

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 21, 2026

CAO File No. 0220-06395-0000

Council File No. 25-0357

To: The City Council

From:  Matthew W. Szabo, City Administrative Officer

Subject: **CITY OFFICE SPACE ISSUES AND RELATED ITEMS**

RECOMMENDATION

That the City Council note and file this report inasmuch as it is provided for informational purposes only and no Council action is required.

SUMMARY

On May 20, 2025, the City Council approved a motion (C.F. 25-0357) instructing the Department of General Services (GSD) with the assistance of the Office of the City Administrative Officer (CAO) to report on the City's current office lease portfolio; the Information Technology Agency (ITA) to report on the cost of at-home work equipment for City Departments; and the Office of the Chief Legislative Analyst (CLA) to report on current telecommuting and return to work policies across other jurisdictions. GSD, ITA, and the CLA have submitted their responses to the motion. This report responds to the instruction to this Office to report on City telecommuting policies, lease consolidation, and revised office space standards to ensure the cost-effective use of City space and funds.

DISCUSSION

Telecommuting Policies

A Citywide telecommuting policy is pending before the Executive Employee Relations Committee. Currently, department General Managers establish their own telecommuting policy, subject to Mayoral approval. These policies align with the type of work departments do, and the demands placed on departments. The telecommuting policies for departments that conduct their work in an in-office setting have policies that range from one-day in Office to five-days in-Office based on the work requirements.

Space Optimization Program

The CAO and GSD actively review the Citywide Leasing Account to identify opportunities to downsize or eliminate private leases, which are projected to cost \$35 million in Fiscal Year 2025-26. This is done through the Space Optimization Program, which prioritizes capital investments in City-owned facilities to reduce the City's reliance on private leases. Oversight for the Space Optimization Program is provided by the Municipal Facilities Committee (MFC) which makes recommendations

to the City Council on project priorities, scope of work, and funding alignments. The MFC has recently approved the evaluation of two space optimization projects for development into functional workspaces. If successful, both sites will result in savings from eliminating private leases.

The projects include:

- Mangrove Building - The Mangrove Building project, approved by the City Council on May 19, 2026 (C.F. 26-0305) will co-locate several departments including Aging, Economic and Workforce Development, Youth Development, and Community Investment for Families into the now consolidated Community Investment Department. This project is anticipated to generate up to \$2.0 million in annual General Fund savings by relocating employees who were displaced as part of the Garland Relocation Project.
- Los Angeles Mall – This project aims to convert vacant retail suites into office space for departments that currently utilize leased space or are assigned temporary City office space.

City Office Space Standards

On April 21, 2026, the City Council approved the updated City Office Space Standards (C.F. 26-0288) which had not been updated since 1995. The revised Space Standards reduce the size of workstations and offices for employees. The standards set non-management workstations to a six-by-six-foot configuration that yielded a 63 percent space savings and 33 percent and 29 percent reduction for management offices and executive offices, respectively. The space standards also incorporate hybrid work configurations and trends such as collaborative areas and desk-sharing/hoteling for employees who telecommute more than three days a week. These space savings translate to real capacity gains including additional employees accommodated within the same footprint and new collaboration and support areas such as pantries, copy rooms, and wellness spaces. These revised space standards will apply to all new department space requests, which will also incorporate the department's operational needs and telecommuting policy. Right-sizing current City office space based on the newly approved space standards would result in significant space and cost savings. Unfortunately, due to the lack of funding and a Citywide Telecommuting Policy, departmental space cannot be right-sized at this time.

FISCAL IMPACT STATEMENT

The recommendation in this report does not have an impact on the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendation in this report complies with the City's Financial Policies.