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September 24, 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 LEASE AMENDMENT WITH THE MURAL CONSERVANCY OF
LOS ANGELES FOR MUSEUM SPACE**

The Department of General Services (GSD) requests authority to amend a lease agreement between the City and the Mural Conservancy of Los Angeles (MCLA), a non-profit organization for the use of museum space located at 260 S. Main Street (CD 14), subject to Council approval.

BACKGROUND

On January 31, 2018, the Council (CF 17-1097) approved a new lease to be negotiated and executed with MCLA. The term of the lease is 10 years with two 10-year options to extend. MCLA will utilize approximately 2,700 SF of retail space at the Motor Transport Division for classroom, workshop, and museum space involving murals and fine arts. The lease has not been executed yet.

Due to public health restrictions implemented to slow the spread of COVID-19, MCLA will no longer be able to fulfill performance and loan obligations that were previously approved by the City Council. GSD will modify the lease to temporarily amend these terms in order for MCLA to begin operating in the space as detailed below.

TERMS AND CONDITIONS

The amendment will revise Section 4.2, Loan Repayment, of the Lease. The City and MCLA will continue to share the cost of tenant improvements through a 50 percent split. Originally, \$341,000 of Capital Improvement Expenditure Program (CIEP) funds were

estimated for the project completion. Construction ended in May 2020 totaling \$248,042.24. Therefore, MCLA will repay \$124,021.12 over the initial 10-year term. Loan repayment for the first three months will be \$500 per month. The remainder of the loan will be repaid in even amounts throughout the remainder of the term.

Section 5.1, Use of Premises, requires MCLA to host two annual community events, a public event on a quarterly basis, and a monthly event such as an art walk. Additionally, office hours must be three days per week and the space must reflect a visual component that can be viewed from the street. The amendment will modify the two annual events and public event quarterly to be virtual. Monthly art walks will be temporarily suspended until COVID-19 restrictions are lifted. All other terms will remain in effect.


Section 5.4, Hours of Operation, will be amended to temporarily reduce operating hours from eight hours per day on Monday through Friday and at least eight hours on weekends to six hours per day Tuesday through Saturday.

FISCAL IMPACT

The City will use CIEP funds to finance \$124,021.12, equivalent to 50 percent of the tenant improvements under this lease. The tenant will reimburse the City its 50 percent share through monthly payments of \$500 for the first three months, then equal monthly payments throughout the ten-year term totaling \$122,521.12.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute this lease amendment with the Mural Conservancy of Los Angeles to operate a non-profit organization at 260 South Main Street under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: 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	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Tenant
MAINTENANCE/ REPAIR DETAILS	Full responsibility of the Tenant
TENANT IMPROVEMENTS	City constructed 2 ADA compliant restrooms, Title 24 compliant lighting, Title 24 compliant HVAC system, Partition wall, Rear wall to display artwork
PARKING	None
UTILITIES	Tenant responsibility
CUSTODIAL	Tenant responsibility
SECURITY	Tenant responsibility, if elected
PROP 13 PROTECTION	City is Exempt
INSURANCE (City)	Tenant shall indemnify and hold harmless the City
INSURANCE (Landlord)	City shall indemnify and hold harmless Landlord
OTHER:	