

CITY OF LOS ANGELES

CALIFORNIA

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March 28, 2024

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

Attention: Jason Lopez, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE AMENDMENT
WITH S&R PARTNERS, LLC FOR MULTIPLE CITY DEPARTMENT USE AT
1016 NORTH MISSION ROAD, LOS ANGELES, CA 90033**

The Department of General Services (GSD) requests authority to negotiate and execute a lease amendment with S&R Partners, LLC (Landlord) for continued use of the premises at 1016 North Mission Road, Los Angeles, CA 90033 (Premises). The premises include approximately 3.78 acre (164,659 square feet) of a multi-structure industrial site currently being used by the following City departments/bureaus and divisions: Los Angeles Department of Transportation's (LADOT) Central Parking Enforcement and Traffic Division; the Los Angeles Police Department (LAPD) Assets Forfeiture Division; General Services Department (GSD) Fleet Services Division; and the Bureau of Street Services, Street Maintenance Division; (Collectively "Departments").

BACKGROUND

The City has a long-standing presence at this location with over 25 years of operations. On May 29, 1998, the City executed its first 15-year lease (Contract C-96777) with one five-year option extension with the landlord listed as the Riboli Family Trust. In November 2006, the title to the premises was transferred from the Riboli Family Trust to S&R Partners, LLC. In April of 2014, the City exercised its five-year option to extend the term of the lease from April 1, 2014 to March 31, 2019. On December 3, 2019 (CF 19-0984) Council approved a new five-year lease for this location. The current lease term expires March 31, 2024 with no options to extend. The Departments confirmed their desire to continue operations at the Premises, and therefore a new lease amendment is needed to continue occupancy at this site.

The premises is a triangular lot consisting of two industrial warehouse-office buildings (Building A and B) with a small office building (Building C), and substantial parking for approximately up to 150 parking enforcement vehicles, heavy-duty street maintenance vehicles and a vehicle maintenance bay within Building A.

Building A is a tilt-up industrial warehouse building utilized as a warehouse, storage and vehicle maintenance space with a total of 28,574 square feet (sf). Building B is a wood frame and metal building utilized as warehouse, storage and office space with a total of 22,113 sf (12,971 industrial



sf and 9,142 office sf). Building C is a wood frame and stucco building utilized as office space with a total of 1,200 sf. The Premises also contain standard and oversized exterior parking stalls totaling 112,772 sf. The total Premises square footage is 164,659 (41,545 industrial sf; 10,342 office sf; 112,772 parking sf). The current use as listed below will continue under this amendment.

Current Use

Department User Group(s)			Use Type	Building/Space Square Feet (sf)				
				A	B	C	YARD	
LADOT - Central Parking Enforcement/ Traffic Division	Bureau of Street Services (BSS)		Office		9,142	1200		10,342
LADOT - Central Parking Enforcement/ Traffic Division	LAPD- Assets Forfeiture Div.	GSD Fleet Services	Industrial	28,574	12,971			41,545
LADOT/LAPD /GSD/BSS (All Depts)			Parking				112,772	112,772
TOTAL				28,574	22,113	1,200	112,772	164,659

TERMS AND CONDITIONS

The proposed lease amendment will be extended for an additional five years for a total of 164,659 sf of office and parking area. The new proposed base rent is an aggregate for \$0.89 per sf, or \$146,546.51 per month. The current monthly operating expenses under a hybrid industrial modified gross/net lease structure are approximately \$17,008.81 per month and are subject to change. Through negotiations, the City has reset the Base Year to 2024 with no Common Area Maintenance (CAM) costs for the first 12 months of the lease extension. A complete set of terms and conditions are provided on the attached term sheet.

BUILDING MAINTENANCE AND UTILITIES

The Landlord will provide general maintenance and structural repairs. As this is a triple net lease, the cost will be paid through tenant maintenance operating expenses. The Landlord shall furnish heat, ventilation, and air conditioning (HVAC) to the premises. Furthermore, the Landlord will provide janitorial services which are also included in the operating expenses.

The City is responsible for all utility costs including gas, electrical, water, phones, and internet. The City is entitled to use all available parking on the premises.

TENANT IMPROVEMENTS

The Landlord will provide and pay for the following tenant improvements:

- Replace reception area and hallway in Building B of the office portion of the space (\$23,127.50) with any unused allowance used as offset for Base Rent credit.
- Paint the restrooms and office walls in standard eggshell paint.

MARKET ANALYSIS

Based on a recent market analysis, the monthly rate for similar locations and types of space ranges from \$0.80/PSF to \$1.59/PSF with an average rate of \$1.10/PSF. The proposed base rate of \$0.89 for rent reflects a triple net lease and is within the acceptable range for comparable office space in the area. The current rental rate is \$0.87 with Base Rent and CAMs.

Location	Property Type	Rent Rate PSF	Rentable Square Feet	Lease Type
1731 Workman St	Warehouse/Office	\$1.59	58,732	NNN
350 S. Anderson St	Industrial/Office	\$0.80	61,539	Industrial Gross
2552 E. Olympic Blvd	Industrial	\$1.15	35,000-90,000	NNN
651 S. Rio St.	Warehouse	\$1.00	52,518	NNN
1441 Boyd St.	Warehouse	\$0.99	25,900	NNN
Average Rental Rate		\$1.10		

FISCAL IMPACT

Funding for this location has been included in the Citywide Leasing Account Budget for 2023-2024 Fiscal Year in the amount of \$1,723,366.95. The new lease will result in a shortfall of \$15,150.45 this fiscal year. However, savings within the Citywide Leasing Account will offset this difference. Funding for the 2024-2025 Fiscal Year is being requested in an updated amount of \$1,853,309.55 which will cover costs for next fiscal year. There is no additional impact to the General Fund at this time.

Proposed Lease Expenses– 1016 N. Mission Road Los Angeles						
	Monthly Proposed Costs	2023-24 **Estimated Expense	2023-24 Budget Funding	2023-24 Estimated Funding Balance	2024-25 ***Projected Costs	2024-25 Proposed Budget Funding
Base Rent	\$146,546.51	\$1,575,749.76			\$1,771,747.31	
*Operating Expenses (Includes Admin, Ins, Jan, Op Exp, Ptax)	\$13,563.97	\$162,767.64			\$81,562.24	
TOTAL	\$160,110.48	\$1,738,517.40	\$1,723,366.95	-\$15,150.45	\$1,853,309.55	\$1,853,309.55

*Operating Expenses during the base year are janitorial and admin fees only

**FY 2023-24 Includes 9 months rent at current rate, and 3 mo. rent at a new rate and reduced Operating Exp.

***FY 2024-25 Rent and Operating Expenses include 9 mo. of base year and 3 mo. at new rate

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 S&R Partners, LLC, under the terms and conditions substantially outlined in this report for industrial, office and parking space at 1016 North Mission Road, Los Angeles, CA 90033.



Tony M. Royster
General Manager

Attachments: Term Sheet
Site Map

LEASING TERM SHEET

MFC DATE	03/28/2024
LANDLORD	S & R Partners, LLC
ADDRESS	737 Lamar Street Los Angeles, CA90031
TENANT	City Of Los Angeles-GSD
ADDRESS	111 East 1st Street Suite 201 Los Angeles, CA 90012
LOCATION	1016 N. Mission Road Los Angeles, CA 90033
AGREEMENT TYPE	Industrial Modified Gross on P.Tax and P. Insurance: NNN on Janitorial / OPEX
USE	Office and Industrial Use for City Departments
SQUARE FEET	Office space 10,342 SF Industrial 41,545 SF Yard 112,772 SF Total premises 164,659 SF
TERM	5 years (60 months)
RENT START DATE	April 1, 2024
LEASE START DATE	April 1, 2024
OPTION TERM	None
HOLDOVER	Month to Month
SUBLET/ ASSIGNMENT	Right to Assign- subject to Landlord approval
TERMINATION	N/A
RENTAL RATE	\$.89/PSF - \$146,546.51/mo.
ESCALATION	3% Annual Increases
RENTAL ABATEMENT	None
ADDITIONAL RENT	Maintenance Fees Pass-throughs (See Maintenance Fee Pass-throughs)

	below).
PROPERTY TAX	Tenants will pay real estate tax reimbursement as part of CAM pass-throughs.
OPEX	Controllable OPEX shall be capped at 10% annual increase
CAM	CAM- 2024 Base Year, with no CAM for the first 12 months
OTHER	10% Admin. fee does not apply to tax or insurance
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Tenant will pay for Maintenance fees similar to previous lease, which includes cost related to maintenance of the structural portion of Premises and minor repairs. Landlord will perform premises and structural maintenance and repairs, and bill tenant through Maintenance Fee Pass-throughs. Current Maintenance Fees are approximately \$17,014.81 monthly and are subject to change. Maintenance Fees include Insurance, Janitorial, Management Fees, Operating Costs, Real Estate Tax Reimbursement and Tenant Improvement Reimbursement.
MAINTENANCE/ REPAIR DETAILS	Landlord shall furnish Heat, Ventilation, and Air Conditioning (HVAC) maintenance to the Premises in the Buildings included in operating expenses.
TENANT IMPROVEMENTS	Landlord shall perform the following work: -Replace the flooring in Bldg. B of the office portion of the space/Allowance per the estimate. Unused allowance to be credited to rent, if any. -Paint the restroom and office walls in standard eggshell
PARKING	Tenant entitled to use all available parking on the premises.
UTILITIES	Tenant is responsible for all utility costs including gas, electric, and water. Currently being paid through the Citywide Utility Account..
CUSTODIAL	Landlord shall provide janitorial services. Janitorial services are to be provided during hours established by Landlord. Included in the Maintenance Fees Passthroughs.
SECURITY	None
PROP 13 PROTECTION	Landlord will not provide Prop 13 protection. However, a controllable cap of 10% on Property Tax.
INSURANCE (City)	City is Self-Insured. City shall indemnify and hold harmless Landlord from and against any and all loss, liability, or expense for claims for injury or damage arising or alleged to arise from the acts or omissions of City or any of its officers, agencies, employees, contractors, licensees or invitees, jointly or severally, in the occupancy or use of the premises.

OTHER:

One time- CAM Reconciliation credit that is approximately up to \$1,200.

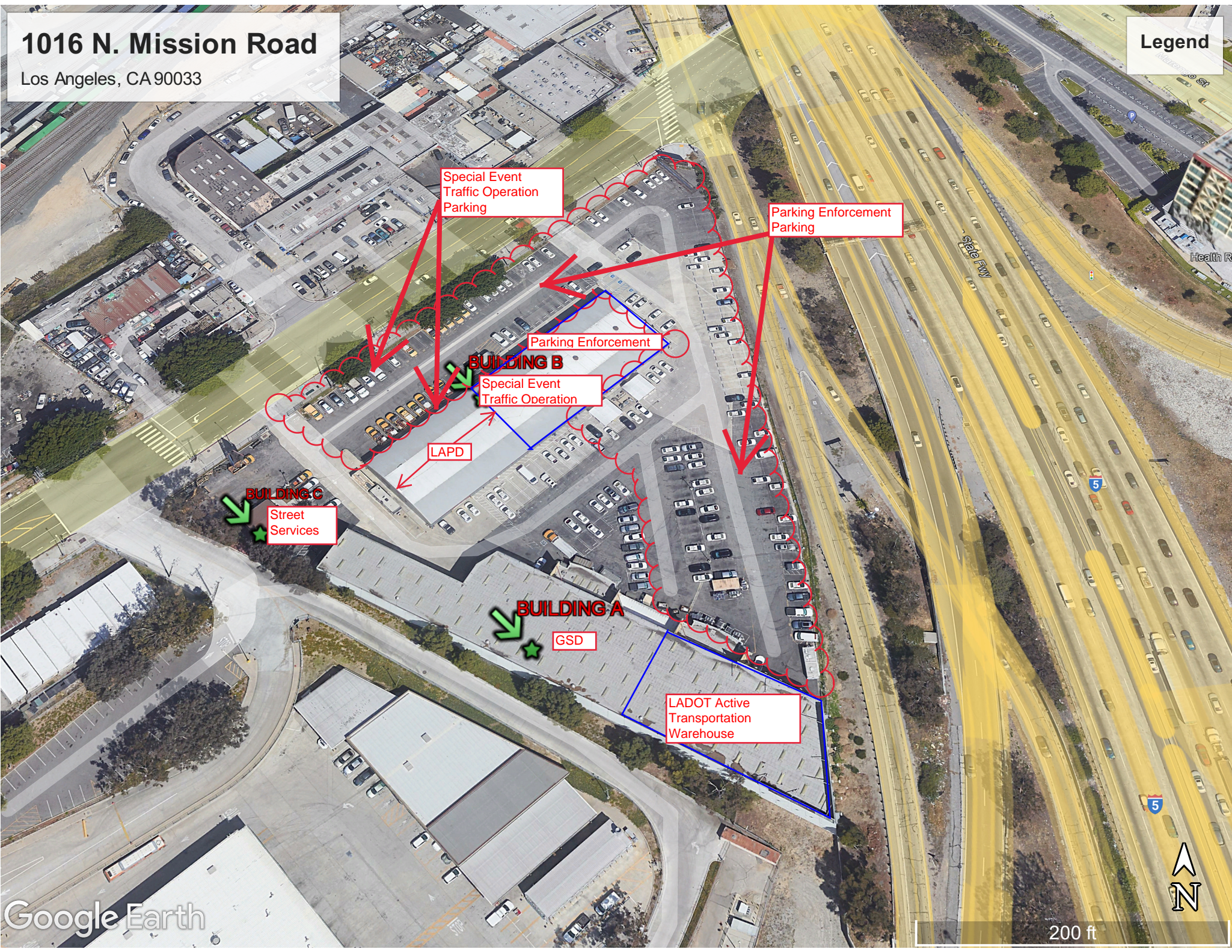
PRINT:

SIGNATURE:

1016 N. Mission Road

Los Angeles, CA 90033

Legend



Special Event
Traffic Operation
Parking

Parking Enforcement
Parking

Parking Enforcement

BUILDING B

Special Event
Traffic Operation

LAPD

BUILDING C

Street
Services

BUILDING A

GSD

LADOT Active
Transportation
Warehouse

