

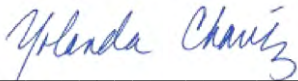
0150-12518-0000

**T R A N S M I T T A L**

TO Council	DATE 10-30-23	COUNCIL FILE NO. 23-0750
FROM Municipal Facilities Committee	COUNCIL DISTRICT 15	

At its meeting held on October 26, 2023, the Municipal Facilities Committee (MFC) approved the recommendation of the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a lease agreement between the City and ROX TRG Gateway Owner, LLC for a Council District (CD) 15 field office located at 970 West 190<sup>th</sup> Street, Suite 150. The lease term is for three years with a one-year option to extend.

There is no anticipated current-year impact on the General Fund. Based on projections provided by GSD, there appears to be sufficient savings within the Citywide Leasing Account to offset an estimated shortfall of \$7,000 for this lease. Other associated one-time costs such as furniture, moving, and communication expenses will be addressed through CD 15's discretionary funds. A reconciliation of the Citywide Leasing Account will be provided to the MFC as part of a subsequent Citywide Leasing Quarterly Status Report, with any potential year-end shortfalls to be reported to Council through the Financial Status Report. Future annual leasing costs will need to be funded through the City Budget process.

  
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for Matthew W. Szabo  
Chair, Municipal Facilities Committee

# CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



KAREN BASS  
MAYOR

DEPARTMENT OF  
GENERAL SERVICES  
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CITY HALL SOUTH  
111 EAST FIRST STREET  
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(213) 928-9555  
FAX No. (213) 928-9515

October 26, 2023

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

Attention: Mandy Morales, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE AN OFFICE LEASE  
AT 970 W. 190<sup>TH</sup> STREET, LOS ANGELES, CA 90502 WITH ROX TRG  
GATEWAY OWNER, LLC FOR THE COUNCIL DISTRICT 15 FIELD OFFICE**

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement for property owned by ROX TRG Gateway Owner, LLC (Landlord) for approximately 2,285 square feet (sf) of office space for Council District 15 (CD15) at 970 W. 190<sup>th</sup> Street, Suite 150, Los Angeles, CA 90502.

## **BACKGROUND**

Pursuant to Council Motion, CF 23-0705, adopted on August 16, 2023, the City Council directed GSD to negotiate and execute a lease agreement for office space located at 970 W. 190<sup>th</sup> Street, Suite 150, Los Angeles, CA 90502.

CD15 encompasses several areas including communities and neighborhoods of Harbor City, Harbor Gateway, San Pedro, Watts and Wilmington. However, they need a field office for the underserved Harbor Gateway area of the City. This space will provide constituent services as well as serve as a drop-in center for City Departments as needed. CD15 has identified this ground floor office space where in the Landlord is offering a below fair market rate in order to extend City services to the community. It will be the only leased field office space for CD15. Further, LAPD indicated that they will be utilizing the space as a drop-in location for community outreach.

## **TERMS AND CONDITIONS**

The base rent is \$1,000 per month, as a full-service gross lease, with no additional rent being passed through to the City. The proposed lease agreement is for three (3) years with



a one (1) year option to extend. The base rent will be adjusted annually, effective the first day of each lease year by 3%. A complete set of terms and conditions are outlined on the attached term sheet.

### **BUILDING MAINTENANCE/UTILITIES/PARKING**

The Landlord will provide general maintenance of the premises, common area, custodial services, HVAC system, and utilities. CD15 will be responsible for providing their own security systems, phones, and internet. There is a surface parking lot as well as a parking structure provided on a first-come first-serve basis at no cost.

### **TENANT IMPROVEMENTS**

The Landlord will provide the premises in move-in condition with new flooring and paint.

### **FURNITURE, MOVING AND COMMUNICATION EXPENSE**

CD15 has agreed to cover all associated costs for furniture, moving and communication expenses through their discretionary funds. This will ensure that the transaction with the Landlord can proceed while the expenses are finalized with CD15.

### **MARKET ANALYSIS**

Based on a recent market analysis, the monthly rate for similar locations and types of space ranges from \$1.95 per square foot (psf) to \$3.55 psf. The proposed base rate of \$0.44 psf is substantially below market rent.

<b>Location</b>	<b>Property Type</b>	<b>Rental Rate</b>	<b>Rentable SF</b>	<b>Lease Type</b>
1025 W. 190th St	Class B Office	\$2.50 psf	1,793- 6,676	FSG
990 W. 190th St	Class A Office	\$3.55 psf	3,196 - 13,284	FSG
1149 W. 190th St	Class C Office	\$1.95 psf	2,983	FSG
1225 W. 190th St	Class B Office	\$2.10 psf	346 - 3,553	FSG
1919 S. Vermont	Class A Office	\$3.15 psf	2,772 - 24,425	FSG
879 W. 190th St	Class A Office	\$3.00 psf	1,271 - 22,461	FSG
<b><i>Average Rental Rate</i></b>		<b><i>\$2.71 psf</i></b>		

### **FISCAL IMPACT**

Funding for this location has not been included in the Citywide Leasing Account 2023-2024 Budget. The additional impact to the account is estimated at \$7,000 for Fiscal Year 24 (FY24). This includes seven months of rent at \$1,000 per month anticipated to begin in December 2023. The Citywide Leasing Account has sufficient savings in the account to

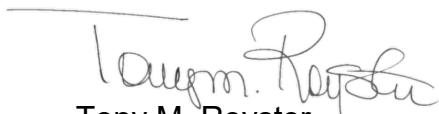
cover this projected expense. Subsequent Fiscal Year funding for this lease will be requested through the annual budget process. There is no impact to the General Fund at this time.

<b>FY 2023-2024 Proposed Funding Amount - CD 15 970 W. 190th Street, Los Angeles, CA 90502</b>			
	<b>Proposed Monthly Cost</b>	<b>2023-2024 Estimated Expense</b>	<b>2023-2024 Budget</b>
Base Rent	\$1,000	\$7,000	\$0
Parking	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Furniture, Moving Communications (One Time Costs)	CD 15 Discretionary Funds	CD 15 Discretionary Funds	
<b>TOTAL</b>		\$7,000.00	<b>(\$7,000.00)</b>

*\*\* Assumption that CD#15 will take occupancy in December 2023 - 7 months of rent fiscal year 23-24\*\**

**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 new lease with ROX TRG Gateway Owner, LLC. Located at 970 W. 190<sup>th</sup> Street, Los Angeles, CA 90502 for a Council District 15 field office under the terms and conditions substantially outlined in this report.



Tony M. Royster  
General Manager

Attachment: Term Sheet

## LEASING TERM SHEET

MFC DATE	October 26, 2023
LANDLORD	ROX TRG Gateway Towers Owner, LLC
ADDRESS	970 W. 190th Street, Suite 110, Los Angeles, CA 90502
TENANT	City of Los Angeles
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
LOCATION	970 W. 190th Street, Suite 150, Harbor Gateway, CA 90502
AGREEMENT TYPE	Full Service Gross
USE	Office Space
SQUARE FEET	Approximately 2,285 Square Feet
TERM	Three (3) Years
RENT START DATE	Upon substantial completion of tenant improvements and receipt of a Certificate of Occupancy
LEASE START DATE	Upon City Clerk's Attestation
OPTION TERM	One (1) one year option to renew upon six (6) months written notice
HOLDOVER	To be negotiated
SUBLET/ ASSIGNMENT	Right to assign - subject to Landlord approval
TERMINATION	N/A
RENTAL RATE	\$0.44 (\$1,000.00 per month)
ESCALATION	Annual three (3%) percent increases, commencing on month 13 of the initial term
RENTAL ABATEMENT	N/A
ADDITIONAL RENT	None

PROPERTY TAX	None
OPEX	None
CAM	None
OTHER	After Hours HVAC Charge at prevailing rate of \$75.00 per hour - to be further defined in the lease agreement
SECURITY DEPOSIT	No security deposit required
MAINTENANCE/ REPAIR	Landlord responsible for all building maintenance, including the Premises, common areas, janitorial services, HVAC systems, 24/7 security and utilities
MAINTENANCE/ REPAIR DETAILS	
TENANT IMPROVEMENTS	Landlord shall perform all tenant improvements based on a mutually agreed upon work letter for Suite 150 utilizing Building Standard Materials and Finishes
PARKING	City shall have the right to lease up to 7 unreserved parking passes throughout the term of the Lease. Parking shall be in the parking structure and free during the term of the Lese.
UTILITIES	Landlord
CUSTODIAL	Landlord
SECURITY	Landlord
PROP 13 PROTECTION	N/A
INSURANCE (City)	City shall indemnify and hold harmless Landlord. City self-insures
OTHER:	CD# 15 will be responsible for their own security systems, phones, connectivity, and Internet services to the office premises.
PRINT:	Thomas Ruhl
SIGNATURE:	