

TRANSMITTAL

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| TO Council | DATE 10-05-18 | COUNCIL FILE NO. |
| FROM Municipal Facilities Committee | | COUNCIL DISTRICT 8 |

At its meeting held on September 27, 2018, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration, along with additional Controller instructions as outlined below. Adoption of the MFC recommendations would authorize GSD, on behalf of Council District Eight (CD 8), to negotiate and execute a new lease agreement for a field office located at 5401 Crenshaw Boulevard. There is no additional impact on the General Fund as funding was budgeted in the GSD Leasing Account for this purpose. One-time costs totaling \$65,500 for tenant improvements, moving, and communication expenses will be funded with cost recovery funds available within the Capital Improvement Expenditure Program (CIEP).

Authorize the Controller to transfer \$65,500 in CIEP funds to GSD's budgetary accounts for relocation activities, as follows:

| | | |
|----------------------------|-----------------------------|----------------------|
| FROM: | | |
| <u>Fund/Account</u> | <u>Account Title</u> | <u>Amount</u> |
| 100 / 54 / 00P297 | CD 8 Cost Recovery | \$ 65,500 |
| TO: | | |
| <u>Fund/Account</u> | <u>Account Title</u> | <u>Amount</u> |
| 100 / 40 / 006030 | Leasing | \$ 65,500 |



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

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

CITY OF LOS ANGELES
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ERIC GARCETTI
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September 27, 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 FOR COUNCIL DISTRICT EIGHT AT 5401 CRENSHAW BOULEVARD**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease for Council District 8 (CD 8) for office space located at 5401 Crenshaw Boulevard, Los Angeles, CA 90043.

BACKGROUND:

CD 8 is requesting a permanent location for a field office on Crenshaw Boulevard to re-open a lost field office due to the 2012 redistricting. The former field office was located at 3847 S. Crenshaw Boulevard and was displaced due to the City Council's realignment of the district's boundaries. The current field office is located five miles away in the Constituent Services Center (CSC) and its staff will be shortly displaced to a leased location while it undergoes renovation. Due to its distance the Constituent Services Center cannot adequately serve the entire district, specifically the Crenshaw area.

The subject property at 5401 Crenshaw Boulevard is privately owned and was formerly leased and vacated by the State of California. It satisfies the needs of CD 8 and they will permanently relocate 10-12 staff from the CSC to serve constituents at this field office. The Council Office staff indicates they intend to further activate this location with other users that can include the neighborhood council, state and federal agencies, other City departments and non-profit agencies that would provide services to the community.

There is ample free parking with approximately 35 parking spaces available for this lease out of a total of 75 spaces on the premises.

The landlord is only able to offer an 18 month tenancy at this time due to a litigation issue that's expected to resolve over the next 18 months. At that time, the City would negotiate a long term deal for this office suite and potentially more space within the building.

TENANT IMPROVEMENTS:

The Council Office will occupy 8,035 square feet in this 27,000 square feet one story stand-alone building. It requires no tenant improvement other than paint, carpet, signage, communications cabling and installation of workstations. There is no need for demolition or reconfiguring of office space. The City will provide funding for the improvements.

MARKET ANALYSIS AND FUNDING:

Based on recent market comparables the price per square foot for a similar location and type of office space ranges from \$2.00 to \$4.25. This lease has a price per square foot of \$2.50. This is a reasonable rental rate and well within the lower range of the Fair Market Rental Rate (FMRR). The total rentable square feet is approximately 8,035 x \$2.50 = \$20,087.50 monthly for an annual lease cost of \$241,050.

TERMS AND CONDITIONS:

The proposed lease will contain the following:

| | |
|-------------------|--|
| LOCATION: | 5401 Crenshaw Boulevard, Los Angeles, CA 90043 |
| LANDLORD: | 5401 Associates, LP |
| USE: | Office space |
| SQUARE FEET: | Approximately 8,035 s.f. |
| TERM: | 18 months with a 6 month option |
| RENTAL RATE: | \$20,087.50 per month - (\$2.50x 8,035 s.f.); \$241,050 annually |
| ESCALATIONS: | 3% annually |
| ADDITIONAL RENT: | Waste Collection Fee (Approx. \$150 monthly) |
| SECURITY DEPOSIT: | N/A |

UTILITIES: Not included, provided by the City

PARKING: 35 spaces at no cost; entitled to utilize up to 75 spaces for community events upon request

TENANT IMPROVEMENTS: None

COMMUNICATION AND MOVING EXPENSE:

The Information and Technology Agency estimated that installation of a server, phone and data throughout the space will cost approximately \$25,000. Moving expense is estimated at \$13,500.

FURNITURE/PAINT/CARPET/SIGNAGE EXPENSE:

CD 8 will repurpose workstations from the City's furniture vendor. The cost of installation has been estimated at approximately \$22,000. The City is responsible for its own tenant improvements, which are minimal and include painting, carpet cleaning and signage, and is estimated at approximately \$5,000.

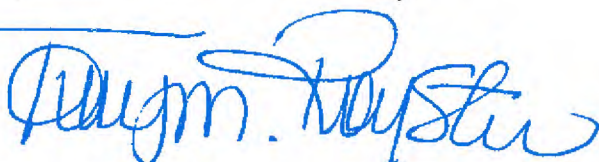
The City Administrative Officer has advised GSD that the necessary funds will be transferred to the GSD Leasing Account in a subsequent action.

FISCAL IMPACT:

The General Fund impact for this lease plus waste collection will be \$242,850 annually. There will be one-time costs of \$65,500 for communication, moving, furniture, paint and carpet expense. The total impact to the General Fund is approximately \$308,350.

RECOMMENDATION:

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with 5401 Associates, LP, under the terms and conditions outlined in this request for office space at 5401 Crenshaw Boulevard.



Tony M. Royster
General Manager

Attachment

CD-8 Field Office - 5401 Crenshaw Blvd -

| Address | City | Property Type | Property Size | Space Avail | Rent/SF/Mo |
|-------------------------|-------------|------------------------------------|---------------|-------------|---------------|
| 800 Corporate Pointe | Culver City | Class A Office | 285,675 SF | 112,377 SF | \$3.75 |
| 9443 Crenshaw Blvd | Inglewood | Class C Office | 16,352 SF | 16,352 SF | \$3.25 |
| 5855 Green Valley Cir | Culver City | Class B Office | 47,832 SF | 9,563 SF | \$2.95 |
| 5930 W Jefferson Blvd | Los Angeles | Class C Office/Loft/Creative Space | 10,869 SF | 10,869 SF | \$4.25 |
| 158-160 E La Brea Ave | Inglewood | Class C Office | 15,500 SF | 13,500 SF | \$1.00-\$1.80 |
| 2069 W Slauson Ave | Los Angeles | Class B Office | 18,379 SF | 18,379 SF | \$2.00 |
| 4314 W Slauson Ave | Los Angeles | Class C Office/Medical | 14,207 SF | 14,207 SF | \$2.80 |
| 4609-4611 W Slauson Ave | Los Angeles | Class C Office | 9,000 SF | 9,000 SF | \$3.25 |
| 5808 Uplander Way | Culver City | Class B Office/Loft/Creative Space | 32,000 SF | 31,000 SF | \$3.35 |