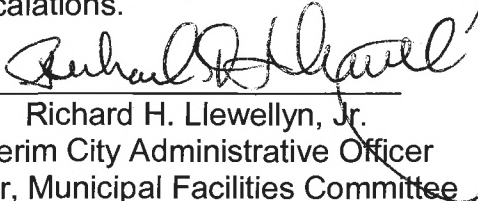


TRANSMITTAL

TO Council	DATE 02/22/18	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 8

At its meeting held on February 22, 2018, the Municipal Facilities Committee adopted the recommendations of the attached General Services Department (GSD) report, as amended to provide the following Controller's instructions, subject to final Council approval: Authorize the Controller to transfer a total of \$423,000 in CIEP monies to fund necessary improvements including associated furniture, communication, and moving costs from 100/54/00P618 – Civic and Community to the following GSD budgetary accounts within Fund 100/40: Account 3040 (\$288,000) and Account 6030 (\$135,000).

Adoption of the report recommendations would authorize GSD to negotiate and execute a new lease agreement between the City and Barnett Family Trust to establish a field office for Council District 8 located at 4617 Crenshaw Boulevard. The proposed lease will add approximately \$99,837 in unfunded costs to GSD's Leasing Account for the current fiscal year that would be addressed through the Financial Status Report. The annual leasing cost totals \$299,512, which is subject to three percent annual escalations.


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

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
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(213) 928-9555
FAX No. (213) 928-9515

February 22, 2018

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

Attention: John White, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW
LEASE FOR COUNCIL DISTRICT 8 AT 4617 CRENSHAW BOULEVARD**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease for Council District (CD) 8 with Barnett Family Trust for field office space located at 4617 Crenshaw Blvd., Los Angeles, CA 90008.

BACKGROUND

CD 8 would like to establish a replacement for a lost field office due to the last redistricting efforts that took place in 2012. The former field office was located at 3847 S. Crenshaw Blvd and was closed that year. The City Council realigned the boundaries of a few communities such as Leimert Park, Baldwin Hills, Baldwin Village and the Crenshaw Baldwin Hills Mall out of CD 8 and into CD 10. Currently, CD 8 has their Constituent Service Center located at 8475 S. Vermont Avenue where they share the 16,000 square feet City-owned facility with the Department of Building and Safety. The Constituent Service Center is slated for renovation this year and a search is underway for temporary space for those two offices.

This new location is a free-standing two story building that satisfies CD 8's operational needs and can accommodate 17 staff with adequate space for both small and large public meetings for up to 150 constituents. There are approximately 18-22 parking spaces included in the lease.

The proposed monthly rental amount is \$24,959 for approximately 10,576 square feet of office space. As this is a modified gross lease; CD 8 will be responsible for its own utilities. The base rent will increase by three percent on the first anniversary of the commencement date and annually thereafter. This is a five-year term with three one-year options.

TENANT IMPROVEMENT ALLOWANCE AND EXPENSE COSTS

The location will require tenant improvements at an estimated cost of \$310,000 and the landlord will provide a Tenant Improvement Allowance of \$250,000 towards the construction project. This includes two private offices, a public counter, two new bathrooms, a kitchen, an ADA lift to the second floor and a new HVAC system. Once CD 8 has finalized the space plan, the City will review the landlord's bid and seek to value engineer the costs to adhere to the allowance.

As this is a new office and furniture from the closed office was salvaged due its condition, the office will require new furnishings at an estimated cost of \$285,000. This includes 15 workstations, private office furniture, conference tables and 150 meeting chairs and training tables for various community events and workshops.

Communication expense is estimated at \$75,000 for voice and data and moving expenses are minimally expected at approximately \$3,000 as the move will only involve boxes and files.

MARKET ANALYSIS

Based on recent market comparable data that is attached, the price per square foot (psf) for similar location and type of office space ranges from \$1.00 to \$2.50. This lease has a psf of \$2.36.

CD 8 has expressed interest in possibly purchasing the property. The seller agrees to grant the City a right of first refusal or first option to purchase the subject property pursuant to a mutual agreement of terms and sales price at a later date.

TERMS AND CONDITIONS

The new terms and conditions are as follows:

LOCATION:	4617 Crenshaw Blvd, Los Angeles
LANDLORD:	Barnett Family Trust
USE:	Office space
SQUARE FEET:	Approximately 10,576

TERM:	Five years (60 months)
RENTAL RATE:	\$24,959.36 per month - (\$2.36 per sq. ft.)
ESCALATIONS:	3% annually
OPTIONS:	Three 1-year options
ADDITIONAL RENT:	N/A
SECURITY DEPOSIT:	N/A
UTILITIES:	Tenant pays for utilities directly to DWP
PARKING:	18-22 parking spaces included in the lease.
TENANT IMPROVEMENT:	\$250,000 based on approved space plan and includes ADA lift, new kitchen, two bathrooms, and new HVAC system.

FISCAL IMPACT

The GSD Leasing Account will require an additional \$24,959 monthly or \$299,512 annually to finance this lease. Funding of \$423,000 will also be needed for tenant improvements.

As this is a new lease without an offset from a former site, the General Fund impact for the new lease is approximately \$24,959 monthly or \$299,512 annually for rent with annual CPI increases of three percent..

The City is responsible for estimated construction costs (\$60,000), communications (\$75,000), furniture (\$285,000), and moving expense (\$3,000) for an estimated total cost of \$423,000. These costs are in addition to the \$250,000 tenant improvement allowance to be provided by the landlord.

The City Administrative Officer has advised GSD that the necessary funds will be transferred to GSD Leasing Account from Account No.: 100/54/00N618 - Civic and Community funding source, to provide the TI and expense funds for CD 8. GSD will update the Municipal Facilities Committee in the 4th Quarter Space Optimization Report on final tenant improvement and expense costs.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with the Barnett Family Trust, under the terms and conditions outlined in this request for office space at 4617 Crenshaw Blvd., Los Angeles, CA 90008.



Tony M. Royster
General Manager



Market Rental Rate Analysis

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
3808 W 54th St	Los Angeles	Specialty	6,994 SF	4,000 SF	\$1.88
2009 W Martin Luther King Jr Blvd	Los Angeles	Specialty/Schools	17,216 SF	5,500 SF	\$1.73
2313 W Martin Luther King Jr. Blvd	Los Angeles	General Retail/Freestanding	5,520 SF	5,520 SF	\$2.00
2069 W Slauson Ave	Los Angeles	Class B Office	18,379 SF	18,379 SF	\$1.85
3701 Stocker St	Los Angeles	Class C Office/Medical	44,990 SF	13,450 SF	\$2.50
3001 W Vernon Ave	Los Angeles	Class C Office	6,228 SF	6,228 SF	\$1.75-\$1.95
6819 West Blvd	Inglewood	Class C Flex	3,400 SF	3,400 SF	\$1.49
4259 S Western Ave	Los Angeles	General Retail/Freestanding	3,500 SF	3,000 SF	\$1.00

2/1/2018

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