

CITY OF LOS ANGELES
CALIFORNIA

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March 25, 2021

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE
A NEW LICENSE AGREEMENT WITH JUDICIAL COUNCIL OF CALIFORNIA
FOR METROPOLITAN COURTHOUSE SPACE AND ANTENNA SITE
AT 1945 S. HILL STREET, LOS ANGELES**

The Department of General Services (GSD) requests authority to negotiate and execute a new license agreement with the Judicial Council of California (State) for approximately 7,722 square feet (sf) of office space and 25 sf of rooftop space for an antenna site at the Metropolitan Courthouse located at 1945 S. Hill St., Los Angeles, California, 90012 for use by the Office of the City Attorney (City Attorney) and the Los Angeles Police Department (LAPD). LAPD is using 518 sf and City Attorney 9,737 sf.

BACKGROUND

On August 1, 2010, the City of Los Angeles executed license agreement C-120602, (CF 11-1519) for the use of several courthouse office spaces including the one at the Metropolitan Courthouse which is used for court-related City Attorney and LAPD business. The lease is currently in a month-to-month holdover status.

In June 2017 the State requested to renew all courthouse licenses under new terms and conditions including paying custodial costs, accurate square footage for the office spaces as well as paying for the existing use of the antenna space on the roof. The County of Los Angeles provides custodial at the courthouses, but the City previously did not pay separate custodial costs. Similarly, the City was not paying for the use of the rooftop area for the City's antenna. The square footage measurements were resolved in February 2018. However, the custodial costs were never clearly defined in dollar amounts and initial proposals were higher than the proposed rents. In December 2019, the State agreed to limit custodial costs to approximately 25% of license costs with payments to be made directly to the Los Angeles County Superior Court under a



separate Memorandum of Understanding (MOU). Authority to enter into this MOU will be requested in a separate report.

The antenna component of this license is a new request and was not a part of the existing license. The antenna serves LAPD radio telecommunication use. No custodial is needed for the antenna site.

TERMS AND CONDITIONS

The new proposed license will increase square footage from 7,080 to 7,722 and increase monthly rent without custodial from \$16,415.32 to \$19,691.10. The additional custodial charge of 25% of total rent or \$4,922.78 monthly, will result in a total rent amount of \$24,613.88 monthly effective retroactively starting July 1, 2020.

Any increase or decrease in square footage will result in an increase or reduction in rent with a 30-day notice to the landlord based on the current cost per square foot rate.

Complete terms and conditions are included in the attached Term Sheet. The City will enter into a separate MOU agreement with the Los Angeles County Superior Courts to pay custodial costs.

The antenna license portion of the license is for 25 sf on an existing antenna site on the roof. Rent is \$300 dollars monthly or \$3,600 annually effective retroactively starting July 1, 2020.

The antenna has been in service at this site for many years without compensation to the State.

MARKET ANALYSIS

Several lease comparables for each location are included for comparison. Note: each comparable is within one mile of each courthouse and from 2019 to present. The Metropolitan antenna site comparables are approximately 25 sf in size and are rents paid to the City of Los Angeles from a private company (AT&T).

Metropolitan 1945 S Hill Street, Los Angeles	Monthly Rent (per sf)
1030 Maple Ave	\$2.33
1001 S Broadway	\$4.50
1150 S Olive Street	\$3.26
Total Average	\$3.36
Proposed State Rent*	\$2.55

*Proposed State Rent is lower than average comparables.

Metropolitan Antenna (Roof) 1945 S Hill Street, Los Angeles	Monthly Rent per site
2130 E 1 st Street-25 sq ft antenna-AT&T paid to City of LA	\$1,265.00
111 E 1 st Street-25 sq ft antenna-AT&T pays to City of LA	\$3,420.68
Total Average	\$2,342.84
Proposed State Rent**	\$300

**Please note that comparables are difficult to find. Square footage usage for each site listed above is approximately 25 sf. The proposed State rent is lower than average of other sites.

FISCAL IMPACT

The Leasing Account for office space is funded \$202,400.90 in FY 2020-21. Estimated new costs total \$295,366.50 resulting in a funding shortfall of \$92,965.60. Rent Increases are due mainly to the square footage increase from 7,080 to 7,722, and a new monthly fee for custodial service. The base rent is increasing from \$16,415.32 to \$19,691.10 monthly and the new monthly custodial fee is approximately \$4,922.78. These new costs are retroactive to July 2020.

The Leasing Account for antenna space is not funded in FY 2020-21. Estimated new monthly costs total \$300 resulting in a funding shortfall of \$3,600 annually. No custodial fees are needed for the antenna site. This new cost is retroactive to July 2020.

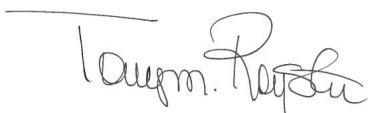
Please note the first year of this new General Fund license including custodial will cost \$24,613.88 monthly, or \$295,366.50 annually, with annual increases of 3%. The antenna license will cost \$300.00 monthly or \$3,600.00 annually with annual increases of 3%. There is an unfunded amount of \$92,965.60 for the office space and \$3,600.00 for the antenna space in FY 2020-2021 as detailed in the charts below.

FY 20-21 Funding- Metropolitan - Office Courthouse					
	Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
Rent	\$19,691.10		\$236,293.20		
Custodial	\$4,922.78		\$59,073.30		
TOTAL	\$24,613.88	\$0	\$295,366.50	\$ 202,400.90	(\$92,965.60)

FY 20-21 Funding- Metropolitan - Antenna				
Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
\$300.00		\$3,600.00		
\$300.00	\$0	\$3,600.00		(3,600.00)

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute license agreements with the Judicial Council of California for the continued use of office and antenna site space at the Metropolitan courthouse for LAPD and City Attorney use under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheets

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

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	Late fee \$50 or 5% of license fee whichever is greater
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord
MAINTENANCE/ REPAIR DETAILS	Landlord fixes all common areas and general maintenance of site
TENANT IMPROVEMENTS	N/A
PARKING	As needed by tenant
UTILITIES	Tenant pays
CUSTODIAL	Custodial up to 25% of rent-about \$4,922.78 monthly, \$59,073.30 annually
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	Total rent plus custodial is approximately \$24613.88 monthly or \$295,366.56 yearly Space used(LAPD/LA CITY ATTORNEY) 5th floor 6822 sq feet 8th floor, 900 sq feet Total 7722 sq feet Rent \$19,691.10+ \$4,922.78 (custodial approximately) = \$24,613.88 monthly approximately

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

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LOCATION

AGREEMENT TYPE

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SQUARE FEET

TERM

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ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	Late fee \$50 or 5% of license fee whichever is greater
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Tenant
MAINTENANCE/ REPAIR DETAILS	City responsibility
TENANT IMPROVEMENTS	City is responsible
PARKING	As needed by tenant
UTILITIES	Tenant pays
CUSTODIAL	None
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	Tenant shall indemnify and hold harmless the City
OTHER:	No custodial. City is responsible for all maintenance costs.