

CITY OF LOS ANGELES  
CALIFORNIA

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Approved on May 29, 2014 by  
The Municipal Facilities Committee

April 24, 2014

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

Attention: Michael Espinosa, Legislative Assistant

**REQUEST TO NEGOTIATE AND EXECUTE A LEASE FOR THE  
DEPARTMENT OF TRANSPORTATION ADJUDICATION OFFICE**

The Department of General Services (GSD) requests authority to negotiate and execute an office space lease for the Department of Transportation West Los Angeles Adjudication Office for the proposed location of 1575 Westwood Blvd., Los Angeles, CA 90024.

**BACKGROUND**

Effective July 1, 1993, California Assembly Bill 408 decriminalized parking citations, replaced the criminal court procedures for unpaid citations and established a civil administrative adjudication process. The law mandated that parking agencies provide and administrative hearing program and that hearing must be held within 90 days following the receipt of the vehicle owner's request for a hearing. For the City of Los Angeles, this program has been in operation since January 1, 1994.

**Organization Structure**

The administrative adjudication program is under the Bureau of Parking Operations Support and Adjudication and is headed by a Sr. Management Analyst II. Under this bureau there are three divisions: Research & Compliance Division, Meter Collection Security and Investigation Division and the Administrative Adjudication Division.

The Administrative Adjudication Division is responsible for administering the administrative hearing program and probable cause hearings for vehicles seized by LADOT enforcement staff. Its three hearing offices are located in the following areas and began operations on the following dates:

West Los Angeles	-	January 2, 1994
Van Nuys	-	August 20, 1996
Civic Center	-	February 26, 1997

#### Statistical Data – West Los Angeles

The Department of Transportation issued an average of 2.65 million citations annually in FY 11-12 and 12-13. The parking citations generated net revenues averaging \$156 million in each of these FYs. As shown below, the West Los Angeles Office averaged the following number of administrative adjudication proceedings:

In-Person	-	5,871
Written declaration	-	2,182
Tow	-	251
Post Impound	-	647

#### Lease Proposal

The Department of Transportation Adjudication Office currently occupies office space at 9911 Pico Blvd., Los Angeles, CA. The landlord of 9911 Pico Blvd. prefers not to renew the lease contract due to another type of use for the subject property (the consideration of a residential use is being considered).

A new facility located at 1575 Westwood Blvd., Los Angeles, CA 90024 (subject property) is being proposed. The subject property will service constituency through the occupancy of the City of Los Angeles and Xerox Parking Solutions in adjoining space on the ground floor. The landlord has offered the City of Los Angeles approximately 2,500 square feet of office space located.

The proposed monthly rental rate for the subject property of \$2.15 per rentable square foot is below fair market value for office space in the immediate vicinity. Please see attached real property market comparison analysis for the subject property.

Terms and conditions of the proposed lease at the subject property are as follows:

## TERMS AND CONDITIONS

LOCATION: 1575 Westwood Blvd., Los Angeles, California 90024 – Ground Floor

LESSOR: 1609 Westwood & Company

USE: Office space for the Department of Transportation Adjudication Office

SQUARE FEET: 2,500 rentable square feet

TERM: Five (5) years

OPTION: Three- (3), one-(1) year options to renew at fair market value.

HOLDOVER: One-(1) year to one-(1) year automatic holdover to take effect at the end of the term of the lease contract with a 2.5% annual increase to be applied to the last year of term of lease and each new holdover period, as the new rental rate for said “holdover term” with the City of Los Angeles having the sole right to a thirty-(30) day written notice to cancel during the holdover period. Landlord shall have the right to terminate the lease with a six (6) month notice.

RENTAL RATE: \$2.15 per rentable square foot per month, full service gross.

ESCALATIONS: Rent shall increase two and one half (2.5%) percent per year.

PARKING: Tenant shall have the right to and obligation to lease three reserved (3) parking spaces. Parking shall be per the current building rates, currently at \$175.00 per car reserved.

Tenant’s Visitors (constituency) shall have the right to pay \$2.00 for every 30 minutes with a validation from Tenant. Landlord shall pay for a validation stamp for Tenant to utilize for Tenant’s Visitors.

TENANT  
IMPROVEMENT  
ALLOWANCE: Landlord shall build out the premises per a mutually acceptable space plan.

## FISCAL IMPACT

The annual expense for the new lease and parking is anticipated to be approximately \$70,800 annually. This is calculated as follows:

Rent @ \$2.15/sf = \$5,375.00 per month

Parking – 3 spaces @ net \$175.00/space/month = \$525.00/month

Total: \$5,900.00 per month = \$70,800.00 per year

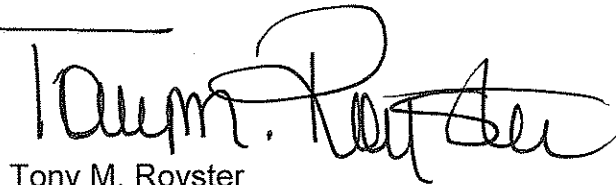
The monthly rent including the expense for parking at the existing location of 9911 Pico Blvd. is \$8,087.50 or \$101,982.00 annually. The new monthly rent including parking will be \$5,900.00 or \$70,800.00 annually for the first year. All tenant improvements are included in the rental expense.

For FY 14-15, there will be a cost savings to the 6030 Leasing Account budget of approximately \$31,182.00.

There will be minimal moving expenses associated with this transaction. Communication expense on a preliminary estimate for phone and data are projected at \$35,000.00

#### RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with 1609 Westwood & Company for office space located at 1575 Westwood Blvd, Los Angeles, CA 90024.

A handwritten signature in black ink, appearing to read "Tony M. Royster", is written over a horizontal line.

Tony M. Royster  
General Manager

Attachment

#	Building Address	Tenant	SF	Rent/ s.f.	Lease TYPE	Increases	Term	TI Allowance	Free Rent	Parking	Effective Rent	Listing Agent
1	10780 Santa Monica	Realty Mogul	6,958	\$2.65	FSG	3.0%	39 mos.	\$10	3 mos.	\$130 unreserved; \$200 Reserved	\$2.73 / sf	Madison Partners
2	10351 Santa Monica	Topline	5,120	\$2.75	FSG	5.5%	61 mos.	\$10	4 mos.	\$ 142 unreserved; \$230 reserved	2.86 / sf	Madison Partners
3	10350 Santa Monica	Danny Wimmer Presents	4,550	\$2.47	FSG	N/A	1 year	As-Is	None	\$140 unreserved; \$200 reserved	\$2.47 / sf	Madison Partners
4	10350 Santa Monica	Advantage Testing	3,283	\$2.60	FSG	3.0%	5 years	New Paint /carpet	1 mo.	\$140 unreserved; \$200 reserved	\$2.63 / sf	Madison Partners
5	10390 Santa Monica	Acting School	8,100	\$2.75	FSG	3.0%	7 years	\$50/ USF	7 mos.	\$140 unreserved; \$230 reserved	\$2.95 / sf	Commercial Realty Group
6	10635 Santa Monica	SL Hare	1,814	\$3.05	FSG	3.0%	40 Mos.	\$10	4 mos.	\$180 unreserved; \$260 reserved	\$2.95 / sf	LA Realty Partners