

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Agenda Item No. 4

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

March 25, 2021

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 305, City Hall
Los Angeles, CA, 90012

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A
NEW LICENSE AGREEMENT WITH JUDICIAL COUNCIL OF CALIFORNIA FOR SPACE AT
THE AIRPORT COURTHOUSE - 11701 SOUTH LA CIENEGA BLVD, LOS ANGELES**

The Department of General Services (GSD) requests authority to negotiate and execute a new license agreement with the Judicial Council of California (State) for approximately 10,255 square feet of space at the Airport Courthouse located at 11701 S. La Cienega Blvd., Los Angeles, California, 90045 for use by the Office of the City Attorney (City Attorney) and the Los Angeles Police Department (LAPD). LAPD is using 518 sq feet and City Attorney 9737 sq feet.

BACKGROUND

On August 1, 2010, the City of Los Angeles executed license agreement C-120602, (CF 11-1519) for the use of several courthouse office spaces including the one at the Airport Courthouse which is used for court-related City Attorney and LAPD business. The lease is currently in a month-to-month holdover status.

In June 2017 the State requested to renew all courthouse licenses under new terms and conditions including paying custodial costs and accurate square footage. The County of Los Angeles provides custodial at the courthouses but the City previously did not pay separate custodial costs. The square footage measurements were resolved in February 2018. However, the custodial costs were never clearly defined in dollar amounts and initial proposals were higher than the proposed rents. In December 2019, the State agreed to limit custodial costs to approximately 25% of license costs with payments to be made directly to the Los Angeles County Superior Court under a separate Memorandum of Understanding (MOU). Authority to enter into this MOU will be requested in a separate report.



TERMS AND CONDITIONS

The new proposed license will increase square footage from 9,800 to 10,255 and increase monthly rent without custodial from \$25,675.59 to \$26,150.25. The additional custodial charge of 25% of total rent or \$6,537.57 monthly, will result in a total rent amount of \$32,687.81 monthly effective retroactively starting July 1, 2020.

Any increase or decrease in square footage will result in an increase or reduction in rent with a 30-day notice to the landlord based on the current cost per square foot rate.

Complete terms and conditions are included in the attached Term Sheet. The City will enter into a separate MOU agreement with the Los Angeles County Superior Courts to pay custodial costs.

MARKET ANALYSIS

Lease comparables for this courthouse are included in the table below.

Note: Comparable rent is within one mile of the courthouse evaluated from 2019 to present.

Airport Courthouse - 11701 S. La Cienega Blvd	Monthly Rent (per square foot)
11914-11924 Aviation Blvd	\$2.72
5230 Pacific Concourse Drive	\$3.10
11720 Inglewood Ave	\$2.92
Total Average	\$2.91
Proposed State Rent*	\$2.55

*Proposed State Rent is lower than average comparables

FISCAL IMPACT

The Leasing Account is funded \$316,580.05 in FY 2020-21. Estimated new costs total \$392,253.75 resulting in a funding shortfall of \$75,673.70.

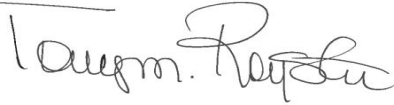
Rent Increases are due mainly to the square footage increase from 9,800 to 10,255, and a new monthly fee for custodial service. The base rent is increasing from \$25,675.59 to \$26,150.25 monthly and the new monthly custodial fee is approximately \$6,537.56. These new costs are retroactive to July 2020.

Please note the first year of this new General Funded lease including custodial will cost \$32,687.81 monthly, or \$392,253.75 annually, with annual increases of 3%. There is an unfunded amount of \$75,673.70 for FY 2020-21 as detailed in the chart below.

FY 20-21 Funding- Airport Courthouse					
	Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
Rent	\$26,150.25		\$313,803.00		
Custodial	\$6,537.56		\$78,450.75		
TOTAL	\$32,687.81	\$0	\$392,253.75	\$ 316,580.05	(\$75,673.70)

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute a license agreement with the Judicial Council of California for the continued use of office space at the Airport Courthouse located at 11701 S. La Cienega Blvd., Los Angeles, California, 90045 for City Attorney and LAPD use under the terms and conditions substantially 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	Late fee \$50 or 5% of license fee whichever is greater
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord fixes all common areas and general maintenance of site
TENANT IMPROVEMENTS	N/A
PARKING	As needed by tenant
UTILITIES	Tenant pays
CUSTODIAL	Custodial up to 25% of rent-about \$6,537.56 monthly, \$78,450.75 annually
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	<p>Total rent including custodial is about \$32,687.81 monthly or \$392,253.72 yearly</p> <p>LAPD 4th floor 518 sq feet Total 518 sq feet City Attorney 4th floor 9,737 sq feet Total 9,737 sq feet Overall Total 10,255 sq feet Higher rents amount reflect locational usage as rents in the Westside areas are the highest in Los Angeles.</p>