

0150-12173-0002


TRANSMITTAL

TO The City Council	DATE 09/03/2024	COUNCIL FILE NO. 12-1791
FROM Municipal Facilities Committee	COUNCIL DISTRICT 8	

At its meeting held on August 29, 2024, the Municipal Facilities Committee (MFC) approved the attached report from the Department of General Services (GSD), which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to execute a Third Amendment with HAAS BHCP Property Owners, LLC, for the Los Angeles Police Department's South Traffic Division for the lease at 4125 Crenshaw Boulevard, Unit 193 (C-122349). The term of the Third Amendment is 18 months beginning on October 1, 2025 through March 31, 2027.

The revised term sheet reflects a correction to the three percent escalation, as instructed by the MFC (Attached).

Fiscal Impact: There is no additional General Fund impact beyond monies authorized for this purpose as part of current year Citywide Leasing Account.


for Matthew W. Szabo
City Administrative Officer

MWS:AW:05250027

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

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August 29, 2024

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Adam Lid, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A
THIRD AMENDMENT TO LEASE (C-122349) AT 4125 CRENSHAW BLVD.
FOR THE LOS ANGELES POLICE DEPARTMENT SOUTH TRAFFIC DIVISION**

The Department of General Services (GSD) requests authority to negotiate a third amendment for three additional six month options to extend lease C-122349. The lease is for the Los Angeles Police Department, South Traffic Division (South Traffic) located at 4125 Crenshaw Blvd, Unit 193, at the Baldwin Hills Crenshaw Plaza Shopping Center in Council District 8. This amendment will be with the new property owners - HAAS BHCP Property Owners, LLC, a Delaware limited liability company.

BACKGROUND

South Traffic has occupied the Baldwin Hills Crenshaw Plaza Shopping Center since 1989. However, between 1989 and 2012, the City had been paying \$1 per year in lease costs. After considerable renovation to the complex the landlord was no longer able to provide the space at \$1 per year.

The First Amendment to this contract in 2017 provided a three-year term with two (2) one-year options that expired September 30, 2022. The Second Amendment extended the term with options through September 30, 2025, which have been exercised. On August 20, 2021, the interests of the Baldwin Hills Crenshaw Plaza Shopping Center were transferred from Capri Urban Baldwin, LLC, a Delaware limited liability company to HAAS BHCP Property Owners, LLC.

Additional options at this site are needed while the long-term or permanent replacement location is being identified and built out for South Traffic Division's needs. The request to negotiate and execute an agreement for the replacement location will be submitted by GSD in a separate report.



TERMS AND CONDITIONS

The proposed terms and conditions for this Third Amendment are to extend for an additional term of 18 months. The proposed extended term would be from October 1, 2025 through March 31, 2027 with City’s right to terminate the agreement with 6 months notice. The City currently has a right to extend under an option until September 30, 2025.

The current monthly rental rate is currently \$1.62 per square foot (sf), with annual escalations at 3% built into the proposed extensions. A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

The per sf in the current market for this type of leased space ranges from \$1.85 to \$3.85. The current rental rate is \$1.62 per sf per month. This is considered below market rate as compared to properties in the area with relatively similar square footage. The proposed base rate under this proposed amendment begins at \$1.67 per sf per month reflects a full service gross lease and is within the acceptable range for comparable office space in the area.

Location	Property Type	Rent Rate PSF	Rentable Square Feet	Lease Type
1130 K St.	Office	\$ 3.00	2,002	Full Service Gross
925 L St.	Office	\$ 3.85	1,214	Full Service Gross
830 K St.	Office/Retail	\$ 3.00	1,596	Full Service Gross
921 11th St.	Office	\$ 3.00	1,255	Full Service Gross
1121 L St.	Office	\$ 3.85	1,289	Full Service Gross
Average Rental Rate		\$ 3.34		


FISCAL IMPACT

The rental increase for this amendment is increasing from \$34,679.20 to \$35,759.71 per month and equates to a 3% increase. There is sufficient funding in the Citywide Leasing Account to cover the cost for this lease.

2024-25 Proposed Lease Costs				
	Monthly Proposed Costs	2024-25 Estimated Expense	2024-25 Budget Funding	2024-25 Estimated Funding (Surplus)
Base Rent	\$34,679	\$416,150		
Utility- Electrical Services	\$500	\$6,000		
Common Area Maintenance	\$170	\$2,040		
TOTAL	\$35,349	\$424,190	\$438,974	\$14,784

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a Third Amendment to C-122349 with HAAS BHCP Property Owners, LLC, for the continued use of property located at 4125 Crenshaw Blvd, Los Angeles, CA 90008 under the terms and conditions substantially outlined in this report.

 for
Tony M. Royster
General Manager

Attachment: Leasing Term Sheet

LEASING TERM SHEET

MFC DATE	August 29, 2024
LANDLORD	HAAS BHCP Property Owner, LLC
ADDRESS	3650 W. Martin Luther King Jr. Blvd, Los Angeles, CA 90008
TENANT	City of Los Angeles- LAPD South Traffic
ADDRESS	111 East 1 st Street, Los Angeles, CA 90012
LOCATION	4125 Crenshaw Blvd, Unit 193, Los Angeles, CA 90008
AGREEMENT TYPE	Lease Amendment
USE	Office Space and Parking
SQUARE FEET	21,413 SF of ground floor office space
TERM	Up to 18 months
RENT START DATE	10/1/25
LEASE START DATE	Upon City Clerk's Attestation
OPTION TERM	None
HOLDOVER	No Change -Equal to the amount paid during the final month of the Term.
SUBLET/ ASSIGNMENT	No change - Subject to the prior written notice to Landlord
TERMINATION	Tenant has a right to terminate with 6 months notice
RENTAL RATE	\$35,759.71/mo.
ESCALATION	3%
RENTAL ABATEMENT	N/A
ADDITIONAL RENT	None

PROPERTY TAX	None
OPEX	None
CAM	None
OTHER	
SECURITY DEPOSIT	None
LANDLORD MAINTENANCE/ REPAIR	No change-Currently, LL responsible for Building Structure unless City is the cause of damage.
TENANT IMPROVEMENTS	N/A
PARKING	No Change -Currently, 32 spaces designated spaces are available.
UTILITIES	City
CUSTODIAL	No Change -Currently, Tenant shall provide, at Tenant's sole cost and expense.
SECURITY	As available. Currently the building does not have security personnel
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection
INSURANCE (City)	City is self-insured.
OTHER:	
PRINT:	
SIGNATURE:	