

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Agenda Item No. 2B

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

June 24, 2021

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

Attention: Armando Bencomo, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LICENSE AGREEMENT WITH JUDICIAL COUNCIL OF CALIFORNIA FOR SYLMAR COURTHOUSE SPACE AT 16350 FILBERT STREET, SYLMAR

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 171 square feet (sf) of space at the Sylmar Courthouse located at 16350 Filbert St, Los Angeles, California 91342 for use by the Los Angeles Police Department (LAPD).

BACKGROUND

On August 1, 2010, the City of Los Angeles executed license agreement C-120611, (CF 11-1519) for the use of several courthouse office spaces including the one at the Sylmar Courthouse which is used for court-related LAPD business. The license is currently in a month-to-month holdover status.

In June 2017, the State requested the renewal of 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 decrease square footage from 189 to 171 and the new base rent will be \$342 as the price per square foot charges were brought to market rate. The additional custodial charge of approximately 25% of total rent or \$85.50 monthly, will result in a total rent amount of \$427.50 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 location are included in the table below.

Note: Comparative rates are within one mile of the courthouse evaluated from 2019 to present.

Sylmar Courthouse 16350 Filbert Street, Sylmar	Monthly Rent (per square foot)
13095 San Fernando Road (1 st floor- 1 year lease)	\$1.50
17408 Chatsworth Street	\$2.00
12861 Encinitas Ave	\$2.38
12610 Glenoak Blvd	\$2.33
Total Average	\$2.33
Proposed State Rent*	\$2.00

*Proposed State Rent is below market range of comparables

FISCAL IMPACT

The Leasing Account is funded \$3,819.27 in FY 2020-21. Estimated new costs total \$5,130 resulting in a funding shortfall of \$1,310.73.

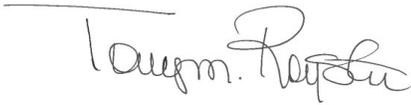
Overall rent increases are due to the new monthly fee for custodial service and also due to bringing the rental cost per square foot for the occupied space within market rate range. The base rent is \$342 monthly and the new monthly custodial fee is approximately \$85.50. These new costs are retroactive to July 2020. It should be noted that the budgeted amount for this license for fiscal year 2020-21 was \$3,819.27 in anticipation of new negotiated rates.

Please note the first year of this new General Fund license including custodial, will cost \$427.50 monthly, or \$5,130 annually, with annual increases of 3%. There is an unfunded amount of \$1,310.73 for FY 2020-21 as detailed in the chart below.

FY 20-21 Funding- 16350 Filbert Street Courthouse					
	Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
Rent	\$342.00		\$4,104.00		
Custodial	\$85.50		\$1,026.00		
TOTAL	\$427.50	\$0	\$5,130.00	\$ 3,819.27	(\$1,310.73)

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 Sylmar Courthouse located at 16350 Filbert St, Los Angeles, California 91342 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 and is positioned above the printed name and title.

Tony M. Royster
General Manager

Attachment: 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	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 \$85.50 monthly, \$1026.00 annually
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	Total rent including custodial is about \$427.50 monthly or \$5,130.00 yearly \$427.50 \$2.00 per square foot @ 171 sq feet = \$342.00 plus \$85.50(approximate custodial) = \$427.50 monthly over 12 months = \$5,130.00 annually. Room Used: 1st floor-Sheriff's office