


## TRANSMITTAL

TO Council	DATE 07/16/18	COUNCIL FILE NO.
FROM Municipal Facilities Committee	COUNCIL DISTRICT 8	

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 with additional Controller instructions as outlined below. Adoption of the report recommendation would authorize GSD, on behalf of Council District Eight (CD 8) and the Los Angeles Building and Safety (LADBS), to negotiate and execute a new lease agreement between the City and FAME Assistance Corp for office space located at 1968 W. Adams Blvd. There is a General Fund impact of \$313,400 for one-time tenant improvement and communication costs associated with relocation activities which is being funded with Capital Improvement Expenditure Program (CIEP) monies.

It is recommended that the City Council, subject to the approval of the Mayor and pending the approval of 2017-18 CIEP year-end reappropriations, authorize the Controller to transfer \$313,400 in CIEP funds to GSD's budgetary accounts for relocation activities as follows:

<b>FROM:</b>		
<b><u>Fund/Account</u></b>	<b><u>Account Title</u></b>	<b><u>Amount</u></b>
100 / 54 / 00P297	CD 8 Cost Recovery	\$ 313,400
<b>TO:</b>		
<b><u>Fund/Account</u></b>	<b><u>Account Title</u></b>	<b><u>Amount</u></b>
100 / 40 / 006030	Leasing	\$ 300,500
100 / 40 / 003040	Contractual Services	12,900
	<b>TOTAL</b>	<b>\$ 313,400</b>

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

RHL:MGR:05180158c

**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 FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW LEASE  
FOR COUNCIL DISTRICT EIGHT (8) AND LOS ANGELES DEPARTMENT OF BUILDING  
AND SAFETY AT 1968 W. ADAM BLVD., LOS ANGELES, CA 90018**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease for Council District 8 and Los Angeles Department of Building and Safety (LADBS) for office space located at 1968 W. Adam Blvd, Los Angeles, CA 90018.

**BACKGROUND**

The Council District 8 (CD-8) Constituent Service Center (CSC) located at 8475 S. Vermont Ave, a City-owned facility, will undergo an extensive renovation of the entire 16,000 s.f. building. Currently, the CSC houses both CD-8 and LADBS. The renovation is extensive therefore the building needs to be completely vacant in order to perform the work. CD-8 has requested temporary office space in a location that will still service their constituents and have the adequate size to house both departments.

The First African Methodist Episcopal, (FAME) building at 1968 W. Adams, is available for lease and satisfies the short-term needs of both City departments. The rentable space of approximately 4,000 s.f. is located on both the ground and first floors. The building is a four-story office structure adjoined by a large Media Center building. The two buildings have two entrances with the main entrance located on Adams Blvd with a wheelchair ramp. The parking lot to the rear has approximately 35 parking spaces. There is an additional lot to the east of the building with approximately 45 parking spaces.

The Bureau of Engineering expects construction at the CSC to take between 15-18 months once staff relocates, therefore, a six-month early termination right has been negotiated to provide the City with flexibility.



TENANT IMPROVEMENTS

In general, the building is in move-in condition. However, there are three walls to demolish and some build-outs needed to accommodate both user groups. The space on the first floor is approximately 1,583 s.f. and will accommodate approximately eight CD-8 staff. The space on the ground floor is 2,417 s.f. after the demolition of three walls to expand the floor plan. This area will accommodate 20 plus Code Inspectors and supporting staff of LADBS.

The landlord will provide the TI construction through their contractor at the City's cost, estimated at \$185,000, but will repair any of the existing ductwork that is not connected at their own cost. LADBS's architect indicates that Title 24 code requirements are unlikely and are not included in this estimate. However, if they are triggered once the walls are open, the cost could exceed this estimate.

The City has also requested additional storage for a total of 4,300 s.f. The storage area will be rented at \$1.25 per s.f. for approximately 300 s.f. or \$375.00 per month.

MARKET ANALYSIS

Based on a recent market comparable the price per square foot (psf) for similar location and type of office space ranges from \$2.00 to \$5.50. This lease has a psf of \$2.40. This is a reasonable rental rate considering it is a short-term lease and generally a rate of \$2.40 would be for a longer committed lease term. This price psf is on the lower end of the rental rate market.

TERMS AND CONDITIONS

LOCATION:	1968 W. Adam Blvd, LA, CA 90018
LANDLORD:	FAME Assistance Corp
USE:	Office space
SQUARE FEET:	Approximately 4,300
TERM:	Two years (24 months)
RENTAL RATE:	\$9,975 per month - (\$2.40 x 4000 = \$ 9,600.00) (\$1.25 x 300 = \$ 375.00 Storage) <b>Total = \$ 9,975.00</b>
ESCALATIONS:	N/A
OPTIONS:	Six (6) month right to early termination.
HOLDOVER:	None
ADDITIONAL RENT:	N/A
SECURITY DEPOSIT:	N/A



- UTILITIES: Included in the lease rate
- PARKING: Included at no extra cost for staff and visitors
- TENANT IMPROVEMENT: The Landlord will repair any unconnected air conditioning ductwork on the ground floor.

COMMUNICATON AND MOVING EXPENSE

Moving expense is estimated at \$12,900. Communication expense is estimated at \$115,500 for premises cabling, voice and data.

FURNITURE

Used workstations will be provided by the City's vendor from product in storage. The cost of installation is included in the \$185,000 estimate. Private office furniture and all other items will be relocated.

FISCAL IMPACT

The ongoing General Fund impact for this new lease is approximately  $\$9,975 \times 12 = \$119,700$  annually for base rent with no escalation.


There is also one time tenant improvement (\$185,000), moving (\$12,500) and communication (\$115,500) costs for a total estimate of \$313,400.

The total cost of the annual lease plus one-time expense is \$433,100.

The City Administrative Office (CAO) has advised that the necessary funds will be transferred to GSD from Account No.: 100/54/00N618 - Civic and Community funding source, to provide the needed TI's for CD-8.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with the FAME Assistance Corp, under the terms and conditions substantially outlined in this request for office space at 1968 W. Adam Blvd, LA, CA 90018.



Tony M. Royster  
General Manager

Attachments

**CD-8 - FAME Market Analysis 2270 S. Harvard Blvd**

Address	City	Property Type	Property Size	Space Avail	Rent/SF/Mo
4335 W Adams Blvd	Los Angeles	Class C Office	6,000 SF	1,895 SF	\$2.00
903 S Crenshaw Blvd	Los Angeles	Class B Office/Medical	31,787 SF	5,625 SF	\$2.10
2421 James M Wood Blvd	Los Angeles	Class C Industrial/Showroom	7,000 SF	5,200 SF	\$1.80
2140 W Olympic Blvd	Los Angeles	Class B Office	98,728 SF	18,545 SF	\$2.00-\$2.20
3053 W Olympic Blvd	Los Angeles	Class C Office	30,842 SF	3,200 SF	\$2.20
921 Venice Blvd	Los Angeles	Class B Flex	20,022 SF	20,022 SF	\$2.30
895 S Vermont Ave	Los Angeles	Class B Office	194,296 SF	26,188 SF	\$2.20-\$2.40
1407 S Vermont Ave	Los Angeles	Class C Office/Medical	3,788 SF	1,885 SF	\$1.50
1782 W Washington Blvd	Los Angeles	Class C Industrial/Warehouse	9,700 SF	9,700 SF	\$2.25
3424 Wilshire Blvd	Los Angeles	Class A Office	210,938 SF	28,155 SF	\$2.00-\$2.10
3435 Wilshire Blvd	Los Angeles	Class A Office	777,581 SF	120,006 SF	\$2.30-\$5.50
3440 Wilshire Blvd	Los Angeles	Class A Office	155,025 SF	73,318 SF	\$2.00
3450 Wilshire Blvd	Los Angeles	Class B Office	154,930 SF	51,801 SF	\$2.00
3460 Wilshire Blvd	Los Angeles	Class A Office	151,384 SF	78,752 SF	\$2.00
3470 Wilshire Blvd	Los Angeles	Class A Office	240,386 SF	37,129 SF	\$2.00
3530 Wilshire Blvd	Los Angeles	Class A Office	404,656 SF	43,827 SF	\$2.30
3550 Wilshire Blvd	Los Angeles	Class A Office	486,303 SF	161,575 SF	\$2.10-\$2.25
3580 Wilshire Blvd	Los Angeles	Class A Office	484,880 SF	152,935 SF	\$2.10-\$2.25
3600 Wilshire Blvd	Los Angeles	Class A Office	421,768 SF	105,880 SF	\$2.30-\$2.60
3660 Wilshire Blvd	Los Angeles	Class A Office	297,380 SF	82,345 SF	\$2.20-\$2.40
3699 Wilshire Blvd	Los Angeles	Class A Office	331,536 SF	94,363 SF	\$2.20-\$2.60
3700 Wilshire Blvd	Los Angeles	Class A Office	312,548 SF	74,525 SF	\$2.25-\$2.45
3960 Wilshire Blvd	Los Angeles	Class B Office	31,684 SF	5,609 SF	\$1.75-\$1.85