



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

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metro

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**SYSTEM SAFETY AND OPERATIONS COMMITTEE**

**JUNE 20, 2013**

**SUBJECT: LEASE OF SPACE FOR CUSTOMER SERVICE CENTER**

**ACTION: APPROVE EXECUTION OF A LEASE**

**RECOMMENDATION**

- A. Authorize the Chief Executive Officer to execute a ten (10) year lease agreement commencing July 1, 2013, including two (2) five year options, with Klein Financial Corporation for the use of approximately 2,469 square feet retail space located at 3183 Wilshire Boulevard, Unit 174, Los Angeles at an estimated payment of \$1,500,000.00 over the initial ten year term of the lease for rent and operational expenses
- B. Authorize a one- time expenditure of an amount not to exceed \$375,000 for METRO's share of tenant improvement costs including construction management fees.

**Background**

The customer service center which serves the Westside of Los Angeles is currently located in a building owned by MTA located at the intersection of Wilshire Boulevard and La Brea Avenue. The property was purchased by MTA in the mid 1980's with federal funds under the Advance Land Acquisition Program ("ALAP"). The ALAP provided funds to acquire property that could provide bus service related uses as well as station sites for future rail projects. The property has been occupied by the Metro Customer Service Center ("CSC") since the early 1990's. In addition to providing the sale of bus passes and normal customer services, this CSC also houses the Lost & Found Department ("L&F").

The planned extension of the Purple Line Extension ("Project") will require the relocation of the CSC. The Wilshire La Brea Station is planned for the entire property located at the intersection of Wilshire Blvd and La Brea Avenue and extends to the corner of Wilshire Blvd and Detroit Avenue. Since the CSC's displacement is a result of the Project, the CSC is entitled to relocation assistance. An extensive search was conducted to find a replacement site that would accommodate the customer service center and the lost and found operation. The L&F involves the storage and retrieval of items left by Metro patrons on buses and trains. MTA is required to store items for a

minimum of 90 days before the items can be disposed. Space was found which would accommodate the customer service portion of the services, but it was not possible to find a new location large enough to accommodate both the customer service center and the L&F at an affordable rate in the Wilshire La Brea vicinity. After an extensive search, it was determined that the CSC could be best accommodated as a stand-alone operation at the Wilshire Vermont Metro Rail Station (See Attachment A). The L&F function would need to be housed in two separate locations—the short-term retrieval function will be located on the MTA owned property at 3571 Pasadena Avenue and a separate warehouse facility will be found to accommodate the storage of items that must be retained for a 90 day period.

### **DETERMINATION OF SAFETY IMPACT**

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

### **FINANCIAL IMPACT**

After extensive search for a replacement location, negotiations were initiated to confirm space at the Wilshire Vermont Metro Red and Purple Line Station. A unit consisting of 2,469 square feet was determined to be suitable for the operation of the CSC. The negotiated lease terms consist of a 10 year lease with two (2) five year options to extend. The total lease payment including parking and janitorial is estimated to be \$1,500,000 over the ten year term of the lease including a CPI adjustment to the lease rate for years 6 – 10. A total of approximately \$150,000 will be required for rental payments and janitorial expenses for the first year of the lease. Funds to cover the payments has been included in the approved FY14 Budget under Cost Center 0651 (Non-Departmental Real Estate), Project 100001 (General Overhead), Account No. 51201 (Rent Property/Facilities). Since this is a multi-year lease, funding for each fiscal year will be included in the operating budget.

The additional costs associated with acquisition and set-up of the space which include the construction of tenant improvements (“TI”), construction management fees, signage consultant fees and signage fabrication expenses. The additional fees are estimated not to exceed \$375,000 and are included in approved FY14 budget for Cost Center 8510 (Construction Project Management), Project No. 865518 (Purple Line Extension Transit Corridor) and Account No. 53101 (Acquisition/Building Structure)

### **ALTERNATIVES CONSIDERED**

The search for a replacement location include MTA’s current inventory of surplus property. Additionally, various sites were considered both at other station locations and stand-alone retail sites. None of the alternatives available offered the collection of advantages identified at the Wilshire/Vermont Metro station. The Wilshire/Vermont rental rates were financial competitive in the market place, offers an urban landscape setting, is pedestrian friendly and most importantly is accessible from both the Red and Purple Metro Rail Lines and is steps away from the Wilshire Boulevard Metro bus stop. The plaza area is clean and sound from a safety perspective and offers adequate space

for signage. Rental rates in the general Wilshire Blvd areas from Wilshire Vermont to Wilshire La Brea generally ranged from \$2.75/sq. ft. to \$ 4.50/sq. ft. (NNN). The negotiated rate or \$3.00/sq. ft. full service gross is competitively price for a market rate transaction.

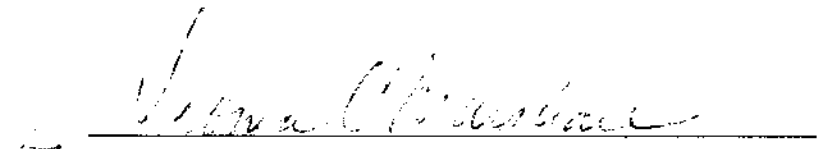
### **NEXT STEPS**

Staff will complete negotiations of the lease agreement subject to review and approval by County Counsel.

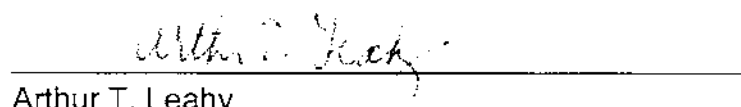
### **ATTACHMENTS**

A. Location Map

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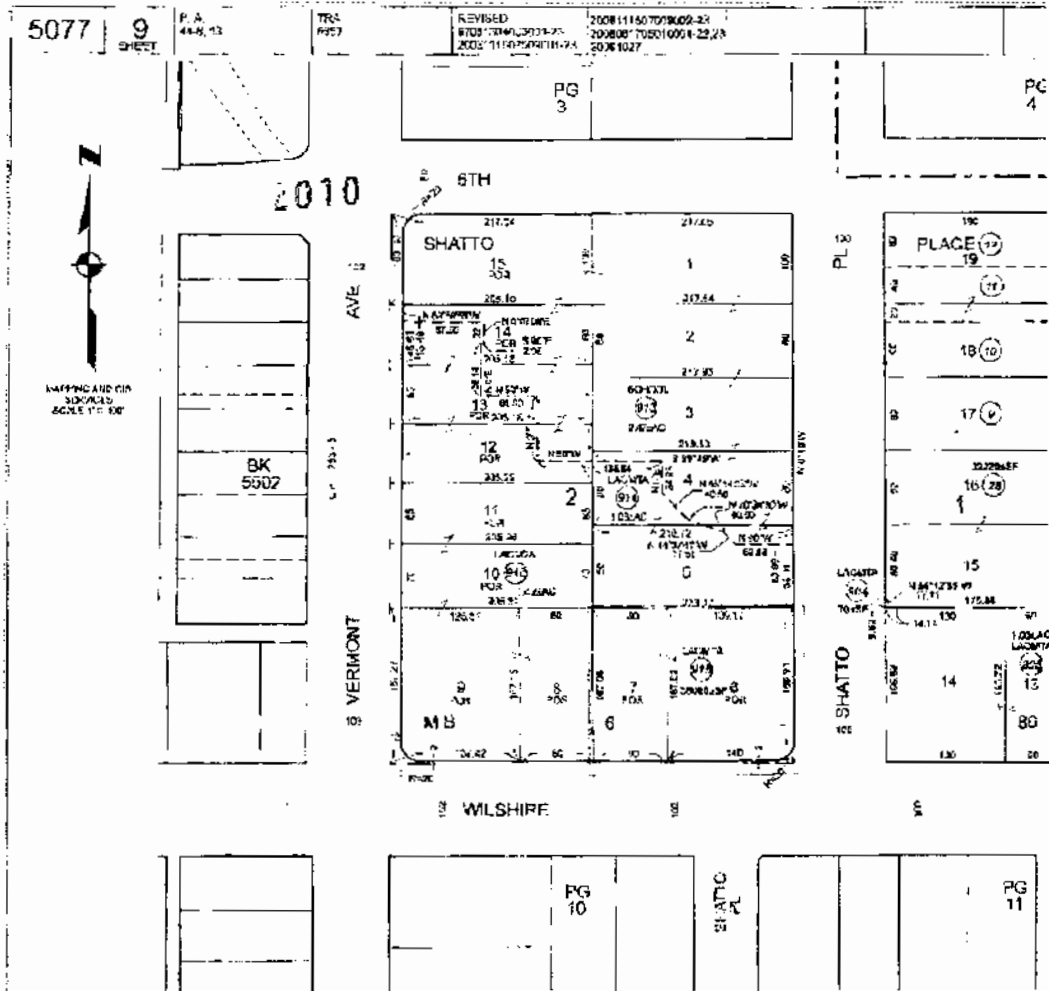
Roger Moliere  
Chief, Real Property Management and Development



Arthur T. Leahy  
Chief Executive Officer

ATTACHMENT A

LOCATION MAP



Lease of Space for Metro Customer Service Center