

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 25, 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 2025-26 FIRST QUARTERLY STATUS REPORT –
CITYWIDE LEASING PROGRAM**

RECOMMENDATION

Note and file this report.

SUMMARY

The First Quarterly Status report provides an update and overview of the Citywide Leasing Program (Program), which includes approved Municipal Facilities Committee (MFC) unfunded leasing liabilities projected through the end of Fiscal Year (FY) 2025-26 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 \$2.25 million for the FY 2025-26 Program. The projected surplus will be retained to address any unfunded expenditures related to new and existing leases in FY 2025-26, subject to MFC approval.

DISCUSSION

1. FY 2025-26 General Fund Leasing Account

Table 1: General Fund Leasing Account Budget for Municipal Facilities

The FY 2025-26 Adopted Budget provides \$34.1 million for the Program, and an additional reappropriation from prior unencumbered funds in the amount of \$4.43 million for a total of \$38.53 million. Based on the FY 2025-26 projected expenses of (\$36.28 million) detailed in Attachment A, the year-end balance will result in a surplus of \$2.25 million.

FY 2025-26 Adopted Budget (A)	FY 2024-25 Reappropriation (B)	FY 2025-26 Transfers Out (C)	FY 2025-26 Revised Budget (A) + (B) + (C) = (D)	FY 2025-26 Expenses (E)	Projected FY 2025-26 Year-End Balance (D) + (E) = (F)
\$34,096,634	\$4,434,386	\$0	\$38,531,020	(\$36,281,028)	\$2,249,992

Table 2: Total Lease Surplus and Shortfall

Attachment A details each individual lease costs through the end of FY 2025-26 that is projected to have a surplus (Attachment A – Lines A1-A14) or shortfall (Attachment A – Lines A16-A20) and is summarized in Table 2 below. It should be noted, Attachment A – Line A15 reflects 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)
\$2,505,864	(\$255,872)	\$2,249,992

a. Projected Leasing Surplus

The FY 2025-26 total of all leases with a projected surplus is \$2.51 million. Significant surpluses that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- \$588,040 – Bureau of Street Lighting (BSL) Yard Lease: The BSL lease at 16714 Schoenborn Street is no longer available for lease as a proposed second BSL yard. Therefore, the amount is reflected as a surplus (Attachment A – Line A2).
- \$501,930 – Industrious Office Lease for Various Departments: The interim office lease at 444 South Flower Street for the Office of Finance, Youth Development Department, Los Angeles Housing Department (LAHD), Community Investment for Families Department, Personnel Department, and Economic and Workforce Development Department reflects a surplus due to increased rent contribution from the LAHD Special Fund monies (Attachment A – Line A3).
- \$354,497 – Bureau of Street Services (BSS) Recycled Asphalt Plant Lease: The BSS lease at 4221 Bandini Boulevard reflects a surplus due to one month of delayed move-in and two months of rent abatement (Attachment A – Line A4).
- \$316,663 – Council District (CD) 5 Field Office Lease: The CD 5 lease at 5416 Wilshire Boulevard reflects a surplus due to delayed move-in (Attachment A – Line A5).

b. Projected Leasing Shortfalls

The FY 2025-26 total of all leases with a projected shortfall is (\$255,872) due to higher rent and operating costs. There are no significant projected shortfalls over \$250,000.

c. Unfunded Liabilities to be Considered by MFC

The projected surplus of \$2.25 million will be retained to address future unfunded liabilities approved by MFC in FY 2025-26.

2. FY 2025-26 Special Fund Leasing Account

Table 1: Special Fund Leasing Account Budget for Municipal Facilities

The FY 2025-26 Adopted Budget provides \$65,000 for the Information Technology Agency lease funded by the Telecommunication Development Fund at 319 Second Street. Based on the FY 2025-26 projected expenses of (\$65,000), the Special Fund Leasing Account will be on budget by year-end.

FY 2025-26 Adopted Budget (A)	FY 2024-25 Reappropriation (B)	FY 2025-26 Transfers Out (C)	FY 2025-26 Revised Budget (A) + (B) + (C) = (D)	FY 2025-26 Expenses (E)	Projected FY 2025-26 Year-End Balance (D) + (E) = (F)
\$65,000	\$0	\$0	\$65,000	(\$65,000)	\$0

3. FY 2025-26 A Bridge Home Leasing Account

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

The FY 2025-26 Program provides \$5.012 million in the Adopted Budget for homelessness leases, an additional reappropriation from prior unencumbered funds in the amount of \$280,183, and transfers in in the amount of \$2.423 million, for a total revised budget of \$7.715 million. The homelessness leases include the following locations:

7047 Franklin Avenue (\$4,692,280);
 1214 Lodi Place (\$1,437,780);
 3061 Riverside Drive (\$408,270);
 5031 Sierra Vista Avenue (\$280,183);
 1455 Alvarado Street (\$238,959);
 850 Mission Road (\$234,553);
 1920 West Third Street (\$175,243);
 2301 West Third Street (\$102,000);
 1904 Bailey Street (\$79,491);
 544 Towne Avenue (\$65,400);
 12600 Saticoy Street (\$512);
 515 North Beacon Street (\$512); and,
 828 Eubank Avenue (\$125).

Based on the FY 2025-26 projected expenses of (\$7.715 million), the A Bridge Home Leasing Account will be on budget by year-end.

FY 2025-26 Adopted Budget (A)	FY 2024-25 Reappropriation (B)	FY 2025-26 Transfers In (C)	FY 2025-26 Revised Budget (A) + (B)+ (C) = (D)	FY 2025-26 Expenses (E)	Projected FY 2025-26 Year-End Balance (D) + (E) = (F)
\$5,012,414	\$280,183	\$2,422,711	\$7,715,308	(\$7,715,308)	\$0

FISCAL IMPACT STATEMENT

This report is for informational purposes only. The recommendation to note and file this report will have no impact to the General Fund.

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:AW:05260033

Attachment A

FY 2025-26 First Quarterly Report - Leasing Program Detail
Changes to Budgeted and MFC Approved Items

Attachment A

Item No.	Department Occupant(s)	Lease Property	2025-26 Revised Budget	2025-26 Revised Expenses	Surplus / (Deficit)	Comment
A1	Los Angeles Police Department	FY 2024-25 Reappropriation for 6230 Gramercy Place	\$ 4,434,386	\$ 4,434,386	\$ -	Reappropriation of unencumbered FY 2024-25 General Fund Citywide Leasing Account funds
A2	Bureau of Street Lighting	16714 Schoenborn Street	588,040	-	588,040	Surplus reflects reduced annual rental costs as this site is no longer available for lease
A3	Various	444 South Flower Street (Office)	2,175,030	1,673,100	501,930	Surplus reflects the portion of the lease funded by the Housing Department's Special Fund monies
A4	Bureau of Street Services	4221 Bandini Boulevard	1,489,899	1,135,403	354,497	Surplus reflects savings due to one month of delayed move-in and two months rent abatement
A5	Council District 5	5416 Wilshire Boulevard	357,600	40,937	316,663	Surplus reflects reduced annual rental costs due to delay in move-in
A6	Various	444 South Flower Street (Parking)	672,010	514,560	157,450	Surplus reflects savings due to transferred parking to 350 South Figueroa Street
A7	Various	333 South Flower Street	231,200	109,560	121,640	Surplus reflects the portion of the lease funded by the Housing Department's Special Fund monies
A8	Department of Transportation	100 South Main Street	3,213,544	3,118,977	94,567	Surplus reflects reduced annual rental costs due to delay in execution of the lease expansion
A9	Various	1016 North Mission Road	2,052,360	1,958,592	93,768	Surplus reflects savings due to reduced operating costs
A10	Mayor's Office	1000 Vermont Avenue	78,650	-	78,650	Surplus reflects savings due to termination of the lease
A11	Office of the Inspector General	350 South Figueroa Street	566,431	496,529	69,902	Surplus reflects savings due to delay in renewal of the lease
A12	Department of Transportation	1201 South Mateo Street	926,738	869,835	56,903	Surplus reflects savings due to reduced operating costs
A13	Los Angeles Police Department	1601 Eastlake Avenue Courthouse	37,509	-	37,509	Surplus reflects savings due to termination of the lease
A14	Various	Various changes within \$15,000	3,985,177	3,950,832	34,345	Surplus reflects the aggregate total of lease changes under \$15,000
A15	Various	Total Cost of Remaining Leases	15,270,562	15,270,563	-	Reflects the cost of leases without changes
SURPLUS TOTAL			\$ 36,079,137	\$ 33,573,274	\$ 2,505,864	
A16	Los Angeles Police Department	1440 North Spring Street	304,764	436,744	(131,980)	Shortfall reflects higher rent costs
A17	Los Angeles Police Department	5759-5771 Rickenbacker Road	450,476	507,655	(57,179)	Shortfall reflects increased operating costs
A18	Council District 2	5250 Lankershim Boulevard	327,271	357,425	(30,154)	Shortfall reflects increased Common Area Maintenance costs
A19	Various	14401 Friar Street	166,752	186,295	(19,543)	Shortfall reflects increased parking cost
A20	Department of Transportation	1111 South Mateo Street	1,202,620	1,219,635	(17,015)	Shortfall reflects increased Common Area Maintenance costs
SHORTFALL TOTAL			\$ 2,451,883	\$ 2,707,755	\$ (255,872)	
GRAND TOTAL			\$ 38,531,020	\$ 36,281,028	\$ 2,249,992	