

0150-10606-0001

**TRANSMITTAL**

TO Council	DATE 11-5-18	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 11

At its meeting held on October 25, 2018, the Municipal Facilities Committee adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration with the recommended amendment to the lease term as follows: Authorize GSD to negotiate and execute a new lease with Congressman Ted Lieu of the California 33rd Congressional District for office space available at the West Los Angeles Municipal Building located at 1645 Corinth Avenue for a term of two years with one 2-year option to renew with the amended clause to allow the City to terminate at its discretion due to future plans to redevelop the facility.

There is no net impact on the General Fund. The City will front fund tenant improvements totaling \$190,000 which will be fully reimbursed by monthly lease payments of \$7,916 over a two-year term.



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

RHL:KH: 05190054c

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT

CITY OF LOS ANGELES  
CALIFORNIA



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

October 25, 2018

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

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW  
LEASE FOR CONGRESSMAN TED LIEU AT 1645 CORINTH AVENUE**

The Department of General Services (GSD) requests authorization to negotiate and execute a new lease with City of Los Angeles (City-Landlord), and Congressman Ted Lieu of the California 33<sup>rd</sup> Congressional District (tenant) for a portion of the office space available at the West Los Angeles (WLA) Municipal Building at 1645 Corinth Ave, Los Angeles, CA 90025.

**BACKGROUND**

The WLA Municipal Building is a two-story underutilized City facility. On March 20, 2015, City Council approved a Motion (C.F.15-0323) by Council District 11 (CD 11) directing GSD to negotiate leases with elected officials from the County, State and Federal level to establish local field offices in the West Los Angeles area. GSD executed a lease with the County Supervisor Sheila Kuehl in January 2017 with an option to extend for an additional three years. Other occupants include CD 11 and a satellite office for the Housing and Community Investment Department.

The proposed lease with Congressman Ted Lieu continues the effort to activate the building with elected officials to provide local services to the WLA community.

### TENANT IMPROVEMENTS

The City will provide the necessary tenant improvements through Bureau of Engineering's (BOE) Architectural Division and GSD Construction Forces at an estimated cost of \$190,000. This includes the installation of a lobby customer service window, removal of all the existing furniture and equipment, demolition of a wall, electrical, plumbing and potential Title 24 lighting fixtures and control panels.

The Congressman's office has requested that the City front the necessary funds for the tenant improvement cost up to \$190,000 to be reimbursed through monthly rent payments.

The City Administrative Office (CAO) has identified and earmarked funds for the tenant improvements. Lease savings of \$170,000 were identified in a 2017-18 CIEP account in anticipation of this project. The remaining funds will be provided from savings in this year's Leasing Account due to a separate Crenshaw lease occupancy date extension.

### PUBLIC BENEFIT

The WLA Municipal Building is a critical City asset that is currently underutilized even with County Supervisor Sheila Kuehl's lease. The proposed central location of elected officials at the City, County, State and Federal level will enable constituents from the various WLA communities to access representation at all levels of government at the same facility. Benefits to constituents would include the convenience of reduced travel and wait time to access the elected offices and the receipt of coordinated services that are responsive to the needs of local constituents.

### MARKET ANALYSIS

The monthly value of the leased space at market rate is estimated between \$2.75 and \$5.00 per square foot for similar office space and size. The rental rate reflects a lower than market value at \$1.98 per square foot for the reimbursement of the tenant improvement costs.

The rent for the space will revert to zero after the two-year term.

### TERMS AND CONDITIONS

The new lease will contain the following;

LOCATION:	1645 Corinth Avenue, Los Angeles, CA 90025
LANDLORD:	City of Los Angeles
USE:	Office space
SQUARE FEET:	Approximately 4,000

TERM: Two years

RENTAL RATE: \$7,916 per month, \$95,000 annually (\$1.98 psf)

ESCALATIONS: N/A

OPTIONS: One 2-year option

ADDITIONAL RENT: N/A

SECURITY DEPOSIT: N/A

UTILITIES: N/A

PARKING: Nine spaces for staff and up to three spaces for visitors. Parking provided by the City of Los Angeles at no charge.

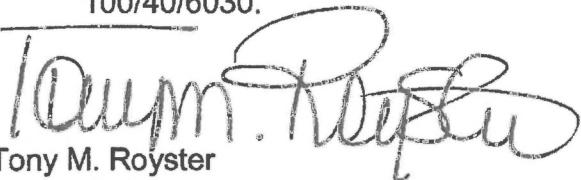
TENANT IMPROVEMENTS: Provided by the landlord up to \$190,000 and reimbursed through monthly rent payments

#### FISCAL IMPACT

There is a one time impact to the General Fund estimated at approximately \$190,000, which will be reimbursed by lease payments over the two-year term of the lease. There is no additional impact to the General Fund. The cost for operating and maintaining the WLA Municipal Building is funded through GSD's operational budget.

#### RECOMMENDATION

1. That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with the City of Los Angeles and Congressman Ted Lieu of the California 33<sup>rd</sup> Congressional District, under the terms and conditions substantially as outlined in this report; and,
2. Authorize the transfer of \$170,000 from the West Los Angeles Tenant Improvement CIEP Fund 100/54/00P316 to GSD's Leasing Account Fund 100/40/6030.

  
Tony M. Royster  
General Manager

Attachment

CD-11 - Congressman Ted Lieu - 1645 Corinth

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
11101 W Olympic Blvd	Los Angeles	Class B Office/Medical	31,393 SF	20,405 SF	\$4.50
11111 W Olympic Blvd	Los Angeles	Class B Office	29,530 SF	15,710 SF	\$3.25-\$5.00
11600 W Olympic Blvd	Los Angeles	Class A Office	244,448 SF	33,868 SF	\$3.20-\$3.75
11845 W Olympic Blvd	Los Angeles	Class A Office	186,688 SF	36,298 SF	Withheld
12233 W Olympic Blvd	Los Angeles	Class B Office	151,029 SF	10,000 SF	\$5.25
1933 Pontius Ave	Los Angeles	Class B Office	5,000 SF	5,000 SF	\$5.00
2330 Pontius Ave	Los Angeles	Class B Office/Loft/Creative Space	16,323 SF	4,653 SF	\$2.75
10780 Santa Monica Blvd	Los Angeles	Class B Office	94,461 SF	18,500 SF	\$5.00
11150 Santa Monica Blvd	Los Angeles	Class A Office	264,997 SF	14,789 SF	\$4.60-\$4.85
1849 Sawtelle Blvd	Los Angeles	Class A Office	43,911 SF	17,379 SF	\$3.45-\$3.60
1950 Sawtelle Blvd	Los Angeles	Class A Office	106,349 SF	14,255 SF	\$3.95
1904 Westwood Blvd	Los Angeles	Class B Office	57,145 SF	19,512 SF	\$2.95-\$3.50
10900 Wilshire Blvd	Los Angeles	Class A Office	237,147 SF	78,551 SF	\$4.50
10990 Wilshire Blvd	Los Angeles	Class A Office	294,923 SF	27,893 SF	Withheld
11601 Wilshire Blvd	Los Angeles	Class A Office	500,475 SF	51,436 SF	Withheld
11620 Wilshire Blvd	Los Angeles	Class A Office	186,883 SF	26,646 SF	\$3.85
11847 Wilshire Blvd	Los Angeles	Class B Office/Medical	10,522 SF	7,659 SF	\$3.00-\$4.25
11859 Wilshire Blvd	Los Angeles	Class A Office	47,688 SF	16,862 SF	Withheld