


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0830 - 00023 - 6894

Date: September 24, 2020

To: The Municipal Facilities Committee

From: CAO Staff 

Subject: **QUARTERLY STATUS UPDATE – CITYWIDE LEASING ACCOUNT**

RECOMMENDATION

Note and File this report.

SUMMARY

This report provides a reconciled budget for the 2019-20 Citywide Leasing account, tentative projections for 2020-21, along with proposed strategies to address unbudgeted expenses and thereby avoid any potential year-end impact on the General Fund.

The 2019-20 Citywide Leasing account closed with a net surplus of \$366,236, which was carried over into the current-year account as interim funding (Attachment B). This net surplus was reduced by a \$800,000 transfer through the Year-End Financial Status Report, that utilized savings from the 2019-20 Citywide Leasing account to offset shortfalls in other areas of the Department of General Services operational budget (C.F. 19-0600-S180).

The 2020-21 Citywide Leasing account is currently projected to close with a net zero total (Attachment C), with \$1.3 million held in reserve to address pending cost escalation for three Fire facility leases with the Port of Los Angeles, and a 3.4 percent contingency (\$673,284) reserved to address potential overages or unanticipated leasing needs for critical City functions. At this time, there is an estimated shortfall of \$2.2 million for unfunded tenant improvements, communications and moving costs associated with three leases required for Department of Transportation yards and shops functions. The proposed offset for these costs will be recommended as an interim transfer utilizing existing capital authorities that would be subject to Council and Mayor approval as part of the next Construction Projects Report.

This report replaces a prior quarterly update prepared by the Department of General Services. The new format is intended to provide additional context beyond expense fluctuations within the Citywide Leasing account, to include interim funding transferred through the Construction Projects Report and other relevant considerations reported through the Financial Status Reports. This report incorporates expense fluctuations and other significant issues identified by GSD in a cost analysis prepared by the Department in June 2020, along with current updates. However, due to delays in obtaining updated occupancy plans, cost estimates and other input factors, GSD asked to exclude the Department's cost analysis since the information had become outdated. Going forward, the GSD cost analysis will be included as a standard report attachment for subsequent Quarterly Status Update Reports for the Citywide Leasing account.

FISCAL IMPACT

At this time, there is no additional impact on the General Fund beyond the funding budgeted in the Citywide Leasing account as part of the Department of General Services operational budget. To the extent feasible, the program will pursue cost recovery, or other contributions available from savings to avoid potential overspending within the leasing account.

At this time, estimates for unbudgeted leasing expenses associated with three new leases for the Department of Transportation's yards and shops operations have not yet been finalized. However, a contingency factor has been included as part of the funding plan to offset the DOT leasing shortfall utilizing a funding exchange within existing capital authorities, which will be subject to Council and Mayor approval as part of the next Construction Projects Report. Should final estimates exceed available funding, program staff will work with involved Departments to prioritize unfunded expenses up to the level of funding authorized and provide recommendations, accordingly through future quarterly status updates.

Discussion

I. 2019-20 Closeout and Carryover Balance (Attachment B)

The Department of General Services (GSD) received initial funding of \$15.4 million through the 2019-20 City Budget. In addition to this funding, GSD received an additional \$617,038 in interim funding transferred through the Construction Projects Report to provide offsets and reimbursements for: 1) Parking rate increases at the Garland Building (Item B2); 2) Cost recovery for leasing costs reimbursable by the Department of Building and Safety (Item B8); and, 3) Operational savings transferred from the Department of Finance Fund 100 account to fund a lease for Call Center operations (Item B13).

As reflected in the chart below, the 2019-20 Citywide Leasing account closed out the year with a \$366,236 net total, which has been carried over into the current year leasing account.

2019-20 Budget	Interim Funding	Surpluses	Shortfalls & Offsets ¹	Net Total
\$ 15,387,874	\$ 617,038	\$ 1,351,451	\$ (1,602,253)	\$ 366,236

A. Leasing Surplus

The 2019-20 Citywide Leasing account incurred an aggregate surplus of \$1.3 million, as summarized below and detailed in Attachment B:

1. Reconciled savings from CAM and tax credits (\$70,330; Item B2);
2. Deferred payment of retroactive rent pending negotiation of Master Agreement for three Port of Los Angeles (POLA) leases for Fire Stations (\$180,122; Item B3);
3. Reduced parking costs (\$83,376; Items B4 and B7);
4. Lease termination and cancellations (\$798,950; Items B6, B9, and B12);
5. Savings incurred pending lease execution (\$98,150; Item B11); and,
6. Miscellaneous saving for courthouse leases under negotiation and for annual “true-up” on variable leasing costs such as common area maintenance, parking and other incidental expenses (\$120,523; Items B14 and B15).

B. Shortfalls and Offsets

The interim funding and leasing account surpluses were used to offset a combined \$1.6 million in unbudgeted leasing expenses (\$802,253), and to offset shortfalls within other areas of GSD’s operational budget (\$800,000), as authorized through the 2019-20 Year-End Financial Status Report (C.F. 19-0600-S180). Shortfalls for expenses within the 2019-20 leasing account include:

¹ Inclusive of an \$800,000 year-end transfer of funds to offset shortfalls within the GSD operations budget.

1. Retroactive payments for 1201 Mateo facility (\$434,280; Item B1);
2. Rental rate adjustments for 1016 Mission Road (\$296,560; Item B5); and,
3. Unfunded tenant improvements incorporated into a subsequent lease amendment for 1050 Montecito Drive (\$71,413; Item B10).

II. 2020-21 Citywide Leasing Account Projections (Attachment C)

The Department of General Services (GSD) received initial funding of \$19.5 million through the 2020-21 City Budget. An additional \$3.6 million in interim funding is anticipated, which includes the 2019-20 Citywide Leasing account carryover balance (\$366,236; Item C1) and a tentative transfer of \$2.2 million to be recommended through the next Construction Projects Report to address unfunded costs associated with three Department of Transportation leases (Item C2).

Based on current known factors, there is a year-end, net zero balance projected for the 2020-21 Citywide leasing account, as summarized in the chart below:

2020-21 Budget	Interim Funding*	Potential Surpluses	Potential Shortfalls & Reserves	Net Total
\$ 19,516,436	\$ 3,580,591	\$ 2,813,344	\$ (6,393,935)	\$ 0
* Interim funding includes an anticipated transfer of \$2.2 million to be recommended for approval through the Second CPR, which will be subject to Council and Mayor approval.				

A. Leasing Surplus

An aggregate surplus of \$2.8 million is projected within the 2020-21 Citywide Leasing account, with a \$1.6 million rental credit for the Garland building contributing approximately sixty percent, as summarized below and detailed in Attachment C:

1. Savings projected pending lease execution (\$1,029,394; Items C3 and C5);
2. Garland tenant improvements for General Funded operations converted into rental credit as per lease terms (\$1.6 million; Item C6);
3. Savings from closure of parking facility (\$48,000; Item C8); and,
4. Surplus incurred for new Crenshaw Field Office based on final projected expenses totaling less than the funding budgeted for this purpose (\$135,950; Item C10).

B. Potential Shortfalls and Reserves

1. Net shortfall for unfunded cost associated with three leases for the Department of Transportation (DOT) yards and shops functions; also refer to Section II.C. for funding plan below (\$2.2 million; Items C2 - C5);
2. Funding reserve (utilizing Garland rental credit) for projected retroactive rental payments associated with three POLA leases for Fire Station facilities (\$1.3 million; Item C7);
3. Unfunded costs for increases in rent, parking, utility and custodial costs associated with new lease terms executed for 1575 Westwood Boulevard (\$46,902; Item C9);
4. Preliminary estimate for tenant improvement, communication and moving costs for the 5990 Sepulveda Boulevard lease, to be updated in a subsequent Quarterly Status report (\$130,000; Item C11); and,
5. A contingency of \$673,284 is currently being held in reserve to offset overruns and unanticipated costs within the 2020-21 Citywide Leasing account (Item C13). This amount is equivalent to 3.4 percent of the adopted budget, and reflects the net account surplus remaining at this time based on available cost estimates and known factors.

Potential uses of these funds includes: 1) Additional offsets for DOT leases; 2) Overages for variable leasing costs; and, 3) New unfunded leases required to meet critical City operational needs. Adjustments and proposed uses for this contingency reserve will be addressed through future status update reports. Once all current-year leasing account liabilities have been addressed, any remaining contingency within the 2020-21 leasing account will be recommended to address other Departmental or Citywide shortfalls, as part of a future Financial Status Report.

C. Other Notable Issues

In addition to the issues presented in the preceding sections, other notable items impacting the 2020-21 Citywide Leasing account are summarized below:

- DOT Leases (1111 / 1201 Mateo Street; 888 Vermont Avenue) – Based on current estimates, there is a net shortfall of \$2.2 million for unfunded costs associated with three leases required to accommodate DOT yards and shops operations. GSD has strongly cautioned that these estimates are not yet finalized and additional offsets may be required to avoid overspending.

The current funding plan is to address these unfunded costs through an interim transfer as part of the next Construction Project Report, utilizing an exchange of existing capital authority between Capital Improvement Expenditure Program (CIEP) funds and Municipal Improvement Corporation of Los Angeles (MICLA), which would be subject to approval by Council and the Mayor. If the recommended funding plan is not approved, the combined funding of \$1.97 million in funding currently held in

reserve for the POLA leases along with the leasing account contingency (see below) could be considered to provide a partial funding offset.

In order to achieve full occupancy at the 1111 Mateo lease facility, additional costs would be associated with a preliminary "Phase 3" occupancy plan to relocate DOT Communication Center staff and alleviate space needs at the Valley Parking Enforcement facility, located at 12544 Saticoy Street. GSD is currently working to develop a detailed estimate for Phase 3, which would be reported through subsequent updates. An additional allowance will be included as part of the recommended funding plan for this item, which is based on a rough order of magnitude for Phase 3 occupancy costs to be adjusted once GSD completes its preliminary estimate.

The Municipal Facilities Committee provided prior direction to staff to pursue Special Fund cost recovery for the DOT leases. These efforts are currently on hold pending the receipt of an appraisal for the City-owned Commercial Street property, which is being vacated in order to expand an adjacent DOT bus yard. The final appraisal report is anticipated prior to the close of September 2020. An update on potential cost recovery and DOT's development plan for the Commercial Street property will be provided as part of the next Quarterly Status Update report. However, based on revenue impact and other competing needs there may not be sufficient capacity to recover costs within the current fiscal year.

- Garland Building (Item C6) – The current surplus of \$1.6 million in rental credits reflected for this leasing item may be impacted by subsequent annual reconciliation of CAM expenses, parking rate escalations, and other variable expenses.
- POLA Leases for Fire Facilities (Item C7) – The negotiation of a new Master Agreement between POLA and the City of Los Angeles is currently pending, which could result in retroactive rental adjustments. GSD is in the process of obtaining current appraisals for the properties. These leases have been on holdover since 2016. To mitigate a potential General Fund impact, a reserve of \$1.3 million (using Garland rental credits) is being retained to offset any retroactive rental payments and/or to offset rental increases going forward for these leases. Status updates on the negotiation of the new Master Agreement and projected cost escalations will be provided in subsequent reports.
- Finance Call Center Replacement Lease (Item C12) – Following owner cancellation of the prior lease negotiated for the Call Center operation in 2019-20, the Department is currently reassessing the need and potential timing of a potential replacement lease. A subsequent update will be provided in future reports.

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Attachments:

- Leasing Account Summary
- 2019-20 Detail of Leasing Account Adjustments
- 2020-21 Detail of Leasing Account Projections

Leasing Account Summary

Fiscal Year	Total Budget	Interim Funding	Surpluses	Shortfalls	Net Total	Comments
2019-20 (actuals)	\$ 15,387,874	\$ 617,038	\$ 1,351,451	\$ (1,602,253)	\$ 366,236	<p>Net Total as shown in the chart includes a Financial Status Report (FSR) transfer of \$800,000 in 2019-20 Citywide Leasing Account savings that was used to offset other GSD Fund 100 account shortfalls.</p> <p>(excludes \$1 million CPR transfer for Mateo leases; reflected as part of 2020-21 interim funding).</p>
2020-21 (estimates)	\$ 19,516,436	\$ 3,580,591	\$ 2,813,344	\$ (6,393,935)	\$ -	<p>Interim funding includes:</p> <ol style="list-style-type: none"> 1) 2019-20 carryover balance (\$366,236); 2) Prior CPR transfer for Mateo leases (\$1 million encumbered /carried over); and, 3) Future CPR transfer for remaining DOT lease shortfall (current Phase 1 & 2 estimate: \$2,214,355). <p>Other assumptions:</p> <ol style="list-style-type: none"> 1. The majority of the Garland rental credit held in reserve to offset anticipated rental increases and potential retroactive payments for three POLA leases. 2. Contingency factor of approximately 3.4% of the total leasing account currently reserved as the balancing point (for net zero total), to be used to address unanticipated needs or overages incurred in the current year.

2019-20 Detail of Leasing Account Adjustments

1st Q Report No.	Department Occupant(s)	Lease Property	Interim Funding	Surpluses	Shortfalls & Offsets	MFC Report Comment
B1	Transportation	1201 Mateo Street	\$ -	\$ -	\$ (434,280)	Deficit reflects payments for unbudgeted rental costs retroactive to January 2020 and security deposit, which were offset by other savings available within the 2019-20 citywide leasing account.
B2	Finance & Police (reflects General Funded operations)	Garland Building 1200 W. 7th Street	\$ 100,000	\$ 70,330	\$ -	Interim funding of \$100,000 was transferred to GSD's leasing account to offset the General Fund portion of increases in the parking rates impacting City Departments occupying space at this property, via 2019-20 Third FSR (C.F. 19-0600). A surplus was subsequently reported follow the reconciliation of CAM charges and property tax credits.
B3	Fire	Three POLA leases: Ferry Street (FS #40); Yacht Street (FS #49); Sampson Way (FS #112)	\$ -	\$ 180,122	\$ -	Savings attributable to unpaid retroactive rent increase (for FS 40, 49 and 112). New appraisals for the properties are pending by the close of September 2020. Updates on the progress of negotiating and executing a new Master Agreement to set the new leasing rates and any retroactive payments will be provided in subsequent Quarterly status reports.
B4	General Services	14401 Friar Street	\$ -	\$ 47,376	\$ -	Savings attributable to 3-month closure of the parking facility for City employees (from April - June 2020).
B5	Various	1016 N. Mission Road	\$ -	\$ -	\$ (296,560)	The existing lease expired in March of 2019. GSD reports that the replacement lease carried additional expenses of \$296,560: (\$148K for increased rent for 2019-20, \$119K for 3 months retroactive lease increase from April-June 2019, and \$30K for CAM).
B6	Police	570 Avenue 26	\$ -	\$ 17,425	\$ -	Lease terminated in August 2019 with no replacement lease needed as unit was absorbed into LAPD's Central Station. Reflects savings from 09/2019 to 06/2020.
B7	Various	220 Spring Street	\$ -	\$ 36,000	\$ -	Savings reflect reduced costs for parking validations.
B8	Council District Eight (CD 8)	1968 Adams Boulevard	\$ 25,137	\$ -	\$ -	Leasing offset provided from cost recovery of rental portion billable to the Department of Building and Safety Enterprise Fund via 2019-20 Fourth CPR (C.F. 19-0926-S3; Item DD).
B9	Council District Eight (CD 8)	(new CD 8 Field Office) 5401 Crenshaw Boulevard	\$ -	\$ 541,100	\$ -	Lease cancelled due to ongoing litigation with the State. GSD has consulted with City Attorney and advised that City is not responsible to reimburse the owner for tenant improvements completed at a cost of approximately \$290,000 due to the City's inability to occupy the space.
B10	Police	1050 Montecito Drive	\$ -	\$ -	\$ (71,413)	Deficit reflects unfunded tenant improvements initiated at the request of the LAPD in conjunction with ITA in a February 2020 report. MFC subsequently considered amended lease terms at its meeting held on February 27, 2020, and approved by Council (C.F. 17-1038).
B11	Transportation	5990 Sepulveda Boulevard	\$ -	\$ 98,150	\$ -	Savings incurred as rental savings pending lease execution that occurred in July 2020.
B12	City Attorney	TBD	\$ -	\$ 240,425	\$ -	Savings incurred for funding originally budgeted for City Attorney's, North Valley Operations. However, these operations were subsequently assigned to City owned space available as a cost mitigation measure and to utilize space available at the recently acquired MEND Building located at 13460 Van Nuys Boulevard (active Space Optimization project).
B13	Finance	145 S. Spring Street	\$ 491,901	\$ -	\$ -	This lease negotiated for the Finance Call Center was cancelled by the property owner. The full balance of interim funding provided for this purpose using savings available within the Finance Department operational budget is included as part of the 2020-21 leasing account carryover balance.
B14	5 Courthouse Leases	(multiple)	\$ -	\$ 61,202	\$ -	Savings from ongoing negotiations of five courthouse leases. GSD will report separately to MFC regarding these leases as the terms are finalized.
B15	Various Leases	(multiple)	\$ -	\$ 59,321	\$ -	Net savings reported by GSD for multiple leases due to normal fluctuations in utilities, HVAC, parking, and Common Area Maintenance (CAM) costs.
B16	2019-20 FSR Transfer to offset other GSD Fund 100 Operational Shortfalls		\$ -	\$ -	\$ (800,000)	Deficit reflects transfer of surplus funds from the 2019-20 Citywide Leasing account to offset shortfalls in other areas of the Department of General Services (GSD) budget, as authorized through the 2019-20 Year-End Financial Status Report (C.F. 19-0600-S180). These funds were transferred to GSD's Salaries Construction Projects, Overtime General, Hiring Hall Construction, Contractual Services, Petroleum Products, and Utilities Expense Private Company.
Subtotals:			\$ 617,038	\$ 1,351,451	\$ (1,602,253)	
Net Total:			\$		366,236	

2020-21 Detail of Leasing Account Projections

1st Q Report No.	Department Occupant(s)	Lease Property	Interim Funding (Carryover & Anticipated Transfers)	Surpluses	Shortfalls & Reserves	MFC Report Comment
C1	N/A	FY 2019-20 Carryover Funding from Lease Savings	\$ 366,236	\$ -	\$ -	Interim funding reflects FY 2019-20 carryover funding from lease net savings.
C2	Transportation	DOT Leasing Offset (pending future CPR transfers)	\$ 2,214,355	\$ -	\$ -	Interim funding in an amount sufficient to address the projected funding shortfall associated with the three DOT leases (Item Nos. C3, C4 and C5 below), will be transferred to the GSD leasing account through a forthcoming Construction Projects Report (CPR), through a funding exchange of existing CIEP and MICLA funding authorities, which is required due to the inability to utilize debt funds at privately owned facilities.
C3	Transportation	1111 Mateo Street	\$ -	\$ 691,558	\$ (1,810,833)	<p>Rental payments are fully funded in the leasing account. The projected surplus reflects: 1) Six months of anticipated savings for rental payments (based on anticipated effective date 120 days following lease execution) and a tenant improvement (TI) credit equivalent to \$172,888 (credit rescinded if City does not exceed \$500,000 expenditure for TIs.</p> <p><u>Phases 1 and 2:</u> There is currently a shortfall of \$1.81 million for the estimated costs of Phase 1&2 tenant improvements, communication services, moving costs, furniture and security deposit.</p> <p><u>Phase 3:</u> The remaining 4,000 square feet of space would tentatively be occupied by other DOT Communication Center staff to alleviate space needs at the Valley Parking Enforcement facility (located at 12544 Saticoy Street). GSD is currently working to determine the associated costs which are not currently reflected as part of the current cost projections. Interim funding capacity is being reserved as a placeholder to address Phase 3 occupancy costs that will be recommended through future Construction Projects Reports once GSD estimates are available (refer to Item No. C2 above).</p>
C4	Transportation	1201 Mateo Street	\$ 1,000,000	\$ -	\$ (1,465,048)	<p>The total unfunded tenant improvement cost estimate is \$1,465,048. A partial offset of \$1 million was transferred to GSD via CPRs (C.F. Nos. 19-0926-S3; 19-0926-S4; 20-1021) and encumbered and carried over into the current year leasing account for use towards the unfunded tenant improvements.</p> <p>At this time, the projected costs for tenant improvements, communication services, moving costs, and furniture is \$1.47 million, which does not include security costs.</p>
C5	Transportation	888 S. Vermont Avenue	\$ -	\$ 337,836	\$ (967,868)	<p>Rental payments are fully funded in the leasing account, with a monthly savings of \$112,612 incurred until the lease is executed. (the chart reflects two months of savings and an additional month of rent abatement following lease execution). As part of the lease terms, there is a \$1.9 million tenant improvement credit.</p> <p>GSD has advised that the estimate for tenant improvements has not yet been finalized. The current projected deficit reflects unfunded moving expenses and the security deposit. In the event that the final estimate exceeds the credit allowance, staff will review options to prioritize within the available funding or will provide recommendations in a future quarterly report to apply contingency funding available within the leasing account (refer to Item No. C13 below) or any other available offsets, as needed to avoid incurring a projected year-end deficit for the 2020-21 citywide leasing account.</p>
C6	Finance & Police	<u>Garland Building</u> 1200 W. 7th Street	\$ -	\$ 1,600,000	\$ -	<p>Garland rental credit of up to \$1.6 million for tenant improvement allowance converted to rent credits, effective September 2020 as per the terms of the lease. This amount is being held in reserve to address anticipated rental increases for POLA leases (see Item No. C7 below), which may be applied retroactively depending on the final terms negotiated.</p> <p>This surplus may still be impacted by subsequent annual reconciliation of CAM and other associated expenses.</p> <p>Subsequent updates on parking rate escalation will be provide in future Quarterly status reports.</p>

2020-21 Detail of Leasing Account Projections

1st Q Report No.	Department Occupant(s)	Lease Property	Interim Funding (Carryover & Anticipated Transfers)	Surplus	Shortfalls & Reserves	MFC Report Comment
C7	Fire	Three POLA leases: Ferry Street (FS #40); Yacht Street (FS #49); Sampson Way (FS #112)	\$ -	\$ -	\$ (1,300,000)	New leasing rates for these three leases are pending renegotiation as part of a Master Agreement between the Harbor Department (POLA) and the City of Los Angeles. New appraisals for the properties were completed by GSD in September 2020. A significant portion of the Garland rental credit as reported above is being retained to address anticipated rental increased for three POLA leases that have remained on holdover since 2016, which may also include retroactive rental adjustments (three percent rental escalations over five years is approximately \$1.3 million). An update on the anticipated timeline for negotiation and execution of the Master Agreement will be provided in subsequent Quarterly status reports.
C8	General Services	14401 Friar Street	\$ -	\$ 48,000	\$ -	Savings attributable to 3 month closure of the parking facility for City employees (\$16,000 per month from July through September 2020).
C9	Transportation	1575 Westwood Boulevard	\$ -	\$ -	\$ (46,902)	Deficit reflects additional costs associated with the new lease (retroactive rental increase \$8,226 from April to June 2020; new rental rate increase \$9,876; additional parking \$7,200; utility and custodial \$21,600). The new lease terms were approved by MFC on August 28, 2020, with Council action currently pending (C.F. 14-0718).
C10	Council District Eight (CD 8)	(New CD 8 Field Office) 5462 Crenshaw Boulevard (Formerly 5401 Crenshaw)	\$ -	\$ 135,950	\$ -	At its meeting held on August 27, 2020, the Municipal Facilities Committee approved execution of a new Field Office lease, subject to Council approval (C.F. 20-1122) which would replace a former Crenshaw Office that was vacated following redistricting. The new lease will utilize funding that was continued for another Crenshaw lease location that was cancelled in 2019-20. The landlord will provide a tenant improvement allowance of up to approximately \$60 PSF or up to \$324,000. There is an anticipated surplus as shown in the chart, after factoring for ongoing costs including rental and janitorial (\$143,600) and other associated costs (\$261,550). The MFC report for the new lease is now pending ITGS and Council for approval. The potential savings identified at this time would be used to offset other unanticipated costs including utility and will be updated in subsequent Quarterly status reports along with other potential monthly rental savings that may be incurred depending on timing of lease execution and completion of tenant improvements.
C11	Transportation	5990 Sepulveda Boulevard	\$ -	\$ -	\$ (130,000)	Deficit reflects the estimated tenant improvement costs of \$130,000 for furniture, communications, and moving, which will be updated in subsequent Quarterly status reports.
C12	Finance	(to be determined)	\$ -	\$ -	\$ -	Prior lease cancelled by the owner in 2019-20. The Department has asked for additional time to reassess this need and potential timing for a replacement lease, if needed. An update will be provided through a future quarterly report.
C13	2020-21 Leasing Account Contingency		\$ -	\$ -	\$ (673,284)	The current contingency amount reflects approximately 3.4 percent of budgeted leasing costs. Potential uses include offsets for: 1) Additional costs of tenant improvements and moving expenses associated with new leases, above current estimates as reflected above (see Item Nos. C3-C5); 2) Overages for ongoing variable costs such as assignable utility and maintenance (CAM) expenses and assignable share of property taxes; and/ or, 3) New unfunded leases required to meet critical City operational needs, subject to MFC and Council approval (Refer to Item No. C12 - Finance Call Center).
Subtotal:			\$ 3,580,591	\$ 2,813,344	\$ (6,393,935)	
Net Total:			\$		-	