

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 8

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
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January 30, 2025

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 METROPOLITAN TRANSPORTATION AUTHORITY
AT 426-462 E. TEMPLE STREET, LOS ANGELES, CA 90012**

The Department of General Services (GSD) requests authority to negotiate and execute a new successor lease agreement with the Los Angeles County Metropolitan Transportation Authority (MTA) for office space located at 426-462 E. Temple Street LA, CA 90012 (Mangrove) in Council District 14.

BACKGROUND

On January 14, 2014, Council approved an agreement for a new lease and easements of the Mangrove site with Metro to be used as a construction staging and lay down area. The lease included the existing approximately 17,518 sf building for construction offices for the Regional Connector (C.F. 13-0275-S1). The building is still under MTA control through February 2, 2025. The Regional Connector was scheduled for completion in mid-2022, at which time Metro vacated the Mangrove site and finished the station plaza. However, due to the pandemic and delays, MTA was not ready to vacate the site until recently. Under CF 13-0275-S2, GSD was instructed to negotiate and execute a new successor lease to address this additional time.

TERMS AND CONDITIONS

The City is seeking rent from the initial expiration of the lease of June 18, 2022. However, Metro vacated the building around September 2024. Since September, Metro has kept security on site, made required repairs needed for conveyance of the property back to the City. The agreed total sum of rent for this period is \$1,645,258.74 which is averaged to



\$3.42 psf. From February 1, 2024, LAPD had to relocate some vehicles to the parking lot therefore, the rent was abated from February 1, 2023 - September 30, 2024 by \$6,480.00 monthly.

A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

Based on recent market analysis for similar type properties/uses in this area, the Fair Market Rental Rate ranges from approximately \$2.35 - \$3.50 per sf. The negotiated rate for this deal is \$3.42 per sf.

| Address | Rental Rate | Rentable Sq. Footage | Lease Type |
|--------------------|---------------------|-----------------------------|-------------------|
| 200-210 Spring St. | \$2.65/ sf | 7,500 sf | Modified Gross |
| 250 E. 1st St. | \$2.35 - \$2.83/ sf | 600-14,285 sf | Modified Gross |
| 951 Vignes | \$3.50/sf | 630 sf | Modified Gross |

The previous rent on this project was approximately \$57,115.00 per month. The average proposed rent is \$58,137.19 per month.

NECESSARY REPAIRS AND SECURITY SERVICES

GSD’s Building Maintenance Division has performed an inspection and assessed the condition of the buildings’ electrical, plumbing, HVAC, and other systems. Several conditions exist which require attention before the site can be utilized by a City department. Emergency Lighting will need to be installed and some electrical work at an estimated total cost of \$5,000.

MTA has been paying for around-the-clock security to protect the site from vandalism and damage. The site was repeatedly vandalized, both interior and exterior, while under MTA’s control and they have repaired the damage and maintained security presence. It is recommended that the City continue this practice to protect the property for the foreseeable future. The current FY projected cost for such security services is \$111,811.68.

FISCAL IMPACT

Revenue in the amount of \$1,645,258.74 is anticipated from this agreement to be paid from MTA to the appropriate Special Parking Revenue Fund account per the original agreement less any costs GSD Construction Forces Division incurs preparing the site for occupancy by a City department and the cost to pay for around-the-clock security. There is no impact to the General Fund at this time.

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 new successor lease agreement with the Los Angeles County Metropolitan Transportation Authority for use of property located at 426-462 E. Temple Street Los Angeles, CA 91604 under the terms and conditions substantially as outlined in this report.
- Authorize payment/funds transfer in the amount of \$5,000.00 from the Special Parking Revenue Fund to the appropriate GSD Construction Forces Division Accounts to cover costs for the emergency lighting in the building.
- Authorize \$111,811.68 funds transfer from the Special Parking Revenue Fund to GSD's Real Estate Services 3040 Account to pay for security services on site for FY 2024-25 costs.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE January 30, 2025

LANDLORD City of Los Angeles - GSD

ADDRESS 111 E. 1st Street, 2nd Floor, Los Angeles, CA 90012

TENANT MTA - LA County Metropolitan Transportation Authority

ADDRESS One Gateway Plaza LA, CA 90012

LOCATION 426-432 E. Temple Street LA, CA 90012

AGREEMENT TYPE Lease Agreement

SQUARE FEET 17,518 SF

TERM 5/26/22-09/30/24

RENT START DATE 6/1/22

LEASE START DATE Upon City Clerk Attestation

OPTION TERM None

HOLDOVER None

SUBLET/
ASSIGNMENT None

TERMINATION None

RENTAL RATE \$1,645,358.74 for the period from 06/19/22-09/30/24 - \$3.42 PSF

ESCALATION None

RENTAL ABATEMENT Partial abatement for reduced parking from February. 1, 2024 - September 30, 2024.

ADDITIONAL RENT None

| | |
|------------------------|---|
| PROPERTY TAX | N/A |
| OPEX | None |
| CAM | None |
| OTHER | None |
| SECURITY DEPOSIT | None |
| MAINTENANCE/ REPAIR | None |
| TENANT IMPROVEMENTS | None |
| PARKING | MTA may park on site, as needed. |
| UTILITIES | Tenant |
| CUSTODIAL | Tenant |
| SECURITY | Tenant |
| PROP 13 PROTECTION | None |
| INSURANCE (City) | Each party to indemnify each other. |
| OTHER: | Landlord reserves the right to relocate the current reserved spaces with 30 days notice, if needed. |
| PRINT: | |
| SIGNATURE: | |