

CITY OF LOS ANGELES

CALIFORNIA

Agenda Item No. 4

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
GENERAL SERVICES
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August 27, 2020

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

Attention: Armando Bencomo, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A
NEW LEASE WITH MAMA MOTI LLC & YHK 18 LLC
FOR A COUNCIL DISTRICT EIGHT (CD-8) FIELD OFFICE**

At the request of Council District Eight (CD8), the Department of General Services (GSD) requests authority to negotiate and execute a new lease for a Council field office with Mama Moti LLC and YHK 18 LLC located at 5462 Crenshaw Blvd, Los Angeles, CA 90008.

BACKGROUND

CD8 is requesting a permanent location for a field office on Crenshaw Boulevard to reopen a lost field office at 3847 S. Crenshaw Blvd due to the 2012 redistricting. A lease for a replacement office at 5401 Crenshaw was executed (under CF18-0957) on November 21, 2018 with an 18-month term and the City took possession in December 2018. However, due to a legal dispute between the State of California and the property owner over a lease/sale issue, the City was not able to move in and ceased paying rent after two months. After a legal resolution was not reached, the City lease was terminated in May 2020.

This new replacement location at 5462 Crenshaw Blvd is a former retail site with street frontage. The space is considerably smaller at 5,400 square feet (s.f.) than the previous 8,035 at 5401 Crenshaw. The site will accommodate between eight to twelve staff members.



TERMS AND CONDITIONS

The lease term is for five years with two five-year extension options. The lease runs co-terminus with the Council Member's term and can be terminated by the City with a 60-day written notice based on Council election results or change in district boundaries. The landlord will provide all HVAC maintenance and the right to use up to six (12 tandem) parking spaces at no extra cost in the building's parking structure. The landlord will provide the estimated \$1400 per month in custodial services with the City contributing \$400 per month towards the overall cost.

The City will pay for all utilities and its proportionate share of property taxes above the 2020 base year. A complete set of terms and conditions are outlined on the attached term sheet.

TENANT IMPROVEMENTS

CD-8's Tenant Improvement (TI's) requests consist of demolishing a portion of the space to add a newly constructed mezzanine, a new private office/bathroom for the Councilmember, a new conference room, a new HVAC system, upgrades to the current bathroom and kitchen and removal of a portion of the storefront walls and skylights to allow for natural light. The estimated cost for the renovation, including a 15% contingency, is \$195,270 and will be the sole cost and responsibility of the Landlord.

CD8 advises the TI's are tailored to maximize safety in the midst of the COVID-19 pandemic. Improvements such as opening windows, an outdoor work area and added floor area space are measures that facilitate the outdoor air circulation and physical distancing to decrease the risk of transmission. CD8 states it intends to allow community-based organizations to utilize the space to safely meet and strategize grassroots level COVID-19 relief efforts.

The landlord is providing a Tenant Improvement Allowance (TIA) of up to approximately \$60.00 per s.f. or (\$324,000) and has provided the attached estimated breakdown of \$195,270. The Council Office is aware these are estimates and some items may be deleted if they exceed cost. The landlord is installing a \$3000 electronic keypad and alarm system for the doors.

Tenant Improvement Items	Cost	Tenant Improvement Items	Cost
New HVAC System	\$35,000	New Conference room	\$10,000
Windows/Ceiling Fans	\$15,600	Upgrade LED lights	\$ 3,000
Install Skylights	\$12,000	Mezzanine/meeting space	\$20,000
Private Office	\$10,000	Upgrade kitchen/bathroom	\$32,000
Remove storefront & Bar	\$ 8,500	Landscape/awning	\$ 5,200
Added Security measures	\$ 3,000	Paint/floor/shelving	\$15,500
Sub-total =	\$84,100	15% Contingency (\$25,470) +	\$169,800
		Grand Total =	\$195,270

The City's estimated costs to prepare the space total \$244,000 including ITA phone/data/communications/cabling (\$89,500), moving costs (\$16,500), and a furniture allowance up to \$110,000 for workstations, conference room, open space work areas and lobby. Installation of security measures through ITA (\$28,000) include the alarm, panic button, and camera system.

MARKET ANALYSIS

Based on recent market analysis, the price per s.f. for similar locations and type of retail/office space range from \$2.75 - \$4.15. This lease has a price per s.f. of \$3.25 and is within the acceptable range of comparable properties.

Location	Property Type	Rental PSF	Rentable Sq. Ft
5462 Crenshaw Blvd	Retail/Office/Flex	\$3.25	5,400
6909 6915 LaTijera Blvd	Retail/Freestanding	\$3.75	1,800
3819 W. Slauson Ave	Retail space	\$2.75	7,079
3627-3629 Jefferson Blvd	Office	\$4.15	5,811
3015 S. Crenshaw Blvd	Office/Medical	\$3.00	5,000
1952 W. 48 th Street	Office	\$2.85	2,100

FISCAL IMPACT

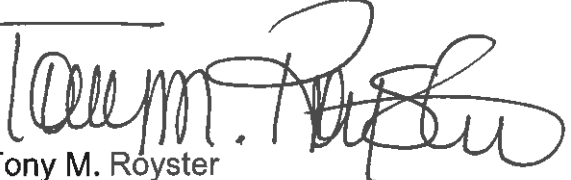
The Leasing Account was funded \$541,100 in the current year in anticipation of this CD8 lease. Estimated costs currently total \$405,150 as detailed in the table below. The remaining \$136,000 will be held to finance utility costs which cannot be estimated at this time. GSD will report back on any remaining funding after all costs are known.

FY 20-21 Funding – CD-8 5462 Crenshaw Blvd						
	Monthly Costs	8 Months Nov-Jun	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Funding Balance
Rent	\$17,550	\$140,400		\$140,400		
Janitorial	\$400	\$3,200		\$3,200		
Utility*	TBD	TBD		TBD		
Security Deposit			\$17,550	\$17,550		
Furniture			\$110,000	\$110,000		
CSR			\$89,500	\$89,500		
Moving			\$16,500	\$16,500		
Security			\$28,000	\$28,000		
TOTAL	\$17,950	\$143,600	\$261,550	\$405,150	\$541,100	\$135,950

GSD will request on-going annual funding in the department's budget request.

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 Mama Moti LLC and YHK 18 LLC at 5462 Crenshaw Blvd, Los Angeles, CA 90008 for a CD-8 Field Office under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheet

LEASING TERM SHEET

MFC DATE 08/27/2020

LANDLORD Mama Moti LLC and YHK 18 LLC

ADDRESS 8383 Wilshire Blvd - Suite 630 - Beverly Hills, CA 90211

TENANT City of Los Angeles: CD-8 Field Office

ADDRESS 111 E 1st Street, Room 201, Los Angeles, CA 90012

LOCATION 5462 Crenshaw Boulevard, Los Angeles, CA 90008

AGREEMENT TYPE Payable Gross Modified Lease

USE Office space

SQUARE FEET 5400 sf.ft not including Mezzanine level. There will be no added charge this s.f

TERM 5 years

RENT START DATE TBD

LEASE START DATE Upon attestation by City Clerk.

OPTION TERM Two-five-year options

HOLDOVER Month-to-Month - 125% Holdover rate.

SUBLET/
ASSIGNMENT Right to Sublease/Assign - Landlord approval

TERMINATION 60 day written notice for new Council Member or change in boundaries

RENTAL RATE Office \$3.25 PSF/Month = \$17,550

ESCALATION 3%

RENTAL ABATEMENT None

ADDITIONAL RENT Utilities and portion of the Janitorial service invoice (\$400)

PROPERTY TAX The City shall pay its proportionate share of any increase from the base year.

OPEX The City shall pay its proportionate share of any increase from the base year.

CAM N/A

OTHER	N/A
SECURITY DEPOSIT	\$17,550.00
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord responsible for Building Structure, and general HVAC and Janitorial Services. The City will pay \$400.00 of the approximate \$1,400.00 monthly Janitorial Invoice.
TENANT IMPROVEMENTS	CD-8's Tenant improvement- demolishing a portion of the space, add a newly constructed Mezzanine, construction of a new private office with bathroom, add new HVAC system, upgrade current bathroom and kitchen, add a conference room and remove a portion of the storefront walls This will be at the sole and responsibility of the Landlord. Approximately \$195K
PARKING	6 spaces for staff but if tandem parking 12 at no cost.
UTILITIES	City cost
CUSTODIAL	Partial City cost (\$400.00)
SECURITY	City to provide as needed
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection. <input type="checkbox"/>
INSURANCE (City)	City shall indemnify and hold harmless Landlord
INSURANCE (Landlord)	Landlord will maintain insurance required by City's Risk Management
OTHER:	Termination Clause: The lease runs co-terminus with the Council Members term and can be terminated by the City with a 60-day written notice based on Council election results or change in district boundaries.