

REPORT FROM

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: April 16, 2026

CAO File No. 0150-13148-0000

Council District: 14

To: The Municipal Facilities Committee

From: City Administrative Officer, Municipal Facilities Committee Staff *Albert C. Griego*Subject: **SPACE OPTIMIZATION PROJECT - LOS ANGELES MALL FORMER CVS**

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**RECOMMENDATION**

That the Municipal Facilities Committee (MFC):

1. Direct the City Administrative Officer's MFC staff, in coordination with the General Services Department Construction Services Division, to finalize one of the following space optimization projects for Los Angeles Mall Suite No. 4 (former CVS):
  - a. Convert the space into office space for Office of Finance employees currently housed at the Industrious Building; or
  - b. Develop the space into a common workspace for City employees; and,
2. Direct the City Administrative Officer-MFC staff and the Department of General Services to report on the final project cost and design,

**SUMMARY**

As part of the Space Optimization Program, developed to reduce the City's reliance on long-term private leases by improving existing City facilities (C.F. 10-0597), the City Administrative Officer (CAO) MFC-staff, with the assistance of the General Services Department (GSD) and Bureau of Engineering (BOE), reviewed the available space in the Los Angeles Mall. This report provides two tenant improvement options for MFC consideration that would to convert the former CVS retail space in the Los Angeles Mall Suite No. 4, into office space for City staff.

**DISCUSSION**

The former CVS space consists of approximately 11,500 square feet of retail space that is vacant and available to be converted for City use. The CVS space is currently used as a storage area for the Building Maintenance Division and can be vacated upon request. This space has the capacity to address immediate program needs for office and conference room space.

At its meeting held on February 26, 2026, the MFC requested that CAO-staff consider the highest and best use when recommending tenant improvements for the CVS space. On March 17, 2026, the Office of Finance (OOF) viewed the CVS space for the OOF staff located at Industrious. The 2025-26 cost for leasing the OOF Industrious space is \$1.45 million, consisting of \$1,000,514 in

lease costs and \$445,440 for parking.

The OOF informed the MFC staff that they are not interested in in this move. Instead, OOF offered to move their Billing and Collections Group, currently located in the 10<sup>th</sup> Floor of City Hall, into the space. This move, however, would not result in General Fund lease savings.

Although the OOF is not interested in moving the 156 OOF staff at Industrious to the CVS space, it is the best and highest use for this space resulting in \$1.45 million in General Fund annual savings. The tenant improvement project would convert CVS into office space for OOF staff currently housed at the Industrious building. The project design would take into consideration OOF programming needs and would incorporate the latest space standards, and telecommuting policy. The GSD-Construction Forces Division developed a rough order of magnitude estimate of \$2.0 million which includes the buildout of four management offices.

<b>Office of Finance Space</b>	<b>Amount</b>
Construction (includes 20% contingency)	\$ 1,676,059
Furniture (flexible work desks, cubicles, phone booths, conference table, chairs)	365,000
Data	35,000
<b>Total</b>	<b>\$ 2,076,059</b>

The other option would authorize a tenant improvement project to convert the former CVS space into hoteling and conference space for City staff. City employees that are housed outside of the Civic Center could use the space when they are attending meetings in City Hall. This work space would save staff time and increase productivity. The GSD-Construction Forces Division developed a rough order of magnitude estimate of \$1.1 million.

<b>Hoteling and Conference Space</b>	<b>Amount</b>
Construction (includes 20% contingency)	\$ 865,000
Furniture (flexible work desks, phone booths, conference tables, chairs)	200,000
Data	35,000
<b>Total</b>	<b>\$ 1,100,000</b>

Both projects would include the improvements shown below:

- General Repairs – Patching, painting, electrical, ceiling and flooring
- Restrooms – Replacement, paint, floor, and ADA compliance.
- Conference Room – Buildout of prior pharmacy enclosure, entry door, and glass install
- Mechanical Systems – HVAC replacement and controls
- Security – Card reader installation

Based on MFC direction on the tenant improvement project, the CAO-MFC staff will work with GSD-Construction Forces Division to finalize cost estimates to complete the project within the available Space Optimization Program funding. Funding for furniture in excess of the budgeted amounts will be submitted through the annual budget process.

## **FISCAL IMPACT STATEMENT**

Funding for this project is included in the Capital Technology Improvement Expenditure Program. There is no additional impact on the General Fund, beyond Municipal Improvement Corporation of Los Angeles funding authorized for the Space Optimization Program.

## **FINANCIAL POLICIES STATEMENT**

This report complies with the City's financial policies in that to the extent possible current operations will be funded by current revenues.

*MWS:ACG:05260099*