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June 24, 2021

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LEASE  
BETWEEN THE CITY OF LOS ANGELES AND S&R PARTNERS, LLC  
AT 1251 N. SPRING STREET, LOS ANGELES, CA 90012**

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The Department of General Services (GSD) requests authority to negotiate and execute a new lease between S&R Partners, LLC (landlord) and the City of Los Angeles (City) for a parking lot located at 1251 N. Spring Street, Los Angeles, California, 90012 for use by the Los Angeles Police Department (LAPD) for fleet operations.

**BACKGROUND**

LAPD has been seeking a long-term parking solution for LAPD's Central Garage Operations that will collectively replace the loss of the North and South Alpine lots that are being repurposed for a homeless initiative. These lots provide space for 300 vehicles. Currently, the LAPD Central Garage fleet is spread over approximately three locations, reduced from eight which were both City-owned properties and privately-owned lots.

The current parking matrix provided by LAPD (attached) consists of a series of City and private lots. Many previous parking areas have been lost to freeway construction, homeless initiatives, Amtrak development or expiring leases. The proposed site is a lot approximately 95,000 square feet (sf) that includes an existing 12,800 sf warehouse hanger structure that will provide additional parking. The newly proposed leased site will replace and consolidate the 300 terminated parking spaces that were located at the Alpine locations – 901-903 N. Main Street.

The lease at 620 Commercial Street will expire January 2022 and those 80 vehicles will park at the new North Marianna project site. This new City facility is intended to house Property Division's evidence warehouse and the Commercial Auto Theft Section. The North Marianna project is on track for completion in the first quarter of FY 21/22 with move-in anticipated the following quarter.



## **TERMS AND CONDITIONS**

There are two lease options available to the City. One is a three-year term and the other is a five-year term with two (one) year extension options. LAPD requests approval of the five-year option which will include tenant improvements and guarantee parking for seven years with options to vacate if another site is identified after year five or year six. A comparison table is included below. A complete set of terms and conditions for the recommended five-year option are outlined on the attached term sheet.

### **Option 1: Three Years, with no option to extend (36 months)**

If the City chooses the shorter 3-year lease option, the landlord cannot guarantee a replacement lot if LAPD requires space beyond the lease term. Also, there will be no tenant improvement credits available to the City which are valued at approximately \$150,000. With this option, the landlord will offer one month of rent abatement valued at approximately \$44,650.

### **Option 2: Five Years, with two one-year options (84 months)**

If the City chooses this 84-month option, (which is five years plus two, one-year extensions), the landlord will guarantee a replacement site if he decides to develop the premises after year two. The City will then be given 12 months' notice to relocate across the street to another landlord-owned property at the landlord's expense. This option guarantees three years at the current lot, and the additional two years plus the two, one-year options at his nearby lot. The replacement lot would be either 1100 North Alameda or 201 Sotello under the same terms and conditions on approximately 100,000 square feet of land for the remainder of the lease term (with the extensions).

Although the landlord is not offering rent abatement, he will pay \$150,000 in tenant improvement costs for fencing, lighting and security cameras. If the City decides to terminate the lease between months 37 and 48, the landlord will require a 90-day notice and reimbursement of the unamortized tenant improvement cost.

<b><u>1251 N. SRING STREET – LEASING TERM OPTIONS</u></b>					
<b>Proposed Lease Terms</b>	<b>Monthly Rent</b>	<b>Annual</b>	<b>Early Termination Clause</b>	<b>Rent-Abatement</b>	<b>Tenant Imp. Credit</b>
Option 1: 3 years (36) Months	\$44,650	\$535,800	N/A	Yes (one month)	City pays \$150K
Option 2: 5 years & 2, 1 yr. options (84) Months	\$44,650	\$535,800	Yes	N/A	Owner \$150K

## **TENANT IMPROVEMENTS**

If the recommended 84-month option is selected, the landlord will provide the Tenant Improvements (TIs) needed by LAPD. These TIs include raised security fencing to eight feet and adding three tiers of barbed-wire and razor on top.

The entrance gate will be raised and topped with barbed wire to match the new fence at a cost of approximately \$45,000. Additionally, approximately \$105,000 will be paid by the landlord to provide adequate lighting and security cameras throughout the site with an integrated remote feed allowing LAPD to view and record video of the site for situational awareness and to deter vandalism. This will include installing solar pods on each of 15 security cameras for instant feed access. The landlord will also pay to install a second gate for the MTA easement that runs parallel to the property line. These improvements are necessary as this location will not have any LAPD employees on site and will serve as a fleet operations storage facility.

### **COMMUNICATION AND MOVING EXPENSES**

Moving expenses are estimated at approximately \$8,000. The communications/data estimate for premises cabling, communication and alarm system through the City's ITA is reduced significantly to \$15,000 since no permanent staff will be on site. Total costs of moving and ITA work is approximately \$23,000.

### **MARKET ANALYSIS**

Based on recent market analysis, the price per square footage for similar locations and types of space ranges from \$0.50 - \$2.50 per square foot (sf) for a gross lease. This per sf cost of \$0.47 reflects the lowest range of the fair market value of similar and comparable properties. The below chart shows the current fair market rates for similar Industrial/Warehouse sub-market available properties.

<b><u>Locations</u></b>	<b><u>Property Type</u></b>	<b><u>Rental PSF</u></b>	<b><u>Rentable Sq. Ft</u></b>
<b>1251 N. Spring Street -</b>	<b>Industrial/Warehouse</b>	<b>\$0.47</b>	<b>95,000</b>
1333-1335 Willow Street	Industrial/Warehouse	\$2.50	85,000
2001-2-31 S. Santa Fe Ave	Industrial/Warehouse	\$1.30-\$1.45	72,300
3431-3499 S. Main Street	Industrial/Manufacturing	\$1.20	70,240
1114 S. Los Angeles Street	Industrial/manufacturing	\$0.50	52,080
3435-3535 S. Broadway	Industrial/Warehouse	\$0.59	65,100
2100 S. Broadway	Industrial/Warehouse	\$0.69-\$0.79	50,600
1620 S. Broadway	Industrial/Warehouse	\$0.75	74,000
2183 E. 10 <sup>th</sup>	Industrial/Warehouse	\$1.50	52,081

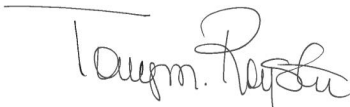
### **FISCAL IMPACT**

A total of \$558,800 will be needed for rent (\$535,800), moving expenses (\$8,000) and ITA costs (\$15,000) in Fiscal Year 2022 (FY 22). These costs were requested in the budget for FY 22 but will be requested in an upcoming Financial Status Request Report if a portion or all of the funds were not included. GSD will include on-going annual costs of approximately \$535,800 (\$44,650 x 12) plus 3% escalation and expenses in subsequent fiscal year lease budget requests.

<b>FY 21-22 Funding – 1251 N. Spring Street</b>					
New lease Overall cost	Monthly Costs	One-Time Costs	2021-22 Estimated Expense	2021-22 Available Funding	2021-22 Estimated Balance
Rent	\$44,650				
ITA-CSR		\$15,000			
Moving		\$ 8,000			
<b>TOTAL</b>	<b>\$44,650</b>	<b>\$ 23,000</b>	<b>\$ 558,800</b>	<b>\$0</b>	<b>(\$558,800)</b>

**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 five-year lease with two one-year options with S&R Partners, LLC at 1251 N. Spring Street, Los Angeles, CA 90012 for LAPD vehicle storage under the terms and conditions substantially outlined in this report.



Tony M. Royster  
General Manager

Attachments: Term Sheet  
Parking Matrix Chart-(LAPD Provided)

## LEASING TERM SHEET

MFC DATE	06/24/2021
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LANDLORD	S&R Partners LLC
ADDRESS	737 Lamar Street, LA CA 90031
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TENANT	City of Los Angeles
ADDRESS	111 E. 1st St., Los Angeles, CA 90012
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LOCATION	1251 N. Spring Street, LA, CA 90012
AGREEMENT TYPE	Payable Gross Lease
USE	Parking Lot
SQUARE FEET	95,000
TERM	Five (5) YEARS
RENT START DATE	Upon TI completion
LEASE START DATE	Date Attested
OPTION TERM	Two (1) One Year Options
HOLDOVER	Month-To-Month
SUBLET/ ASSIGNMENT	RIGHT TO ASSIGN - LANDLORD APPROVAL
TERMINATION	Yes - Early Termination Clause
RENTAL RATE	\$0.47 per square foot / \$44,650 Monthly / \$535,800 Annually
ESCALATION	Consumer Price Index - not to exceed 3.0%
RENTAL ABATEMENT	None
ADDITIONAL RENT	Monthly Utilities
PROPERTY TAX	Possessory
OPEX	N/A
CAM	N/A

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	TENANT
MAINTENANCE/ REPAIR DETAILS	Tenant is responsible for basic repairs and maintenance, the major building components such as HVAC, electrical, fencing and the roof will be the responsibility of the Landlord.
TENANT IMPROVEMENTS	There is a 6' fence that will be raised to 8' which includes the entry gate that will be topped with barbed-wire and razors. There will be approximately 15 security cameras that cover the entire site along with solar pods installed at the sole expense of the Landlord.
PARKING	Included with rent.
UTILITIES	Tenant responsibility
CUSTODIAL	Tenant responsibility
SECURITY	Tenant Responsibility
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection.
INSURANCE	CITY shall indemnify and hold harmless Landlord <input type="checkbox"/>
OTHER:	N/A

## LAPD - PARKING REQUIREMENTS

April 15, 2021

## Parking requirements:

- 600 parking spaces in the Civic Center Area to facilitate the Department's fleet operations. Accessible for tow trucks and trailers, including oversized vehicles.
- 85 parking spaces, Monday thru Friday, to facilitate employee's appearance in court.
- 170 parking spaces for displaced vehicles due to the solar installation at MTD Main Street Facility starting June 2021. Need 24 hours in/out access.

PARKING LOT	NUMBER OF SPACES	CURRENT STATUS	ADDRESS	NOTES
PIPER TECH	60	ACTIVE	555 Ramirez St. Los Angeles	Currently parking 145 vehicles due to a traffic collision (T/C) and damaged vehicle storage.
LOT 3	130	ACTIVE (EXPECTED COMPLETION AND CFO APRIL 30, 2021)	150 Judge John Aiso St. Los Angeles	This lot is permitted as a storage lot and does not meet City code for a parking lot. Lot will be used for the storage of new vehicles. <b>Note: Loss of 344 parking spaces due the demolition of the parking structure.</b>
EVIDENCE AND PROPERTY MANAGEMENT DIVISION	80	ACTIVE	620 E. Commercial St. Los Angeles	Litigation vehicle storage. The lease end January 2022. Vehicles will be moved to New CATS Warehouse.
NORTH ALPINE	100 (was 150 before Gold Line)	ACTIVE - TEMPORARY USE APPROX. 2016	903 N. Main St. Los Angeles	This lot ownership has been turned over to HCID for the Homeless Initiative and Development. HCID has been conducting soil samples to move forward with development. Use of the lots can be terminated at any time.
SOUTH ALPINE	200	ACTIVE - TEMPORARY USE APPROX. 2016	901 N. Main St. Los Angeles	This lot ownership has been turned over to HCID for the Homeless Initiative and Development. HCID has been conducting soil samples to move forward with development. Use of the lots can be terminated at any time.
<b>TOTAL AS OF 04/15/2021</b>	<b>570</b>			
CALTRANS LOT	220	IN-PROGRESS	550 Ramirez St. Los Angeles	GSD-RSD is in progress with the lease renewal and re-occupying. Current condition of the lot is inhabitable due to the homeless and trash. GSD and LAPD are working to resolve the issues for occupancy use. <b>Expected occupancy June 2021. Demolition of the Tinker Toy Parking Structure lost 374 parking spots, this location will provide 220 parking spots from the displacement.</b>
NEW EVIDENCE AND CATS WAREHOUSE	80	UNDER CONSTRUCTION	4671 Worth St. Los Angeles	Litigation vehicle storage. Vehicles will be moved from the 620 Commerical St. Warehouse upon COF. <b>Expected occupancy August/September 2021. 80 Vehicles Commerical St. to 80 Vehicles Evidence and CATS Warehouse.</b>
N. SPRING STREET	250	IN-PROGRESS	1251 N. Spring St. Los Angeles	GSD-RSD is preparing a report for MFC to enter into a lease agreement. <b>This location provides a basoc replacement for the North and South Alpine Lots (300 parking spaces) to N. Spring Street (approximately 250 parking spaces). This location needs to be a component of the long term solution for the loss of the Alpine Lots.</b>
<b>TOTAL</b>	<b>Parking as of 04/15/21 - Pipertech-60, Lot 3-130, Old Warehouse-80, North and South Alpine-300 = 570 Proposed Parking as of 09/01/21 - Pipertech-60, Lot 3-130, New Warehouse-80, Caltrans-220, N. Sprint St.-250 = 740</b>			
COURT PARKING	85	TEMPORARY USE DOT LOT	Judge John Aiso Lot	Demolition of the Tinker Toy Parking Structure resulted in losing 374 parking spots, this including 85 parking spaces for court parking. <b>As of 04/15/2021, long term parking meeting the weekday requirements has not been identified.</b>
SOLAR INSTALLATION PROJECT MTD MAIN STREET FACILITY	Temporary Displacement of 170 Vehicles	BEGINNING JUNE 2021	260 S. Main St. Los Angeles	170 vehicles requiring 24/7 in and out access are being displaced for 5-6 months for the installation of rooftop solar panels. <b>As of 04/15/2021, temporary parking meeting the requirement of proximity to PAB for 24/7 access has not been identified.</b>