

0150-10713-0001

T R A N S M I T T A L

TO Council	DATE 10-06-22	COUNCIL FILE NO. 16-0653
FROM Municipal Facilities Committee	COUNCIL DISTRICT 14	

At its meeting held on September 15, 2022, the Municipal Facilities Committee (MFC) approved the recommendation of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report would authorize GSD to negotiate and execute a new lease amendment with 350 Figueroa, LLC, for 12,252 square feet of office space located at 350 South Figueroa Street for use by the Office of Inspector General. The proposed lease term is three years. with two one-year options to renew.

There is no anticipated General Fund impact at this time. Any potential savings that may be incurred for this lease would be utilized as a first priority to offset potential shortfalls or unanticipated expenses within the overall Citywide Leasing portfolio, with quarterly updates on annual projections provided to the Municipal Facilities Committee, with subsequent Council approval required for any new authorities or repurposing of funds.



Matthew W. Szabo
Chair, Municipal Facilities Committee

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

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FAX No. (213) 928-9515

September 15, 2022

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
A NEW LEASE AMENDMENT WITH 350 FIGUEROA, LLC
FOR OFFICE SPACE AT 350 SOUTH FIGUEROA STREET, LOS ANGELES**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease amendment with 350 Figueroa, LLC ("landlord") for approximately 12,252 rentable square footage (sf) of space at 350 South Figueroa Street, Suite 1002, Los Angeles CA 90071 for use by the Office of Inspector General ("OIG").

BACKGROUND

In February 17, 2017, the City entered into a 5-year lease agreement (C-128379) for the OIG which terminated February 16, 2022. This lease is currently on holdover. OIG requested to renew the lease since they continue to investigate matters that require the privacy that this space provides.

The OIG is an independent entity established through a voter-approved amendment to the City Charter in 1995. The OIG inspects, on behalf of the Police Commission, the LAPD's handling of complaints of employee misconduct, and performs other duties as assigned by the Commission.

To maintain this independence, the OIG advises it needs this current space because of its close proximity to the Police Administrative Building, while still in a separate location.



TERMS AND CONDITIONS

The new agreement will be for three years with two, one-year options to renew subject to termination, starting February 27, 2022 through February 26, 2025.

The new proposed lease agreement will maintain the current premises and square footage with a rent adjustment from \$2.57 per square foot (psf) to \$2.80 psf, which is still below market range for this area. Furthermore, there will be no annual increases. All other terms and conditions are included in the attached term sheet.

MARKET ANALYSIS

Lease comparables for this location are included in the table below.

Note: Comparative rates are within one mile of the location evaluated from 2021 to present.

350 S Figueroa Street	Monthly Rent (per square foot)
444 S Flower Street, 31 st floor	\$2.50
445 S Figueroa Street, 32 nd floor	\$3.15
350 S Grand Ave, 21 st floor	\$3.88
515 S Figueroa Street, 10 th floor	\$2.00
Total Average	\$2.88
Proposed Rent*	\$2.80

*Proposed Rent is 3% less than the average market range of comparables listed above.

FISCAL IMPACT

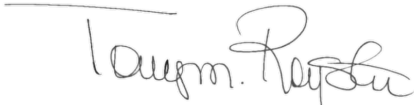
The current lease is funded for \$562,787.20 in FY 2022-23. Estimated new costs total \$493,761.60 resulting in a funding surplus of \$69,025.60 due to rent abatement in this FY and the elimination of Common Area Maintenance (CAM) costs.

Overall rent increases are due to inflation. Base rent is \$34,305.60, plus parking of approximately \$9,700 monthly, and there are no CAM costs.

	Monthly Proposed Costs	2022-23 Estimated Expense	2022-23 Available Funding	2022-23 Estimated Balance
Rent	\$34,305.60	\$411,667.20		
Parking	\$9,700.00	\$116,400.00		
Rent Abatement		-\$34,305.60		
TOTAL	\$44,005.60	\$493,761.60	\$562,787.20	\$69,025.60

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a lease amendment with 350 Figueroa, LLC for the continued use of office space located at 350 South Figueroa Street, Los Angeles, California 90071 for the Office of Inspector General's use under the terms and conditions substantially outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive, flowing style.

Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER

SECURITY DEPOSIT

MAINTENANCE/
REPAIR

MAINTENANCE/
REPAIR DETAILS

TENANT
IMPROVEMENTS

PARKING

UTILITIES

CUSTODIAL

SECURITY

PROP 13
PROTECTION

INSURANCE

OTHER: