

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 2

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GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
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September 12, 2023

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

Attention: Mandy Morales, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE
AMENDMENT WITH 1609 WESTWOOD & COMPANY FOR THE
DEPARTMENT OF TRANSPORTATION LOCATED AT 1575 WESTWOOD BLVD**

The Department of General Services (GSD) requests authority to negotiate and execute a lease amendment with 1609 Westwood & Company (Landlord), a California corporation, for the Department of Transportation's (LADOT) West Los Angeles (WLA) Adjudication Office located at 1575 Westwood Blvd. #100A, Los Angeles, CA 90024 (Westwood).

BACKGROUND

On June 24, 2014 City Council approved a new lease (CF 14-0718) which commenced April 1, 2015 and expired on March 31, 2023. LADOT currently occupies 2,500 square feet (sf) on the second floor of the office space at Westwood on a month-to-month holdover status.

LADOT's Adjudication Office allows citizens to contest parking citations and appeal determinations that were rendered during initial administrative review. Hearing officers meet with the public, review evidence, receive testimony, and send written decisions to contestants. LADOT has three hearing offices located strategically throughout the City to benefit customer access. The office at Westwood serves the West LA constituency and is an ideal location due to its proximity to public transportation and access to major freeways along with its ground floor location. LADOT is requesting a short-term lease extension while they determine their long-term office needs. Furthermore, the Landlord is only willing to renew on a short-term basis.

The current lease terms and conditions will be amended to reflect changes to the rental rate in exchange for eliminating janitorial and electrical costs which will be handled by the Landlord on an all-inclusive rate as full-service gross under this amendment.



TERMS AND CONDITIONS

General terms are for a two-year lease extension commencing on April 1, 2023, with two, one-year extensions for 2,500 sf of space. The landlord is including the custodial and electrical utility costs as part of the rent. A complete set of terms and conditions are outlined on the attached term sheet.

MARKET ANALYSIS

A current market analysis revealed that the price per sf for this type of space ranges from \$3.50 to \$4.25 per sf plus common area maintenance expenses or triple net charges. These triple net charges average an additional cost of \$.25 - .60 per sf to the rental cost. The per sf cost for this lease renewal is \$4.24 per sf for a full-service gross lease. The following table represents other comparable rates that are currently available in the marketplace.

Address of Comparable Prop.	Property Type	Monthly Rent (PSF)
1334 Westwood	Office	\$3.81 + CAM
1460 Westwood	Office	\$3.50 + CAM
2116 Westwood	Retail	\$4.25 + NET

FISCAL IMPACT

The Citywide Leasing Account is estimated to have a shortage of \$8,794 for Fiscal Year 2024 for this lease. This includes rent, utilities, janitorial and parking of approximately \$10,622 per month with a 3% escalation due in April 2024. The current available funding for the Fiscal Year 2024 is \$119,626. Furthermore, the City will have a difference of approximately \$3,716.00 for the current rent and the back rent that is owed, as the term commences on April 1, 2023. GSD will manage the projected shortfall within the Citywide Leasing Account. There is no additional impact to the General Fund at this time.

	Monthly Proposed Costs	2023-24 Estimated Expense	2023-24 Available Funding	2023-24 Estimated shortage
Rent (w/3% esc in April)	\$ 10,622	\$ 128,420		
Parking	Included	\$ -		
CAM	Included	\$ -		
Tenant Improvement	N/A	\$ -		
TOTAL	\$ 10,622	\$ 128,420	\$ 119,626	\$ 8,794

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 lease amendment with 1609 Westwood & Company, Inc. for office space for the Department of Transportation at 1575 Westwood Blvd., under the terms and conditions substantially outlined in this request.



Tony M. Royster
General Manager

Attachment: Leasing Term Sheet

LEASING TERM SHEET

MFC DATE	09/12/2023
LANDLORD	1609 Westwood and Company, a CA Corporation
ADDRESS	1575 Westwood Blvd., Suite 103-C LA, CA 90024
TENANT	City of Los Angeles - GSD
ADDRESS	111 E. 2nd St. LA, CA 90012
LOCATION	1575 Westwood Blvd. 100A
AGREEMENT TYPE	Lease
USE	Office
SQUARE FEET	2,500 RSF
TERM	24 months
RENT START DATE	04/01/23
LEASE START DATE	04/01/23
OPTION TERM	2 -1 YR option at max 3% increase
HOLDOVER	None
SUBLET/ ASSIGNMENT	Right to Sublease - Landlord approval <input type="checkbox"/>
TERMINATION	None
RENTAL RATE	\$10,622.00/mo.
ESCALATION	3%
RENTAL ABATEMENT	None
ADDITIONAL RENT	None
PROPERTY TAX	None
OPEX	Included in Rental Rate
CAM	Included in Rental Rate

OTHER	
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord <input type="text"/>
MAINTENANCE/ REPAIR DETAILS	Full Service Gross Lease - LL's shall maintain and repair
TENANT IMPROVEMENTS	None.
PARKING	Included in Base Rent
UTILITIES	Included in Base Rent
CUSTODIAL	Included in Base Rent
SECURITY	Landlord shall provide security measures for the project
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection. <input type="text"/>
INSURANCE (City)	CITY shall indemnify and hold harmless Landlord <input type="text"/>
OTHER:	

Print:

Signature: