

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: April 11, 2024

CAO File No. 0220-06169-0001  
 Council File No.  
 Council District: Various

To: Municipal Facilities Committee

From: CAO Staff, Office of the *Justin D. Lawson*  
 City Administrative Officer

Subject: **QUARTERLY STATUS UPDATE – CITYWIDE LEASING PROGRAM**

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**RECOMMENDATION**

Note and file this report.

**SUMMARY**

The quarterly status update report provides a general overview of the Citywide Leasing Program (Program), including unfunded leasing liabilities for 2023-24 with potential sources of surplus funding to address the liabilities. As presented in the Discussion section of this report, there is a projected surplus of \$811,100 for the 2023-24 Program based on the total amount authorized through the 2023-24 Adopted Budget in addition to the 2022-23 Program surplus and less the unfunded liabilities for 2023-24.

**DISCUSSION**

**A. 2023-24 Citywide Leasing Program**

Funding authorized totaling \$25.9 million for the 2023-24 Citywide Leasing Program in addition to the \$1.0 million 2022-23 reappropriation provides an adjusted budget total of \$26.9 million, as summarized in the chart below (Column C). After 2023-24 projected expenses of \$26.1 million (Column D), the year-end balance (Column E) is projected to be a surplus of \$811,100.

2023-24 Adopted Budget (A)	2022-23 Reappropriation (B)	2022-23 Revised Budget (A) + (B) = (C)	2023-24 Expenses (D)	Projected Year-End Balance (C) - (D) = (E)
\$25,915,655	\$1,000,830	\$26,916,485	\$26,104,555	\$811,100

The total of 2023-24 leases with a surplus and shortfalls are summarized in the chart below. Column A reflects the total of all leases with shortfalls and column B reflects the total of all leases with a surplus in Attachment A. Column C reflects the aggregate surplus total of \$811,100 projected at year-end.

Surplus Total (A)	Shortfall Total (B)	Aggregate Total (A) + (B) = (C)
\$3,898,707	(\$3,087,608)	\$811,100

**B. Projected Leasing Surplus**

The cumulative total of all leases with a projected surplus for 2023-24 is \$3.9 million. Significant projected surpluses within the 2023-24 Citywide Leasing Account are summarized below and detailed in Attachment A listing all surpluses:

- The year-end surplus for the 2022-23 Program based on the General Services Department’s Citywide Leasing Reconciliation totals \$1.0 million, largely due to lease cancellations and interim transfers of funding offsets.
- The surplus for the Bureau of Sanitation lease at 450-590 South Central Avenue totals \$2.61 million and reflects the remaining funding budgeted for the lease and tenant improvements.
- The various project surpluses reflect savings totaling \$301,746 related to common area maintenance, parking, moving, and other operational savings.

**C. Projected Leasing Shortfalls**

The cumulative total of all leases with a projected shortfall for 2023-24 is \$3.1 million. Significant projected shortfalls within the 2023-24 Citywide Leasing Account are summarized below and detailed in Attachment A listing all shortfalls:

- The net shortfall for the Garland Building relocation totals \$1.45 million and is due to additional costs associated with swing-space rentals and Garland decommissioning.
- The shortfall for the Civil + Human Rights and Equity Department at 250 East First Street totals \$539,210 and is due to costs required for a new lease in lieu of the development of the existing space at the Los Angeles Mall.

**D. Revisions Since Prior Status Update**

The revised year-end projected remaining balance of \$811,100 is \$55,345 less than the \$866,445 reported in the prior status update report due to the additions of Items A9 and A25-A27 presented in Attachment A.

**E. Proposed Use Surplus Balance**

The remaining balance of \$811,100 for the projected surplus will be retained to address additional unfunded liabilities in 2023-24 and additional surplus funds would need to be identified for any future unfunded liabilities.

**FISCAL IMPACT**

The recommendation stated in this report will have no additional General Fund impact for the 2023-24 Citywide Leasing Program.

**FINANCIAL POLICY COMPLIANCE**

The recommendation in this report comply with the City's Financial Policies in that to the extent possible, current operations will be funded by current revenues.

*DP:JDL/LRR:05240088*

Attachment A

### 2023-24 Detail of Leasing Account Projection

Item No.	Department Occupant(s)*	Lease Property	2023-24 Revised Budget	2023-24 Revised Expenses	Surplus / (Deficit)	Comment
A1	N/A	N/A	\$ 1,000,830	\$ -	\$ 1,000,830	Reappropriation from 2022-23 Citywide Leasing Account.
A2	Bureau of Sanitation	450-590 South Central Avenue	4,000,000	1,392,624	2,607,376	Surplus reflects remaining funding budgeted for the lease and tenant improvements.
A3	Department of Transportation	100 S. Main Place	3,348,997	3,249,633	99,364	Surplus due to reduced rental rate.
A4	Council District 12	9207 Oakdale Avenue	207,259	141,657	65,602	Surplus due to CAM savings from new lease execution.
A5	Council District Two	5240 Lankershim Boulevard	93,237	46,502	46,735	Surplus due to office lease termination. Pending relocation.
A6	Office of Finance	1200 West Seventh Street	1,685,153	1,656,420	28,733	Surplus due to various sundries and parking savings.
A7	General Services Department	Lots 601 and 620 at 14401 Friar Street	192,000	165,744	26,256	Surplus due to parking savings related to COVID.
A8	Department of Transportation	5990 Sepulveda Boulevard	159,750	137,595	22,155	Surplus due to parking and CAM saving from delayed to lease initiation.
A9	Mayor's Office	1000 Vermont Avenue NW, Suite 250	\$ 80,187	\$ 78,531	1,656.00	Shortfall due to lease renewal terms.
<b>SURPLUS TOTAL</b>			<b>\$ 10,767,413</b>	<b>\$ 6,868,706</b>	<b>\$ 3,898,707</b>	
A10	City Attorney / Los Angeles Police Department	100 Oceangate	157,958	173,148	(15,191)	Shortfall due to reconciled CAMs from 2019-2022.
A11	Los Angeles Police Department	5759-71 Rickenbacker Road	453,356	469,474	(16,117)	Shortfall due to increase in operating expenses.
A12	Van Nuys Heliport	Van Nuys Heliport	846,348	864,185	(17,837)	Shortfall due to increase in monthly rental rate from LAWA.
A13	Community Investment for Families Department	1200 West Seventh Street	485,665	503,842	(18,177)	Shortfall due to various sundries and parking expenses.
A14	Council District Five	5416 Wilshire	317,038	362,361	(45,323)	Shortfall due to cost of new lease.
A15	Los Angeles Fire Department	7921 Woodley Avenue	133,200	203,437	(70,237)	FS No. 90 / Shortfall due to increase in monthly rental rate from LAWA.
A16	Various	Various	3,792,785	3,859,305	(66,520)	Shortfall due to various expenses under \$15,000.
A17	Department of Transportation	888 Vermont Avenue	1,558,922	1,662,725	(103,803)	Shortfall due to pending CAM costs.
A18	Council District 5	6380 Wilshire Boulevard	106,415	219,245	(112,830)	Shortfall due to early termination extension of six months.
A19	Los Angeles Police Department	4125 Crenshaw Boulevard	289,619	429,884	(140,264)	Shortfall due to increased cost of lease.
A20	Mayor's Office	112 L Street, Sacramento, CA	-	48,074	(48,074)	Shortfall due to costs of new lease for Sacramento field office.
A21	Garland Building Relocation	TBD	1,896,658	1,548,410	348,248	Surplus due to anticipated swing space costs from Garland Relocation budget set aside.
A22	Garland Building Decommissioning	N/A	-	1,801,602	(1,801,602)	Shortfall due to additional decommissioning, moving, and tenant improvement costs.
A23	Civil + Human Rights and Equity Department	250 East First Street	420,000	959,210	(539,210)	Shortfall due to costs required for new lease in lieu of development of LA Mall space.
A24	Council District Two	5250 Lankershim Boulevard	-	383,669	(383,669)	Shortfall due to costs associated with relocation as the original site was sold for redevelopment.
A25	Council District 14	500 South Central Avenue	\$ -	\$ 34,850	(34,850)	Shortfall due to temporary business resource center for Council District 14.
A26	Council District 15	970 West 190th Street	\$ -	\$ 7,000	(7,000)	Shortfall due to new field office for Council District 15.
A27	Department of Transportation	1016 N. Mission Road	\$ 1,723,366	\$ 1,738,517	\$ (15,151)	Shortfall due to lease renewal terms.
A28	N/A	N/A	\$ 3,966,911	\$ 3,966,911	-	Reflects the aggregate remaining leasing balance for leases without revisions.
<b>SHORTFALL TOTAL</b>			<b>12,181,331</b>	<b>15,268,938</b>	<b>\$ (3,087,608)</b>	
<b>GRAND TOTAL</b>			<b>\$ 26,915,655</b>	<b>\$ 26,104,555</b>	<b>\$ 811,100</b>	