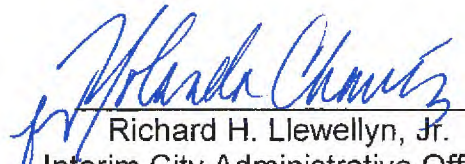


TRANSMITTAL

TO Council	DATE 08-01-17	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 14

At its meeting of June 29, 2017, 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 recommendations would authorize GSD to negotiate and execute a new lease for the Information Technology Agency Channel 35 television studio and office space located at 319 East Second Street, Los Angeles, California.

There is no additional impact on the General Fund as a result of the recommended actions.


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

RHL:ACG:05160010

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 29, 2017

Honorable City Council
City of Los Angeles
C/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Eric Villanueva, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE
A NEW LEASE FOR CHANNEL 35 AT 319 EAST SECOND STREET**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease for Information Technology Agency's Channel 35 television studio and office space located at 319 East Second Street, Los Angeles, California.

BACKGROUND

Channel 35 occupies approximately 6,137 rentable square feet of studio and office space at 319 East Second Street, Suite 301. The original lease began close to 20 years ago on July 10, 1998. The lease is now on holdover (month to month) as of December 31, 2016.

Channel 35 has been seeking a new permanent location to house both administrative offices as well as the television studio and broadcast control room. Several sites in City-owned buildings in and around the Civic Center have been considered and Channel 35 will be relocated after major tenant improvements are completed to the Masonic Hall and Merced Theatre in the El Pueblo de Los Angeles Historic Park (El Pueblo). The improvements are expected to take approximately three years to secure, plan, complete build out, equip and move into the new location. Therefore, a new lease at their current location is being recommended by GSD for the interim period of three years with two one-year options.

Channel 35 had an option to extend the current lease for five years but opted to extend for four years with the anticipation to move to City Hall temporarily until the El Pueblo space was completed. Unfortunately, Channel 35's antiquated studio equipment would not withstand the move to City Hall. Realizing that new expensive equipment would have to be purchased coupled with having to move a second time to El Pueblo, management requested a renewal of the lease until the El Pueblo space was completed.

The current rent is \$7,364 per month at \$1.20 per square foot. The price per square foot current market analysis for this type of rental office space ranged from \$1.83 to \$3.25. The price per square foot for this lease is approximately \$1.25. Based on the attached market data summary, Channel 35 will be afforded the lower end of the price per square foot range for office and studio space.

TERMS AND CONDITIONS

The new terms and conditions are as follows:

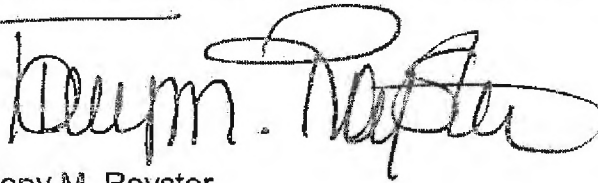
LOCATION:	319 East Second Street - Suite 301 Los Angeles, CA 90012
LANDLORD:	Little Tokyo Mall, LLC
USE:	Office, television studio and related services
SQUARE FEET:	Approximately 6,137 rentable square feet
TERM:	Three years
RENTAL RATE:	\$7,671 (\$1.25 per sq. ft.)
ESCALATIONS:	N/A
ADDITIONAL RENT:	N/A
SECURITY DEPOSIT:	N/A
OPTION TERM:	Two One-year options
PARKING:	Nine reserved parking spaces (covered under a separate parking lease)
TENANT IMPROVEMENT:	Landlord to repair or replace 6 Ton HVAC unit.

FISCAL IMPACT

The monthly rent will increase by \$307 from \$7,364 to \$7,671. The annual rent for this new lease is \$92,052 with no annual escalations. There is no impact to the General Fund as the lease is paid by the Telecommunications Development Account.

RECOMMENDATION

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

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a large, looping initial "T".

Tony M. Royster
General Manager

Attachment

Result List

Market Analysis Summary:

Lease Comps	Analytics	Map						
✓ Apr 2017	Jun 2017	301-307 S Central Ave	Los Angeles	1st	6,000	\$2.25 MG	Asking	
✓ Nov 2016	Jan 2017	420 E 3rd St	Los Angeles	6th	6,737	\$3.25 FS	Asking	
✓ Nov 2015	Jan 2016	701-721 E 3rd St	Los Angeles	1st	7,500	\$2.50 MG	Asking	
✓ Apr 2015	Jun 2015	316 W 2nd St	Los Angeles	Unkwn	6,100	\$2.60 MG	Asking	
✓ Apr 2015	Jun 2015	202 W 1st St	Los Angeles	1st	6,275	\$1.83 FS	Asking	
✓ Mar 2015	May 2015	420 E 3rd St	Los Angeles	6th	6,243	\$3.25 MG	Asking	

6 Lease Comps Selected

CoStar Research

My Data

Shared Data

Lease Analysis