

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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

To: Municipal Facilities Committee

From: Municipal Facilities Committee, CAO Staff



Subject: **FISCAL YEAR 2025-26 FOURTH QUARTERLY STATUS REPORT –
CITYWIDE LEASING ACCOUNT**

RECOMMENDATION

Note and file this report.

SUMMARY

The Fourth Quarterly Leasing Status report provides an update and overview of the Citywide Leasing Account, which includes unfunded leasing liabilities projected through the end of Fiscal Year (FY) 2025-26 approved by the Municipal Facilities Committee, and the use of the unexpended balance to address these liabilities. As presented in the Discussion section of this report, there is a projected year-end unexpended balance of \$1.3 million for the FY 2025-26 Leasing Account, which will be reappropriated to the FY 2026-27 Leasing Account to offset a budget reduction in the same amount that was approved in the FY 2026-27 Adopted Budget.

DISCUSSION

1. FY 2025-26 General Fund Leasing Account

Table 1: General Fund Leasing Account Budget for Municipal Facilities

The Fiscal Year (FY) 2025-26 Adopted Budget provides \$34.1 million for the Leasing Account, and an additional reappropriation from prior unencumbered funds in the amount of \$3.1 million for a total of \$37.2 million. A total of \$1.6 million was transferred out of the Leasing Account, resulting in a total revised budget of \$35.6 million as summarized in Table 1. Based on the FY 2025-26 projected expenses of (\$34.3 million) detailed in Attachment A, the year-end unexpended balance will be \$1.3 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	\$3,134,386	(\$1,602,940)	\$35,628,080	(\$34,328,080)	\$1,300,000

Table 2: Total Lease Unexpended Balance and Shortfall

Attachment A details each individual lease costs through the end of the FY 2025-26 that is projected to have an unexpended balance (Attachment A – Lines A1-A26) or shortfall (Attachment A – Lines A29-A38) and is summarized in Table 2 below. It should be noted, Attachment A – Line A27 reflects the cumulative total for all remaining unchanged budgeted leases without shortfalls or unexpended balances, one-time costs, and new unbudgeted leases. Additionally, Attachment A – Line A28 reflects the transfers included in the FY 2025-26 Second Quarterly Leasing Status Report for the Garland relocation project and the Seventh Street Yard security services cost, as well as the transfers included in the FY 2025-26 Second Financial Status Report and South Traffic Division report for the Los Angeles Police Department’s (LAPD) overspending.

Total Leases with an Unexpended Balance (A)	Total Leases with a Shortfall (B)	Total (A) + (B) = (C)
\$5,614,131	(\$4,314,131)	\$1,300,000

a. Projected Leasing Unexpended Balances

The FY 2025-26 total of all leases with a projected unexpended balance is \$5.6 million. Significant unexpended balances that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- \$1.1 million – Garland relocation project: The Garland relocation project reflects an unexpended balance due to reduced lease and contract costs (Attachment A – Line A2).
- \$748,829 – Port of Los Angeles fire stations leases: The leases for fire stations at the Port of Los Angeles reflects reduced annual rent costs due to the delay in the execution of leases (Attachment A – Line A3).
- \$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 A4).

- \$571,515 – Bureau of Street Services (BSS) Recycled Asphalt Plant lease: The BSS lease at 4221 Bandini Boulevard reflects an unexpended balance due to one month of delayed move-in, two months of rental abatement, and a rent contribution from the Los Angeles Housing Department (LAHD) and Economic and Workforce Development Department Special Fund monies (Attachment A – Line A5).
- \$534,122 – Industrious Office lease for various departments: The interim office lease at 444 South Flower Street reflects an unexpended balance due to an increased rent contribution from the LAHD Special Fund monies as a result of LAHD occupying more space as approved by the Council in April 2025 (Attachment A – Line A6).
- \$327,600 – Council District (CD) 5 Field Office lease: The CD 5 lease at 5416 Wilshire Boulevard reflects an unexpended balance due to a delayed move-in as a result of the Palisades fire emergency (Attachment A – Line A7).
- \$304,764 – LAPD parking and warehouse lease: The LAPD parking and warehouse lease at 1440 North Spring Street reflects an unexpended balance due to a delayed start date as a result of a permit approval (Attachment A – Line A8).
- \$300,051 – Parking license for Industrious office staff: The parking license at 350 South Figueroa Street reflects an unexpended balance due to delayed start date (Attachment A – Line A9).

b. Projected Leasing Shortfalls

The FY 2025-26 total of all leases with a projected shortfall is (\$4.3 million) due to the transfer out of funds, one-time costs, higher rent, and increased operating costs. Significant shortfalls that are projected to be over \$250,000 are summarized below and detailed in Attachment A:

- (\$406,641) – 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 A29).

c. Revisions Since the Third Quarterly Status Report

There is now a year-end projected unexpended balance of \$1.3 million compared to the \$2.4 million reported in the FY 2025-26 Third Quarterly Leasing Status Report. The \$1.1 million decrease in the unexpended balance is due to expenditures for one-time costs. The FY 2026-27 Adopted Budget instructed the Controller to reappropriate up to \$1.3 million of the unencumbered balance.

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 A Bridge Home Leasing Account provides \$5.0 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 \$3.3 million, for a total revised budget of \$8.6 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);
- 5301 Sierra Vista Avenue (\$60,000);
- 12600 Saticoy Street (\$512);
- 515 North Beacon Street (\$512); and,
- 828 Eubank Avenue (\$125).

Based on the FY 2025-26 projected expenses of (\$8.6 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	\$3,308,911	\$8,601,508	(\$8,601,508)	\$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:05260169

Attachment A

FY 2025-26 Fourth Quarterly Report - Leasing Account 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	Garland Relocation	Various	2,101,351	964,695	1,136,656	Surplus reflects reduced lease cost and contract cost
A3	Los Angeles Fire Department	Various Port of Los Angeles Fire Stations	801,009	52,180	748,829	Surplus reflects reduced annual rental costs due to delayed execution of leases
A4	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
A5	Bureau of Street Services	4221 Bandini Boulevard	1,489,899	918,384	571,515	Surplus reflects savings due to one month of delayed move-in, two months rent abatement, and the portion of the lease funded by Housing Department and Economic and Workforce Development Department Special Fund monies
A6	Various	444 South Flower Street (Office)	2,175,030	1,640,908	534,122	Surplus reflects the portion of the lease funded by the Housing Department's Special Fund monies
A7	Council District 5	5416 Wilshire Boulevard	357,600	30,000	327,600	Surplus reflects reduced annual rental costs due to delayed move-in
A8	Los Angeles Police Department	1440 North Spring Street	304,764	-	304,764	Surplus reflects savings due to delayed start date
A9	Various	350 South Figueroa Street (Parking)	476,444	176,392	300,051	Surplus reflects savings due to delayed start date
A10	Council District 1	5601 North Figueroa Street	247,444	65,000	182,444	Surplus reflects savings due to delayed start date
A11	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
A12	Department of Transportation	1575 Westwood Boulevard	136,241	45,075	91,165	Surplus reflects savings due to termination of the lease
A13	Department of Transportation	100 South Main Street	3,213,544	3,123,569	89,975	Surplus reflects reduced annual rental costs due to delayed execution of the lease expansion
A14	Various	1016 North Mission Road	2,052,360	1,964,219	88,141	Surplus reflects savings due to reduced operating costs
A15	Mayor's Office	1000 Vermont Avenue	78,650	-	78,650	Surplus reflects savings due to termination of the lease
A16	Los Angeles Police Department	6230 Gramercy Place	73,490	-	73,490	Surplus reflects savings due to delayed start date
A17	Office of the Inspector General	350 South Figueroa Street	566,431	501,415	65,017	Surplus reflects savings due to execution of a new lease at a new location
A18	Information Technology Agency	1365 Vista Drive	60,000	25	59,975	Surplus reflects savings due to delayed execution of the lease
A19	Department of Transportation	1201 South Mateo Street	926,738	870,491	56,248	Surplus reflects savings due to reduced operating costs
A20	City Attorney's Office	100 Oceangate	53,710	14,079	39,631	Surplus reflects savings due to reduced lease cost
A21	Los Angeles Police Department and City Attorney's Office	1601 Eastlake Avenue	37,509	-	37,509	Surplus reflects savings due to termination of the lease
A22	Los Angeles Police Department and City Attorney's Office	11701 La Cienega Boulevard	442,234	408,340	33,894	Surplus reflects savings due to reduced custodial cost
A23	Los Angeles Police Department and City Attorney's Office	1945 South Hill Street	333,002	309,941	23,061	Surplus reflects savings due to reduced custodial cost
A24	Los Angeles Police Department	4125 Crenshaw Boulevard	448,338	429,844	18,494	Surplus reflects savings due to reduced operating costs
A25	Los Angeles Fire Department	8060 Balboa Street	925,518	909,909	15,609	Surplus reflects savings due to reduced lease cost
A26	Various	Various changes within \$15,000	4,506,458	4,478,847	27,610	Surplus reflects the aggregate total of lease changes under \$15,000
SURPLUS TOTAL			\$ 27,061,391	\$ 21,447,259	\$ 5,614,131	
A27	Various	Total Cost of Remaining Leases	-	\$ 1,708,201	\$ (1,708,201)	Shortfall reflects the cost of leases without changes and one-time costs
A28	City Administrative Officer*	Transfer Out	(1,602,940)	-	(1,602,940)	Shortfall reflects the transfers included in various reports
A29	Bureau of Sanitation	450/500/590 South Central Avenue	6,088,581	6,495,222	(406,641)	Shortfall reflects increased operating costs
A30	Department of Transportation	1111 South Mateo Street	1,202,620	1,350,286	(147,666)	Shortfall reflects increased Common Area Maintenance costs
A31	Department of Transportation	888 South Vermont Avenue	1,748,550	1,876,100	(127,550)	Shortfall reflects increased Common Area Maintenance costs
A32	Los Angeles Police Department*	3171 Gaffey Street	-	75,000	(75,000)	Shortfall reflects administrative and survey fees
A33	Los Angeles Police Department	5759-5771 Rickenbacker Road	450,476	519,727	(69,251)	Shortfall reflects increased operating costs
A34	Los Angeles Police Department	550 Ramirez Street	53,202	105,928	(52,726)	Shortfall reflects increased lease costs
A35	Los Angeles Fire Department	7921 Woodley Avenue	218,139	258,904	(40,765)	Shortfall reflects increased lease costs
A36	General Services Department	206 North Venice Boulevard	27,000	62,167	(35,167)	Shortfall reflects moving and increased maintenance costs
A37	Council District 2	5250 Lankershim Boulevard	327,271	357,425	(30,154)	Shortfall reflects increased Common Area Maintenance costs
A38	Council District 8	1968 West Adams Boulevard	53,791	71,861	(18,070)	Shortfall reflects higher rent costs due to holdover
SHORTFALL TOTAL			\$ 8,566,690	\$ 12,880,821	\$ (4,314,131)	
GRAND TOTAL			\$ 35,628,080	\$ 34,328,080	\$ 1,300,000	

The asterisk (*) indicates that the item was not budgeted in the Fiscal year 2025-26 General Fund Leasing Account.