

CITY OF LOS ANGELES

CALIFORNIA

Agenda Item No. 3

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
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June 25, 2020

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Armando Bencomo, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LEASE WITH AVIS BUDGET RENTAL, LLC AT 1910 E. WASHINGTON BLVD

On behalf of the Los Angeles Department of Transportation (LADOT), the Department of General Services (GSD) requests authority to negotiate and execute a new lease with Avis Budget Rental, LLC (Avis) to continue operating a vehicle rental company at the City-owned and LADOT controlled property located at 1910 E. Washington Blvd., Los Angeles, CA 90021.

BACKGROUND

On April 1, 2019, GSD acquired an approximately 13,200 square foot building on an approximately 82,762 square feet or 1.90 acre parcel of land through a purchase and sale agreement (C.F.18-1057) for LADOT to expand its Bus Maintenance Facility servicing its transit service operations by joining the subject property with the adjoining LADOT Bus Maintenance Facility located at 1950 E. Washington Blvd, which was acquired in 2018.

The property acquisition included a lease with Avis, which was assigned to the City upon purchase. Avis has been a tenant there since 1998 and is currently operating through the 3rd amendment and extension agreement to the lease under a five-year term that will expire on June 30, 2020. Avis will continue operation at the premises in holdover until the new lease is executed. LADOT planned to occupy the space immediately after the Avis lease expires in anticipation of receiving a supply of busses and electrical service equipment. Delivery of the vehicles and equipment has been postponed due to COVID-19, so both parties desire to extend the lease term. Under current circumstances, LADOT believes they will not need the property until June 2021.



TERMS AND CONDITIONS

The new lease will extend the term on a month-to-month basis. The lease will have no impact on the General Fund and generate \$16,644 monthly to LADOT. No Tenant Improvements will be performed and all utilities will remain the responsibility of the Tenant. Either party may terminate the lease by providing a 120-day written notice. A complete set of terms and conditions are outlined in the attached term sheet.

MARKET ANALYSIS

Based on market rents of similar type properties/uses in within a 1-mile radius of the subject location, the Fair Market Rental Rate (FMRR) currently ranges from approximately \$0.80 - \$1.55 per square foot (PSF). Avis is currently paying \$1.22/PSF or \$16,159.00 per month.

The new lease will reflect a 3% rent increase from the previous year and continue to increase by 3% every year after.

Market Rate – Store Front Retail Rental Comparisons

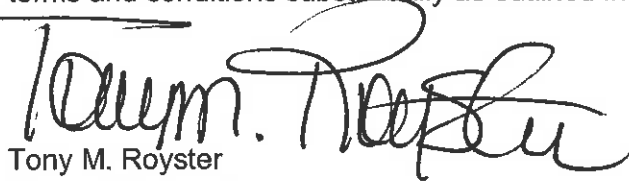
Address	Rental Rate	Building Rentable Square Footage	Land Square Footage
1920-1930 E 15 th St	\$0.80 / PSF	10,750	38,768
1900-1950 E 25 th St	\$1.10 / PSF	12,300	67,954
937 S Alameda St	\$1.25 / PSF	11,721	47,045
1211 Long Beach Ave	\$0.90 / PSF	14,132	23,958
2424 E 8 th Street	\$1.55 / PSF	11,200	11,200

FISCAL IMPACT

There is no impact to the General Fund. Rental revenue totaling approximately \$16,664 monthly will be deposited to the LADOT Fund 385, Prop A along with escalations throughout the lease term.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a new lease with Avis Budget Rental, LLC to continue operating a vehicle rental company at 1910 E. Washington Blvd. under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER

SECURITY DEPOSIT

MAINTENANCE/
REPAIR

MAINTENANCE/
REPAIR DETAILS

TENANT
IMPROVEMENTS

PARKING

UTILITIES

CUSTODIAL

SECURITY

PROP 13
PROTECTION

INSURANCE
(City)

INSURANCE
(Landlord)

OTHER: