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TRANSMITTAL

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|--|------------------------|--------------------------------|
| TO The City Council | DATE 04/11/25 | COUNCIL FILE NO. 16-0653-S1 |
| FROM Municipal Facilities Committee | COUNCIL DISTRICT 14 | |

At its meeting held on April 10, 2025, the Municipal Facilities Committee (MFC) approved the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a lease amendment with 350 South Figueroa, LLC, for office space for the Los Angeles Police Department’s Office of the Inspector General at 350 South Figueroa Street. The term for the lease agreement is one year from February 27, 2025, to February 26, 2026, with no option to extend.

Fiscal Impact: There is no General Fund impact. Funding for this purpose is authorized as part of the 2024-25 Citywide Leasing Account budget.


for Matthew W. Szabo
City Administrative Officer
Chair, Municipal Facilities Committee

MWS:AW:05250143

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

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April 10, 2025

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

Attention: Adam Lid, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A LEASE AMENDMENT
WITH 350 SOUTH FIGUEROA STREET, LLC FOR OFFICE SPACE AT
350 SOUTH FIGUEROA STREET, LOS ANGELES, CA 90071**

The Department of General Services (GSD) requests authority to negotiate and execute a lease amendment with 350 South Figueroa, LLC (“Landlord”) for the continued use of approximately 12,252 rentable square feet (sf) of office space at 350 S. Figueroa Street, Suite 1002, Los Angeles, CA 90071, by the Office of Inspector General (OIG) in Council District 14. The original lease was approved under Council File No. 16-0653-S1. This request seeks authorization for a one-year extension.

BACKGROUND

On February 27, 2017, the City executed a five-year lease agreement (C-128379) for the OIG, which expired on February 26, 2022. A three-year lease amendment with two one-year renewal options followed, expiring on February 26, 2025. The OIG is currently in holdover status while GSD identifies and secures new office space. The landlord will approve only a one-year extension as the property, known as the World Trade Center, is scheduled for redevelopment to align with the area's mixed-use development goals, offering new residential opportunities in close proximity to commercial centers.

To maintain its independence, the OIG requires space near—but separate from—the Police Administration Building. While GSD continues to work with OIG to identify a permanent location, a lease renewal will provide necessary operational stability in the interim.

Established through a 1995 voter-approved City Charter amendment, the OIG operates independently to inspect the LAPD's handling of employee misconduct complaints and fulfill other duties assigned by the Police Commission.

TERMS AND CONDITIONS

The proposed agreement will commence on February 27, 2025, and continue through February 26, 2026, with a City termination right upon six months’ notice. The proposed base rent of \$2.80 per square foot aligns with the current average market rate of \$2.81 per square foot. The lease will include retroactive rent payments to cover the holdover period from February 27, 2025, to the effective date of the new agreement, ensuring continuity of occupancy and compliance with lease terms. A complete set of terms and conditions are outlined in the attached term sheet.

MARKET ANALYSIS

A recent market analysis shows monthly rental rates for similar properties within a one-mile radius from the World Trade Center located at 350 S. Figueroa Street ranges from \$2.13 per sf to \$3.50 per sf. The proposed base rent of \$2.80 per sf is within this range and reflects current market conditions.

The table below presents comparable rates currently available in the marketplace.

| <i>Rental Market Analysis</i> | | |
|--------------------------------------|---------------------------|----------------------------------|
| <i>Comparable Property</i> | <i>Square Feet</i> | <i>Monthly Rent (PSF)</i> |
| 800 Wilshire Blvd, Suite #500 | 10,363 | \$3.50 |
| 300 S Grand Ave, Suite #425 | 12,480 | \$2.13 |
| 309 W 7th Street, 8th Floor | 11,647 | \$2.85 |
| 1055 Wilshire Blvd, Suite#1100A | 10,492 | \$2.75 |
| <i>Average</i> | | <i>\$2.81</i> |

**Proposed Rent is 0.36% less than the average market range of comparables listed above.*

Base rent is \$34,305.60 monthly, plus the current parking of \$11,514.49 per month. However, there are currently no Common Area Maintenance (CAM) costs or charges and they are part of the Base Rent.

MAINTENANCE/UTILITIES/LANDSCAPING

Under the lease agreement, the Landlord is responsible for all maintenance, utilities, and landscaping, with no additional Common Area Maintenance (CAM) charges, as these costs are included in the base rent. The lease provides up to 49 parking spaces at the current rate of \$245 per unreserved space or \$305 per reserved space, with flexibility for the City to adjust the number of spaces as needed.

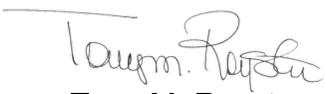
FISCAL IMPACT

The impact to the General Fund includes a savings of \$3,501. The current lease is funded for \$559,228.24 in the Citywide Leasing Account for FY 2024-25. Estimated new costs total \$555,727.

| <i>FY 2024-25 Proposed Amount 350 S. Figueroa St, Suite 1002</i> | | | | |
|---|------------------------|---------------------------|------------------|--------------------------------------|
| | Monthly Proposed Costs | 2024-25 Estimated Expense | 2024-25 Budget | 2024-25 Estimated Surplus/ (Deficit) |
| Proposed Rent | \$34,306 | \$411,667 | | |
| Parking | \$12,005 | \$144,060 | | |
| TOTAL | \$46,311 | \$555,727 | \$559,228 | \$3,501 |

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 350 South Figueroa, LLC for the continued use of office space located at 350 South Figueroa Street, Los Angeles, California 90071 for the Office of Inspector General’s use under the terms and conditions substantially outlined in this report.


 Tony M. Royster
 General Manager

Attachment: Term Sheet

LEASING TERM SHEET

| | |
|-----------------------|--|
| MFC DATE | 4/10/2025 |
| LANDLORD | 350 Figueroa, LLC |
| ADDRESS | 350 Figueroa St., Los Angeles, CA 90071 |
| TENANT | City of Los Angeles - GSD |
| ADDRESS | 111 E. First Street, Los Angeles, CA 90012 |
| LOCATION | 350 South Figueroa Street, Suite 1002, Los Angeles CA 90071 |
| AGREEMENT TYPE | Lease |
| USE | Office |
| SQUARE FEET | 12,252 Square Feet |
| TERM | 1 year |
| EARLY POSSESSION | Not available |
| RENT START DATE | 2/27/25 |
| LEASE START DATE | 2/27/25 |
| OPTION TERM | None |
| HOLDOVER | 150% (no change from current lease agreement) |
| SUBLET/ ASSIGNMENT | City may assign or sublease at any time upon receipt of Landlord's consent, which shall not be unreasonably withheld or delayed, no change from current lease agreement. |
| TERMINATION | Either party may terminate the lease with 6 months' notice. No change from current lease agreement. |
| RENTAL RATE | \$2.80 per square foot monthly or \$34,305.60 monthly - no change from current lease agreement. |
| ESCALATION | None |
| RENTAL ABATEMENT | None |

| | |
|------------------------|--|
| ADDITIONAL RENT | None |
| PROPERTY TAX | None |
| OPEX | None |
| CAM | None. City shall no longer be required to pay pass-through increases for the Premises. No change from 1st lease amendment. |
| OTHER | None |
| SECURITY DEPOSIT | Under no circumstances shall City, at any time, be obligated to pay to Landlord a security deposit - no change from current lease agreement. |
| MAINTENANCE/ REPAIR | Landlord is responsible for maintaining the building structure and systems, including foundation, roof, exterior, columns, shafts, and public common areas, unless damaged by City. Building systems: maintenance includes HVAC, electrical, plumbing, and other core infrastructure. Access & Utilities: Landlord to ensure 24/7 access to premises, elevators, water, lighting, and HVAC during business hours. Security: 24/7 on-site security with equipment and personnel. Janitorial Service: Daily during work week per Exhibit D Janitorial Specifications. Lighting Maintenance: Landlord replaces building standard bulbs and tubes as needed. Trash Removal/Pest Control: Daily trash removal during work week, pest control performed after written notice. Recycling Program: Landlord supports City's recycling initiatives at no cost - No change from current lease agreement. |
| TENANT IMPROVEMENTS | None |
| PARKING | The City may use up to 49 unreserved parking spaces (4 per 1,000 RSF) and convert up to 15 spaces to reserved. Current rates are \$245/month (unreserved) and \$305/month (reserved), with parking rate increases capped at 3% annually. The City may adjust usage as needed and receives up to 30 hours of parking validation per month - No change from current lease agreement. |
| UTILITIES | Electrical, Water, Sewer provided by Landlord, no change from current lease agreement |
| CUSTODIAL | Provided by Landlord daily during work week per Exhibit D - Janitorial Specification, no change from current lease agreement. |
| SECURITY | Provided by Landlord 24/7 on-site security with equipment and personnel. City may install additional internal systems upon Landlord approval, no change from current lease agreement. |
| PROP 13 PROTECTION | None |
| INSURANCE (City) | Landlord indemnifies City for claims related to its own actions or hazardous materials, not caused by City. Landlord must maintain general liability |

insurance with a minimum of \$5 million per occurrence for bodily injury and property damage. Landlord must insure the building at full replacement cost. Both Landlord and City waive subrogation rights where property damage is covered by insurance. No change from current lease agreement.

OTHER:

PRINT:

SIGNATURE: