103 and P1-104. There is no additional impact on the General Fund as a result of the recommended actions.


Richard H. Llewellyn, Jr.
Interim City Administrative Officer
Chair, Municipal Facilities Committee

CITY OF LOS ANGELES
CALIFORNIA

Agenda Item No. 2b

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

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August 31, 2017

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

Attention: John White, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND
EXECUTE A NEW LEASE AGREEMENT WITH CITY PRINTING**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease with Mr. Stevenson Lim doing business as (dba) City Printing. The new contract will allow for the continued use of the parking garage floor, Suites P1-103 & P1-104 at Figueroa Plaza (Fig Plaza) located at 201 North Figueroa Street.

BACKGROUND

Tenant is currently operating City Printing, a retail copying and reprographics store providing on-site and on-demand printing of building and engineering plans. City Printing is a key printing location to the many visitors seeking plan approvals with City of Los Angeles (City) departments such as Planning, Engineering, Building and Safety, Los Angeles Fire Department, Bureau of Sanitation and Department of Transportation.

The current lease expired as of February 19, 2013 and is in month-to-month status, per the lease holdover clause, at the current rate of \$2,851 per month. The original terms of the lease provided for a five year term commencing February 21, 2006, with one two-year extension option at 642 rentable square feet. The initial annual base rent was approximately \$16,564 or monthly base rent of \$1,380 at \$2.15 per rentable square feet (based on original lease square feet of 642). The current annual base rent is \$31,648 or monthly base rent of \$2,721 at \$2.42 per rentable square feet. The CAM charges over the last 12 months are \$130 per month, equating to a total monthly rent payment of \$2,851. CAM charges (Net charges billed to tenants in a commercial lease) per the tenants pro rata share is .365% of the total rentable area of the building (307,556 square feet).



City Printing is a much needed and valuable resource to the many building visitors seeking on-site and immediate printing services. In addition, City Printing has no history of delinquency.

The proposed lease agreement will contain the following:

TERMS AND CONDITIONS

LOCATION:	201 North Figueroa Street, Suite P1-103 & P1-104
LANDLORD:	City of Los Angeles
USE:	A retail convenience store
SQUARE FEET:	Approximately 1,123
TERM	5 years
OPTION TERM:	One Five-year option
HOLDOVER OPTION:	Lease option to allow for month-to-month holdover including CPI increase on lease anniversary date
BASE RENTAL RATE:	\$44,074 annually (\$3.27per square foot)
CAM CHARGES:	CAM charges per the tenants pro rata share is .365% of the total rentable area of the building (307,556 square feet)
ANNUAL INCREASES:	3% CPI
SECURITY DEPOSIT:	Two months' rent
UTILITIES:	Tenants' share of direct expenses and CAM Charges as applicable.
PARKING:	One unreserved parking pass at prevailing market rates
TENANT IMPROVEMENTS:	N/A
CUSTODIAL SERVICES:	All custodial services will be at the sole cost of the tenant
MAINTENANCE:	All building maintenance to the premises will be at the sole cost of the landlord

FISCAL IMPACT

The annual base revenue generated to the General Fund from this retail location will be \$44,067 (\$3,672 per month). This results in an annual increase of \$11,426 over the current lease. Under the current lease terms, the tenant pays a monthly base rent of \$2,721 and additional CAM charges of \$130 per month for a total payment of \$2,851 per month. Additional rent(s) will include CAM charges as applicable.


MARKET ANALYSIS

The market analysis was conducted for lease locations within one mile of Fig Plaza and revealed a starting rent per square foot of \$3.27 (See attached). This represents an increase \$0.85 (+35%) over the current rate of \$2.42 per square foot. The analysis included 17 lease deals with starting rent per square foot ranging from \$3.00 - \$4.00.

The negotiated amount of \$3.27 per square foot represents an adequate rate considering the uses at Fig Plaza are substantially internal-facing, primarily tenant/visitor serving retail spaces, and function essentially as a building amenity rather than a true retail space for all consumers.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with Mr. Stevenson Lim, dba City Printing, at Figueroa Plaza under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachments

Lease Comps Summary

Lease Comps Report

Deals

NNN Asking Rent Per SF

NNN Starting Rent Per SF

Avg. Months On Market

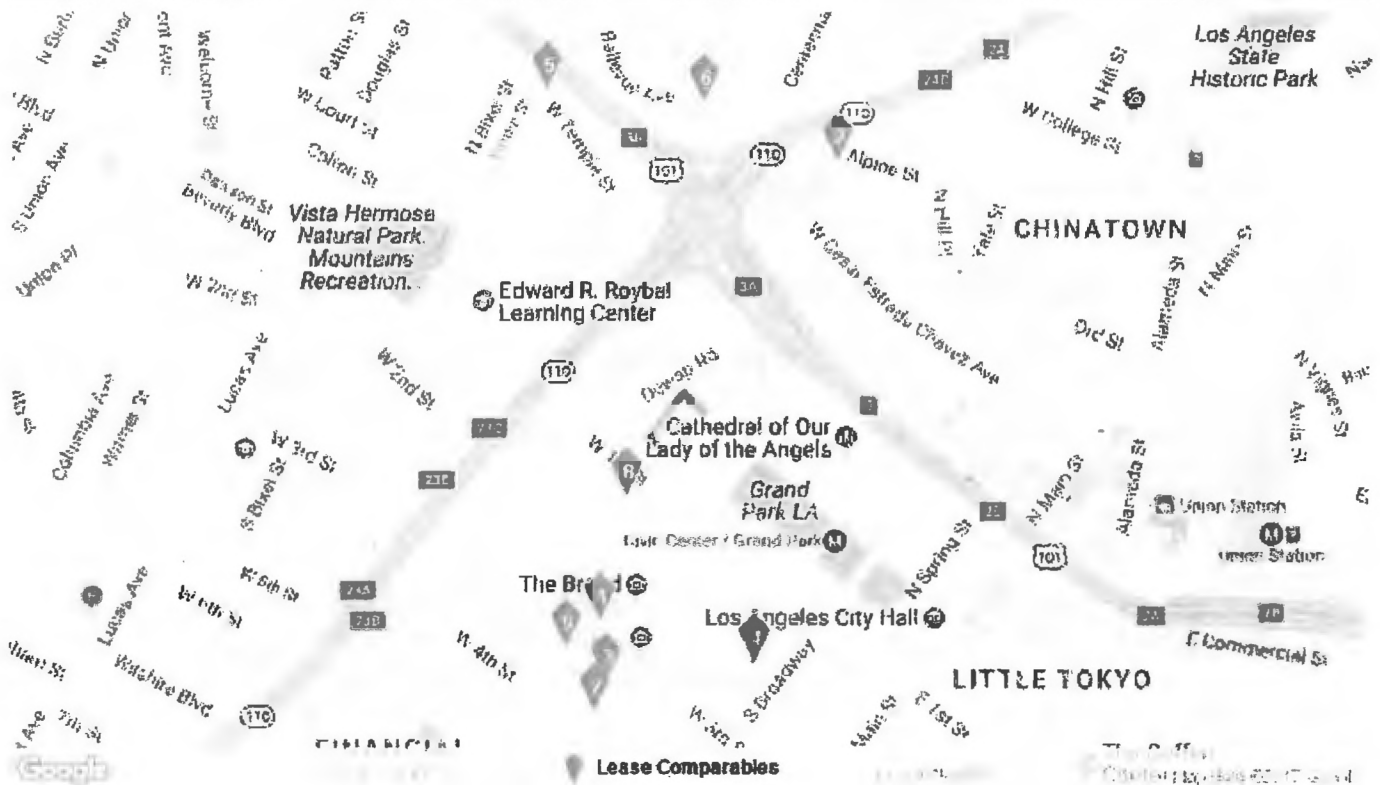
17

\$3.22

\$3.27

14

LEASE COMPARABLES



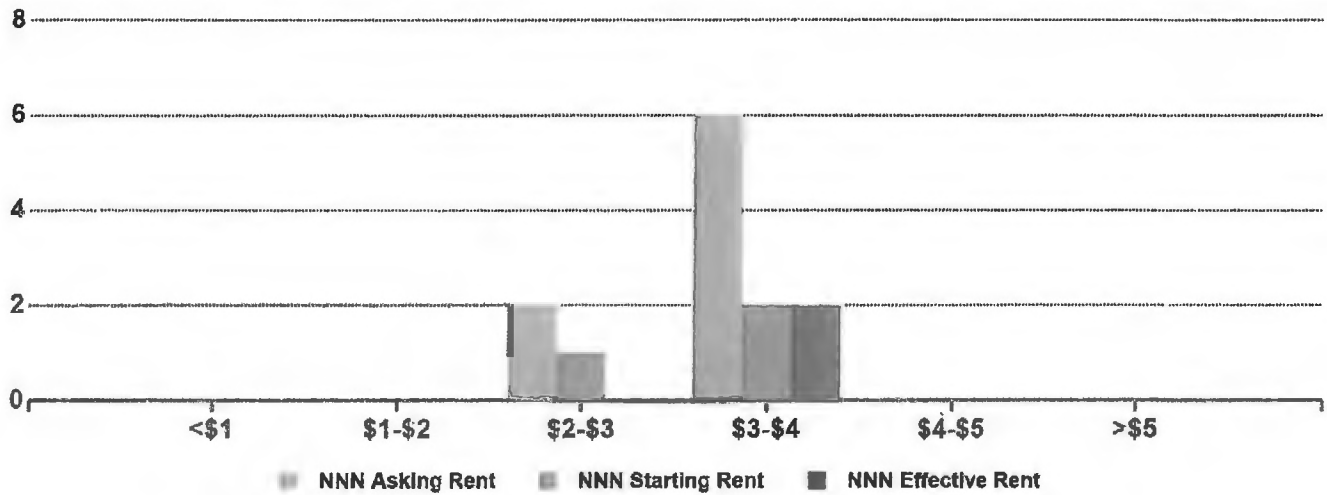
SUMMARY STATISTICS

	Deals	Low	Average	Median	High
Rent					
NNN Asking Rent Per SF	8	\$2.50	\$3.22	\$3.25	\$3.50
NNN Starting Rent Per SF	3	\$3.00	\$3.27	\$3.10	\$4.00
NNN Effective Rent Per SF	2	\$3.09	\$3.46	\$3.50	\$3.90
Asking Rent Discount	1	0.0%	0.0%	0.0%	0.0%
TI Allowance	-	-	-	-	-
Months Free Rent	2	1	3	3	5
Lease Attributes					
Months on Market	16	1	14	10	53
Deal Size	17	550	1,673	1,540	3,741
Lease Deal in Years	7	3.0	6.3	5.0	10.0
Floor Number	16	LL	GRND	1	2

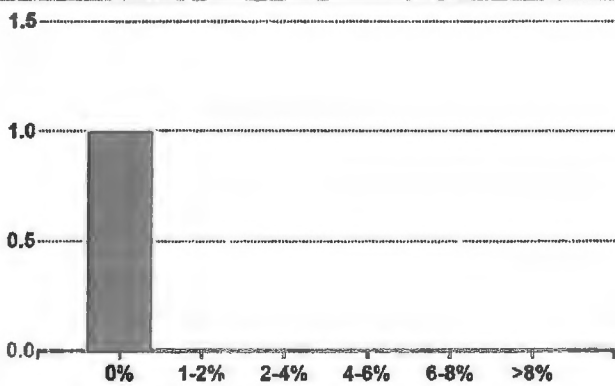
Rents

NNN Asking Rent Per SF	NNN Starting Rent Per SF	NNN Effective Rent Per SF	Avg. Months Free Rent
\$3.22	\$3.27	\$3.46	3.0

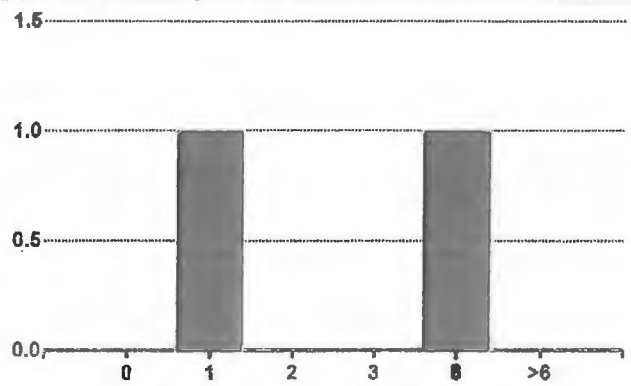
DEALS BY NNN ASKING, NNN STARTING, AND NNN EFFECTIVE RENT



DEALS BY ASKING RENT DISCOUNT



DEALS BY MONTHS FREE RENT



Lease Comps Summary

Lease Comps Report

Property Name - Address	Rating	SF Leased	Lease		Type	Rents	
			Floor	Sign Date		Rent	Rent Type
1 255 Grand 255 S Grand Ave	★★★★★	1,643	1st	7/11/2017	New	\$2.40/mg	Asking
2 712-722 N Figueroa St	★★★★★	1,050	1st	6/9/2017	New	\$3.50/nnn	Asking
3 One California Plaza 300 S Grand Ave	★★★★★	2,824	GRND	10/19/2016	New	\$3.50/nnn	Asking
3 One California Plaza 300 S Grand Ave	★★★★★	3,741	LL	7/28/2016	New	\$3.50/nnn	Asking
4 Broadway Media Center 316 W 2nd St	★★★★★	2,000	Unkwn	12/1/2015	New	\$3.97/mg	Effective
5 1217-1223 W Temple St	★★★★★	1,980	1st	11/11/2014	New	\$4.04/mg	Asking
6 1065 W Sunset Blvd	★★★★★	550	2nd	4/1/2014	New	\$2.04/mg	Effective
7 Two California Plaza 350 S Grand Ave	★★★★★	932	GRND	3/13/2014	New	\$3.00/mg	Asking
7 Two California Plaza 350 S Grand Ave	★★★★★	914	GRND	10/31/2013	New	\$3.00/mg	Asking
1 255 Grand 255 S Grand Ave	★★★★★	2,348	1st	5/4/2013	New	\$2.50/nnn	Asking
8 Promenade Plaza 700 W 1st St	★★★★★	1,134	GRND	9/1/2012	New	\$2.75/mg	Asking
9 Wells Fargo Center - Nort... 333 S Grand Ave	★★★★★	998	1st	3/1/2012	New	\$3.90/nnn	Effective
1 255 Grand 255 S Grand Ave	★★★★★	2,420	1st	1/20/2012	New	\$3.25/nnn	Asking
1 255 Grand 255 S Grand Ave	★★★★★	2,420	1st	9/20/2011	New	\$3.10/nnn	Starting
1 255 Grand 255 S Grand Ave	★★★★★	1,540	1st	5/24/2011	New	\$3.25/nnn	Asking
1 255 Grand 255 S Grand Ave	★★★★★	750	1st	10/1/2010	New	\$3.25/nnn	Asking
8 Promenade Plaza 700 W 1st St	★★★★★	1,197	GRND	2/9/2010	New	\$3.09/nnn	Effective