

CITY OF LOS ANGELES

CALIFORNIA

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August 25, 2022

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinosa, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE
A SECOND AMENDMENT TO LEASE (C-122349) AT 4125 CRENSHAW BLVD
FOR THE LOS ANGELES POLICE DEPARTMENT SOUTH TRAFFIC DIVISION**

The Department of General Services (GSD) requests authority to negotiate and execute a second amendment to lease C-122349 for the Los Angeles Police Department, South Traffic Division (STD-LAPD) located at 4125 Crenshaw Blvd, Unit 193, at the Baldwin Hills Crenshaw Plaza Shopping Center in Council District 8. This amendment will be with the new property owners - HAAS BHCP Property Owners, LLC, a Delaware limited liability company, who acquired the property and assumed this lease as of August 2021.

BACKGROUND

On August 20, 2021, the interests of the Baldwin Hills Crenshaw Plaza Shopping Center was transferred from Capri Urban Baldwin, LLC, a Delaware limited liability company to HAAS BHCP Property Owners, LLC. The STD-LAPD has occupied the Baldwin Hills Crenshaw Plaza Shopping Center since 1989. However, between 1989 and 2012, the City had been paying \$1 per year in lease costs. After considerable renovation to the complex the landlord was no longer able to provide the space at \$1 per year.

On June 17, 2013, a new payable (5) five-year lease was executed. The First Amendment to this contract, dated August 30, 2017, provided a three-year term with two (2) one-year options that expires September 30, 2022. This Second Amendment will be effective retroactively and will afford GSD Leasing ample time to find a replacement site for STD-LAPD within the same designated radius of STD-LAPD operations.

TERMS AND CONDITIONS

The proposed Second Amendment will be for 18 months with three (3) six-month options to extend for approximately 21,413 rentable square feet. The current monthly rental amount is \$32,688.48. The new negotiated rate includes a 3% increase for a total of \$33,669.13. The new owners require a security deposit of one month's rent that will be refundable upon expiration of the term.



The extended term will commence on October 1, 2022, and expire on March 31, 2024. A complete set of terms and conditions are outlined on the attached leasing term sheet.

MARKET ANALYSIS

The price per square foot (PSF) current market analysis for this type of rental space ranged from \$1.85 to \$5.00. The PSF for this Second Amendment lease is \$1.57. This is considered below market rate as compared to properties currently available that are listed below with relatively similar square footage and location.

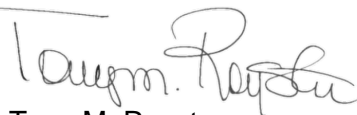
<u>Locations</u>	<u>Property Type</u>	<u>Rental PSF</u>	<u>Rentable Sq. Ft</u>
4125 Crenshaw Blvd	Retail/Office	\$1.57	21,413
3631 Crenshaw Blvd	Live/work/Office	\$1.85	15,751
3868-3876 Crenshaw Blvd	Retail/Office	\$3.00	29,856
2611-2619 Exposition Blvd	Retail/Office	\$3.65	20,150
4299 Leimert Blvd	Retail/Office	\$2.50	11,709
3991 S. Western Ave	Retail/Office	\$5.00	25,000
3900 W. Jefferson Blvd	Office	\$4.15 - \$5.00	31,360
4030-4044 S. Western Ave	Office	\$1.90 - \$2.40	33,008

FISCAL IMPACT

The rental increase for this second amendment is \$980.65, and equates to a 3% increase from \$32,688.48 per month to \$33,669.13 per month. There is sufficient funding in the 6030 Leasing Account to cover the cost for this lease inclusive of the security deposit.

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 second amendment to C-122349 with HAAS BHCP Property Owners, LLC, for the continued use of property located at 4125 Crenshaw Blvd, Los Angeles, CA 90043 under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: 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

SECURITY DEPOSIT

MAINTENANCE/
REPAIR

MAINTENANCE/
REPAIR DETAILS

TENANT
IMPROVEMENTS

PARKING

UTILITIES

CUSTODIAL

SECURITY

PROP 13
PROTECTION

INSURANCE
(City)

OTHER: