

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 26, 2025

CAO File No.
Council File No.
Council District: Various

To: Municipal Facilities Committee



From: CAO Staff, Office of the City Administrative Officer

Subject: **FISCAL YEAR 2024-25 FOURTH QUARTERLY STATUS REPORT –
CITYWIDE LEASING PROGRAM**

RECOMMENDATION

Note and file this report.

SUMMARY

The Fourth Quarterly Status report provides an update and overview of the Citywide Leasing Program (Program), which includes Municipal Facilities Committee (MFC) approved unfunded leasing liabilities projected through the end of Fiscal Year (FY) 2024-25 and the use of surplus funds to fully address these liabilities. As presented in the Discussion section of the report, there is a projected year-end surplus of \$5.08 million for the FY 2024-25 Program. Of the \$5.08 million surplus, \$4.73 million is appropriated for tenant improvements at 6230 Gramercy Place for the Los Angeles Police Department South Traffic Division. These unspent funds will be reappropriated to 2025-26 with the intention to expend the funding for this purpose.

DISCUSSION

1. FY 2024-25 General Fund Leasing Account

Table 1: General Fund Leasing Account Budget for Municipal Facilities

The FY 2024-25 Adopted Budget provides \$27.63 million for the Program, and an additional reappropriation from prior unencumbered funds in the amount of \$5.36 million for a total of \$32.99 million. Less transfers out to date of (\$262,497) would result in a total revised budget of \$32.73 million as summarized in Table 1. Based on the FY 2024-25 projected expenses of (\$27.65 million) detailed in Attachment A, the year-end balance will result in a surplus of \$5.08 million.

FY 2024-25 Adopted Budget (A)	FY 2023-24 Reappropriation (B)	FY 2024-25 Transfers Out (C)	FY 2024-25 Revised Budget (A) + (B) + (C) = (D)	FY 2024-25 Expenses (E)	Projected FY 2024-25 Year-End Balance (D) + (E) = (F)
\$27,634,469	\$5,356,238	(\$262,497)	\$32,728,210	(\$27,650,335)	\$5,077,875

Table 2: Total Lease Surplus and Shortfall

Attachment A details each individual lease costs through the end of FY 2024-25 that is projected to have a surplus (Attachment A – Lines A1-A16) or shortfall (Attachment A – Lines A18-A30) and is summarized in Table 2 below. It should be noted, Attachment A – Lines A17 and A32 reflect the cumulative total for all remaining unchanged budgeted leases without shortfalls or surpluses.

Total Leases with a Surplus (A)	Total Leases with a Shortfall (B)	Total (A) + (B) = (C)
\$11,773,750	(\$6,695,875)	\$5,077,875

a. Projected Leasing Surplus

The FY 2024-25 total of all leases with a projected surplus is \$11.77 million. Significant surpluses that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- \$2.76 million – Bureau of Sanitation Livability Services Division Lease: The Bureau of Sanitation lease at 450-590 South Central Avenue reflects a surplus due to the delay in the execution of the lease caused by delay in tenant improvement work (Attachment A – Line A2).

- \$1.48 million – Los Angeles Fire Department Port Lease: The Los Angeles Fire Department lease at the Port of Los Angeles (POLA) reflects a surplus due to a delay in the execution caused by issues with POLA's appraisal process (Attachment A – Line A3).
- \$416,455 – Bureau of Street Services Asphalt Plant I Lease: The Central Asphalt Plant I lease for the Bureau of Street Services reflects a surplus due to a delay in the execution caused by longer than anticipated negotiations (Attachment A – Line A5)

b. Projected Leasing Shortfalls

The FY 2024-25 total of all leases with a projected shortfall is (\$6.70 million). Significant projected shortfalls over \$250,000 are summarized below and detailed in Attachment A:

- (\$4.55 million) – City Administrative Officer Homelessness Site Lease: The shortfall for the lease at 7047 Franklin Avenue reflects unfunded lease costs transferred out to the A Bridge Home Leasing Account for FY 2024-25 approved by MFC in November 2024 (Attachment A – Line A18).
- (\$669,380) – Garland Building Relocation Furniture Storage and Project Management: The shortfall for additional costs for furniture storage and project management fees associated with the Garland relocation is \$65,761 less than the cost of (\$603,619) reported in the FY 2024-25 Third Quarterly Status Report (Attachment A – Line A20).

c. Revisions Since the Third Quarterly Status Report

There is now a year-end projected surplus of \$5.08 million, which is \$4.79 million more than the \$288,315 reported in the FY 2024-25 Third Quarterly Status Report. This is due to delay in execution of several leases presented in Attachment A.

d. Unfunded Liabilities to be Considered by MFC

There is no project pending for approval by MFC in the FY 2024-25.

2. FY 2024-25 Special Fund Leasing Account

Table 1: Special Fund Leasing Account Budget for Municipal Facilities

The FY 2024-25 Adopted Budget provides \$160,848 for two leases for the Information Technology Agency funded by the Telecommunication Development Fund at 319 Second Street. Based on the FY 2024-25 projected expenses of (\$160,848), the Special Fund Leasing Account will be on budget by year-end.

FY 2024-25 Adopted Budget (A)	FY 2023-24 Reappropriation (B)	FY 2024-25 Transfers Out (C)	FY 2024-25 Revised Budget (A) + (B) + (C) = (D)	FY 2024-25 Expenses (E)	Projected FY 2024-25 Year-End Balance (D) + (E) = (F)
\$160,848	\$0	\$0	\$160,848	(\$160,848)	\$0

3. FY 2024-25 A Bridge Home Leasing Account

Table 1: A Bridge Home Leasing Account Budget for Homelessness Sites

The FY 2024-25 Adopted Budget did not include funding for two homelessness leases at 1920 West Third Street (\$180,016) and 7047 Franklin Avenue (\$4,544,446). These sites have been funded through the FY 2024-25 General Fund Leasing Account and the FY 2024-25 Third Quarterly Status Report recommended to transfer prior expenditures and reprogram funds to the A Bridge Home Leasing Account to address these unfunded liabilities through the end of FY 2024-25.

FY 2024-25 Adopted Budget (A)	FY 2023-24 Reappropriation (B)	FY 2024-25 Transfers Out (C)	FY 2024-25 Revised Budget (A) + (B) + (C) = (D)	FY 2024-25 Expenses (E)	Projected FY 2024-25 Year-End Balance (D) + (E) = (F)
\$0	\$0	\$0	\$0	(\$4,724,462)	(\$4,724,462)

FISCAL IMPACT STATEMENT

This report is for informational purposes only. The recommendation stated in this report will have no impact to the General Fund for the FY 2024-25 Citywide Leasing Program.

FINANCIAL POLICY COMPLIANCE STATEMENT

The recommendation in this report complies with the City's Financial Policies in that to the extent possible, changes to budget appropriations during the fiscal year shall be limited and subject to the review and approval of the Mayor and the City Council.

DP:JDL/AW:05250172

Attachment A

FY 2024-25 Fourth Quarterly Report - Leasing Program Detail
Changes to Budgeted and MFC Approved Items

Attachment A

Item No.	Department Occupant(s)	Lease Property	2024-25 Revised Budget	2024-25 Revised Expenses	Surplus / (Deficit)	Comment
A1	Various	FY 2023-24 Reappropriation	\$ 5,356,238	\$ -	\$ 5,356,238	Reappropriation of unencumbered FY 2023-24 General Fund Citywide Leasing Account funds
A2	Bureau of Sanitation	450-590 South Central Avenue	5,776,128	2,980,352	2,795,776	Surplus reflects reduced annual rental costs due to delay in execution of the lease
A3	Los Angeles Fire Department	Port of Los Angeles Leases	1,549,839	74,180	1,475,659	Surplus reflects reduced annual rental costs due to delay in execution of the lease
A4	City Administrative Officer*	Financial Status Report Transfers	-	-	702,664	Surplus reflects the transfers included in the 2024-25 Third (Mid-Year) Financial Status Report
A5	Bureau of Street Services	Central Asphalt Plant I	800,000	383,545	416,455	Surplus reflects reduced annual rental costs due to delay in execution of the lease
A6	Council District 2*	5240/5250 Lankershim Boulevard	637,206	417,545	219,661	Surplus reflects the early termination buyout of the lease
A7	Civil + Human Rights and Equity Department	250 East First Street	623,280	407,394	215,886	Surplus reflects reduced annual rental costs due to delay in move-in
A8	Department of Transportation	100 Main Street	2,233,050	2,028,343	204,707	Surplus reflects reduced annual rental costs due to delay in execution of the lease
A9	Information Technology Agency	1365 Vista Drive	119,975	25	119,950	Surplus reflects reduced annual rental costs due to delay in execution of the lease
A10	Los Angeles Housing Department	1910 West Sunset Boulevard	81,409	-	81,409	Surplus reflects the portion of the lease funded by the Housing Department's Special Fund monies
A11	Council District 5	5416 Wilshire Boulevard	354,000	302,807	51,193	Surplus reflects reduced annual rental costs due to delay in move-in
A12	Office of the Inspector General	350 South Figueroa Street	559,228	519,070	40,158	Surplus reflects savings due to delay in renewal of the lease
A13	City Attorney's Office	11701 La Cienega Boulevard	431,639	401,975	29,663	Surplus reflects custodial costs savings
A14	Council District 4	13103 Ventura Boulevard	164,262	137,079	27,184	Surplus reflects two additional months of rent abatement
A15	Los Angeles Police Department	5759-5771 Rickenbacker Road	484,661	465,352	19,309	Surplus reflects one month of rent abatement
A16	Los Angeles Police Department	2049 Century Park East	83,979	66,143	17,837	Surplus reflects savings due to delay in renewal of the lease
A17	Various	Total Cost of Remaining Leases	702,665	-	-	Reflects the cost of leases without changes
SURPLUS TOTAL			\$ 19,957,560	\$ 8,183,809	\$ 11,773,750	
A18	City Administrative Officer Homelessness*	7047 Franklin Avenue	-	4,547,826	(4,547,826)	Shortfall reflects funding transferred out to the A Bridge Home Leasing Account to fund the lease
A19	Various	FY 2024-25 Budget Reduction	(830,000)	-	(830,000)	Shortfall reflects the budget reduction approved as part of the FY 2024-25 Adopted Budget
A20	Various*	Garland Relocation	-	669,380	(669,380)	Shortfall reflects monthly costs for furniture storage and project management fees
A21	Council District 5*	6380 Wilshire Boulevard	-	192,344	(192,344)	Shortfall reflects additional cost due to delay in move-in at a new site
A22	Various*	333 South Flower Street	-	190,910	(190,910)	Shortfall reflects additional cost for swing space through June 2025
A23	Council District 2*	1920 West Third Street	-	181,668	(181,668)	Shortfall reflects funding transferred out to the A Bridge Home Leasing Account to fund the lease
A24	Various	444 South Flower Street	2,921,735	3,020,148	(98,412)	Shortfall reflects additional cost for swing space through June 2025
A25	Various	14401 Friar Street	82,944	168,120	(85,176)	Shortfall reflects increased parking cost
A26	Los Angeles Police Department*	1440 North Spring Street	-	62,392	(62,392)	Shortfall reflects unfunded lease costs for FY 2024-25
A27	General Services Department*	206 North Venice Boulevard	-	54,490	(54,490)	Shortfall reflects additional cost due to sewer leak requiring temporary relocation
A28	Council District 1	1137 West 6th Street	63,270	98,736	(35,466)	Shortfall reflects 2024-25 costs as 2023-24 funding reverted due to canceled CPO
A29	Various	1016 North Mission Road	1,853,310	1,887,980	(34,670)	Shortfall reflects higher rent costs
A30	Los Angeles Police Department	4125 South Crenshaw Boulevard	438,974	457,704	(18,730)	Shortfall reflects increased Common Area Maintenance costs
A31	Various	Various changes within \$15,000	9,182,819	8,877,231	305,588	Surplus reflects the aggregate total of lease changes under \$15,000
A32	Various	Total Cost of Remaining Leases	(942,402)	(942,402)	-	Reflects the cost of leases without changes
SHORTFALL TOTAL			\$ 12,770,650	\$ 19,466,525	\$ (6,695,875)	
GRAND TOTAL			\$ 32,728,210	\$ 27,650,335	\$ 5,077,875	