

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

Agenda Item No. 3

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

May 25, 2023

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

Attention: Mandy Morales, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE AN AMENDMENT TO
C-119872 AT 9207 OAKDALE DRIVE, SUITE 200, CHATSWORTH, CA 91311
FOR THE COUNCIL DISTRICT 12 DISTRICT OFFICE**

The Department of General Services (GSD) requests authority to negotiate and execute an amendment to lease C-119872 for property owned by Atlas V Chatsworth LLC. The 6,268 square feet (sf) of office space at this location is used for Council District 12 (CD12).

BACKGROUND

In 2011 CD12 combined their existing field office and Community Service Center into a District Office to better serve the constituents of their district. Since the initial four-year lease term, which began in 2011, the lease agreement has been extended twice as it included two four-year option periods through June 30, 2023. There are no extension options in the current lease.

This location was previously established by the former Councilmember and remains ideal for communicating with area constituents as well as the surrounding business community.

CD12 indicated their desire to remain in the Chatsworth Business Park and thus saving the associated costs with planning and associated relocation costs while continuing to provide a familiar location for constituents. The Landlord agreed to provide minor upgrades to the premises at no cost to the City.

TERMS AND CONDITIONS

The four-year lease amendment shall commence on July 1, 2023 and end on June 30, 2027. The rent is \$2.65 per sf, or approximately \$16,610.20 per month, for 6,268 sf of space and the new lease agreement would include four months of rent abatement to be taken over the initial first year of the lease. Parking is included in the base rent and a new base year will be established for operating costs. Furthermore, there is a four-year option to extend as well as early termination



language for elected office leases. A complete set of terms and conditions are outlined on the attached term sheet.

TENANT IMPROVEMENTS

Minor tenant improvements will be performed by the landlord's contractor at the landlord's expense. The improvements include: cleaning the existing carpet, repainting entire premises, replacing kitchen sink faucet handle, installing a new garbage disposal, and repairing/replacing kitchen cabinet hinges where necessary.

MARKET ANALYSIS

Based on recent market analysis, the monthly rate for similar locations and space ranges from \$2.35 per sf to \$3.50 per sf. The proposed rate of \$2.65 for base rent reflects a modified gross lease and is within the acceptable range for comparable office space in the area.

Location	Property Type	Rent Rate	Rentable Square Feet	Lease Type
19809 Prairie St	Class B Office	\$ 2.50	5,000 - 45,050	Modified Gross
9200 Oakdale Ave	Class A Office	\$ 2.65	14,216 - 34,568	Modified Gross
9201 Oakdale Ave	Class C Office	\$ 2.50	4,713 - 19,181	Modified Gross
9301 Oakdale Ave	Class A Office	\$ 2.35	1,713 - 4,763	Modified Gross
19860 Plummer St	Class A Office	\$ 2.80	23,554 - 47,108	Modified Gross
9254 Winnetka Ave	Retail/Office	\$ 3.50	1,623 - 9,432	Modified Gross
Average Rental Rate		\$ 3.26		

Note: Proposed base rent of \$2.65 is less than the average rent for comparable office space in the area.

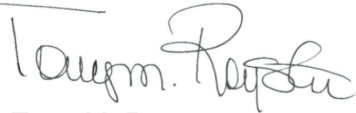
FISCAL IMPACT

The General Fund impact is an estimated savings of \$74,377.36 for Fiscal Year 2023-2024. This is due to the four month rent abatement, and no operating expenses due to the establishment of a new base year. No other expenses will be required since it is an existing field office for CD 12 and the proposed tenant improvements will be paid for by the landlord.

	Monthly Proposed Costs	2023-2024 Estimate (12 Month)	2023-2024 Available Funding	2023-2024 Estimated Savings
Rent	\$ 16,610.20	\$199,322.40	\$191,206.44	\$ (8,115.96)
Abated Rent*		\$ 66,440.80		\$ 66,440.80
Parking	Included	Included	Included	Included
Op Expenses**	\$ -	\$ -	\$ 16,052.52	\$ 16,052.52
Furniture, Moving, Communications	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 16,610.20	\$132,881.60	\$207,258.96	\$ (74,377.36)
*4 Mo Abated Rent				
**No Op Expenses First 12 months – New Base Yr 2023				

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 lease agreement with Atlas V Chatsworth LLC, at 9207 Oakdale Drive, Suite 200, Chatsworth, CA 91311 for office space for Council District 12 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 it.

Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE	05/25/2023
LANDLORD	Atlas V Chatsworth LLC
ADDRESS	1318 E. 7th Street, Suite 200, Los Angeles, CA 90021
TENANT	City of Los Angeles-GSD for CD12 District Office
ADDRESS	111 East First Street, 2nd Floor, Los Angeles, CA 90012
LOCATION	9207 Oakdale Drive, Suite 200, Chatsworth, CA 91311
AGREEMENT TYPE	Modified Gross Lease
USE	Office
SQUARE FEET	6,268 SF
TERM	48 months
RENT START DATE	July 1, 2023
LEASE START DATE	July 1, 2023
OPTION TERM	One (1) Four (4) Year Option to Extend. Rent no less than 4% of then base rent
HOLDOVER	125% after lease term expiration
SUBLET/ ASSIGNMENT	Right to Assign - Landlord approval
TERMINATION	Early termination language for elected officials upon 60 day written notification
RENTAL RATE	\$16,610.20 per month (\$2.65 psf)
ESCALATION	3% Annual Increases
RENTAL ABATEMENT	Four months base rent abatement for months: 1, 2, 3 and 4
ADDITIONAL RENT	Yes after initial year. No TAX/OPEX/CAM charges for the first 12 months
PROPERTY TAX	Tenant responsible for pro rata share (approximately 10.73%) - 2023 Base Year
OPEX	Tenant responsible for pro rata share (approximately 10.73%) - 2023 Base Year
CAM	Tenant responsible for pro rata share (approximately 10.73%) - 2023 Base Year

OTHER	
SECURITY DEPOSIT	No Security Deposit
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord responsible for all building maintenance
TENANT IMPROVEMENTS	Minor tenant improvements will be performed by the landlord's contractor. The improvements include: cleaning the existing carpet, repaint entire premises, replace kitchen sink faucet handle, install new garbage disposal, and repair/replace kitchen cabinet hinges where necessary.
PARKING	20 non-exclusive and designated parking spaces and 2 reserved spaces
UTILITIES	Landlord
CUSTODIAL	Landlord
SECURITY	City shall be responsible for security
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection.
INSURANCE (City)	City shall indemnify and hold harmless Landlord
OTHER:	Parking provide at no cost to City however subject to parking facility rules and regulations as established by Landlord or the parking facility licensee/operator from time to time