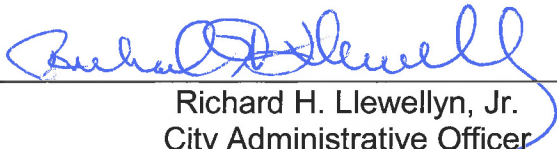


TRANSMITTAL

TO Council	DATE 7/5/18	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its meeting held on June 28, 2018, 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 recommendation would authorize GSD, on behalf of the Los Angeles Department of Transportation (LADOT), to negotiate and execute a new lease agreement between the City and the California Department of Transportation (Caltrans) for two vacant lots located at Maple Street and 16th Street, and Grand Avenue and 17th Street, for a term of 20 years with two 10-year extension options. The lots will be utilized by LADOT, Foothill Transit, and the Antelope Valley Transit Authority as a Bus Layover Depot through a tri-agency lease with Caltrans. The rental rate is approximately \$44,300 per month, or \$531,000 annually, with LADOT's contribution being \$26,580 per month in proportion to its planned use of the site. The total annual LADOT expenditure for leasing this space will be \$318,960. LADOT will fully fund the lease cost through Proposition A-385. 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

June 28, 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 AUTHORIZATION TO NEGOTIATE AND EXECUTE
A NEW LEASE BETWEEN THE LOS ANGELES DEPARTMENT OF
TRANSPORTATION AND THE CALIFORNIA DEPARTMENT OF TRANSPORTATION**

The Department of General Services (GSD), on behalf of the Los Angeles Department of Transportation (LADOT), requests authority to negotiate and execute a new lease with the California Department of Transportation (CalTrans) for two vacant lots to be used as a Bus Layover Depot located at Maple Street and 16th Street and Grand Avenue and 17th Street, Los Angeles, California.

BACKGROUND

LADOT is currently utilizing two separate bus yards, the North Yard (Sylmar) and the South Yard (Central Avenue) for parking empty buses and/or parking them at designated layover locations on City streets after their commute downtown. LADOT would like to reduce the number of buses that are currently "deadheading" (riding empty) back to these yards after the morning drop-off and then again for the afternoon pick-up from downtown. Two other agencies, Foothill Transit and Antelope Valley Transit Authority (AVTA) are also deadheading on City streets and would like to utilize the same two lots to park their empty buses. See Exhibit A for data on the number of buses and average "deadhead" miles each day. Collectively, 110 buses are driving over 7,000 miles each day due to lack of designated parking.

EXHIBIT A

TRANSIT AGENCIES	NUMBER OF BUSES	AVERAGE DEADHEAD MILES EACH DAY
LADOT	57	4,104
FOOTHILL	45	2,025
AVTA	10	1,300
NEW BUSES	16 (Expected on line)	

Cal Trans has agreed to establish a tri-agency lease for this bus depot to reduce operating costs associated with the daily miles driven and to reduce emissions on these transit routes.

The lease term will be 20 years with two ten-year options to extend, in conjunction with Foothill Transit and AVTA for the two Caltrans vacant lots. All three transit agencies will be equally responsible for signing one lease with Cal Trans. This lease will also support the City's future plans to install onsite electric bus charging infrastructure.

TENANT IMPROVEMENTS

The lots will be leased as-is. Tenant Improvements will be the sole responsibility of the tri-agencies who will jointly construct and share in the cost of the bus layover. Improvements include the demolition of existing foundation, pavement, relocation of street signage and trees. The project also includes construction of driveways, asphalt pavement, storm water mitigation, fencing, column protection and striping. Once completed, the site will accommodate 128 buses for a 24/7 parking and staging of commuter buses, as well as layover zones for all-day service.

The total project cost is estimated at approximately \$4M and LADOT has been approved for \$2.8M in Section 5307 15 percent discretionary funding. AVTA, Foothill Transit, and LADOT will be providing a 30 percent match which will be split between the three agencies. Each agency will fund a share depending on the number of buses that will be using the facility.

MARKET ANALYSIS

Both lots combined are approximately 197,427 square feet. The Maple and 16th Street Lot is actually two lots for a combined 143,006 square feet. Grand Ave and 17th Street is approximately 54,421 square feet. The rental rate requested by Caltrans is similar for both lots even though one site has less square footage. Grand Ave and 17th Street per the appraisal, is located in a more desirable location and possesses a superior ingress and egress to the property. Therefore, it can be rented for a similar amount to a larger lot that is inferior in its location.

Based on a recent appraisal conducted by Caltrans and a GSD market rate analysis of comparable rates for similar locations and similar square footage, the rates range from \$0.65 - \$2.00. Per Caltrans requested rate, this lease has a per square foot (psf) of approximately \$0.20 for the Maple Street lot (143,006 square feet) and approximately \$.029 for the Grand Ave lot (54,421 square feet). See attached market comparables. The lease agreement will contain the following:

TERMS AND CONDITIONS

LOCATION:	Maple Street & 16th Street Grand Ave & 17th Street Los Angeles, CA 90015
LANDLORD:	Caltrans
USE:	Bus Depot/Layover
SQUARE FEET:	Two lots approximately 197,427 square feet
TERM:	20 years (240 months)
OPTION:	Two ten-year options
RENTAL RATE:	\$28,500 per month (Maple & 16th) (\$0.20 psf) \$15,800 per month (Grand & 17th) (\$0.29 psf) \$44,300 Total Monthly - LADOT's portion = approximately \$26,580
ESCALATIONS:	N/A
OPERATION EXPENSE:	N/A
SECURITY DEPOSIT:	N/A
UTILITIES:	N/A
PARKING:	N/A
IMPROVEMENT:	Tenant Improvements will be the sole responsibility of the three tenants

FISCAL IMPACT

There is no impact to the General Fund. LADOT will pay 100 percent of their own lease-related expenses. LADOT is funded through Proposition A-385 for the base rent lease payment. The total amount paid to Caltrans from the tri-agencies will be approximately

\$44,300 per month x 12 = \$531,000 annually. LADOT will be responsible for approximately 60 percent of the total price per square foot of \$44,300 monthly or approximately \$26,580 x 12 = \$318,960 annually. Per the Exhibit A, LADOT has 57 buses and will be adding an additional 16 buses for a total of 73. The monthly rent determination is predicated on the number of buses that each agency has within the facility and can fluctuate.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a new lease with the California Department of Transportation under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachment

LADOT/CALTRANS Bus Layover Depot Market Analysis

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
522 E 12th St	Los Angeles	Retail/Storefront	13,008 SF	4,300 SF	\$0.70
1150 E 12th St	Los Angeles	Class C Industrial/Showroom	5,400 SF	1,800 SF	\$1.50
433 E 20th St	Los Angeles	Class C Industrial/Warehouse (Neighborhood Center)	65,000 SF	65,000 SF	\$0.65
1815 S Central Ave	Los Angeles	Class C Industrial/Warehouse	5,500 SF	5,500 SF	\$0.90-\$1.00
1834 S Figueroa St	Los Angeles	Class C Industrial/Warehouse	7,754 SF	7,700 SF	\$1.25
1352-1358 S Flower St	Los Angeles	Class C Industrial/Warehouse	10,200 SF	10,200 SF	\$0.89
1816 S Flower St	Los Angeles	Class C Industrial/Warehouse	6,700 SF	6,700 SF	\$1.25
1354-1364 S Hill St	Los Angeles	Class C Industrial/Warehouse	7,280 SF	7,280 SF	\$1.20
1135-1143 S Los Angeles St	Los Angeles	Retail/Storefront	16,386 SF	10,602 SF	\$0.88-\$1.50
1149 S Los Angeles St	Los Angeles	Class B Office/Loft/Creative Space	30,000 SF	30,000 SF	\$1.50
1500 S Los Angeles St	Los Angeles	Class B Office/Loft/Creative Space	39,445 SF	13,000 SF	\$1.25-\$2.00
202-206 E Pico Blvd	Los Angeles	Retail/Storefront	6,840 SF	6,800 SF	\$0.75
1201 E Washington Blvd	Los Angeles	Class C Industrial	9,000 SF	9,000 SF	\$1.10
1207 E Washington Blvd	Los Angeles	Industrial	15,500 SF	15,000 SF	\$1.00
155 W Washington Blvd	Los Angeles	Class C Office/Loft/Creative Space	182,526 SF	5,938 SF	\$1.50