

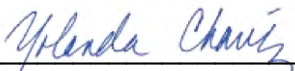
0220-06197-0000

TRANSMITTAL

TO Council	DATE 02-28-24	COUNCIL FILE NO. 05-0686-S4
FROM Municipal Facilities Committee	COUNCIL DISTRICT 14	

The attached report from the Department of General Services (GSD) was waived by the Municipal Facilities Committee and is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a lease agreement with Walton Construction Inc. (Walton) for a construction laydown area at Judge John Aiso Street between 1st Street and Temple Street. The lease term is 24 months with two six-month options to extend. Upon lease termination Walton will return the site to its current condition as a vacant lot.

Fiscal Impact: Rent receivables in the amount of \$132,300 annually will be deposited into GSD's Revenue Source Code 4931, Lease and Rental of City Properties. Walton is responsible for all tenant improvements for their specific site use.


for Matthew W. Szabo
City Administrative Officer

MWS:AW:05240092

CAO 649-d

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

February 12, 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 LEASE AGREEMENT WITH WALTON CONSTRUCTION FOR A CONSTRUCTION LAYDOWN AREA AT JUDGE JOHN AISO STREET BETWEEN FIRST/TEMPLE

The Department of General Services (GSD) requests authority to negotiate and execute a lease agreement with Walton Construction Inc. (Tenant) and the City of Los Angeles (City) (Landlord) in Council District 14 (CD14) for 10,500 square feet (sf) of vacant land, located at Judge John Aiso Street between 1st Street and E. Temple Street, which is a portion of the former site of LAPD Headquarters, Parker Center.

BACKGROUND

Under Council File (CF) 05-0686-S3, City Council approved the mixed-use development of affordable and permanent supportive housing to the developers: Go For Broke National Education Center (GFBNEC) and Little Tokyo Service Center (LTSC) (Developers). The proposed project site includes portions of the City-owned parking Lots 2 and 7, and all of Lot 3 located at 230 N. Judge John Aiso St. and 130/140 N. Judge John Aiso St. (Property) in CD14. Pursuant to CF 05-0686-S4, the Department of General Services was directed to provide a lease agreement for the use of vacant property across the street to Walton Construction Inc. (Walton), who has been awarded as the General Contractor for the development of the project.

The former Parker Center site was identified as an ideal location for a construction laydown area since the mixed-use development site is across the street. Walton will use a portion of the former Parker Center for construction trailers, parking, and laydown area for construction materials for 24 months and thereafter relocate their construction trailers on-site of the development.



Bureau of Engineering Geotechnical Division was asked to evaluate this use for the site and they advised that as long as they are maintaining proper drainage on the site and re-establishing it as-is before they vacate the property, this use should not be an issue. These terms will be included in the resulting agreement.

TERMS AND CONDITIONS

The proposed lease will be for a period of twenty-four (24) months from lease execution with two (2) six-month options to extend. Walton Construction will have the right to terminate upon a thirty (30) day written notice and will return the site to a vacant lot upon termination of the lease. A complete set of terms and conditions are provided on the attached term sheet.

MARKET ANALYSIS

The proposed rate of \$1.05 per square foot per month for base rent reflects a modified gross lease and is within the acceptable range for comparable laydown construction sites.

Location	Rental Rate	Square Footage
1823 N. Main Street	\$0.75	42,826
5633 York Boulevard	\$1.07	3,000
328 S. Alameda Street	\$1.04	28,750
1622 E. 15th Street	\$0.80	12,500
1501 S. Los Angeles St	\$2.03	15,725
2321 Opal Street	\$0.69	17,870
109 W. 14th Street	\$2.00	9,499
1721 Santee Street	\$0.50	10,019
3121 E. 12th Street	\$0.60	24,829
<i>Average Rental Rate</i>	<i>\$1.05</i>	

TENANT IMPROVEMENTS/MAINTENANCE/UTILITIES

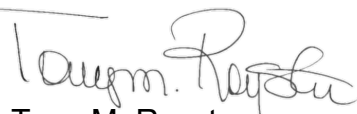
The 10,500 sf portion of the site will require Walton Construction (Tenant) to grade and prep for use for a construction laydown area. Tenant will provide any necessary grading, base/rock/gravel overlay, dust mitigation, sandbags and/or straw waddle along all fencing to act as erosion control around the proposed site. All alterations and improvements required for the specific use of the site shall be performed by Tenant at their sole cost and expense. Tenant to abide by the Stormwater Pollution Control Measures as well as the application of dust and erosion control measures. Additionally, Tenant will be responsible for any off-site temporary utilities during their tenancy.

FISCAL IMPACT

Walton Construction shall be responsible for all tenant improvements for their specific site use. The base rent from the construction laydown yard will generate revenue of \$11,025 a month or \$132,300 annually to the General Fund.

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 agreement with Walton Construction, Inc. for a 10,500 square foot portion of the vacant parcel of land located at Judge John Aiso Street between 1st Street and E. Temple Street, which is the former site of LAPD Headquarters, Parker Center, under the terms and conditions substantially outlined in this report.

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

Tony M. Royster
General Manager

Attachments: Term Sheet
Site Plan

LEASING TERM SHEET

MFC DATE February 12, 2024

LANDLORD City of Los Angeles

ADDRESS 111 E. 1st Street, Los Angeles, CA 90012

TENANT Walton Construction Inc.

ADDRESS 358 E. Foothill Blvd., San Dimas, CA 91773

LOCATION Portion of Former Parker Center site (Temple/Judge John Aiso Street/First Street)

AGREEMENT TYPE Lease

USE Laydown General Contractor's Yard (vehicle parking, material storage, construction trailer(s))

SQUARE FEET Approximately 10,500 square feet – To Be Confirmed

TERM Twenty-four (24) Months

RENT START DATE Upon City Clerk Attestation

LEASE START DATE Upon City Clerk Attestation

OPTION TERM Two (2) six (6) month options OR Month to Month thereafter

HOLDOVER M-T-M

SUBLET/
ASSIGNMENT None

TERMINATION Tenant to provide 30 Day Written Notice to Terminate

RENTAL RATE \$1.05 psf

ESCALATION N/A

RENTAL ABATEMENT N/A

ADDITIONAL RENT	N/A
PROPERTY TAX	N/A
OPEX	N/A
CAM	N/A
OTHER	
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	
MAINTENANCE/ REPAIR DETAILS	
TENANT IMPROVEMENTS	Tenant to provide any necessary grading, base/rock/gravel overlay, dust mitigation, sandbags and/or straw waddle along all fencing to act as erosion control around the proposed site.
PARKING	Tenant to configure parking based upon site needs.
UTILITIES	Tenant to provide their own temporary power
CUSTODIAL	Tenant to provide if any
SECURITY	Tenant to provide their own security
PROP 13 PROTECTION	City is exempt
INSURANCE (Tenant)	CAO Risk Division to provide Insurance Limits to be uploaded to KwikComply
OTHER:	<p>Storm Drain requirements to be included in the agreement</p> <p>Tenant will return the site to a vacant lot upon termination of the lease</p>
PRINT:	Blake Jackson, VP of Construction

SIGNATURE:

