




EXPOSITION METRO LINE CONSTRUCTION AUTHORITY

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DATE: OCTOBER 12, 2005
TO: BOARD OF DIRECTORS
FROM: RICHARD D. THORPE 
INTERIM CHIEF EXECUTIVE OFFICER

ACTION: APPROVE OFFICE SPACE REQUIREMENTS

RECOMMENDATION

Authorize the CEO to negotiate and execute a five-year lease, with Broadway Partners for the lease of approximately 23,000 square feet of office space in the AON Center at 707 Wilshire Boulevard in Los Angeles at a total cost not to exceed \$2,847,000 rounded.

SUMMARY

The Exposition Metro Line Construction Authority (Authority) will require office space as a base from which to conduct its primary business of oversight and management of contracts for final design and construction of the Exposition LRT Project (Project). Following the discussion of space requirements and options at the September Board Meeting, a Request for Proposals (RFP) was issued to owners/brokers of ten (10) potential office buildings located in downtown Los Angeles and Culver City, including the LACMTA Headquarters at Gateway Plaza. Seven responses were received and five responses were determined to be responsive and met the Authority's requirements. Evaluation of these proposals, including site visits, has resulted in the staff recommendation of the proposal received from CB Richard Ellis on behalf of Broadway Partners as best meeting the Authority requirements for office space. An evaluation was also done of the space at Gateway Plaza for comparison purposes.

DISCUSSION

As with any other public agency, the Authority requires office space from which to conduct its business. In the case of the Authority, it has been determined that sufficient space should be obtained to house an Integrated Project Office (IOP) involving co-location of authority staff, consultants and the Design-Build contractor to facilitate coordination and communication. As a single purpose agency charged with design and construction of a linear project, the Authority has significant latitude regarding where it chooses to locate its primary office. Consequently, candidate buildings were identified along the Phase I alignment from downtown Los Angeles to Culver City. The general requirements included (1) availability of approximately 23,000 contiguous square feet of space; (2) availability of a large conference room on site or in close proximity; (3)

availability of ten (10) reserved parking spaces and twenty (20) unreserved parking spaces; and (4) availability of a dedicated computer room with 24/hour/7 day A/C and uninterrupted power supply (UPS). Also, if located downtown, proximity to a Metro Station.

All of the responsive proposals were from buildings located in downtown Los Angeles and each are located within two blocks of one of the downtown Metro Red Line stations. The responsive proposals were reviewed and evaluated by an internal evaluation committee (Evaluation Committee) consisting of representatives of the following Metro Departments: Real Estate, General Services, Information Technology Services, and Construction Project Management. A matrix comparing the responsive proposals, including projected overall costs for the five-year lease, is included as Attachment A. Following initial review of the proposals, site visits to the office buildings were conducted on September 26 and 27. Estimates of additional costs for furniture and communications infrastructure for each of the buildings were developed based on observations made during the site visits and were added to the comparison matrix.

Each member of the internal evaluation committee evaluated the proposals using explicit factors/weighted criteria. The specific criteria included: (1) Competitive lease rates including rental concessions and overall costs including furniture costs, communications and network installation costs, parking, etc (40%); (2) Quality of space offered, i.e. Class "A" building, contiguous space, build-out requirements, availability of large conference room, onsite security, (30%); (3) Availability of dedicated computer room and build out costs (15%); and Proximity to Metro Station and Gateway Plaza (15%).

The composite evaluation by the committee ranked the buildings in the following order: (1) 707 Wilshire Boulevard Building, (2) 700 Flower Street, (3) 811 Wilshire Boulevard Building, (4) 801 Grand Avenue Building, and (5) 205 Broadway Building. The Gateway Building tied for 2nd place in the ratings.

FINANCIAL IMPACT

The estimated cost of the building occupancy, including lease payments, building improvements, furniture and operating expenses, is estimated to be \$2,846,030 for the 5 year (60 month) term, subject to final negotiations. Sufficient funds are included in the Project budget for office space and furnishings.

ATTACHMENTS

A. Office Comparison Matrix

Prepared by: Velma C. Marshall
Director of Real Estate, LACMTA

EXPO CONSTRUCTION AUTHORITY OFFICE COMPARISON MATRIX

Attachment "1"

Evaluation Categories	205 So. Broadway, LA (Broadway Civic Ctr)	700 Flower Street (MCI Center)	707 Wilshire Boulevard (AON Center)	801 So. Grand Avenue	811 Wilshire Boulevard	USG, One Gateway Plaza
TERM						
Fixed	60 months	60 months	60 months	60 months	60 months	60 Months
Option	M-M up to 12 months	M-M up to 12 mos.	Up to 12 mos.	Up to 12 mos.	M-M up to 12 Mos.	
SPACE						
Initial Phase- 3 Months	8,300 S.F.	5,000 S.F.	5,000 S.F.	5,000 S.F.	5,000 S.F.	5,000 S.F.
Design Phase 19 Months	24,900 S.F.	21,454 SF	23,000 S.F.	23,000 RSF	23,000 S.F.	23,000 S.F.
Construction Phase - 38 months	16,600 S.F.	16,000 SF	16,000 S.F.	16,000 RSF	17,351 S.F.	16,000 S.F.
RENT						
Base Rent	\$1.58/month	\$2.05/Month + 3% annual increase	Months 1-30: \$2.00/month Months 31-60: \$2.16/Month	First Phase: \$1.75/ month Second Phase: \$1.75/month Third Phase: \$1.91/month	\$1.85/month plus 3% annual increases	\$2.73/Mo., + 3 % annual increases
Total Rent over 5 Year Term	\$1,767,862.00	\$2,237,015.00	\$2,217,160.00	\$2,075,460.00	\$2,178,046.00	\$3,060,680.00
DISCOUNTS/FREE RENT OFFERED	Rent during initial Phase based on 5,000 SF, but area occupied is 8,300 SF = discount of \$15,642	N/A	4 month free rent	N/A	N/A	N/A
Operating Expenses	Included in rent	Included in rent	Prorata share of total expenses estimated at 3% annually	Prorata share of total expenses estimated at 3% annually	Included in rent	Included in rent
TENANT IMPROVEMENT						
Allowance per S.F.	\$5.00/SF	Build to suit	\$15/RSF	Build-to-Suit up to \$40/RSF	Build-to-Suit	Space provided as is
Space Planning	None Provided	Provided at no cost	Provided at \$0.10/RSF	Provided at no cost	Provided at no cost	Provided at no cost
PARKING						
Reserved:	None available	10 spaces @ \$205/month	10 spaces @ \$275/month	10 spaces @ \$160/month	10 spaces @ \$225/month	10 spaces @ \$44/month
Unreserved:	100 spaces	20 spaces @ \$185/month	20 spaces @ \$215/month	up to 2/1000 RSF	20 spaces @ \$185/month	20 spaces @ \$44/month
TRANSIT ACCESSIBILITY	1 block from Red Line Station	Across from Red Line Station	1 block from Red Line Station	2 blocks from Red Line Sta.	1 block from Red Line Station	Red Line, Metrolink, DASH
SECURITY	24/7	24/7	24/7	24/7	24/7	24/7
Other	Guard and CCTV	Sign in at 1st floor Lobby	Card Key and sign in	Elevator code access	Personnel in main Lobby	Guard in Main Lobby
ITS REQUIREMENTS (Set up Costs)	\$655,270.00	\$607,570.00	\$626,870.00	\$656,070.00	\$641,070.00	\$498,970.00
AMENITIES, CONFERENCE ROOMS	Small lobby; No large meeting facilities; small restaurants located on site	Large conf. Rooms available at Sheraton Hotel at \$450/day; located in shopping center with shopping and restaurants	Large auditorium and conference room available on site for additional fee; cafeteria on site	No Conference Room Available on site; small sandwich shop on site	Large conf. Rooms avail at Sheraton Hotel at \$450/day; located near several restaurants	Board Room and conference rooms available; cafeteria on site
FURNITURE AND IMPROVEMENTS	Space must be recarpeted, painted, designed and furnished	Space partially built out. Could utilize existing hard walls and supplement with free standing furniture	Space requires new carpet and painting; Furniture provided by building	Space partially built out; some space not improved; Will require new furniture and cubicles	Space must be recarpeted, painted, designed and furnished	Existing space and furniture provided
Furniture costs based on refurbished furniture	\$308,300.00	\$308,300.00	\$2,000.00	\$308,300.00	\$308,300.00	\$308,300.00
TOTAL COST INCLUDING RENT, ITS AND FURNITURE	\$2,731,432.00	\$3,152,885.00	\$2,846,030.00	\$3,039,830.00	\$3,127,416.00	\$3,559,650.00
10/5/2005						