

# CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS  
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

June 6, 2023

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

Attention: Mandy Morales, Legislative Assistant

### **REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LEASE WITH AMHERST TOWER, LLC FOR A COUNCIL DISTRICT FIVE FIELD OFFICE AT 5416 WILSHIRE BLVD, LOS ANGELES**

At the request of Council District Five (CD5), the Department of General Services (GSD) requests authority to negotiate and execute a new lease for a Council field office with Amherst Tower, LLC located at 5416 Wilshire Blvd. Los Angeles, CA 90036.

#### **BACKGROUND**

CD5 requested that this proposed field office, located at 5416 Wilshire Boulevard, replace two field offices of the prior Councilmember at 6380 Wilshire Blvd and 15760 Ventura Blvd. The one located at 15760 Ventura Blvd. was terminated in October 2022 due to new redistricting as it is no longer within their district boundaries. CD5 is currently utilizing 6380 Wilshire Blvd. as their current field office. This location, however, is not easily accessible for constituents since it is located on the 8th floor, parking validation is expensive and it does not have enough work space to accommodate the 12 staff members who will be using this office. Historically this office received little foot traffic and or community participation due to its location.

The proposed location at 5416 Wilshire Blvd., totaling 5,443 square feet (sf), is a former retail site with street frontage. It includes 3,300 sf of retail space on the ground floor and 2,143 of space on the mezzanine level. This location has ample space to accommodate the 12-person staff team and CD5 Homelessness teams. It will also be used for district-wide staff meetings, as their downtown office does not have the space for the entire team to meet. Overall, this single location is considerably smaller at 5,443 sf, compared to the previous combined two field offices which totaled 8,100 sf.

#### **TERMS AND CONDITIONS**

The modified gross lease rent is \$26,000. This includes base rent of \$20,000 per month with 3% annual increases and \$6,000 a month for amortized tenant improvements, which is not subject to



annual increases. The lease term shall commence upon substantial completion of the tenant improvements or certificate of occupancy. The term is for four years with two four-year extension options with an early termination option if there is a change in Councilmember based on Council election results or change in district boundaries. The landlord will provide general maintenance of the premises and common area, janitorial services, HVAC system, and water. City will pay for electricity, phones, internet and parking.

The City shall have a right, but not the obligation, to purchase up to ten (10) parking spaces behind the building at \$250 per space per month. A complete set of terms and conditions are outlined on the attached term sheet.

### **TENANT IMPROVEMENTS**

The Landlord will provide and pay for tenant improvements. The Landlord hired a space planner/architect to work with the Council office to develop a space plan, as well as mutually agreed upon finishes for the office flooring, paint, type of office fronts, millwork, and other related work.

### **FURNITURE, MOVING AND COMMUNICATION EXPENSE**

Included herein are rough order of magnitude costs for furniture, moving expenses, and communication expenses which are estimated at \$150,000. If additional costs are needed, GSD will request it in an upcoming Space Optimization report. This will ensure that the transaction with the landlord can proceed while expenses are finalized.

### **MARKET ANALYSIS**

Based on a recent market analysis, the monthly rate for similar locations and types of space ranges from \$3.42 per sf to \$5.25 per sf. The proposed base rate of \$3.67 for rent reflects a modified gross lease and is within the acceptable range for comparable office space in the area.

Location	Property Type	Rent Rate PSF	Rentable Square Feet	Lease Type
612 S. La Brea Ave	Retail/Storefront	\$ 4.00	7,700	NNN
5400-5420 Wilshire Blvd	Class B Office	\$ 3.42	400-48,017	Modified Gross
5900 Wilshire Blvd	Class A Office	\$ 5.25	59-217,942	Modified Gross
5670 Wilshire Blvd	Class A Office	\$ 5.25	2,119-126,663	Modified Gross
5455 Wilshire Blvd	Retail/Office	\$ 3.50	350-80,715	NNN
<b>Average Rental Rate</b>		<b>\$ 4.28</b>		

*\*Note: Proposed base rent of \$3.67 is 14% less than the average rent for comparable space in the immediate area.*

### **FISCAL IMPACT**

Funding for this location has been included in the Citywide Leasing Account 2023-24 Fiscal Year Budget Request in the amount of \$317,037. The General Fund impact is estimated at \$32,463. This includes seven months' rent of approximately \$26,000 per month or \$182,000 for the fiscal

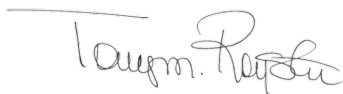
year. Additionally, there is a parking cost of \$250 per parking space, a maximum of 10 parking spaces totaling \$17,500 for 7 months.

<b>FY 2023-2024 Proposed Amount – CD-5 5416 Wilshire Blvd. Los Angeles CA 90036</b>				
	Monthly Proposed Costs	2023-24 Estimated Expense	2023-24 *Proposed Budget Funding	2023-24 Estimated Funding Balance
Base Rent	\$20,000	\$140,000		
Additional Rent (Amortized TIs)	\$6,000	\$42,000		
Parking	\$2,500	\$17,500		
Utility - Electrical Services	TBD	TBD		
Furniture, Moving, Communications (one time)		\$150,000		
<b>TOTAL</b>	28,500	\$349,500	\$317,037	\$32,463

\*Proposed funding is subject to final budget adoption.

**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 Amherst Tower, LLC located at 5416 Wilshire Blvd. Los Angeles, CA 90036 for a CD5 Field Office under the terms and conditions substantially outlined in this report.



Tony M. Royster  
General Manager

Attachments: Term Sheet

## LEASING TERM SHEET

MFC DATE

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LANDLORD

ADDRESS

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TENANT

ADDRESS

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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	<input type="text"/>
SECURITY DEPOSIT	No Security Deposit
MAINTENANCE/ REPAIR	Landlord <input type="text"/>
MAINTENANCE/ REPAIR DETAILS	Landlord shall be responsible for general maintenance of the Premises and Common Area, janitorial services, HVAC system, and water.
TENANT IMPROVEMENTS	Landlord shall perform all tenant improvements based on mutually agreed work letter.
PARKING	Up to 10 spaces at \$250 with 10% cap annually
UTILITIES	Tenant pays for electrical services directly to provider
CUSTODIAL	Landlord to provide Janitorial Services
SECURITY	None
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection. <input type="text"/>
INSURANCE (City)	City is self insured <input type="text"/>
OTHER:	<input type="text"/>