

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to proposed lease agreement with 2922 South Crenshaw Blvd (LA) OZ Owner, LLC, for office space at 2922 South Crenshaw Boulevard, Los Angeles, CA 90016 that will be utilized as a field office for Council District Ten (CD 10).

Recommendation for Council action:

AUTHORIZE the Department of General Services to negotiate and execute a lease agreement with 2922 South Crenshaw Blvd (LA) OZ Owner, LLC, a Delaware limited liability company for a CD 10 field office located at 2922 South Crenshaw Boulevard, Suite 350 Los Angeles, CA 90016 under the terms and conditions substantially outlined in the July 22, 2026 Municipal Facilities Committee (MFC) report, attached to the Council File.

Fiscal Impact Statement: The MFC reports that the proposed lease costs for this location total \$490,585 for Fiscal Year (FY) 2026-27 projecting ten months of occupancy/rent. Base rent, utilities, janitorial and parking costs are estimated to cost \$210,585 including \$84,551 of rent and parking abatement credit. The one-time furniture, moving, and IT related costs are estimated at \$280,000. With \$303,000 budgeted for this lease for FY 2026-27, \$187,585 is the estimated unfunded portion. GSD will coordinate with the City Administrative Officer through the Quarterly Status Report process to identify any savings within the account which could potentially offset these additional costs. At this time there is no negative impact to the General Fund. Funding for future FYs years will be requested in the annual budget process.

Community Impact Statement: None submitted.

Summary:

On August 4, 2026, your Committee considered a July 22, 2026 MFC report relative to proposed lease agreement with 2922 South Crenshaw Blvd (LA) OZ Owner, LLC, for office space at 2922 Crenshaw Boulevard, Los Angeles, CA 90016 that will be utilized as a field office for CD 10. According to the MFC, the proposed lease provides approximately 5,616 rentable square feet (sf) of office space for 33 months, commencing upon City Clerk attestation and a mutually agreed-upon date following the Landlord's completion of required improvements and the City's acceptance of the Premises. The base rent is \$4.60 per square feet per month, or approximately \$25,833.60 with no annual rent escalations during the initial term. The lease includes a three-month abatement period to be applied during months two through four of the lease term for rent and associated parking costs. As this is a modified gross lease, the City shall be responsible for janitorial services and utilities, while the Landlord will provide building services with operating expenses passed through to the City on a Common Area Maintenance (CAM) basis. Operating expenses are currently estimated at approximately \$1.51 per square foot, subject to verification.

The City will have the option to lease up to 15 parking spaces, consisting of 13 unreserved spaces at a monthly rate of \$150 per space and two reserved spaces at a monthly rate of \$200 per space, as needed for operational purposes. No security deposit will be required. The proposed lease includes a holdover provision allowing the City to remain on a month-to-month basis at the current rental rate for the first three months, after which the rate shall increase to 150% of the then-current rent. Subleasing or assignment will be permitted with Landlord approval, consistent with standard lease terms. Additionally, the lease provides the City with four, one-year options to extend the term for a total of four additional years. During the option terms, the rental rate shall not exceed three percent (3%) above the then-current rent, and the City's share of controllable operating expenses shall be capped at ten percent (10%) on an annual basis, providing cost predictability over the extended term.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the proposed lease agreement. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA: YES
LEE: YES
JURADO: YES

ARL
8/4/26
CD 10

-NOT OFFICIAL UNTIL COUNCIL ACTS-