REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 24, 2026

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

To: Municipal Facilities Committee

From: CAO Staff, Office of the City Administrative Officer LaTanya Roux

Subject: **FISCAL YEAR 2026-27 FIRST QUARTERLY STATUS REPORT – CITYWIDE LEASING ACCOUNT**

RECOMMENDATION

Note and file this report.

SUMMARY

The First Quarterly Leasing Status report provides an update and overview of the Citywide Leasing Account, which includes the status of General Fund leases approved by the Municipal Facilities Committee (MFC). As presented in the Discussion section of this report, there is a projected year-end unexpended balance of $1.2 million for the Fiscal Year (FY) 2026-27 Citywide Leasing Account as a result of deferred lease payments, State lease reimbursements, and Common Area Maintenance savings, which will be retained to address any unfunded expenditures related to new and existing leases in FY 2026-27, subject to MFC approval.

DISCUSSION

1. FY 2026-27 General Fund Leasing Account

Table 1: General Fund Leasing Account Budget for Municipal Facilities

The FY 2026-27 Adopted Budget provides $32.9 million for the Citywide Leasing Account. A reappropriation from FY 2025-26 unencumbered balance in the amount of $2.8 million was added to the current FY Adopted Budget for a total of $35.7 million. Based on the FY 2026-27 projected expenses of ($34.5 million) detailed in Attachment A, the year-end balance will be $1.2 million.

FY 2026-27 Adopted Budget (A)	FY 2025-26 Reappropriation (B)	FY 2026-27 Transfers Out (C)	FY 2026-27 Revised Budget (A) + (B)+ (C) = (D)	FY 2026-27 Expenses (E)	Projected FY 2026-27 Year-End Balance (D) + (E) = (F)
$32,901,121	$2,791,031	$0	$35,692,152	($34,452,178)	$1,239,975

Table 2: Total Lease Unexpended Balance and Shortfall

Attachment A details each individual lease cost through the end of the FY 2026-27 that is projected to have an unexpended balance (Attachment A – Lines A1-A12) and is summarized in Table 2 below. It should be noted, Attachment A – Line A12 reflects the cumulative total for all remaining unchanged budgeted leases without shortfalls or unexpended balances, one-time costs, and new unbudgeted leases.

Total Leases with an Unexpended Balance (A)	Total Leases with a Shortfall (B)	Total (A) + (B) = (C)
$1,239,975	$0	$1,239,975

a. Projected Leasing Unexpended Balances

The FY 2026-27 total of all leases with a projected unexpended balance is $1.2 million. The lease with an unexpended balance that is projected to be over $250,000 is summarized below and detailed in Attachment A:

- $824,094 – Los Angeles Police Department (LAPD) South Traffic Division Lease: The LAPD lease at 6230 South Gramercy Place reflects an unexpended balance due to deferred lease payments due to tenant improvements currently in progress (Attachment A – Line A3).

b. Projected Leasing Shortfalls

The FY 2026-27 total of all leases with a projected shortfall is $0.

c. Unfunded Liabilities to be Considered by MFC

The year-end projected unexpended balance of $1.2 million will be retained to address future unfunded liabilities approved by MFC in FY 2026-27.

2. FY 2026-27 Special Fund Leasing Account

Table 1: Special Fund Leasing Account Budget for Municipal Facilities

In prior fiscal years, the Information Technology Agency (ITA) lease for 319 Second Street was funded by the Telecommunication Development Fund. The lease has been terminated and ITA has relocated Channel 35 to City-owned office space.

FY 2026-27 Adopted Budget (A)	FY 2025-26 Reappropriation (B)	FY 2026-27 Transfers Out (C)	FY 2026-27 Revised Budget (A) + (B)+ (C) = (D)	FY 2026-27 Expenses (E)	Projected FY 2026-27 Year-End Balance (D) + (E) = (F)
$0	$0	$0	$0	($0)	$0

3. FY 2026-27 A Bridge Home Leasing Account

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

The FY 2026-27 A Bridge Home Leasing Account provides $6.7 million in the Adopted Budget for homelessness leases and transfers in in the amount of $2.3 million, for a total revised budget of $9.0 million. The homelessness leases include the following locations:

- 7047 Franklin Avenue ($4,833,048);
- 7253 Melrose Avenue (1,235,212);
- 1920 West Third Street ($185,573);
- 1904 Bailey Street ($311,580);
- 544 Towne Avenue ($263,429);
- 12600 Saticoy ($512);
- 3061 Riverside ($419,930);
- 1214 Lodi Place ($1,152,679);
- 1455 Alvarado Street ($239,580);
- 2301 West Third Street ($112,500);
- 850 Mission Road ($240,385); and,
- 515 North Beacon Street ($512); and,
- 828 Eubank Avenue ($125).

Based on the FY 2026-27 projected expenses of $9.0 million, the A Bridge Home Leasing Account will be on budget by year-end.

FY 2026-27 Adopted Budget (A)	FY 2025-26 Reappropriation (B)	FY 2026-27 Transfers In (C)	FY 2026-27 Revised Budget (A) + (B)+ (C) = (D)	FY 2026-27 Expenses (E)	Projected FY 2026-27 Year-End Balance (D) + (E) = (F)
$6,703,330	$2,300,000	$0	$9,003,330	($8,995,065)	$8,265

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:LR:0527019

Attachment A

FY 2026-27 First Quarterly Report - Leasing Program Detail

Changes to Budgeted and MFC Approved Items

Item No.	Department Occupant(s)	Lease Property	2025-26 Revised Budget	2025-26 Revised Expenses	Surplus / (Deficit)	Comment
A1	Various		$ 2,300,000	$ -	$ 2,300,000	Reappropriation of unencumbered FY 2025-26 General Fund Citywide Leasing Account funds
A2	Various		-	2,300,000	(2,300,000)	2026-27 Adopted Budget Reduction
A3	Los Angeles Police Department	6230 South Gramercy Place	5,258,480	4,434,386	824,094	Surplus reflects savings due to deferred lease payments pending completion of tenant improvements in Q4 of FY 2026-27
A4	Los Angeles Police Department	1440 North Spring Street	765,477	577,069	188,408	Surplus reflects savings due to delayed start date associated with resolution of code compliance issue
A5	Council District 10	2922 Crenshaw Boulevard	583,000	544,726	38,274	Surplus reflects savings due to delayed execution of lease
A6	Los Angeles Police Department and City Attorney's Office	11701 La Cienega Boulevard	426,500	395,821	30,679	Surplus reflects savings due to credit applied from Judicial Council's reimbursement of lease payments during closure period of Eastlake courthouse
A7	City Attorney's Office	100 Oceangate	172,916	145,731	27,185	Surplus reflects savings due to one-time credit received for Common Area Maintenance costs
A8	Various	350 South Figueroa Street (Parking)	327,780	301,762	26,018	Surplus reflects savings due to over projected parking need
A9	Council District 2	5250 Lankershim Boulevard	366,955	342,482	24,473	Surplus reflects savings due to FY 2025-26 Common Area Maintenance cost reimbursement
A10	Los Angeles Police Department and City Attorney's Office	1945 South Hill Street	312,543	290,267	22,276	Surplus reflects savings due to credit applied from Judicial Council's reimbursement of lease payments during closure period of Eastlake courthouse
A11	City Attorney's Office	14440 Erwin Street	60,449	38,876	21,573	Surplus reflects savings due to Judicial Council's termination of a portion of the space due to current construction needs
A12	Various	Over/unders less than $15K	23,135,989	23,098,994	36,995	Surplus reflects the aggregate total of lease changes under $15,000
SURPLUS TOTAL			**$ 33,710,089**	**$ 32,470,114**	**$ 1,239,975**	
SHORTFALL TOTAL			**$ -**	**$ -**	**$ -**	
GRAND TOTAL			**$ 33,710,089**	**$ 32,470,114**	**$ 1,239,975**	