

CITY OF LOS ANGELES

CALIFORNIA

Agenda Item No. 2A

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
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May 27, 2021

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 305, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinosa, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LICENSE AGREEMENT WITH JUDICIAL COUNCIL OF CALIFORNIA FOR SPACE AT THE VAN NUYS COURTHOUSE – 14400 WEST ERWIN STREET, VAN NUYS

The Department of General Services (GSD) requests authority to negotiate and execute a new license agreement with the Judicial Council of California (State) for approximately 1,477 square feet of space at the Van Nuys Courthouse located at 14400 West Erwin Street, Van Nuys, California 91401 for use by the Los Angeles Police Department (LAPD).

BACKGROUND

On August 1, 2014, the City of Los Angeles executed license agreement C-124360, (CF 11-1519) for the use of several courthouse office spaces including the one at the Van Nuys Courthouse which is used for court-related LAPD business. The lease is currently in a month-to-month holdover status.

In June 2017, the State requested to renew all courthouse licenses under new terms and conditions including paying custodial costs and accurate square footage. The County of Los Angeles provides custodial at the courthouses but the City previously did not pay separate custodial costs. The square footage measurements were resolved in February 2018. However, the custodial costs were never clearly defined in dollar amounts and initial proposals were higher than the proposed rents. In December 2019, the State agreed to limit custodial costs to approximately 25% of license costs with payments to be made directly to the Los Angeles County Superior Court under a separate Memorandum of Understanding (MOU). Authority to enter into this MOU will be requested in a separate report.



TERMS AND CONDITIONS

The new proposed license will reflect a corrected square footage area which increased from 953 to 1,477 sf and increased monthly rent from \$2,739.87 to \$3,766.35 due to newly negotiated rates. The additional custodial charge of 25% of total rent, or \$941.59 monthly, will result in a total rent amount of \$4,707.94 monthly effective retroactively starting July 1, 2020.

Any increase or decrease in square footage will result in an increase or reduction in rent with a 30-day notice to the landlord based on the current cost per square foot rate.

Complete terms and conditions are included in the attached Term Sheet. The City will enter into a separate MOU agreement with the Los Angeles County Superior Courts to pay custodial costs.

MARKET ANALYSIS

Lease comparables for this courthouse are included in the table below.

Note: Comparable rent is within one mile of the courthouse evaluated from 2019 to present.

Van Nuys 14400 West Erwin, Van Nuys	Monthly Rent (per square ft)
6742 Van Nuys Blvd	\$2.00
5529 Van Nuys Blvd	\$4.00
14931 Califa Street	\$2.75
Total Average	\$2.92
*Proposed State Rent	\$2.55

*Proposed State Rent is lower than average comparables

FISCAL IMPACT

The Leasing Account is funded \$33,782.64 in FY 2020-21. Estimated new costs total \$56,495.25 resulting in a funding shortfall of \$22,712.64.

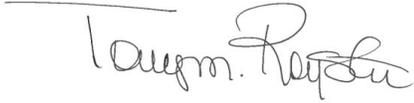
Rent Increases are due mainly to the new monthly fee for custodial service. The base rent is increasing from \$2,739.87 to \$3,766.35 monthly and the new monthly custodial fee is approximately \$941.59. Total rent is \$4,707.94 compared to previous total rent of \$2,739.87. These new costs are retroactive to July 1, 2020.

Please note that the first year of this new General Fund lease including custodial will cost \$941.59 monthly, or \$11,299.05 annually, with annual increases of 3%. There is an unfunded amount of \$22,712.61 for FY 2020-21 as detailed in the chart below.

FY 20-21 Funding- 14400 West Erwin – Van Nuys Courthouse					
	Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
Rent	\$3,766.35		\$45,196.20		
Custodial	\$941.59		\$11,299.05		
TOTAL	\$4,707.94	\$0	\$56,495.25	\$ 33,782.64	(\$22,712.61)

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a license agreement with the Judicial Council of California for the continued use of office space at the Van Nuys Courthouse located at 14400 West Erwin Street., Van Nuys, CA for LAPD use under the terms and conditions substantially outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a horizontal line above the first few letters.

Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE	05/27/2021
LANDLORD	Judicial Council of California-Facilities Services
ADDRESS	455 Golden Gate Avenue, San Francisco, CA 94102
TENANT	City of Los Angeles-General Services
ADDRESS	111 E 1st Street, Los Angeles CA 90012
LOCATION	Van Nuys -14400 West Erwin Street, Van Nuys 91401
AGREEMENT TYPE	Gross Modified
USE	Office Space- LAPD, 2nd and 4th floor
SQUARE FEET	1477
TERM	Month to Month
RENT START DATE	7/1/20
LEASE START DATE	7/1/20
OPTION TERM	N/A
HOLDOVER	Yes
SUBLET/ ASSIGNMENT	Right to Sublease - Landlord approval
TERMINATION	30 day notice by either party
RENTAL RATE	\$2.55 per square foot-\$3,766.35 monthly, \$45,196.20 annually plus custodial
ESCALATION	3% annual increases
RENTAL ABATEMENT	None
ADDITIONAL RENT	Yes
PROPERTY TAX	None
OPEX	None
CAM	None

OTHER	Late fee \$50 or 5% of license fee whichever is greater
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord fixes all common areas and general maintenance of site
TENANT IMPROVEMENTS	N/A
PARKING	As needed by tenant
UTILITIES	Tenant pays
CUSTODIAL	Custodial up to 25% of rent-approximately \$941.59 monthly, \$11,299.05 annually
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	Total rent plus custodial is approximately \$4,707.94 monthly or \$56,495.25 yearly Monthly Rent (\$3,766.35) + Custodial(\$941.59 approximately) = \$4,707.94 monthly or \$56,495.25 approximately Space used(LAPD) 2nd and 4th floor-1477 sq feet Overall Total - 1477 sq feet