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February 29, 2024

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

Attention: Jason Lopez, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A TERMINATION AGREEMENT WITH TORRANCE KNOX LAND VENTURE, LLC FOR EXISTING OFFICE LEASE AT 680-690 KNOX STREET SUITE 125 TORRANCE, CA 90502

The Department of General Services (GSD) requests authority to negotiate and execute a lease termination agreement with Torrance Knox Land Venture, LLC (Landlord) for the early termination of an existing office lease for space within a privately-owned building located at 690 Knox Street. It is currently being utilized as a field office for the South Bay division of the Los Angeles Housing Department in Council District 15.

BACKGROUND

The Los Angeles Housing Department (LAHD) provides services to the South Los Angeles and San Pedro areas by maintaining a presence at this location which is in the Harbor/Gateway area. LAHD staff operates a public counter to receive the payments for the Rent Stabilization Ordinance (RSO) and Systematic Code Enforcement Program (SCEP) fees, and to help members of the public with inquiries. Additionally, SCEP inspectors use this office as their base of operations to conduct inspections in the South LA and San Pedro area.

The City signed a lease for LAHD in 2017 (C-107242). The property was sold and planned for redevelopment in December 2021. GSD with LAHD have been communicating with the Landlord on their long-term interest to redevelop the site. The current lease expires November 30, 2025. The Landlord is firm on their plans to redevelop the property and has offered compensation to all other tenants to relocate in exchange for early termination of their lease agreements. LAHD is the last remaining tenant on site. The Landlord presented terms and conditions to the City for early termination as well.



LAHD has relocated the public counter to the Constituent Service Center at 8475 S. Vermont Ave. Los Angeles, CA 90044. Inspectors will be temporarily relocated to the Central Office located at 1910 West Sunset Blvd and will continue to serve the South LA and San Pedro areas. In mid-FY 25, LAHD will work with GSD to locate and lease a new field office in the South Bay area so local residents will have better access to a public counter and inspectors.

TERMS AND CONDITIONS

After negotiating with the Landlord, the City is seeking to terminate this lease early and accept \$80,000 in compensation, with no rent obligations once the termination agreement is finalized until the move-out deadline of April 30, 2024. GSD and the Landlord negotiated on the \$80,000 figure based on initial relocation costs. Overall, including both the settlement and rent abatement, the compensation package totals up to \$137,102. The compensation payment will be made to the City in two increments, \$40,000 upon finalization of the agreement and another \$40,000 upon surrender of the premises which is expected to occur by April 30, 2024. LAHD has committed to start winding down from the premises by March 30, 2024.

FISCAL IMPACT

LAHD utilizes Special funds to cover the current monthly rent of \$26,108.55 plus \$2,442.46/month for CAM operating expenses. The savings for LAHD depends on the date of the termination agreement. The Fiscal Impact to LAHD is estimated to be \$137,102 in rent savings and early termination compensation.

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 termination agreement with Torrance Knox Land Venture, LLC to terminate the existing office lease at 680-690 Knox Street, Suite 125 Torrance, CA 90502, under the terms and conditions set forth in this report.

Authorize the deposit of the settlement funds in the amount of \$80,000 to the City's Systematic Code Enforcement Fee Fund No. 41M, revenue source 5188-Miscellaneous Revenue-Other.



Tony M. Royster
General Manager