

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 5

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GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
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November 14, 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 LEASE
AGREEMENT WITH SPRING STREET SP, LLC FOR THE LOS ANGELES
POLICE DEPARTMENT AT 1440 N. SPRING STREET LOS ANGELES, CA 90012**

The Department of General Services (GSD) requests authority to negotiate and execute a lease with Spring Street SP, LLC at 1440 N. Spring Street, Los Angeles, CA 90012 for the Los Angeles Police Department for their vehicle storage needs in CD14.

BACKGROUND

During the last 18 years Motor Transport Division (MTD) has lost approximately 1,004 parking spots from several lots, including Lot 3, to a number of development projects. Lot 3 closure included approximately 600 vehicle spaces. Another development project displaces 300 vehicles from the North and South Alpine lots. MTD currently parks 140 active vehicles that are serviced and repaired at Piper Technical Center (Piper Tech). With the rise in vandalism and theft, the use of the CalTrans lot, which is across the street from Piper Tech, as well as the North and South Alpine parking lots have been limited to exclude the storage and processing of new Department vehicles and used for storage and processing of salvage vehicles. This new lease will provide space needed for processing new vehicles along with reallocating salvaged vehicles.

The proposed lease includes an approximately 41,772 square foot (SF) single tenant warehouse building with approximately 67,009 SF of land in Los Angeles, located with MR2 zoning just north of downtown Los Angeles and in close proximity to the current LAPD lots. Furthermore, this location can accommodate approximately 70 spaces on the roof along with an estimated 60 spaces outside in the common area of the site and an additional estimated 100 spaces inside the building, for a total of approximately 230 spaces on site.

MTD is in the final stages of receiving and processing 539 vehicles from FY 22-2023, with about 20 remaining. Vehicle production started August 2024 on the first of approximately 653 vehicles ordered in FY 23-2024, and 123 have been received, pending process for distribution and FY 24-2025 funding confirmation is pending for an estimated additional 714 new vehicles. In addition to the historical loss of secured vehicle parking, the current hiring restrictions imposed by the City of Los Angeles and MTD's current staffing level slow the pace and number of vehicles processed



into and out of the Department’s fleet at any given time. Both limitations necessitate the need for secured storage for approximately \$80 Million worth of both General Funded and MICLA Funded new Department vehicle assets.

LAPD MTD currently utilizes a number of lots nearby for storage. These include temporary parking at the Mangrove (at Temple and Alameda), temporary parking at the adjacent DOT-managed lot adjacent to the Mangrove property, spaces at Alpine, Piper Tech, and the CalTrans lot across from Piper Tech. Upon moving into Spring Street, MTD will continue to evaluate parking needs.

CURRENT VEHICLE COUNT PER LOT

LOCATIONS		# OF SPACES
MANGROVE - Parking for Building Parking Area around existing building (old Med Services bldg)	<ul style="list-style-type: none"> Fenced area around the currently vacant building. The LAPD vehicles are part of active Litigation proceedings on various cases. This temporary parking area will be needed when the building is returned to the City from MTA. (Amendment/conveyance in process.) Building and related parking is being considered for use by a City Department 	Approx 80 Vehicles
MANGROVE - DOT LOT	<ul style="list-style-type: none"> A portion of the DOT operated lot is currently being fenced for LAPD use on a temporary basis. Up to 40 Event Vehicles are stored. Currently being temporarily stored at MTD, 2nd floor Need to return this fenced area to LADOT 	Up to 40 Event Vehicles
MTD	<ul style="list-style-type: none"> 260 S. Main - 6th FLOOR - Main Office Temporary Storage, this space is normally used in support of Police Headquarters Facility vehicles 	120 Vehicles <i>+40 Event Vehicles</i>
Piper-Tech	<ul style="list-style-type: none"> MTD has an allocation of 60 spaces but is currently using 140 spaces due to a back-log of vehicles involved in traffic collisions. This has displaced other trucks and vehicles assigned to Piper Tech impeding drive lanes and creating stacked parking issues as well as friction amongst employee groups. 	140 spaces
CalTrans Lot	<ul style="list-style-type: none"> 550 Ramirez - across from Piper Tech CalTrans lease, about 220 on site Plans to stay at this location and renew the lease. 	220 Vehicles
ALPINE - N	<ul style="list-style-type: none"> North Lot–150 vehicle capacity, Not in use - 75 vehicles temporarily being stored at MTD and CalTrans due to multiple incidents of vandalism and theft as recently as April of 2024 	<i>150 vehicle capacity</i>
ALPINE - S	<ul style="list-style-type: none"> South Lot – Up to 200 vehicles capacity. Not in use - However, due to continued vandalism and theft these vehicles have been removed. 	<i>Up to 200 vehicles capacity</i>
City Owned LAPD Evidence Warehouse	<ul style="list-style-type: none"> Spaces on roof of warehouse 	<i>up to 100</i>
Capacity = 1,050 Vehicle Spaces Total = 700 Vehicles Currently		

As part of the FY 25-26 Department budget request, LAPD is requesting approximately 748 additional vehicles.

Ultimately the potential need for the LAPD would be between 800 – 1000 spaces, which Spring would be part of the solution accommodating approximately 230 vehicles.

TERMS AND CONDITIONS

The proposed lease term is for 60 months from tenant's acceptance of Landlord's substantial completion of Landlord's work. The base rent is \$56,392.20 per month, or \$1.35 per square foot (PSF) monthly, (\$16.20 PSF annually), for the initial term with 3% annual increases. Furthermore, there will be one and a half months of rent abatement. The complete terms and conditions are outlined in the attached term sheet and will be further defined in the lease agreement.

MAINTENANCE/UTILITIES/LANDSCAPING

The Landlord is responsible for all maintenance, at its sole cost and expense. This includes all daily maintenance and all major building systems and structural components such as electrical, plumbing, HVAC, fire sprinklers, landscape/hardscape and the roof. Additionally, the landlord shall provide custodial services.

The City is responsible for utilities, which are estimated at \$6,000 per month. If there are separate meters for this site, the City will pay these costs directly.

TENANT IMPROVEMENTS

Landlord Responsibility

The Landlord, at their sole cost and expense, shall perform the following tenant improvements valued at approximately \$360,000:

- Ventilation/Fan system to allow tenant to utilize interior of the warehouse of the premises as automobile parking
- Replace HVAC in the office area - currently approximately 2,500 SF
- Demolition of non load bearing walls within the space
- New roll up door to enter the premises via the southern entrance of the metal building
- Remove the interior drywall, not the structural wall as directed by Tenant except non load bearing walls that are connected to Building systems
- Slurry coat/Restripe the current parking area
- ADA compliance of the project

Tenant (City) Responsibility

The Landlord will install barbed wire around the property prior to occupancy. The City will reimburse the Landlord directly for this cost up to \$3,000.

LAPD will fund and install a camera system on site. However funding is needed for ITA to provide the cabling and network on site, which is projected to cost \$450,000. LAPD provided estimated costs for the site based on previous ITA projects.

MARKET ANALYSIS

The market survey of comparable warehouse space in the area is listed in the chart below. It is based on the current asking rates and falls within 4% the market rates for the area.

Address of comparable property	Total Building SF	Asking Rent - Description
1009 N. Main St.	14,319 SF	\$11.40/PSF/Annually
1701 -1721 N. Main St.	10,000-33,590 SF	\$18.00/PSF/Annually
338-340 A S. Avenue 17	14,135 SF	\$17.40/PSF/Annually
1440 N. Spring	41,772 SF	\$16.20/PSF Annually

FUNDING

This proposed lease was not included in the FY 2024-25 Budget Process as it was not part of planned future leases at the time. However, savings have been identified within the General Funded 2024-25 Citywide Leasing Account, mainly due to lease commencement delays, which will offset these new costs.

FISCAL IMPACT

This lease will be paid from the Citywide Leasing Account Budget for Fiscal Year 2024-25. Monthly rent is projected to be \$56,392. (\$394,744 for seven months) less one and half months rent abatement or \$84,588 and utilities are projected to cost \$6,000.00 per month under the agreement. Total FY 2024/25 costs will be approximately \$805,156. Projected savings have been identified within the Citywide Leasing Account which will offset these new costs. There is no additional impact to the General Fund at this time.

1440 N. Spring St. 2024-25 Proposed Lease Costs				
	Monthly Proposed Costs	2024-25 Estimated Expense	2024-25 Budget Funding	2024-25 Estimated Funding Surplus/(Deficit)
Proposed Rent (7 mos)	\$56,392	\$394,744		
Rent Abatement		-\$84,588		
Utilities	\$6,000	\$42,000		
ITA costs - Network, Alarm, Cabling, etc.		\$450,000		
Tenant's TI Contribution		\$3,000		
TOTAL	\$57,932	\$805,156	\$0	-\$805,156

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 Spring Street SP, LLC located at 1440 N. Spring Street, Los Angeles, CA 90012 for vehicle parking and processing for the Los Angeles Police Department under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE	November 14, 2024
LANDLORD	Spring Street SP, LLC
ADDRESS	970 W. 190 St. #995 Torrance, CA 90502
TENANT	City of Los Angeles - GSD
ADDRESS	111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012
LOCATION	1440 N. Spring St. LA, CA 90012
AGREEMENT TYPE	Lease
SQUARE FEET	Approximately 41,772 RSF
TERM	60 months from Tenant's Acceptance/Landlord's Substantial Completion
RENT START DATE	Landlord's Substantial Completion/Tenant's Acceptance
LEASE START DATE	Upon City Clerk's Attestation
OPTION TERM	One 5-year extension with 6 months' notice at 3% above then Base Rent
HOLDOVER	None
SUBLET/ ASSIGNMENT	Right to sublease
TERMINATION	None
RENTAL RATE	\$1.35/PSF/ \$16.20/Annually/ \$56,392.20/mo. - Industrial Gross
ESCALATION	3% Annual Increase
RENTAL ABATEMENT	1.5 month rent abatement
ADDITIONAL RENT	None
PROPERTY TAX	None
OPEX	None

CAM	None
OTHER	None
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	<p>The Landlord is responsible for all maintenance, at its sole cost and expense. This includes all daily maintenance and all major building systems and structural components such as electrical, plumbing, HVAC, fire sprinklers, landscape/hardscape and the roof.</p> <p>The City is responsible for utilities estimated at \$6,000 per month. If there are separate meters for this site, the City will pay directly.</p> <p>Furthermore, Landlord shall be responsible for all environmental and hazardous materials issue prior to the commencement of the lease and ongoing to be further defined in the lease.</p>
TENANT IMPROVEMENTS	<p>Landlord shall perform all work subject to final issuance of C of O.</p> <p>Scope of Work:</p> <ul style="list-style-type: none"> -Ventilation/Fan system to allow tenant to utilize interior of the warehouse of the premises as automobile parking -New door to enter the premises via the southern entrance of the metal building -Remove the interior drywall, not structural wall as directed by Tenant except non load bearing walls that are connected to Building systems -ADA compliance <p>-Install barbwire around the perimeter - Tenant shall reimburse up to \$3,000.</p>
PARKING	Included
UTILITIES	Tenant responsible for all utilities
CUSTODIAL	Landlord shall be responsible for custodial
SECURITY	Tenant
PROP 13 PROTECTION	N/A
INSURANCE (City)	Tenant shall indemnify and hold harmless Landlord
OTHER:	<p>Early Possession: Landlord shall provide 15 days early possession to set up prior to Lease Effective Date. Access to parking with Lease Execution.</p> <p>Late Fee: Tenant not subject to late fee.</p>
PRINT:	Clint Bird - Storm Properties
SIGNATURE:	