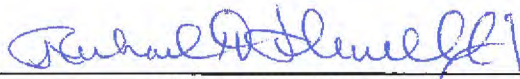


0150-11123-0001

TRANSMITTAL

TO Council	DATE 11-16-18	COUNCIL FILE NO. 18-0339
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its meeting held on November 15, 2018, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is an amendment to the parking terms of the previous MFC transmittal dated April 19, 2018 (C.F. 18-0339). Adoption of the report recommendations would authorize GSD, on behalf of the Department of Public Works Bureau of Sanitation (SAN), to negotiate and execute a new lease agreement between the City and Olive/Hill Street Partners, LLC., for office space located on the 10th floor of the South Park Center - 1149 S. Hill Street, for a lease term of ten (10) years with a five (5) year option. The space will be utilized by SAN as additional office space to accommodate its staff. The lease rate is approximately \$92,034 per month (\$83,844 for rental at \$3.00 per sq. ft. and \$8,190 for 42 parking spaces) with three (3) percent annual escalations which applies to both the rental and parking terms. SAN will fund the lease in its entirety through their Special Funds. There is no impact on the General Fund.



Richard H. Llewellyn, Jr.
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
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX NO. (213) 928-9515

November 15, 2018

Honorable City Council
City of Los Angeles
C/o City Clerk
Room 385, City Hall
Los Angeles, CA 90012

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND
EXECUTE A NEW LEASE WITH AMENDED PARKING TERMS
FOR LOS ANGELES SANITATION AT 1149 SOUTH HILL STREET**

The Department of General Services (GSD) requests authorization to negotiate and execute a new lease with amended parking terms for Los Angeles Sanitation (LASAN), for office space located at 1149 S. Hill Street, Los Angeles, California 90015 (South Park Center).

BACKGROUND

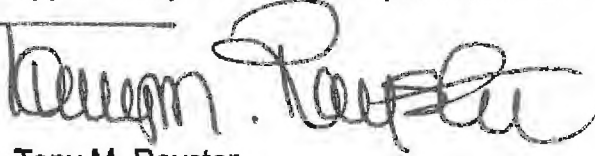
On April 17, 2018, the Municipal Facilities Committee (MFC) approved GSD's request to negotiate and execute the proposed lease. The original term sheet indicated a 3% annual increase (See attached). During negotiations with the landlord, the City Attorney advised that to apply the 3% annual increase to the parking term, it needs to be reflected in the term sheet, specific to parking.

This new lease will accommodate LASAN's parking request for 42 unreserved spaces at \$195.00 per space or $\$195 \times 42 = \$8,190.00$ monthly, separate from the rent but at the same 3% annual increase as the term of the lease.

There are no other changes to terms and conditions previously approved by the MFC.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute the lease with the amended parking terms with Olive/Hill Street Partners, LLC, substantially as outlined in this report and the other terms previously approved by the MFC on April 17, 2018.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style and is positioned above the printed name and title.

Tony M. Royster
General Manager

Attachment

TRANSMITTAL

TO
Council

DATE

04-19-18

COUNCIL FILE NO.

FROM
Municipal Facilities Committee

COUNCIL DISTRICT
14

At its Special Meeting held on April 17, 2018, 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 amended report recommendation would authorize GSD, on behalf of the Department of Public Works Bureau of Sanitation (SAN), to negotiate and execute a new lease agreement between the City and Olive/Hill Street Partners, LLC., for office space located on the 10th floor of the South Park Center - 1149 S. Hill Street, for an amended lease term of ten (10) years with a five (5) year option. The space will be utilized by SAN as additional office space to accommodate its staff. The rental rate is approximately \$83,844 per month (\$3.00 per sq. ft.). SAN will fund the lease in its entirety through their Special Funds. There is no impact on the General Fund.


Richard H. Llewellyn, Jr.
City Administrative Officer

Chair, Municipal Facilities Committee

RHL:MGR:05180114c

CAO 648-d

CITY OF LOS ANGELES
CALIFORNIA

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) 922-6595
FAX No. (213) 922-6518

Attachment

April 17, 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 LOS ANGELES SANITATION (LASAN) AT
1149 SOUTH HILL STREET, LOS ANGELES, CA 90015**

The Department of General Services (GSD), at the request of the Bureau of Sanitation (LASAN), requests authority to negotiate and execute a new lease for office space located at the South Park Center (SPC), 1149 S. Hill Street, Los Angeles, CA 90015.

BACKGROUND:

LASAN is seeking additional space to house approximately five sub-divisions or approximately 15 percent of its operation (110 employees) to SPC office space due to space limitations at the Public Works Building (PWB). They will relocate these divisions from PWB and backfill the PWB space with a combination of new hires, reorganization and relocation of staff from other sites. LASAN has provided the information in this report in support of their request. The five subdivisions that will be relocating from PWB to SPC are as follows:

SUB-DIVISIONS	LASAN STAFF
Regulatory Affairs Division	35
Community Affairs Group	20
Solid Resources Processing/Const.	20
Financial Management	20
Administrative Support	15
Total	110



- **Regulatory Affairs** - approximately 35 full and part-time staff positions who are a technical and regulatory resource that provides strategic and effective guidance for the protection of public health and the environment while balancing socio-economic considerations with City and community needs and aspirations.
- **Community Affairs** - approximately 20 full and part-time staff that provides direct services to the residents of Los Angeles and is the liaison arm with the 15 Council Districts and attends outreach events throughout the City.
- **Solid Resources Processing and Control Division** - approximately 20 full and part-time staff that provides for the efficient operation of transfer stations and yard trimming processing facilities through the beneficial use and management of City-owned landfills.
- **Financial Management Division** - approximately 20 full and part-time staff that seeks out grant opportunities, prepares grant applications, tracks the expense and reimbursement, and prepares the closing reports. The Contract Agencies group within FMD manages and monitors the financial arrangements with other city are that contract with LASAN for their wastewater services.
- **Administrative Support** - approximately 15 full and part time support staff for the operations housed in the new space.

The leased space will contain 81 cubicles, offices for division managers and supervisors, one large and two small conference rooms, a storage room and a lunch room.

SPACE DEFICIT AT PWB

LASAN indicates that they have outgrown their current office space at the PWB. They have 631 cubicles disbursed on four floors as outlined in the chart below. Presently, 551 are occupied by authorized and as needed personnel and another 46 by contract employees so 597 of the 631 are filled leaving only 34 vacant

Public Works Building Floors	Number of Cubicles
5 th Floor	235
9 th Floor	180
10 th Floor	168
Basement	48
Total	631

LASAN's hiring, their reorganization of staff within the PWB and staff relocation plans from other sites are creating an impact to the PWB as follows:

- There are currently 83 vacant positions at PWB that LASAN is expected to fill and only 34 vacant cubicles left.
- Up to 25 employees from the Watershed Protection Division are expected to relocate to the PWB from the division's Media Center Campus in the next four months. These staff members are currently working in conference rooms at the Media Center Campus.

- Currently, 12 of the 25 are hired but these 12 Environmental Compliance Inspectors are working out of a conference room due to lack of cubicles for them.
- LASAN intends to expand the current Customer Care Division at the PWB by 50 positions and hire additional staff for that group within the next five months.
- The Franchise Division at PWB is developing a needed conference room space for use by eight contract staff and this group will increase to 15 staff within the next five months.
- LASAN received a new authority in the FY 18 budget for a new AGM and the PWB lacks space to provide an office for the new position.
- There are 48 employees working in the PWB basement in sub-standard conditions that will relocate to the upper floors.

As indicated by the chart below, LASAN's staff numbers exceed the number of cubicles available at PWB. LASAN intends to backfill the PWB space vacated by the 110 employees in the five sub-divisions, relocate needed staff from Medial Center as described above and also reorganize staff within the building as part of an overall effort to create a more efficient stacking of the PWB office space.

LASAN	FILLED	VACANT	TOTAL
Authorized Positions	444	83	527
As-needed-Positions	86	104	190
Contractors	46		46
Sub-Total	576	187	763
Personnel Department			
Authorized Positions	9		9
As-needed Positions	12		12
	21		21
Total	597	187	784

CIVIC CENTER MASTER PLAN IMPACT

The Civic Center Master Plan conceptually discusses the sale of the Public Works building and subsequent relocation of the staff at the PWB into the new Civic Center building, although no final determination has been made at this time. LASAN indicates that they've been told that the Civic Center building is oversubscribed and may not accommodate all LASAN staff. Therefore, they intend to retain staff at the leased location throughout the life of the lease. LASAN has indicated they may make modifications to staffing configurations in the intervening years based on operational needs.

LASAN has been advised by GSD that they will be obligated to fund the lease payments through the negotiated term of the lease. This proposed lease has a sub-tenant clause which allows other City Departments access to the space if needed.

MARKET ANALYSIS

Based on a recent market comparable, the price per square foot (psf), for similar location and building type and class of office space, ranges from \$2.50 - \$6.73. This lease has a psf of \$3.00 or \$36.00 per sq. ft./yearly.

This new location will accommodate LASAN's parking request of 42 unreserved spaces at \$195.00 per space, separate from the base rent. There is also a termination clause negotiated in the lease effective at month (156) or the 13th year; if LASAN decides to vacate prior to the end of the lease.

TERMS AND CONDITIONS

LOCATION:	1149 S. Hill Street – Entire 10 th Floor Los Angeles, CA 90015
LANDLORD:	Olive/Hill Street Partners, LLC
USE:	Office space
SQUARE FEET:	Approximately 27,948
TERM:	Fifteen (15) years (180 months)
OPTION:	Two (2) – (1) One-Year Options
RENTAL RATE:	\$83,844.00 per month - (\$3.00 per sq. ft.)
ESCALATIONS:	3% annually
ADDITIONAL RENT:	Proportionate share of increase in the Buildings Operating Expenses and Property Taxes, over a 2018 base year for the Premises.
SECURITY DEPOSIT:	N/A
UTILITIES:	Full-Service Gross (Landlord Pays Utilities, Janitorial and Maintenance)
PARKING:	42 parking spaces - (\$195.00 each = \$8,190.00)
TENANT IMPROVEMENT:	Landlord shall provide Tenant Improvement Allowance equal to \$65.00 per sq. ft. (\$65.00 x 27,948 = approximately \$1.8 Million).
RENT ABATEMENT:	Free rent for (7) Months at (\$83,844.00 x 7 = \$586,908.00)

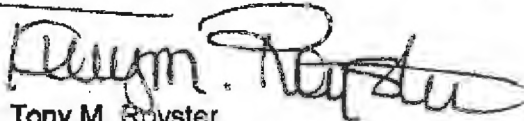
FISCAL IMPACT

LASAN will access their Special Funds, Sewer Capital Funds (SCM), and Solid Waste Resource Funds (SWRF), 50% for each. There will be no impact to the General Fund.

The monthly rent is $\$83,844.00 \times 12 = \$1,006,128.00$ annually with a 3% escalation yearly. The annual parking is $\$8,190.00$ for 42 unreserved parking spaces. This lease was negotiated to include both rent abatement (free rent) for (7) seven months or a total of $\$586,908$ or $(\$83,844.00 \times 7)$. Also, LASAN has a Tenant Improvement Allowance (ITA) of $\$1.8$ Million or $(\$65.00 \text{ psf} \times 27,948)$.

RECOMMENDATION

That the Municipal Facilities Committee authorizes the Department of General Services to negotiate and execute a lease on behalf of LASAN with Olive/Hill Street Partners, LLC, under the terms and conditions outlined in this request for office space at the South Park Center - 1149 S. Hill Street Los Angeles, CA 90015, located on the 10th floor.



Tony M. Royster
General Manager


Attachments

**CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE**

DATE: August 23, 2017

TO: Tony Rzyster, General Manager
Department of General Services

Attention: John Sheppard, Senior Real Estate Officer
Department of General Services

FROM: 
Enrique C. Zaldívar, Director
LA Sanitation

SUBJECT: REQUEST FOR ADDITIONAL LEASED SPACE

The recent expansion of LA Sanitation has created an immediate need for additional leased office space near the Public Works Building. I am requesting that your department locate and secure approximately 15,000 - 20,000 square feet of office space near the Public Works Building. This space will house approximately 85-100 LA Sanitation employees.

The new space will house LA Sanitation employees from the following divisions: Administration, Financial Management, Regulatory Affairs, and Solid Resources. The staffing from these divisions will be housed in both the Public Works Building and the newly acquired space. The additional space will provide much needed relief for the current cramped quarters until the expansion of the civic center campus.

LA Sanitation will provide funding for the leased space from its special fund accounts for wastewater and solid resources. Please have your staff contact Viretta Routhart at viretta.routhart@lacity.org or at 213/485-2612.

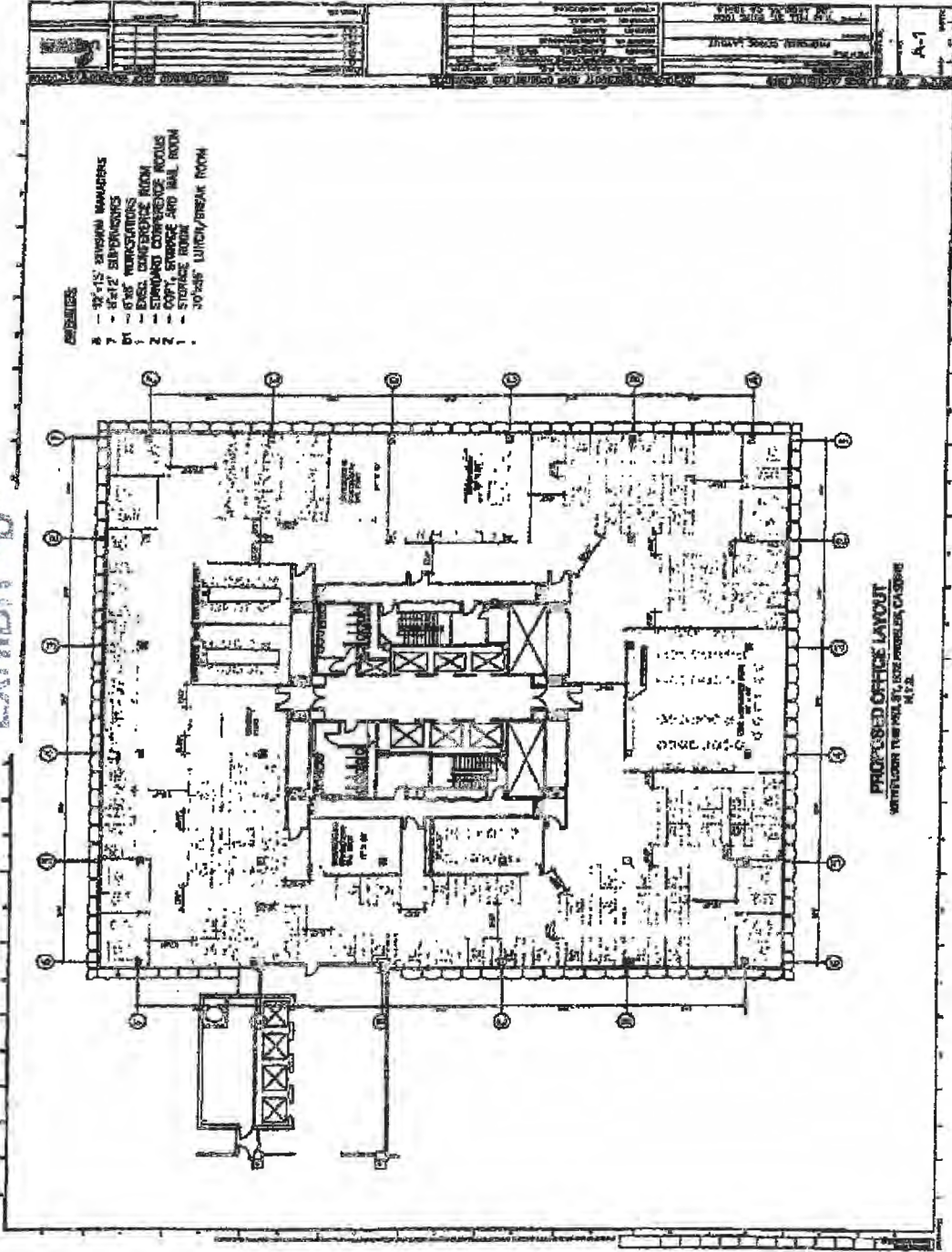
VJB/RCE-ve

cc: Viretta Routhart, GSD
Melody McCormick, GSD
Marta Cisneros, CAO
Barbara Hoffman, CAO

MARKET ANALYSIS FOR SOUTH PARK CENTER -1149 S. HILL STREET - LASAN OFFICE SPACE

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
8080 Center Dr	Los Angeles	Class A Office	258,788 SF	77,951 SF	\$2.50-\$2.95
6080 Center Dr	Los Angeles	Class A Office	306,398 SF	144,688 SF	\$3.20-\$3.50
6100 Center Dr	Los Angeles	Class A Office	318,543 SF	43,318 SF	Withheld
4201 Center Dr W	Los Angeles	Class A Office	322,778 SF	70,662 SF	\$2.00-\$2.65
8153 Centinela Ave	Culver City	Class A Office	350,839 SF	160,839 SF	\$3.65
6791 W Centinela Ave	Culver City	Class B Office/Medical	440,000 SF	82,278 SF	\$2.25-\$3.50
300 Corporate Pointe	Culver City	Class A Office	114,882 SF	38,277 SF	\$3.75
400 Corporate Pointe	Culver City	Class A Office	121,847 SF	22,847 SF	Withheld
600 Corporate Pointe	Culver City	Class A Office	281,918 SF	102,689 SF	\$3.80
3120 W Goldleaf Ct	Los Angeles	Class A Office	103,162 SF	41,774 SF	\$2.00-\$3.05
5140-5160 W Goldleaf Ct	Los Angeles	Class A Office	200,890 SF	128,188 SF	\$1.50-\$3.15
4052 W Jefferson Blvd	Los Angeles	Class B Office/Manufacturing	341,750 SF	33,750 SF	Withheld
101 N La Brea Ave	Inglewood	Class B Office	83,744 SF	86,744 SF	\$2.35
4074 W Slauson Ave	Los Angeles	Class B Office/Medical	140,204 SF	18,204 SF	\$2.50
16100 Venice Blvd	Culver City	Class B Office/Office Live/Work Unit	47,336 SF	10,520 SF	\$6.75
15800 W Washington Blvd	Culver City	Class B Office	300,000 SF	300,000 SF	\$3.75
833 W 5th St	Los Angeles	Class A Office	1,432,539 SF	849,094 SF	\$3.75-\$4.25
525 W 6th St	Los Angeles	Class A Office	456,023 SF	146,023 SF	\$3.50-\$5.00
611 W 6th St	Los Angeles	Class B Office	762,883 SF	715,050 SF	\$3.25-\$5.00
816 W 7th St	Los Angeles	Class A Office	394,747 SF	308,488 SF	\$3.00-\$3.50
445 S Figueroa St	Los Angeles	Class A Office	627,834 SF	111,475 SF	\$2.00-\$3.58
800 S Figueroa St	Los Angeles	Class A Office	283,060 SF	388,739 SF	\$3.25-\$3.25
300 S Grand Ave	Los Angeles	Class A Office	1,039,449 SF	182,643 SF	\$2.00-\$25.00
380 S Grand Ave	Los Angeles	Class A Office	1,074,388 SF	41,887 SF	\$1.75-\$3.45
120 S San Pedro St	Los Angeles	Class B Office	65,000 SF	66,948 SF	\$1.50-\$3.75
600 Wilshire Blvd	Los Angeles	Class A Office	876,773 SF	241,394 SF	\$2.50-\$4.25
916 Wilshire Blvd	Los Angeles	Class A Office	300,212 SF	116,694 SF	\$2.25-\$3.50

EXHIBIT "D"



- LEGEND
- 1 - 12' x 15' DIVISION MANAGERS
 - 2 - 12' x 12' SUPERVISORS
 - 3 - 12' x 12' WORKSTATIONS
 - 4 - 12' x 12' CONFERENCE ROOM
 - 5 - 12' x 12' STORAGE AND MAIL ROOM
 - 6 - 12' x 12' STORAGE ROOM
 - 7 - 12' x 12' LUNCH/BREAK ROOM

PROPOSED OFFICE LAYOUT
1ST FLOOR 1000 MAIN ST., LOS ANGELES, CALIFORNIA