

CITY OF LOS ANGELES  
CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



ERIC GARCETTI  
MAYOR

Agenda Item No. 9

DEPARTMENT OF  
GENERAL SERVICES  
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March 31, 2022

Matthew W. Szabo, Chair  
Municipal Facilities Committee  
200 N. Main Street, Suite 1500  
Los Angeles, CA 90012

**THE DEPARTMENT OF GENERAL SERVICES (GSD) REQUESTS AUTHORITY TO USE  
LEASE ACCOUNT SAVINGS TO PAY FOR OVERRAGES AT  
1111 MATEO AND 1201 MATEO - DEPARTMENT OF TRANSPORTATION PROJECTS**

The Department of General Services (GSD) requests authority to utilize savings from the Citywide Leasing Account in the amount of \$1,118,631 to offset tenant improvement overages for the Department of Transportation (DOT) projects located at 1111 Mateo St and 1201 Mateo St. Los Angeles. CF-19-1359.

**BACKGROUND**

The Citywide Leasing Account has experienced savings as outlined per Item #3 from the February MFC meeting which can be utilized to cover unforeseen increases in tenant improvements (TI) costs for the two Mateo St. DOT projects. The approved report recommends \$1,057,781 be utilized for TI at these sites. GSD has received updated estimates which will require approximately \$60,850 more in funding to proceed with the required work.

Tenant improvement projections for 1111 Mateo St. approved in the October 2019 MFC meeting were initially \$403,342. In the September 2020 MFC meeting an amendment was made to the lease agreement due to changes in scope and increases in TIs totaling \$1,595,564. However, several factors lead to additional increases, including increased costs to the canopy for covered parking (rise in cost of steel, expanded footings) which necessitated adding a Stormwater Planter to capture water runoff, and a Bureau of Engineering requirement to replace the sidewalk along the entire frontage of the property. Additionally, due to increases in general building material costs, estimates were updated to reflect current pricing. The latest estimate totaled \$2,177,545 or \$581,981 more than previously reported. However, due to lower than anticipated CAM costs billed against the lease, \$514,950 is now needed to fund the project.



<b>1111 Mateo Estimate Updated</b>		
<b>Tenant Improvement Items</b>	<b>Cost</b>	<b>Increase</b>
*Canopy for CNG vehicles	\$518,461	\$312,169
Building Material/General Costs	\$156,733	\$156,733
Sidewalk Replacement	\$113,079	\$113,079
Other Unchanged Costs	\$1,389,272	\$0
Sub total	\$2,177,545	\$581,981
Less - CAM savings	-	\$67,031
<b>Total Funding Needed</b>		<b>\$514,950</b>

*\*Environmental requirement for stormwater planter to capture water runoff. Canopy structure must be steel construction per building code*

Tenant improvement projections for 1201 Mateo St. approved in the October 2019 MFC were initially \$1,051,843. ADA modifications to the restrooms were triggered during plan check and increases in building material costs occurred. Per the most recent Construction Forces Division estimate, the new TI cost is \$1,772,387, or \$720,544 more than previously funded. However, due to lower than anticipated CAM costs, \$603,681 is now needed to fund the project.

<b>1201 Mateo Estimate Updated</b>		
<b>Tenant Improvement Items</b>	<b>Cost</b>	<b>Increase</b>
*ADA Required changes	\$644,592	\$644,592
Building Material/General Costs	\$75,952	\$75,952
Other Unchanged Costs	\$1,051,843	\$0
Sub total	\$1,772,387	\$720,544
Less - CAM savings	-	\$116,863
<b>Total Funding Needed</b>		<b>\$603,681</b>

*\*Per building code, major ADA changes are required for the restrooms*

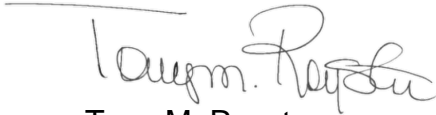
With supply chain issues in steel and other building materials, costs are expected to continue to rise. For GSD to lock-in current pricing, immediate authority to proceed is strongly encouraged.

### **FISCAL IMPACT**

Funding in the amount of \$1.1 million is available in the Citywide Leasing Account to offset the additional tenant improvement costs. Use of these funds for this purpose is subject to the approval of the Municipal Facilities Committee.

**RECOMMENDATION**

That the Municipal Facilities Committee advise and direct the Department of General Services to utilize existing savings within the Citywide Leasing Account to cover tenant improvement cost increases at the two Department of Transportation projects located at 1111 Mateo St. and 1201 Mateo St. Los Angeles.

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