

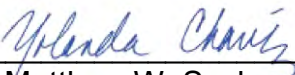
0150-12278-0000

TRANSMITTAL

TO Council	DATE 02-10-23	COUNCIL FILE NO. 22-1063
FROM Municipal Facilities Committee	COUNCIL DISTRICT 4	

The attached report from the Department of General Services (GSD) was waived by the Municipal Facilities Committee (MFC) and is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a lease agreement with Ventura Ethel Ltd, for 4,215 square feet of office space for Council District Four, located at 13103 Ventura Boulevard. The Council Office has requested a new field office that is centrally located within the new boundaries defined for the District as a result of redistricting. On November 1, 2022, Council authorized a lease for this purpose, which cannot be executed as the space is no longer available (C.F. 22-1063). The term of the new, proposed lease is three years, with one three-year option to renew.

There is no additional General Fund impact anticipated in the current year, with projected costs of \$200,000 to be absorbed within capacity available within the Citywide Leasing Fund, to include four months of rental payments, parking and associated one-time expenses. The annual leasing costs for 2023-24 is estimated at a total of \$156,650, which would need to be funded through the City Budget process.



for Matthew W. Szabo
Chair, Municipal Facilities Committee

MWS:LRR:05230142

CAO 649-d

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
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January 26, 2023

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE AN OFFICE LEASE
AT 13103 VENTURA BOULEVARD, LOS ANGELES, CA 91604 WITH
VENTURA – ETHEL, LTD. FOR THE COUNCIL DISTRICT FOUR FIELD OFFICE**

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement for property owned by Ventura Ethel Ltd. for 4,215 square feet (sf) of office space for Council District Four (CD4) at 13103 Ventura Blvd Suites 100 and 205, Los Angeles 91604.

BACKGROUND

On September 13, 2022 motion (CF 22-1063) directed GSD to negotiate a lease agreement with the landlord at 13103 Ventura Boulevard for a field office space for CD4. This council district experienced major changes to their boundaries and constituent demographics due to the most recent redistricting process. This proposed office is more centrally located and will better serve the new constituency.

CD4 has two field offices. The main field office is located at 14930 Ventura Blvd (1,842 sf). The other is at the City-owned Hollywood Neighborhood City Hall (HNCH), which is now located within Council District 13 (CD13). CD4 will retain a small office (439 sf) there since it is four blocks from CD4's new boundary. Previously, CD4 occupied 2,176 sf of office space and had use of a 1,585 sf community room in this building. CD13 will now occupy the larger office space. A separate report to MFC will be submitted to reflect the new space assignments at HNCH.



The new CD4 boundaries gained a significant presence in the Valley area, including Studio City which is now at the heart of the district along Ventura Boulevard. The currently leased office space at 14930 Ventura Boulevard is located at the western-most part of the new district boundary. This 1,842 sf lease will expire in April 2025. The monthly rent is approximately \$5,065 per month. GSD is currently working with the landlord to sublet this office pending Council approval of the new office space.

If the current office space at 14930 Ventura Boulevard cannot be sub-leased, the payout would total approximately \$150,000. GSD will continue working with the Office of the City Administrative Officer (CAO) to identify a City department who may be able to use this office if a sublessee is not identified.

Also due to redistricting, CD4 acquired a field office, which was previously located in Council District Five (CD5). This 2,160 sf office at 15760 Ventura Boulevard was recently terminated since it is not centrally located in the new CD4 area. The rent for this lease was approximately \$7,300 per month or \$87,500 annually.

In observance of the changes described above, CD4 's proposed new centralized field office will better serve their constituents and will be the only field office within CD4's boundaries.

TERMS AND CONDITIONS

The three-year lease shall commence upon completion of certain tenant improvements to the space. The rent is approximately \$12,503.70 per month for 4,215 sf of space and the agreement would include two months free rent to be taken over the initial term (one month/year). Parking is not included in the base rent and is estimated at 550 per month for 11 spaces.

Although the current council term is up for reelection in 2024, the proposed lease does not include early termination language for elected office leases as the landlord would not agree to that term. A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

Based on recent market analysis, the monthly rate for similar locations and type of space ranges from \$2.50 to \$3.75 per sf. The proposed is a blended rate of \$2.97 for base rent. This price reflects a modified gross lease and is within the acceptable range for comparable office space in the area.

Location	Rental Rate	Rentable Square Feet	Lease Type
13729 Ventura Blvd.	\$2.50	2,805	Modified Gross
12925 Riverside Dr.	\$3.00	13,002	Modified Gross
12626 Riverside Dr	\$3.25	3,510	Modified Gross
12650 Riverside Dr.	\$3.50	13,669	Modified Gross
12711 Ventura Blvd.	\$3.75	6,223	Modified Gross
Average Rental rate	\$3.20		

Note: Proposed Base rent of \$2.97 is less than the average rent for comparable office space in the area.

TENANT IMPROVEMENTS

The 4,215 sf space requires tenant improvements commensurate with modern office space use including adequate ceiling height to improve interior lighting, wall and ceiling treatments and security features. The estimated costs for the requested improvements are currently estimated between \$200,000 to \$400,000. The landlord has agreed to perform the work at no cost to the City.

FURNITURE, COMMUNICATION AND MOVING EXPENSE

Estimates by City vendors for installation of private office furniture and chairs for 20 staff total \$73,229. Moving expenses are estimated at \$17,109. The estimate for data premises cabling, phone and alarm systems through the City's ITA is \$121,000 for an estimated total of \$211,338 for all of these expenses.

FISCAL IMPACT

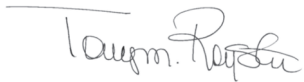
The General Fund impact is estimated at \$198,562.80 for Fiscal Year 2023. This includes rent of approximately \$12,503.70 per month. Parking is estimated at \$550 per month, (or \$6,600.00 annually, for 11 parking spaces at \$50.00 per month each). An offset to the leasing account for this fiscal year totals \$64,990 due to the termination of the lease at 15760 Ventura Blvd. Rent abatement for the two months is approximately \$25,007.40. Furniture, moving and communication expenses for the interior space is estimated to be approximately \$211,338.

GSD will work with the CAO on the upcoming Lease Optimization Report to determine if additional funds are needed in the Citywide Leasing Account to cover these expenses.

	Monthly Proposed Costs	2022-23 Estimated Expense (4 mo)	2022-23 Available Funding	2022-23 Estimated Shortage
Rent	\$12,503.70	\$50,014.80		
Parking	\$550	\$2,200		
Furniture, Moving, Communication		\$211,338		
TOTAL	\$13,053.70	\$263,552.80	\$64,990	198,562.80

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 lease with Ventura - Ethel Ltd., at 13103 Ventura Boulevard, Studio City, CA 91604 for office space for Council District 4 under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE	01/26/2023
LANDLORD	Ventura - Ethel, Ltd.
ADDRESS	13107 Ventura Blvd. Ste. 202, Studio City CA, 91604
TENANT	City of Los Angeles - GSD for CD4 Field Office
ADDRESS	111 East First Street 2nd Floor, Los Angeles CA 90012
LOCATION	13103 Ventura Boulevard, Studio City, Los Angeles, CA 91604
AGREEMENT TYPE	Modified Gross Lease
USE	Office
SQUARE FEET	4,215 Total (2,808 sf Suite 100 & 1,407sf Suite 205)
TERM	36 months
RENT START DATE	Upon substantial completion of tenant improvements/Tenant move-in
LEASE START DATE	Upon lease effective date upon City Clerk's Attestation
OPTION TERM	One Three Year Extension Option; Initial option rent at fair market rate.
HOLDOVER	Month-to-Month after lease term expiration, 150% after 60 days
SUBLET/ ASSIGNMENT	Right to Assign - Landlord approval
TERMINATION	No early termination in favor of Tenant or Landlord
RENTAL RATE	\$12,503.70 per month (blended rate of \$3.10sf Suite 100 and \$2.70sf Suite 205)
ESCALATION	4% Annual Increases
RENTAL ABATEMENT	Two months base rent abatement for month 13 and month 24
ADDITIONAL RENT	Yes, after initial year. No TAX/OPEX/CAM charges for the first 12 months
PROPERTY TAX	Tenant responsible for pro rata share (approximately 35.52%) - 2023 Base Year
OPEX	Tenant responsible for pro rata share (approximately 35.52%) - 2023 Base Year
CAM	Tenant responsible for pro rata share (approximately 35.52%) - 2023 Base Year

OTHER	
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord responsible for all building maintenance.
TENANT IMPROVEMENTS	#100 - Flooring: Carpet and Baseboard except lobby area. Paint: Walls and Accent. Blinds: Roller Shades. New Kitchen Sink. Install electrical for wall sconces and ceiling hanging light fixture. Lighting: Install 7 - Recessed lights. Build enclosed waiting area. Remove telephone backboard add one 120 Volt A in IT room. #205 - Shampoo the carpet. Paint one accent color. To be further defined in the Lease.
PARKING	\$50/month for 11 spaces, annual escalation at 10% cap. See below*
UTILITIES	Landlord
CUSTODIAL	Landlord
SECURITY	City shall be responsible for security
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection.
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	Tenant to provide Signage and IT work. Term commences upon earlier of: (a) Tenant taking possession and commencing operations or (b) following substantial completion of tenant improvements (other than the security station, which may be completed after move-in). Landlord shall apply for permits within 30 days of lease effective date, 90 days to commence and complete the work after receiving permits. If Landlord is unable to finish the work within 90 days and get a C of O, subject to force majeure, then Tenant may terminate the lease, subject to Tenant notifying Landlord of its failure to finish the work and Landlord has 20 days to complete it prior to the termination. Parking - Prior to C of O, Tenant may use parking as needed.