

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

November 16, 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 SENATOR SEAGATE, LP FOR THE MAYOR'S OFFICE
AT THE SENATOR, 1121 L STREET SUITE 505 SACRAMENTO, CA 95814**

The Department of General Services (GSD) requests authority to negotiate and execute a new office lease for the Mayor's Office with Senator Seagate, LP at 1121 L Street, Suite 505 Sacramento, CA 95814 (Landlord) for use as a field office

BACKGROUND

The proposed field office is 1,289 rentable square feet (sf) and in turnkey condition. It will be utilized by the Mayor's staff to have a presence in Sacramento. GSD Real Estate Services surveyed lease options in the area and this was the most efficient space available. Based on current market conditions, there were not many options within the requested size range.

TERMS AND CONDITIONS

The term is co-terminus with the Mayor's current term until December 11, 2026 and includes one four-year option to extend. The rent will commence upon substantial completion of the limited improvements to freshen up the space. The base rent is at \$3.85 per square foot, or \$4,962.65 per month with two and half months of abated rent. There is no on site parking available. Any parking will have to be arranged with an outside garage or lot. A complete set of terms and conditions are outlined on the attached term sheet.

TENANT IMPROVEMENTS

The Landlord will provide and pay for the few tenant improvements needed. The Landlord shall deliver the space in turnkey condition with new paint, new flooring, and new light fixtures in place.



FURNITURE, MOVING AND COMMUNICATION EXPENSE

Included herein are rough order of magnitude costs for furniture, moving expenses, and communication expenses which are estimated at \$25,742. This is an estimate based on recent projects on a square footage basis.

MARKET ANALYSIS

Based on a recent market analysis, the monthly rate for similar locations and types of space ranges from \$3.00 per sf to \$3.85 per sf. The proposed base rate of \$3.85 for rent reflects a full service 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
1130 K St.	Office	\$ 3.00	2,002	Full Service Gross
925 L St.	Office	\$ 3.85	1,214	Full Service Gross
830 K St.	Office/Retail	\$ 3.00	1,596	Full Service Gross
921 11th St.	Office	\$ 3.00	1,255	Full Service Gross
1121 L St.	Office	\$ 3.85	1,289	Full Service Gross
Average Rental Rate		\$ 3.43		

FISCAL IMPACT

Funding for this location was not included in the Citywide Leasing Account 2023-24 Fiscal Year (FY) Budget Request. Monthly rent is projected to be \$4,963 with seven months of occupancy this FY and two and half months of rent abatement. Total FY rent costs will be \$22,332. Costs for furniture, moving, IT, and communications are projected to be \$25,742. The total projected FY costs for this lease is \$48,074. It is expected that these additional costs will be covered by any savings within the Citywide Leasing Account. There is no additional impact to the General Fund at this time.

FY 2023-2024 Proposed Amount				
	Monthly Proposed Costs	2023-24 Estimated Expense	2023-24 Budget Funding	2023-24 Estimated Funding (Shortage)
Base Rent @4.5 months	\$4,963	\$22,332		
Utility- Electrical Services	TBD	TBD		
Furniture, Moving, Communications (one time)		\$25,742		
TOTAL	\$4,962.65	\$48,074	\$0	(\$48,074)

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 office lease with Senator Seagate, LP located at 1121 L Street Sacramento, CA 95814 for the Mayor's Office under the terms and conditions substantially outlined in this report.


Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE	November 16, 2023
LANDLORD	Senator Seagate, LP
ADDRESS	1121 L Street, Sacramento, CA 95814
TENANT	City Of Los Angeles-GSD
ADDRESS	111 East 1 st Street, Los Angeles, CA 90037
LOCATION	1121 L Street Suite 505 Sacramento, CA 90013
AGREEMENT TYPE	Full Service Gross Lease with Base Year
USE	Office Space
SQUARE FEET	1,289 Rentable Square Feet
TERM	City Clerk's Attestation - 12/11/26
RENT START DATE	Upon substantial completion of tenant improvements
LEASE START DATE	Lease effective date upon City Clerk's Attestation
OPTION TERM	One (1) Four (4) year extensions with 6 months notice - Reset Base Year, Option Rent to be up to 4% increased minimum from then Base Rent
HOLDOVER	Month-to Month after lease term expiration, 150% of the then base rent
SUBLET/ ASSIGNMENT	Right to Assign – Landlord approval without unreasonable delay
TERMINATION	<i>The City shall have a right to terminate, with 60 days notice, if there is a change of Mayor.</i>
RENTAL RATE	\$3.85 PSF with a 2024 Base Year
ESCALATION	3% Annual Increase only Base Rent
RENTAL ABATEMENT	2.5 months - month 2, 3 and half of 4.

ADDITIONAL RENT	CAM after 2024 Base Year
PROPERTY TAX	CAM
OPEX	CAM
CAM	CAM
OTHER	
SECURITY DEPOSIT	No Security Deposit
MAINTENANCE/ REPAIR	Landlord
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. -Paint, new flooring, LED lighting, new interior doors
PARKING	As available at adjacent parking structure not under Building's control
UTILITIES	Landlord shall be responsible for all utilities except the internet/phone and data.
CUSTODIAL	Landlord to provide Janitorial Services
SECURITY	As available, currently the building does not have security personnel
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection
INSURANCE (City)	City is self-insured
OTHER:	
PRINT:	
SIGNATURE:	