

**TRANSMITTAL**

TO The City Council	DATE 02-21-25	COUNCIL FILE NO. 13-0275-S2
FROM Municipal Facilities Committee	COUNCIL DISTRICT 14	

At its meeting held on January 30, 2025, the Municipal Facilities Committee (MFC) approved 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 retroactive lease agreement with the Los Angeles County Metropolitan Transit Authority (MTA) for City-owned property located at 432 East Temple Street. The term for the lease agreement is for the period of June 2022 through September 2024.

The MFC amended the report to include the controller's instructions below:

*Transfer \$5,000 from the Department of Transportation Fund 363, Department 94, Revenue Source Code 4934 – Leases & Rentals - Other to GSD Fund 100, Department 40, Account No. 003160 – Maintenance Materials, Supplies & Services for emergency light installation.*

**Fiscal Impact:** Revenue of \$1.65 million generated from this lease will be deposited into the Department of Transportation Fund 363, Department 94, Revenue Source Code 4934 – Leases and Rentals. Security costs of approximately \$122,000 will be paid directly from the SPRF in Fiscal Year 2024-25.

  
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 for Matthew W. Szabo  
 City Administrative Officer  
 Chair, Municipal Facilities Committee

MWS:AW:05250099

# CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



KAREN BASS  
MAYOR

DEPARTMENT OF  
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January 30, 2025

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 LEASE AGREEMENT WITH METROPOLITAN TRANSPORTATION AUTHORITY  
AT 426-462 E. TEMPLE STREET, LOS ANGELES, CA 90012**

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The Department of General Services (GSD) requests authority to negotiate and execute a new successor lease agreement with the Los Angeles County Metropolitan Transportation Authority (MTA) for office space located at 426-462 E. Temple Street LA, CA 90012 (Mangrove) in Council District 14.

## **BACKGROUND**

On January 14, 2014, Council approved an agreement for a new lease and easements of the Mangrove site with Metro to be used as a construction staging and lay down area. The lease included the existing approximately 17,518 sf building for construction offices for the Regional Connector (C.F. 13-0275-S1). The building is still under MTA control through February 2, 2025. The Regional Connector was scheduled for completion in mid-2022, at which time Metro vacated the Mangrove site and finished the station plaza. However, due to the pandemic and delays, MTA was not ready to vacate the site until recently. Under CF 13-0275-S2, GSD was instructed to negotiate and execute a new successor lease to address this additional time.

## **TERMS AND CONDITIONS**

The City is seeking rent from the initial expiration of the lease of June 18, 2022. However, Metro vacated the building around September 2024. Since September, Metro has kept security on site, made required repairs needed for conveyance of the property back to the City. The agreed total sum of rent for this period is \$1,645,258.74 which is averaged to



\$3.42 psf. From February 1, 2024, LAPD had to relocate some vehicles to the parking lot therefore, the rent was abated from February 1, 2023 - September 30, 2024 by \$6,480.00 monthly.

A complete set of terms and conditions are outlined on the attached term sheet.

### **MARKET ANALYSIS**

Based on recent market analysis for similar type properties/uses in this area, the Fair Market Rental Rate ranges from approximately \$2.35 - \$3.50 per sf. The negotiated rate for this deal is \$3.42 per sf.

<b>Address</b>	<b>Rental Rate</b>	<b>Rentable Sq. Footage</b>	<b>Lease Type</b>
200-210 Spring St.	\$2.65/ sf	7,500 sf	Modified Gross
250 E. 1st St.	\$2.35 - \$2.83/ sf	600-14,285 sf	Modified Gross
951 Vignes	\$3.50/sf	630 sf	Modified Gross

The previous rent on this project was approximately \$57,115.00 per month. The average proposed rent is \$58,137.19 per month.

### **NECESSARY REPAIRS AND SECURITY SERVICES**

GSD's Building Maintenance Division has performed an inspection and assessed the condition of the buildings' electrical, plumbing, HVAC, and other systems. Several conditions exist which require attention before the site can be utilized by a City department. Emergency Lighting will need to be installed and some electrical work at an estimated total cost of \$5,000.

MTA has been paying for around-the-clock security to protect the site from vandalism and damage. The site was repeatedly vandalized, both interior and exterior, while under MTA's control and they have repaired the damage and maintained security presence. It is recommended that the City continue this practice to protect the property for the foreseeable future. The current FY projected cost for such security services is \$111,811.68.

### **FISCAL IMPACT**

Revenue in the amount of \$1,645,258.74 is anticipated from this agreement to be paid from MTA to the appropriate Special Parking Revenue Fund account per the original agreement less any costs GSD Construction Forces Division incurs preparing the site for occupancy by a City department and the cost to pay for around-the-clock security. There is no impact to the General Fund at this time.

**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 successor lease agreement with the Los Angeles County Metropolitan Transportation Authority for use of property located at 426-462 E. Temple Street Los Angeles, CA 91604 under the terms and conditions substantially as outlined in this report.
- Authorize payment/funds transfer in the amount of \$5,000.00 from the Special Parking Revenue Fund to the appropriate GSD Construction Forces Division Accounts to cover costs for the emergency lighting in the building.
- Authorize \$111,811.68 funds transfer from the Special Parking Revenue Fund to GSD's Real Estate Services 3040 Account to pay for security services on site for FY 2024-25 costs.



Tony M. Royster  
General Manager

Attachment: Term Sheet

## LEASING TERM SHEET

MFC DATE

January 30, 2025

LANDLORD

City of Los Angeles - GSD

ADDRESS

111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012

TENANT

MTA - LA County Metropolitan Transportation Authority

ADDRESS

One Gateway Plaza LA, CA 90012

LOCATION

426-432 E. Temple Street LA, CA 90012

AGREEMENT TYPE

Lease Agreement

SQUARE FEET

17,518 SF

TERM

5/26/22-09/30/24

RENT START DATE

6/1/22

LEASE START DATE

Upon City Clerk Attestation

OPTION TERM

None

HOLDOVER

None

SUBLET/  
ASSIGNMENT

None

TERMINATION

None

RENTAL RATE

\$1,645,358.74 for the period from 06/19/22-09/30/24 - \$3.42 PSF

ESCALATION

None

RENTAL ABATEMENT

Partial abatement for reduced parking from February. 1, 2024 - September 30, 2024.

ADDITIONAL RENT

None

PROPERTY TAX	N/A
OPEX	None
CAM	None
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	None
TENANT IMPROVEMENTS	None
PARKING	MTA may park on site, as needed.
UTILITIES	Tenant
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	None
INSURANCE (City)	Each party to indemnify each other.
OTHER:	Landlord reserves the right to relocate the current reserved spaces with 30 days notice, if needed.
PRINT:	
SIGNATURE:	