

## CITY OF LOS ANGELES

CALIFORNIA

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August 29, 2024

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

Attention: Adam Lid, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A  
THIRD 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 a third amendment for two additional six month options to extend lease C-122349. The lease is for the Los Angeles Police Department, South Traffic Division (South Traffic) 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.

**BACKGROUND**

South Traffic 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.

The First Amendment to this contract in 2017 provided a three-year term with two (2) one-year options that expired September 30, 2022. The Second Amendment extended the term with options through September 30, 2025, which have been exercised. On August 20, 2021, the interests of the Baldwin Hills Crenshaw Plaza Shopping Center were transferred from Capri Urban Baldwin, LLC, a Delaware limited liability company to HAAS BHCP Property Owners, LLC.

Additional options at this site are needed while the long-term or permanent replacement location is being identified and built out for South Traffic Division's needs. The request to negotiate and execute an agreement for the replacement location will be submitted by GSD in a separate report.



**TERMS AND CONDITIONS**

The proposed terms and conditions for this Third Amendment are to extend for an additional term of 18 months. The proposed extended term would be from October 1, 2025 through March 31, 2027 with City’s right to terminate the agreement with 6 months notice. The City currently has a right to extend under an option until September 30, 2025.

The current monthly rental rate is currently \$1.62 per square foot (sf), with annual escalations at 3% built into the proposed extensions. A complete set of terms and conditions are outlined on the attached term sheet.

**MARKET ANALYSIS**

The per sf in the current market for this type of leased space ranges from \$1.85 to \$3.85. The current rental rate is \$1.62 per sf per month. This is considered below market rate as compared to properties in the area with relatively similar square footage. The proposed base rate under this proposed amendment begins at \$1.67 per sf per month reflects a full service gross lease and is within the acceptable range for comparable office space in the area.

| Location                   | Property Type | Rent Rate PSF  | Rentable Square Feet | Lease Type         |
|----------------------------|---------------|----------------|----------------------|--------------------|
| 1130 K St.                 | Office        | \$ 3.00        | 2,002                | Full Service Gross |
| 925 L St.                  | Office        | \$ 3.85        | 1,214                | Full Service Gross |
| 830 K St.                  | Office/Retail | \$ 3.00        | 1,596                | Full Service Gross |
| 921 11th St.               | Office        | \$ 3.00        | 1,255                | Full Service Gross |
| 1121 L St.                 | Office        | \$ 3.85        | 1,289                | Full Service Gross |
| <b>Average Rental Rate</b> |               | <b>\$ 3.34</b> |                      |                    |


**FISCAL IMPACT**

The rental increase for this amendment is increasing from \$34,679.20 to \$35,719.58 per month and equates to a 3% increase. There is sufficient funding in the Citywide Leasing Account to cover the cost for this lease.

| <b>2024-25 Proposed Lease Costs</b> |                        |                           |                        |                                     |
|-------------------------------------|------------------------|---------------------------|------------------------|-------------------------------------|
|                                     | Monthly Proposed Costs | 2024-25 Estimated Expense | 2024-25 Budget Funding | 2024-25 Estimated Funding (Surplus) |
| Base Rent                           | \$34,679               | \$416,150                 |                        |                                     |
| Utility- Electrical Services        | \$500                  | \$6,000                   |                        |                                     |
| Common Area Maintenance             | \$170                  | \$2,040                   |                        |                                     |
| <b>TOTAL</b>                        | <b>\$35,349</b>        | <b>\$424,190</b>          | <b>\$438,974</b>       | <b>\$14,784</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 Third Amendment to C-122349 with HAAS BHCP Property Owners, LLC, for the continued use of property located at 4125 Crenshaw Blvd, Los Angeles, CA 90008 under the terms and conditions substantially outlined in this report.

 for  
Tony M. Royster  
General Manager

Attachment: Leasing Term Sheet

## LEASING TERM SHEET

|                       |   |
|-----------------------|---|
| MFC DATE              | August 29, 2024   |
| LANDLORD              | HAAS BHCP Property Owner, LLC   |
| ADDRESS               | 3650 W. Martin Luther King Jr. Blvd, Los Angeles, CA 90008              |
| TENANT                | City of Los Angeles- LAPD South Traffic                                 |
| ADDRESS               | 111 East 1 <sup>st</sup> Street, Los Angeles, CA 90012                  |
| LOCATION              | 4125 Crenshaw Blvd, Unit 193, Los Angeles, CA 90008                     |
| AGREEMENT TYPE        | Lease Amendment   |
| USE                   | Office Space and Parking  |
| SQUARE FEET           | 21,413 SF of ground floor office space                                  |
| TERM                  | Up to 18 months   |
| RENT START DATE       | 10/1/25   |
| LEASE START DATE      | Upon City Clerk's Attestation   |
| OPTION TERM           | None  |
| HOLDOVER              | No Change -Equal to the amount paid during the final month of the Term. |
| SUBLET/<br>ASSIGNMENT | No change - Subject to the prior written notice to Landlord             |
| TERMINATION           | Tenant has a right to terminate with 6 months notice                    |
| RENTAL RATE           | \$35,719.58/mo.   |
| ESCALATION            | None  |
| RENTAL ABATEMENT      | N/A   |
| ADDITIONAL RENT       | None  |

|                              |  |
|------------------------------|--|
| PROPERTY TAX                 | None   |
| OPEX                         | None   |
| CAM                          | None   |
| OTHER                        |  |
| SECURITY DEPOSIT             | None   |
| LANDLORD MAINTENANCE/ REPAIR | No change-Currently, LL responsible for Building Structure unless City is the cause of damage. |
| TENANT IMPROVEMENTS          | N/A  |
| PARKING                      | No Change -Currently, 32 spaces designated spaces are available.                               |
| UTILITIES                    | City   |
| CUSTODIAL                    | No Change -Currently, Tenant shall provide, at Tenant's sole cost and expense.                 |
| SECURITY                     | As available. Currently the building does not have security personnel                          |
| PROP 13 PROTECTION           | Landlord will NOT provide Prop 13 protection   |
| INSURANCE (City)             | City is self-insured.  |
| OTHER:                       |  |
| PRINT:                       |  |
| SIGNATURE:                   |  |