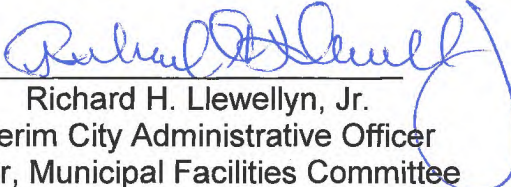


## TRANSMITTAL

TO Council	DATE  10-03-17	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 5

At its meeting held on September 28, 2017, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, as amended, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize GSD to negotiate and execute a lease agreement between the City and IN 2 HAIR, Inc. (dba Sager French Salon), for 1,441 square feet of ground retail space located at 123 South Robertson Boulevard (City Lot 703). GSD provided a verbal correction that was adopted by the MFC and hereby incorporated into the report by this reference, to indicate that revenues generated by this lease would be deposited into the Special Parking Revenue Fund instead of the General Fund as stated in the attached report. There is no impact on the General Fund as a result of the recommended actions.

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

RHL:BCH:05180055

# CITY OF LOS ANGELES

CALIFORNIA

Agenda Item No. 5

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

September 28, 2017

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

## **REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW LEASE AGREEMENT WITH IN 2 HAIR, INC.**

The Department of General Services (GSD) requests authority to execute a lease agreement, at the request of the Department of Transportation, with IN 2 HAIR, INC. (IN 2 HAIR), dba SAGER FRENCH SALON, for the City-owned property for use as a Hair Salon.

### **BACKGROUND**

The City owns a public parking structure located at 123 South Robertson Boulevard (Lot 703) in Council District 5. The parking structure is operated by the Los Angeles Department of Transportation (LADOT) and contains two (2) ground level retail spaces (Suite A and Suite B). Lot 703 provides convenient public parking to support surrounding business and commercial uses, especially during the holiday shopping season.

On February 1, 2017, the Department of Transportation's Parking Facilities Division issued a Request for Proposal (RFP) to parties interested in leasing the ground level retail spaces A and B. The RFP is still open and available on the Los Angeles Business Assistance Virtual Network (LABAVN) website at <http://www.labavn.org>. Instructions to proposers, required forms, details regarding the subject properties and City requirements are included in the RFP and attachments. Proposers are responsible for understanding the requirements and responding in the format requested.

Suite A has 1,441 rentable square feet, a ceiling height of 13 feet with potential drop ceiling height of 10 feet, electrical, gas and water access, and one individual handicap bathroom. Suite B has 923 rentable square feet, a ceiling height of 13 feet with potential drop ceiling height of 10 feet, electrical, gas and water access, and one individual handicap bathroom.

LADOT evaluated all proposals based on the criteria outlined in the RFP as follows: Proposed Use of the Space; Performance under other lease(s), contracts, etc., i.e., Number of years in business; Proposed Operating and Marketing Plans; Proposed Rent; Proposer's Statement of Qualifications and Background. LADOT received two proposals. One of the two proposals was deemed to be non-responsive for failure to comply with the RFP section(s): 4.4 – Proposer's



Background, 4.6 – Signed Proposals; and for failure to submit the City's Contracting Requirements as set forth in the RFP. The accepted proposal, submitted by IN 2 HAIR for Suite A, met all of the requirements after a full review, evaluation and scoring based on the criteria mentioned above.

IN 2 HAIR, doing business as Sager French Salon, is located at 120 N Robertson Blvd in Los Angeles, California and is owned and operated by Master Stylist Nathan Sager and Master Colorist Cynthia French. Sager French Salon offers hair salon services such as haircuts and hair coloring. Sample prices include \$200 for a women's haircut and \$100 plus for a men's haircut. Sager French Salon has an average rating of 4.5 stars on Yelp.

The proposed lease agreement will contain the following:

**TERMS AND CONDITIONS**

LOCATION:	123 South Robertson Ave, Suite A, Los Angeles, CA 90048
LANDLORD:	City of Los Angeles
USE:	Hair Salon
SQUARE FEET:	1,441
TERM	5-Year
OPTION TERM:	One 2-Year Option
HOLDOVER OPTION:	Lease option to allow for month-to-month holdover including CPI increase on lease anniversary date.
RENTAL RATE:	\$43,230/Year (\$2.50/sq. ft.)
ADDITIONAL RENT:	The tenant will pay utilities, maintenance of the HVAC, public area maintenance and security etc., as detailed in the RFP and/or real property lease contract at City's discretion.
ANNUAL INCREASES:	+3% CPI
SECURITY DEPOSIT:	One month's rent (\$3,602.50)
INSURANCE:	Lessee shall furnish the City with evidence of general liability insurance from insurers acceptable to the City; Tenant agrees to include the City, its boards, officers, agents and employees as additional insured.
UTILITIES:	All utilities will be paid by Tenant.
PARKING:	The City will provide one (1) free parking space in the parking facility.

**TENANT**

**IMPROVEMENTS:** All tenant improvements will be at the sole cost of the Tenant. LADOT must approve all tenant improvements before permits are applied for and construction begins. Tenant is responsible for obtaining and paying for all permits necessary for the construction of all tenant improvements.

**CUSTODIAL SERVICE:** All custodial services will be at the sole cost of the Tenant

**MAINTENANCE:** All maintenance to the Premises will be at the sole cost of the Tenant.

**MARKET ANALYSIS**

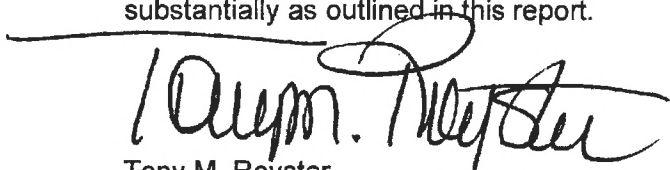
On June 30<sup>th</sup>, 2017, the Department of General Services (GSD) Real Estate Services division issued a Class "C" appraisal estimate for the market rental rates for the property located at 123 S. Robertson Blvd., Los Angeles, CA 90048 (APN 4334-001-900). The estimated market rental value for Suite A is \$2.50 per square foot per month. The rate of \$2.50/sq. ft. will result in an annual rental rate of \$43,230/yr. (\$3,602.50/mo.). A total of four comparable properties in the near vicinity were used in determining rental value per square foot. See attached.

**FISCAL IMPACT**

The annual base revenue generated to the General Fund from this retail location will be \$43,230 (\$3,602.50/month).

**RECOMMENDATION**

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a new lease agreement with IN 2 HAIR, INC. under the terms and conditions substantially as outlined in this report.



Tony M. Royster  
General Manager

Attachment