

**Board Report**

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**File #:** 2019-0067, **File Type:** Agreement**Agenda Number:** 8.

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
APRIL 17, 2019****SUBJECT: LEASE AGREEMENT WITH BLUM COURTYARD ASSOCIATES FOR THE LA METRO SYSTEM SECURITY AND LAW ENFORCEMENT OFFICE LOCATED AT 1300 W. OPTICAL DRIVE, AZUSA****ACTION: APPROVE RECOMMENDATIONS****RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO) to execute a ten (10)-year lease agreement commencing August 1, 2019 with Blum Courtyard Associates (“Lessor”) for the LA Metro System Security and Law Enforcement office located at 1300 W. Optical Drive in Azusa at a rate of \$40,010 per month with escalations of three percent (3%) annually for a total lease value of \$5,268,103 over the term.

**ISSUE**

The System Security and Law Enforcement (SSLE) Department has indicated a need for an additional presence of law enforcement for the eastern portions of the Gold Line. The proposed lease site will provide an operating base for law enforcement and is intended to meet the current need, as well as provide future capacity for SSLE as the Gold Line expands eastward through Irwindale/Azusa and on to Montclair in the coming years. The proposed site to be leased exceeds \$500,000 and five years and therefore requires board approval.

**BACKGROUND**

SSLE has contracted with the Los Angeles County Sheriff’s Department (LASD) to provide security services at Metro rail stations and along rail lines. To minimize security response times occurring on Metro operating lines, SSLE and LASD have determined that an additional substation is needed along the eastern extent of Gold Line operations. Beginning in May of 2018, the Real Estate department began working with SSLE, LASD, and brokers to secure a space which is fitted to the required specifications for law enforcement operations.

**DISCUSSION**

Security and safety is a priority for Metro riders and staff. Metro Real Estate and SSLE believe this lease will provide a base of operations from which our SSLE resources can ensure *Metro’s Customer*

*Code of Conduct* is fully enforceable and enhance the customer experience for all riders as the system expands and provides greater transit modality to all LA County residents.

The Real Estate department, working with SSLE and LASD, reviewed six sites, of which two sites became clearly the most practical for law enforcement operational needs and reasonably priced.

This proposed site is ideally situated within eyesight of the Gold Line Irwindale Station. LASD has noted that proximity to the 10 Freeway will further shorten response time to other nearby stations for interception of incidents occurring during operations. It will increase Metro security presence and provide for a foundation to grow Metro's SSLE services, as needed, alongside the opening of Gold Line stations east of its current terminus. Not establishing this security office will continue to expose Metro customers to longer delays when law enforcement is needed.

Working with brokers and comparable market data, Real Estate is of the opinion that the cost of the lease over the term of the agreement is of fair-market value. Real Estate negotiated a ten-year agreement with two options to extend by five years.

### **EQUITY PLATFORM**

This project aligns to Metro's equity platform by addressing security issues for all customers of the agency and ensures law enforcement is stationed to respond to more communities.

### **DETERMINATION OF SAFETY IMPACT**

Establishment of a Metro presence with law enforcement agencies along active Metro ROW will provide greater protection, safety, and security along the Gold Line operating corridor for Metro riders and operators.

### **FINANCIAL IMPACT**

Approval of the lease with Blum Courtyard will cost a total of \$5,268,103 over the ten-year term of the agreement. This cost is inclusive of three-percent annual increases to the rent provided for in the terms and conditions of the agreement. The three-percent increase is comparably lower than the CPI 3.3% inflation as provided by the Bureau of Labor Statistics.

#### **Impact to Budget**

For the financial obligations related to the lease that will occur prior to July 2019, Real Estate will use funding provided in Project 306006 for eligible Bus and Rail operations expenditures. Real Estate has planned and submitted the cost of this lease as a part of its FY2020 in the Non-Departmental Real Estate Cost Center budget (0651) under the Gold Line Project 300055.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Increasing the security and safety of ridership and Metro operators will directly impact the agency's ability to deliver "outstanding trip experiences" for all and is therefore directly tied into *Strategic Plan*

Goal 2.

### **ALTERNATIVES CONSIDERED**

The alternative is to not place the lease site at this location and select an alternative which would be less costly. However, when the cost-to-benefit analysis was performed, the savings provided by locating the site at an alternative location completely negated the benefit of having a site for SSLE on the Gold Line.

### **NEXT STEPS**

Upon board authorization, Real Estate will finalize the lease agreement with Blum Courtyard, forward to County Counsel for approval review, and submit for execution by the CEO for a ten-year period. After the first ten-year period, Metro will reevaluate to determine if continuing the lease site is still within Metro's interest as it relates to operational concerns and financial constraints.

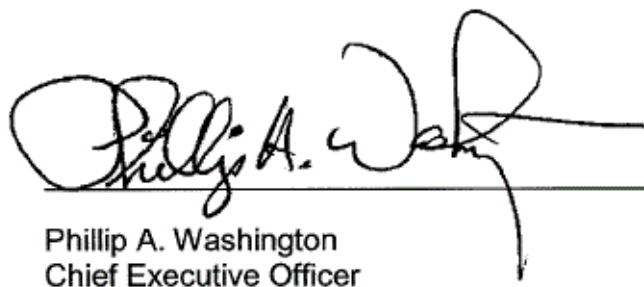
### **ATTACHMENTS**

Attachment A - Lease Location and Plans

Attachment B - Deal Points

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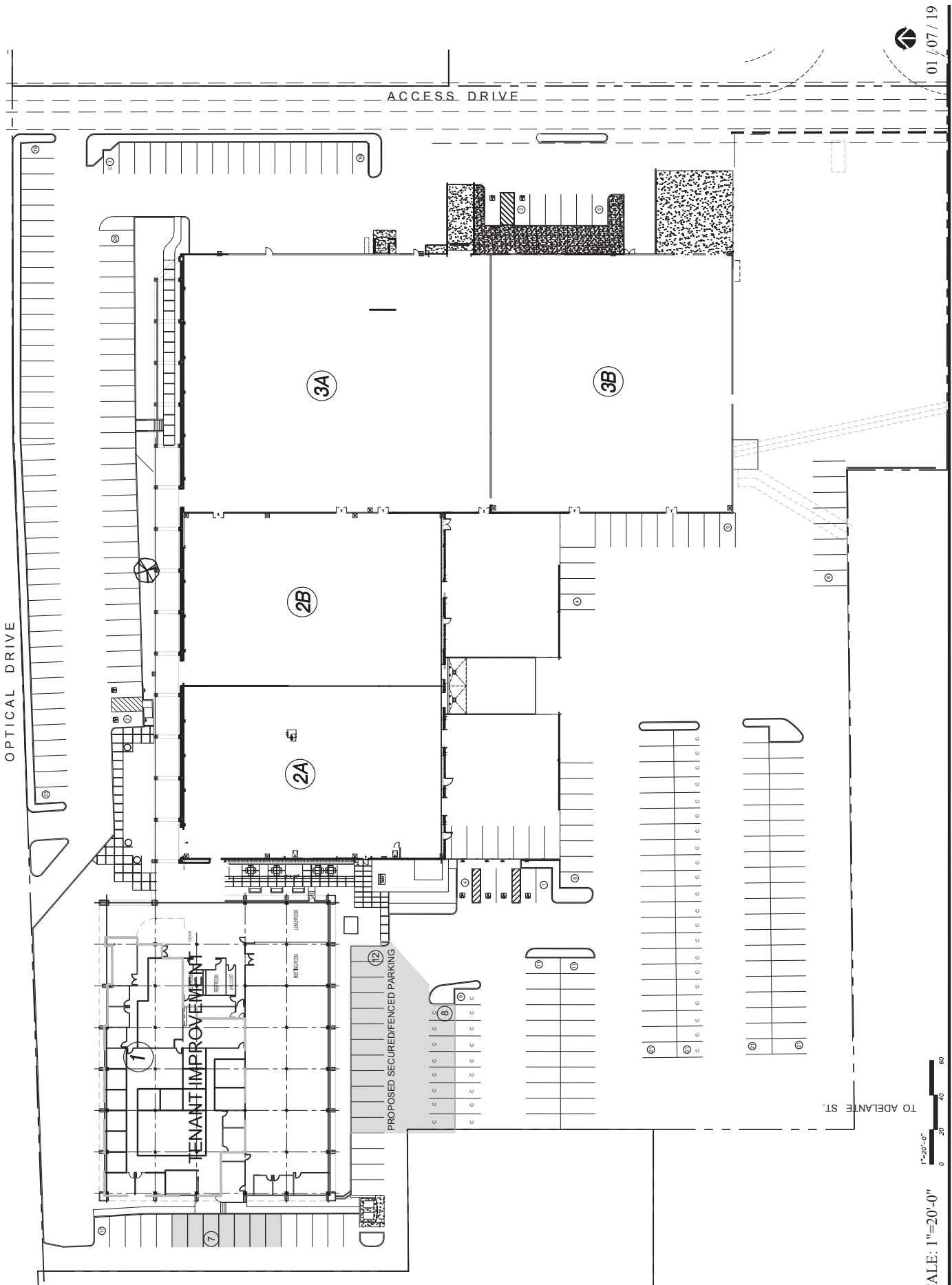


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Phillip A. Washington  
Chief Executive Officer

# Proposed SSLE Lease Location



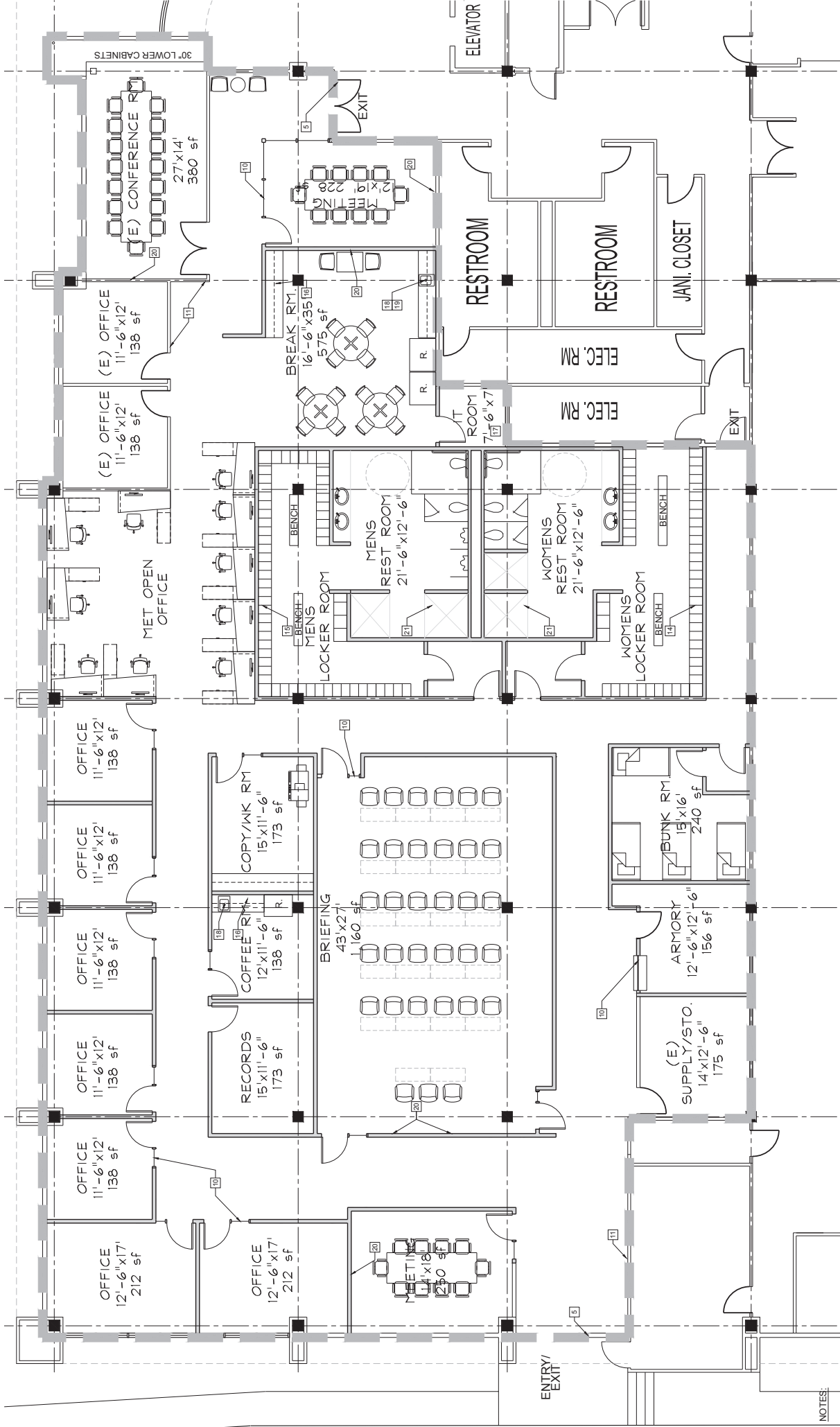


01 / 07 / 19  
PROPOSED SITE PLAN

OVERALL SITE PLAN



SCALE: 1"=20'-0"  
PROJECT NO. 181201 - EX-01



NOTES:

1. CARPET - PROVIDE CARPET TILES WITH 10 YR. LIFE.
2. COUNTER TOPS - PROVIDE CORIAN SOLID SURFACE WITH RESILIENCE TECHNOLOGY W/ 10-YR WARRANTY, PROVIDE BULLNOSE EDGE W/ 3/4" PLYWOOD BASE AND 18" CORIAN BACK SPLASH.
3. DOORS - PROVIDE SOLID CORE STAIN GRADE DOORS.
4. DOOR HARDWARE - PROVIDE LOCKSETS ON ALL OFFICE DOORS, RECORDS AND ARMORY. INCLUDING PANIC HARDWARE ON ALL EXIT DOORS (3)
5. CARD READERS - PROVIDE CARD READERS AT ENTRY DOORS AND SECURED PARKING GATE.
6. PAINT - PROVIDE AN ACCENT WALL COLOR WITHIN EACH ROOM OR AREA
7. ARMORY WALLS TO BE REINFORCED WITH MESH IN THE WALLS. CEILING TO BE HARD LID/GYP. BD.
8. FURNISH CONFERENCE ROOMS AND BRIEFING ROOM WITH TABLES AND CHAIRS
9. SECURED PARKING - PROVIDE SECURED/FENCED PARKING WITH SLATS AND AN ELECTRIC GATE (INCLUDING CARD READER)
10. PROVIDE 18" COUNTER TOP AND 48" WIDE ROLL UP WINDOW FOR ARMORY
11. EXISTING WALLS TO REMAIN
12. TIMELY FRAMES - PROVIDE CLEAR ANODIZED STOREFRONT FRAMES WITH 2 SIDE LIGHT, TYP.
13. CEILING TO MATCH EXISTING CEILING HT.
14. 12X18X6" LOCKERS (52) IN WOMENS LOCKER ROOM (5% ACCESSIBLE).
15. 12X18X6" LOCKERS (60) IN MENS LOCKER ROOM (5% ACCESSIBLE).
16. PROVIDE CIRCUITS FOR 2 MICROWAVES IN BREAK ROOM AND ONE MICROWAVE IN COFFEE RM.
17. PROVIDE INDEPENDENT COOLING SYSTEM IN IT/ SERVER ROOM.
18. PROVIDE DISHWASHER IN BREAK ROOM AND COFFEE ROOM.
19. PROVIDE WALL BACKING ALONG WITH POWER & DATA AT 66" A.F.F. ON ONE SIDE OF EACH CONFERENCE ROOM AND BREAK ROOM. PROVIDE TWO PAIRS OF POWER & DATA AT FRONT OF BRIEFING ROOM.
20. PROVIDE FULLY COMPLIANT ACCESSIBLE ROLL-IN SHOWERS AND BENCHES (ONE PER RESTROOM).
21. BULLET RESISTANT FILM ON ALL EXTERIOR WINDOWS.

SCALE: 1/4"=1'-0"

PROJECT NO. 181201 - EX-04

# FLOOR PLAN

PROPOSED OFFICE REMODEL

01 / 22 / 19

Attachment B – Deal Points

<b>New or renewal</b>	New Lease
<b>Landlord/Owner</b>	Blum Courtyard Associates
<b>Location</b>	1300 Optical Drive, Irwindale, CA
<b>Purpose</b>	Operations facility for LA County Sheriff's Department in eastern extent of Goldline Operations under sponsorship of Metro's System Safety and Law Enforcement group.
<b>Duration (note any extensions)</b>	10-Years with two options to extend for five years. The total possible lease term would be 20-years.
<b>Total Cost</b>	\$5,268,103 over ten-year life for an average annual rent of \$526,810. This includes year-over-year increases of three percent.
<b>Early Termination Clauses</b>	None.
<b>Determination of Lease Value</b>	Market data provided by professional broker, Colliers International.
<b>Background with this Landlord</b>	None. This will be the first transaction with the landlord/owner, Blum Courtyard Associates.
<b>Special Provisions</b>	None.