

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 11, 2025

CAO File No. 0220-06169-0005
Council File No.
Council District: Various

To: Municipal Facilities Committee

From: CAO Staff, Office of the City Administrative Officer



Subject: **FISCAL YEAR 2025-26 SECOND QUARTERLY STATUS REPORT –
CITYWIDE LEASING PROGRAM**

RECOMMENDATION

The Municipal Facilities Committee recommends that the Council approve the following recommendations, subject to the approval of the Mayor:

1. Authorize the Controller to transfer and reprogram \$2,600,000 from the Leasing Fund 100/63, Account No. 000024, General Fund Leasing Account to a newly established account within the Capital and Technology Improvement Expenditure Program 100/54, titled “Garland Relocation”; and,
2. Authorize the Controller to transfer and reprogram \$289,362 from the Leasing Fund 100/63, Account No. 000024, General Fund Leasing Account to the General Services Department Fund 100/40, Account No. 003040, Contractual Services to fund security services at the Seventh Street Yard.

SUMMARY

The Second Quarterly Status report provides an update and overview of the Citywide Leasing Program (Program), which includes unfunded leasing liabilities projected through the end of Fiscal Year (FY) 2025-26 approved by the Municipal Facilities Committee (MFC), and the use of surplus funds to address these liabilities. As presented in the Discussion section of this report, there is a projected year-end surplus of \$2.9 million for the FY 2025-26 Program. The report recommends to fully reprogram the anticipated year-end surplus to address unfunded needs associated with the Garland Relocation and for security services at the Seventh Street Yard. Additional costs are anticipated for staff who were previously assigned to the Garland Building for relocation to their new assigned workspace.

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 (\$35.63 million) detailed in Attachment A, the year-end balance will result in a surplus of \$2.9 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	\$4,434,398	\$0	\$38,531,032	(\$35,633,063)	\$2,897,969

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-A16) or shortfall (Attachment A – Lines A18-A25) and is summarized in Table 2 below. It should be noted, Attachment A – Line A17 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)
\$3,804,400	(\$906,431)	\$2,897,969

a. Projected Leasing Surplus

The FY 2025-26 total of all leases with a projected surplus is \$3.8 million. Significant surpluses that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- \$1.37 million – Los Angeles Police Department (LAPD) South Traffic Division Lease: The LAPD lease at 6230 Gramercy Place reflects a surplus due to delayed execution of the lease. The rent will start in FY 2026-27 after the landlord completes the required tenant improvements (Attachment A – Line A2).
- \$588,040 – Bureau of Street Lighting (BSL) Yard Lease: The BSL lease at 16714 Schoenborn Street is no longer available for leased space as a proposed second BSL yard (Attachment A – Line A3).

- \$501,930 – Industrious Office Lease for Various Departments: The interim office lease at 444 South Flower Street reflects a surplus due to an increased rent contribution from the Los Angeles Housing Department (LAHD) Special Fund monies as a result of LAHD occupying more space as approved by the Council in April 2025 (Attachment A – Line A4).
- \$327,600 – Council District (CD) 5 Field Office Lease: The CD 5 lease at 5416 Wilshire Boulevard reflects a surplus due to a delayed move-in as a result of the Palisades fire emergency (Attachment A – Line A5).
- \$327,088 – 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 A6).

b. Projected Leasing Shortfalls

The FY 2025-26 total of all leases with a projected shortfall is (\$906,431) due to higher rent and operating costs. Significant shortfalls that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- (\$288,236) – Bureau of Sanitation (LASAN) Livability Services Division Lease: The LASAN lease at 450, 500, and 590 South Central Avenue reflects a shortfall due to increased operating costs and a retroactive Common Area Maintenance cost (Attachment A – Line A18).
- (\$253,568) – Department of Transportation (DOT) Lease: The DOT lease at 888 South Vermont Avenue reflects a shortfall due to increased Common Area Maintenance costs and retroactive parking costs (Attachment A – Line A19).

c. Revisions Since the First Quarterly Status Report

There is now a year-end projected surplus of \$2.9 million, which is \$647,977 more than the \$2.25 million reported in the FY 2025-26 First Quarterly Status Report. This is due to the delay in execution and termination of several leases presented in Attachment A.

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 \$5.01 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 \$3.25 million, for a total revised budget of \$8.54 million. The homelessness leases include the following locations:

7047 Franklin Avenue (\$4,692,280);
 1214 Lodi Place (\$1,437,780);
 7253 Melrose Avenue (\$826,200);
 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 Satcoy Street (\$512);
 515 North Beacon Street (\$512); and,
 828 Eubank Avenue (\$125).

Based on the FY 2025-26 projected expenses of (\$8.54 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	\$3,248,911	\$8,541,508	(\$8,541,508)	\$0

FISCAL IMPACT STATEMENT

There is no impact to the General Fund for the Citywide Leasing Program. The projected surplus will be used for unfunded costs associated with the relocation of employees from the Garland Building and unanticipated security costs.

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:05260068

Attachment A

FY 2025-26 Second 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	\$ 4,434,398	\$ 4,434,398	\$ -	Reappropriation of unencumbered FY 2024-25 General Fund Citywide Leasing Account funds
A2	Los Angeles Police Department	6230 Gramercy Place	1,373,490	-	1,373,490	Surplus reflects savings due to delay in execution of the lease
A3	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
A4	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
A5	Council District 5	5416 Wilshire Boulevard	357,600	30,000	327,600	Surplus reflects reduced annual rental costs due to delay in move-in
A6	Bureau of Street Services	4221 Bandini Boulevard	1,489,899	1,162,811	327,088	Surplus reflects savings due to one month of delayed move-in and two months rent abatement
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	3,118,978	94,566	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	Department of Transportation	1575 Westwood Boulevard	136,241	45,075	91,165	Surplus reflects savings due to termination of the lease
A11	Mayor's Office	1000 Vermont Avenue	78,650	-	78,650	Surplus reflects savings due to termination of the lease
A12	Office of the Inspector General	350 South Figueroa Street	566,431	499,921	66,510	Surplus reflects savings due to delay in renewal of the lease
A13	Department of Transportation	1201 South Mateo Street	926,738	869,835	56,903	Surplus reflects savings due to reduced operating costs
A14	Los Angeles Police Department	1601 Eastlake Avenue Courthouse	37,509	-	37,509	Surplus reflects savings due to termination of the lease
A15	Los Angeles Fire Department	8060 Balboa Boulevard	925,518	909,909	15,609	Surplus reflects savings due to reduced rent
A16	Various	Various changes within \$15,000	3,272,730	3,242,800	29,930	Surplus reflects the aggregate total of lease changes under \$15,000
A17	Various	Total Cost of Remaining Leases	\$ 6,468,601	\$ 6,468,601	-	Reflects the cost of leases without changes
SURPLUS TOTAL			\$ 28,327,979	\$24,523,579	\$ 3,804,400	
A18	Bureau of Sanitation	450/500/590 South Central Avenue	6,088,581	6,376,817	(288,236)	Shortfall reflects increased operating costs
A19	Department of Transportation	888 South Vermont Avenue	1,748,550	2,002,119	(253,568)	Shortfall reflects increased Common Area Maintenance costs
A20	Los Angeles Police Department	1440 North Spring Street	304,764	436,744	(131,980)	Shortfall reflects higher rent costs
A21	Los Angeles Police Department	5759-5771 Rickenbacker Road	450,476	514,336	(63,860)	Shortfall reflects increased operating costs
A22	Council District 2	5250 Lankershim Boulevard	327,271	357,425	(30,154)	Shortfall reflects increased Common Area Maintenance costs
A23	General Services Department	206 North Venice Boulevard	27,000	62,259	(35,259)	Shortfall reflects moving and increased maintenance costs
A24	Department of Transportation	1111 South Mateo Street	1,202,620	1,287,923	(85,302)	Shortfall reflects increased Common Area Maintenance costs
A25	Council District 8	1968 West Adams Boulevard	53,791	71,861	(18,070)	Shortfall reflects higher rent costs due to holdover
SHORTFALL TOTAL			\$ 10,203,053	\$11,109,484	\$ (906,431)	
GRAND TOTAL			\$ 38,531,032	\$35,633,063	\$ 2,897,969	