



## Board Report

File #: 2021-0619, File Type: Agreement

Agenda Number: 13.

### FINANCE, BUDGET AND AUDIT COMMITTEE OCTOBER 20, 2021

**SUBJECT: FIRST LEASE AMENDMENT AGREEMENT WITH THE STATE OF CALIFORNIA**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

AUTHORIZE the Chief Executive Officer (CEO), or their designee, to execute a five (5) year First Lease Amendment commencing October 1, 2021 with the State of California, (“Lessor”) for the Division 2 Employee Parking Lot (“Location 403”) located at 17th Street and Griffith Avenue in Los Angeles at a rate of \$13,447.00 per month with annual increases of three percent (3%) for a total of \$858,192.00 over the five (5) year term.

#### **ISSUE**

Metro leases Location 403, a parking lot for Division 2 employee parking, which expired on September 30, 2021. It is necessary to renew this lease for the continued use by employees or there will be not be a permanent parking option, which will limit the ability of Metro employees to park near their assigned work location.

#### **BACKGROUND**

Metro has leased Location 403 from the State of California since 1999. The current five (5) year lease commenced on October 1, 2016 and expired on September 30, 2021 at a monthly rental rate of \$13,055. This site is located under the Santa Monica Freeway at the intersection of 17th Street and Griffith Avenue and consists of approximately 72,825 square feet (200 parking spaces) of secure parking for Metro employees.

#### **DISCUSSION**

##### Findings

The lease expired on September 30, 2021 and is currently in a month-to-month holdover. The State of California cannot sell this property because it is airspace under the freeway. This First Lease Amendment will extend the lease so employees will continue to have a place to park their vehicles. After reviewing seven comparable properties provided by Metro Transportation Demand Management Programs, it was determined that the new rental rate for the subject lease is

reasonable.

### Considerations

The parking lot is located next to Division 2 and provides the most convenient and safe option for employee parking at a highly economical rate.

### **DETERMINATION OF SAFETY IMPACT**

This Board Action will not have an impact on safety standards for Metro operations.

### **FINANCIAL IMPACT**

The proposed rent for FY22 is \$121,023 (\$13,447 monthly), which is currently budgeted in 0651.306006.01.001.51201 Rent Property/Facilities. Future lease obligations will be included in annual budget preparation by Real Estate staff.

### Impact to Budget

The funding for the proposed lease will come from Federal, State and Local sources that are eligible for Operating projects.

### **EQUITY PLATFORM**

This lease amendment will not have any direct equity impacts. This agreement will continue to provide parking for Metro employees at Division 2.

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

This recommendation supports strategic plan goals

2: Deliver outstanding trip experiences for all users of the transportation system.

5: Provide responsive, accountable, and trustworthy governance with the Metro organization.

### **ALTERNATIVES CONSIDERED**

The alternative is for the Board to not approve the First Lease Amendment. This alternative is not recommended because Location 403 provides employee parking for staff at Division 2. The location is paved and fenced. In addition, there are no available properties in the area that could replace this location without implementing a shuttle service to and from an alternative location resulting in an increase to operating expenses for a transport shuttle.

### **NEXT STEPS**

Execute the First Lease Amendment with the State of California subject to County Counsel approval as to form.

**ATTACHMENTS**

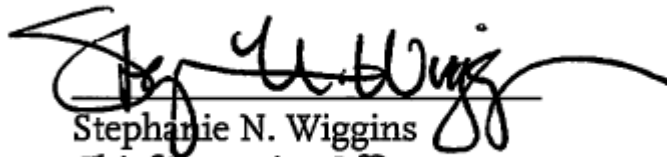
Attachment A - Plot Plan for Location 403

Attachment B - Deal Points

Prepared by: John Beck, Principal Real Estate Officer, Countywide Planning & Development, (213) 922-4435

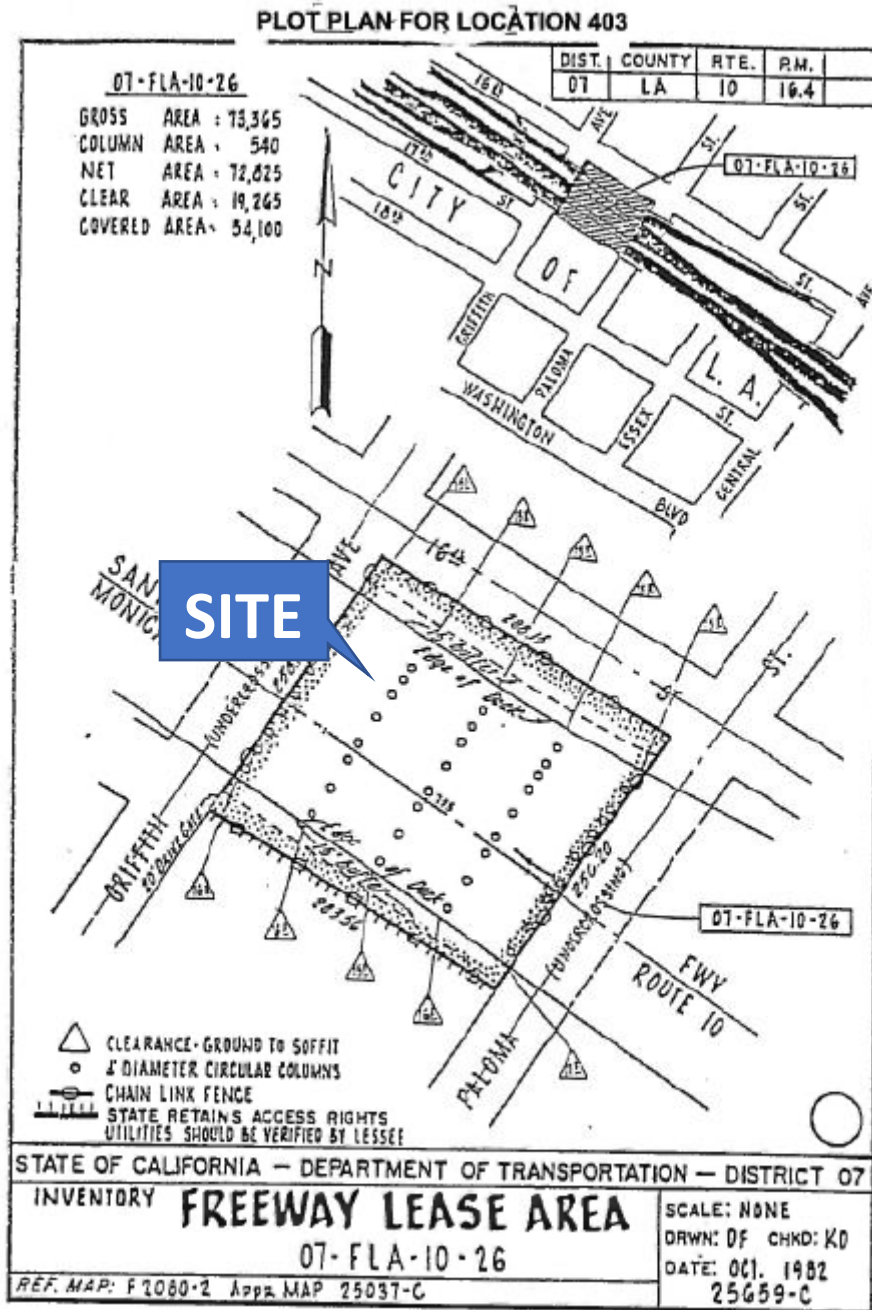
John Potts, Executive Officer, Countywide Planning & Development, (213) 928-3397  
Holly Rockwell, SEO - Real Estate, Transit Oriented Communities and Transportation  
Demand Management, (213) 922-5585

Reviewed by: James de la Loza, Chief Planning Officer, (213) 922-2920



Stephanie N. Wiggins  
Chief Executive Officer

# Attachment A



## Location 403

## Attachment B – Deal Points

<b>New or renewal</b>	First Amendment to Lease
<b>Landlord/Owner</b>	State of California (Caltrans)
<b>Location</b>	Intersection of 17th Street and Griffith Avenue, Los Angeles
<b>Premises</b>	Approximately 72,825 square feet of land
<b>Purpose</b>	Employee parking for Division 2
<b>Commencement and Duration (note any extensions)</b>	5-years commencing October 1, 2021.
<b>Total Cost</b>	The total lease value is \$858,192 over the five (5)-year term.
<b>Early Termination Clauses</b>	Either party can terminate with 90 days written notice.
<b>Determination of Lease Value</b>	Broker Opinion of Value.
<b>Background with this Landlord</b>	This will be the second transaction with the landlord at this location.
<b>Special Provisions</b>	None.