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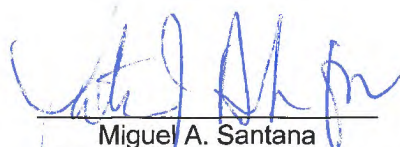
**TRANSMITTAL**

To: Council	DATE 09-07-16	COUNCIL FILE NO.
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From : Municipal Facilities Committee	COUNCIL DISTRICT 14
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At its meeting of September 1, 2016, the Municipal Facilities Committee adopted the recommendations of the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the GSD report would authorize GSD to negotiate and execute a real property lease amendment to an existing contract for office space located at 120 South San Pedro Street for the Information Technology Agency Channel 35. The amendment would extend the lease by 13 months, from January 1, 2016 through February 28, 2017.

The lease contract is currently funded through 2016-17 at \$239,712 (\$19,976 per month x 12 months). There is an expected savings of \$79,904 (\$19,976 per month x four months) to the Leasing Account when the contract expires in February 2017.



Miguel A. Santana  
City Administrative Officer  
Chair, Municipal Facilities Committee

CITY OF LOS ANGELES  
CALIFORNIA

Agenda Item #1

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



ERIC GARCETTI  
MAYOR

DEPARTMENT OF  
GENERAL SERVICES  
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August 29, 2016

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

Attention: Eric Villanueva, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE  
A REAL PROPERTY LEASE AMENDMENT TO CONTRACT NO. 088170-3**

The Department of General Services (GSD) requests authority to negotiate and execute a real property lease amendment to a contract consisting of office space for the Information Technology Agency Channel 35 (ITA). The proposed subject property is located at 120 S. San Pedro Street, Los Angeles, CA.

**BACKGROUND**

The City of Los Angeles currently leases office space containing approximately 9,988 of rentable square feet located on the sixth (6<sup>th</sup>) floor of the subject property and space on the rooftop of the subject property for City's satellite communications dish. This location has housed the City's Channel 35, which is operated by ITA (lease contract No. 088170-3).

While the City made plans for ITA's move to a permanent location, the City has been holding over at the subject property since January 1, 2016 on a month-to-month basis. Although initially serving the City a notice of termination of lease, the landlord has agreed to allow the City to continue its occupancy at the San Pedro Street location through February 28, 2017, without any rent increase. This requested amendment between the landlord and the City will memorialize City's remaining term. Meanwhile, as part of the vacating process, the City must remove a satellite dish installed on the rooftop of the building, and return/repair the rooftop back to its original condition. At the landlord's request, the lease amendment will add specificity to the City's duty to remove



the satellite dish, and make clear that the roof's restoration is part of the City's obligation to vacate of the premises. City shall pay an agreed \$500/day of additional rent commencing March 1, 2017, in the event that the satellite dish removal is not completed.

The ITA has indicated they have a workaround solution and the satellite dish will not be needed for continued operations.

ITA's Channel 35 is scheduled to occupy its permanent space at the Merced Theater in the El Pueblo complex in Downtown Los Angeles. Construction at the Merced Theater is underway, and completion time is estimated to be within twenty-four (24) months.

Terms and conditions of the proposed amendment to the lease contract for the subject property are as follows:

TERMS AND CONDITIONS

LOCATION: 120 S. San Pedro Street, Sixth (6<sup>th</sup>) Floor, Los Angeles, California.

LANDLORD: MUFG Union Bank, N.A., a national association.

USE: Office space and rooftop.

SQUARE FEET: 9,988.

TERM: Through February 28, 2017 or before. There shall be no additional remaining term granted to the City for the subject property beyond the termination date.

PENALTIES: In the event the City has not completed the satellite dish removal obligations prior to the termination date, the City shall pay to the landlord additional rent in the amount of Five Hundred Dollars (\$500.00) per day until the satellite dish removal obligations are satisfied. The satellite dish holdover rent shall be paid in addition to any existing holdover rental obligations in the lease with respect to the subject property.

REMAINING  
TERMS AND  
CONDITIONS:

Except as set forth in said amendment, all of the terms and provisions of the lease shall apply with respect to the subject property, as revised by said amendment, and shall remain unmodified and in full force and effect.

FISCAL IMPACT

The annual expense for the current lease contract is funded for approximately \$239,712 per year.

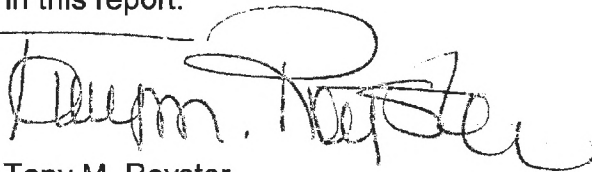
The approximate annual expense calculation is as follows:

Rent @		
\$2.00/sq. ft. x 9,988 sq. ft. =		\$19,976.00 per month
	Total	\$19,976 per month/ \$239,712 per year.

For FY 16-17, the lease contract is funded for \$19,976.00 per month through the end of the fiscal year. However, when the lease contract is terminated on February 28, 2017, there will be a savings to the 6030 Leasing Account budget of approximately \$79,904 (4 months x \$19,976.00 per month). GSD will report at a later date on costs for removal of the satellite dish and relocation costs to their new space assignment once determined.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a real property lease contract with MUFG Union Bank, N.A., a national association, for the office space and rooftop located at 120 S. San Pedro Street, Los Angeles, California under the terms and conditions substantially as outlined in this report.



Tony M. Royster  
General Manager