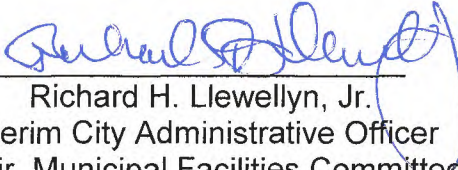


TRANSMITTAL

TO Council	DATE 08-14-2017	COUNCIL FILE NO.
FROM Municipal Facilities Committee	COUNCIL DISTRICT 5	

At its meeting of July 27, 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 for field district office space for the Fifth Council District. This agreement is for a real property lease with Douglas Emmett 1998 LLC for property located at 15760 Ventura Boulevard, Suite 600, Sherman Oaks, California.

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. 2

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
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

July 27, 2017

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012
Attention: Eric Villanueva, Legislative Analyst

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND
EXECUTE A LEASE AGREEMENT WITH DOUGLAS EMMETT 1998 LLC
AT 15760 VENTURA BOULEVARD, SUITE 600, SHERMAN OAKS, CALIFORNIA**

The Department of General Services (GSD) requests approval of a real property lease agreement for field district office space totaling approximately 2,187 square feet for the Fifth Council District Office in Suite 600 at 15760 Ventura Boulevard, Los Angeles California, 91436.

BACKGROUND

A lease agreement was executed August 7, 2007 between the City of Los Angeles and Douglas Emmett 1998 LLC for office space dedicated for the Fifth Council District. The space was located on the 12th floor totaling 3,299 square feet. Subsequently, the Councilmember decided that less space should be leased. A First Amendment was executed October 9, 2013 for approximately 2,182 square feet in Suite 600 at the same building. A recent correction for usable area by the landlord based on the most recent Building Office Management Association (BOMA) standard increased the usable space five square feet to 2,187 square feet, which will be used for rent calculations going forward.

The space has proved to be ideal for safety and accessibility to office users and constituents. The Councilmember agreed to maintain the space for a five-year term.



Although the Councilmembers' term would end in the summer of 2021, the space would be available for the incoming officeholder for a short period in what is a very active community within the District. The new officeholder would have the option to maintain the location or relocate the field office in the summer of 2022.

MARKET ANALYSIS

The Ventura Boulevard Corridor is desirable for the council office because of its proximity to a very active portion of the district. Based upon CoStar analytic market data for the Ventura Boulevard Corridor, the lower end of the base rent office market is at approximately \$2.20 per square foot for generally Class B sub-market office space with some Class A market office base rent rates average at \$3.65 per square foot with some space as high as \$4.50 per square foot. The average rental rate for the thousands of square feet of office space along the Ventura corridor is approximately \$2.91 per square foot based on the analytical data. If approved, the Base Year of the newly negotiated agreement will remain \$2.90 per square foot, which is the current price. There is an annual escalation increase from 3% per year to 3.5% per year. The landlord, Douglas Emmett applies a fixed annual increase for many of its Class A holdings which is currently at 3.5%. The 3.5% rate is at the lower end of the office market which ranges generally from 3% to 5%. Some recent nearby office market comparable rent prices are attached to the report. The parking space rate at the building is currently \$190 per space for up to six spaces. District office staff currently uses four parking spaces daily. The rate has increased over the life of the lease from \$160 per space. The parking increases are consistent with the Ventura Boulevard Corridor office market. The current annual cost for the lease is approximately \$86,148. The anticipated annual rent for the Base Year, which includes the annual increase and parking would be approximately \$88,810.

The proposed lease agreement will contain the following:

TERMS AND CONDITIONS

LOCATION:	15760 Ventura Boulevard, Sherman Oaks
LANDLORD:	Douglas Emmett 1998 LLC
USE:	Office space
SQUARE FEET:	2,182
TERM:	Five Years
OPTION:	N/A

HOLDOVER: Month-to-Month with (150%) increase (the use of a 1.5 multiplier applied to the rent at termination of the lease agreement).

RENTAL RATE: The Monthly Base Rent per rentable square foot during the lease term shall be \$2.90 per rentable square foot per month or approximately \$6,328 per month. The landlord will furnish heat, A/C, electricity, water and general maintenance to the tenant during the term.

ESCALATIONS: The Base Rent shall increase by 3.5 % per year

PARKING: The City shall be entitled to up to six parking permits at the current parking rate of \$190 per parking space plus tax. The parking rates are subject to increases during the term.

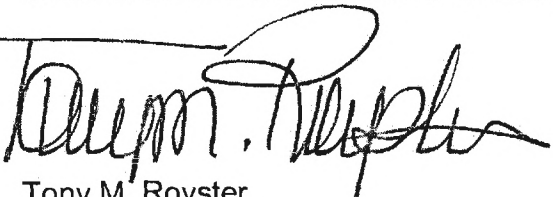
TENANT IMPROVEMENT ALLOWANCE: The landlord shall provide fresh paint and carpet cleaning.

FISCAL IMPACT

The current annual rent for Suite 600 at 15750 Ventura Boulevard is \$86,148 which includes four parking spaces per year. The negotiated annual rent which includes a 3.5% increase for the Base Year plus four parking spaces per year is approximately \$88,810. The increase to the Leasing Account for the Base Year of the term is approximately \$2,662.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a real property lease agreement with Douglas Emmett 1998 LLC for office space located at 15760 Ventura Boulevard, Sherman Oaks, California, 91436 under the terms and conditions as substantially outlined in this report.



Tony M. Royster
General Manager

Attachment

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
14144 Ventura Blvd	Sherman Oaks	Class B Office	48,251 SF	4,500 SF	\$2.90
14423-14431 Ventura Blvd	Sherman Oaks	Retail/Storefront Retail/Office (Neighborhood Center)	43,646 SF	9,632 SF	\$1.95-\$3.21
14724-14726 Ventura Blvd	Sherman Oaks	Class A Office	163,104 SF	82,915 SF	\$4.50
15060 Ventura Blvd	Sherman Oaks	Class A Office	52,977 SF	4,699 SF	\$3.10-\$3.20
15165 Ventura Blvd	Sherman Oaks	Class A Office	63,495 SF	7,991 SF	\$2.65-\$3.01
15233 Ventura Blvd	Sherman Oaks	Class A Office	197,807 SF	12,875 SF	Withheld
15250 Ventura Blvd	Sherman Oaks	Class A Office	113,906 SF	22,409 SF	Withheld
15260 Ventura Blvd	Sherman Oaks	Class A Office	387,843 SF	42,549 SF	Withheld
15300 Ventura Blvd	Sherman Oaks	Class A Office	80,362 SF	3,862 SF	\$3.00-\$3.46
15301 Ventura Blvd	Sherman Oaks	Class A Office/(Regional Mall)	131,316 SF	26,663 SF	Withheld