

0150-11870-0004

TRANSMITTAL

TO Council	DATE 04-06-21	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT

At its meeting held on March 25, 2021, the Municipal Facilities Committee (MFC) approved the recommendation of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD, on behalf of the City Attorney and the Police Department, to negotiate and execute a new month-to-month license agreement with the Judicial Council of California for office space at the San Fernando Courthouse located at 900 Third Street, San Fernando, CA, with a retroactive start date of July 1, 2020.

There is no additional General Fund impact for the current year beyond monies budgeted within the citywide leasing account. Of the total cost of \$79,012 for this lease, \$17,052 was budgeted for this purpose as part of the 2020-21 City Budget. The remaining \$61,960 in unbudgeted costs will be offset using a contingency reserve set aside for projected increases in multiple courthouse leases, which will be fully depleted once all pending courthouse lease executions are authorized and become effective.



Richard H. Llewellyn, Jr.
City Administrative Officer

RHL:DFB:05210108

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

DEPARTMENT OF
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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 SAN FERNANDO COURTHOUSE SPACE AT 900 THIRD STREET, SAN FERNANDO

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 2,450 square feet (sf) of space at the San Fernando Courthouse located at 900 Third St., San Fernando, California, 91340 for use by the Office of the City Attorney (City Attorney) and the Los Angeles Police Department (LAPD). LAPD is using 300 sf and City Attorney 2,150 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 San Fernando 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 and accurate square footage. The County of Los Angeles provides custodial at the courthouses but the City previously did not pay separate custodial costs. 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.



TERMS AND CONDITIONS

The new proposed license will increase square footage from 440 to 2,450 and increase monthly rent without custodial from \$1,411.32 to \$5,267.50. The additional custodial charge of 25% of total rent or \$1,316.88 monthly, will result in a total rent amount of \$6,584.38 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 City Attorney is expecting to reduce their presence at this courthouse in 2022-2023 by vacating one room (approximately 1046 sf). This will then reduce the rent and custodial costs.

MARKET ANALYSIS

Several lease comparables for each location are included for comparison. Note: each comparable is within one mile of the courthouse, from 2019 to present.

San Fernando 900 Third Street, San Fernando	Monthly Rent (per square foot)
451 S. Brand Blvd	\$2.30
120 N MacLay Ave	\$2.60
1201 Truman St	\$3.25
Total Average	\$2.71
Proposed State Rent*	\$2.15

*Proposed State Rent is lower than average comparables

FISCAL IMPACT

The Leasing Account is funded \$17,052.39 in FY 2020-21. Estimated new costs total \$79,012.50 resulting in a funding shortfall of \$61,960.11.

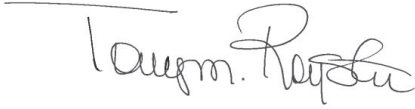
Rent Increases are due mainly to the square footage increase from 440 to 2,450, and a new monthly fee for custodial service. The base rent is increasing from \$1,411.32 to \$5,267.50 monthly and the new monthly custodial fee is approximately \$1,316.88. These new costs are retroactive to July 2020.

Please note the first year of this new General Fund lease including custodial will cost \$6,584.38 monthly, or \$79,012.50 annually, with annual increases of 3%. There is an unfunded amount of \$61,960.11 for FY 2020-21 as detailed in the chart below.

FY 20-21 Funding- 900 Third Street Courthouse					
	Monthly Proposed Costs	One-Time Costs	2020-21 Estimated Expense	2020-21 Available Funding	2020-21 Estimated Balance
Rent	\$5,267.50		\$63,210.00		
Custodial	\$1,316.88		\$15,802.50		
TOTAL	\$6,584.38	\$0	\$79,012.50	\$ 17,052.39	(\$61,960.11)

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute license agreement with the Judicial Council of California for the continued use of office space at San Fernando Courthouse located at 900 Third Street, San Fernando, California, for LAPD and City Attorney use under the terms and conditions substantially outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a horizontal line above the first few letters.

Tony M. Royster
General Manager

Attachment: Term Sheet

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-approximately \$1,316.88 monthly, \$15,802.50 annual
SECURITY	None
PROP 13 PROTECTION	City is Exempt
INSURANCE	City shall indemnify and hold harmless Landlord
OTHER:	<p>Total rent is approximately \$6584.38 monthly or \$79,021.56 yearly</p> <p>Space used(LAPD)</p> <p>Room 1017 369 sq feet</p> <p>Room 4057, 4058, 4059 677 sq feet</p> <p>Total 1046 sq feet</p> <p>City Attorney</p> <p>Room 1152 226 sq feet</p> <p>Room 1153, Hallway 513 sq feet</p> <p>Room 1154,1156 439 sq feet, Room 1157 226 sq feet</p> <p>Total 1404 sq feet</p> <p>Overall Total 2450 sq feet @ \$2.15 per square foot = \$5,267.50</p> <p>\$5,267.50 Rent + \$1,316.88(approximately) = \$6,584.38</p>