

CITY OF LOS ANGELES
CALIFORNIA

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November 15, 2012

Approved on 11-15-2012 by
The Municipal Facilities Committee

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

Attention: Maria Espinoza, Legislative Assistant

**REQUEST TO NEGOTIATE AND EXECUTE A LEASE RENEWAL AT 120 SOUTH
SAN PEDRO STREET, LOS ANGELES, FOR ITA'S CHANNEL 35**

The Department of General Services (GSD) requests approval to negotiate and execute a lease renewal for office space for staff of Channel 35 of the Information Technology Agency (ITA) at the Union Bank Building, 120 South San Pedro Street, Los Angeles.

BACKGROUND

Channel 35 occupies approximately 9,988 square feet of office space in the Union Bank Building. This space serves as their administrative headquarters as well as their broadcast control room. The lease began on July 9, 1994 and expired on July 31, 2012 and is now in month-to-month holdover.

Several sites in city-owned buildings in and around the Civic Center are currently being considered as a permanent home for Channel 35. Once completed, it is anticipated that the new location will house both administrative offices as well as the television studio and broadcast control room. It is expected to take approximately three years to secure, plan, build out, equip and move into a new location.

Several alternate sites for lease were considered as potential interim locations while a permanent location is approved and prepared for Channel 35 occupancy. A proposal was received from the current landlord and other sites were also investigated.

Other nearby spaces available for lease were somewhat cheaper than the current location. However, the cost of relocating Channel 35's control room as well as tenant improvements in general and the time and effort required to do so, made relocation to another interim site cost prohibitive. Therefore, an extension to the current lease at 120 South San Pedro Street through the end of 2015 is being recommended by GSD for the interim period.

TERMS AND CONDITIONS

The proposed lease agreement contains the following terms and conditions:

LOCATION: 120 South San Pedro Street, Los Angeles, CA 90012

LANDLORD: Union Bank of California

USE: Office Space and broadcast control room

SQUARE FEET: Approximately 9,988 rentable square feet

TERM: Approximately 36-39 months depending on mutually agreed commencement date, to terminate on December 31, 2015

RENTAL RATE: Full-service gross lease at \$2.00 per rentable square foot per month with no annual escalation

PARKING: 10 spaces included at no extra charge

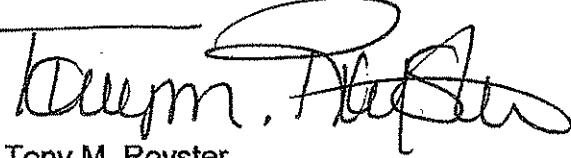
FISCAL IMPACT

The City is currently paying \$24,970 per month (\$2.50 per rentable square foot per month). The new lease rate will be \$19,976 per month (\$2.00 per square foot per month) for the entire new lease period. This is a 20% savings over the current rate, and will save almost \$60,000 every year.

The lease is currently paid 50% by the General Fund, because it was being used by the Bureau of Engineering and LAPD during the construction of the PAB, and 50% by the Telecommunications Development Account (TDA). Effective July 1, 2013, the lease will be fully funded by TDA, as Channel 35 will use 100% of the space. Therefore, this will result in a cost savings to the General Fund of \$160,000 per year.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease renewal for office space at 120 South San Pedro Street, Los Angeles, CA 90012 for staff of Channel 35 of the Information Technology Agency, substantially as outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a large, looping initial "T".

Tony M. Royster
General Manager