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Chief Executive Office.

COUNTY OF LOS ANGELES
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 973-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER
Joseph M. Nicchitta

"To Enrich Lives Through Effective and Caring Service"

September 29, 2026

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTION OF RESOLUTION OF INTENTION TO LEASE CERTAIN REAL PROPERTY LOCATED AT 555 WEST FIFTH STREET, LOS ANGELES, COMMONLY KNOWN AS THE GAS COMPANY TOWER (APN: 5149-029-900) (FIRST DISTRICT) (4-VOTES)

SUBJECT

Approval of the recommended actions would adopt the enclosed proposed Resolution of Intention to Lease Certain Real Property (Resolution), which is the 19th floor of the County of Los Angeles (County) owned building located at 555 West Fifth Street, Los Angeles with an APN of 5149-029-900 commonly known as the Gas Company Tower (Property), and authorize and instruct the Executive Office, Board of Supervisors, to publish a Notice of the Adoption of the proposed Resolution and set a public meeting no sooner than three weeks from Notice of the Adoption of the proposed Resolution.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that approval of the recommended actions is not a project under the California Environmental Quality Act (CEQA), or, in the alternative, are exempt from CEQA for the reasons stated in this Board letter and the record of the proposed activity.

2. Adopt the enclosed proposed Resolution declaring the Board of Supervisors (Board) intention to lease the Property, pursuant to Government Code Section 25526.

3. Instruct the Executive Office, Board of Supervisors, to publish the Notice of the Adoption of the proposed Resolution, in accordance with sections 25528 and 6063 of the Government Code.

4. Set December 1, 2026, as the date for a Board meeting, where the highest bid shall be finally accepted, or, if it deems such action to be for the best public interest, reject all bids, and withdraw the Property from lease.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County is the owner of the Property. Southern California Gas Company (SCG) is a current tenant at the Property and plans to move out later this year. However, there is one group working on a project and SCG has approached us to see if the County could extend their lease on the 19th floor to accommodate this project. California Government Code Sections 25526 to 25535 require that before ordering the lease of any County-owned property, the Board, in a regular open meeting, by a two-thirds vote of the Board, adopt a resolution, declaring the Board's intention to lease the County-owned property. The resolution shall describe the property proposed to be leased, in a manner as to identify it and shall specify the minimum rental, and the terms upon which it will be leased, and shall fix a time, not less than three weeks thereafter for a public meeting of the Board to be held at its regular place of meeting, at which sealed proposals to lease will be received and considered. This will allow the County to continue to generate rent from this space and have operating costs covered by the tenant. Following this process will ensure the County is obtaining the best offer for use of this space for the specified term.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan North Star 3 - "Realize Tomorrow's Government Today", Focus Area Goal G - Internal Controls and Processes, and Strategies - (i) Maximize Revenue, supports the recommended actions by implementing processes to systematically leverage resources to help fund County initiatives, and (ii) Manage and Maximize County Assets, supports by maximizing use of County assets, guide strategic investments (including real estate and space management) in ways that are fiscally responsible and align with the County's highest priority needs.

The recommended public bidding and leasing process advances North Star 3 by ensuring the space is leased, generating revenue, and maximizing efficient use of the County-owned building in alignment with the County's highest priority needs.

FISCAL IMPACT/FINANCING

There is no fiscal impact associated with adoption and posting or publishing the Notice of the Adoption of the proposed Resolution. The proposed leasing of the 19th floor at the Property is expected to generate revenue for the County through a combination of base rent and operating expense reimbursement. Minimum rental amount, per square foot, for the 19th floor premises is calculated based on current rates paid by the existing tenant. Operating expense payments are not profit generating, but rather, cost recovery mechanisms to ensure the County remains fiscally neutral with respect to Property services during the lease term.

Based on the minimum rental terms, for the 19th floor Property, the County estimates generating approximately $4.7 million in base rent over the duration of the lease term. In addition, the County would be reimbursed for operating costs associated with the 19th floor, ensuring responsible fiscal stewardship and consistent support for ongoing Property operations.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Sections 25526 to 25535, which sets stringent limitations on its ability to lease and license County-owned real property, requires the Board to adopt a resolution declaring its intention to lease County property, stating the minimum rent terms and conditions and to fix a date, at least three weeks later, to receive sealed bids. Adoption of the proposed Resolution will allow the County to proceed with a lawful, competitive public bidding process for the leasing of the 19th floor at the Property.

County Counsel has reviewed the proposed Resolution and procedural documents and has approved as to legal form.

The minimum requirements are included in the proposed Resolution and include, but are not limited to, the following material terms:

1. Lease Commencement Date: January 1, 2027.
2. Lease Expiration Date: December 31, 2032.
3. Minimum Base Rent: $2.24 per rentable square foot.
4. Annual Rent Adjustments: Beginning January 1, 2028, and on every January 1 thereafter, rent shall increase by 2.75 percent.
5. No options to extend the lease term or increase square footage shall be granted.
6. No tenant improvement allowance shall be provided by the County.
7. No brokerage commission will be paid by the County.
8. Upon expiration of the lease, tenant shall leave improvements, furniture and fixtures installed within the leased premises.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not a project subject to CEQA, pursuant to CEQA Guidelines Section 15378(b)(5), as the actions are organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment. In the alternative, pursuant to CEQA Guidelines Section 15061(b)(3), the proposed actions do not commit the County to a project, and it can be seen with certainty that there is no possibility that the proposed actions will have a significant effect on the environment. Adoption of the proposed Resolution does not commit the County to the leasing of the Property at this time.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions will not affect any current services provided by the County.

Respectfully submitted,

Joseph M. Nicchitta
Chief Executive Officer

JMN:JG:JTC
JLC:HD:MGR:DC:ja

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

RESOLUTION NO. __________

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES OF INTENTION TO LEASE CERTAIN REAL PROPERTY

WHEREAS, Government Code section 25526 requires that before ordering the lease of any County of Los Angeles (County) owned property, the Board of Supervisors (Board), shall, in a regular open meeting, by a two-thirds vote of all its members, adopt a resolution, declaring its intention to lease it.

WHEREAS, the resolution shall describe the property proposed to be leased, in a manner as to identify it and shall specify the rental, and the terms upon which it will be leased, and shall fix a time, not less than three weeks thereafter for a public meeting of the Board to be held at its regular place of meeting, at which bids to lease will be received and considered.

WHEREAS, the County owns the building commonly referred to as the Gas Company Tower located at 555 West Fifth Street, Los Angeles, California (Property).

WHEREAS, the Los Angeles County Board of Supervisors is willing to consider leasing the 19th floor of the Property pursuant to California Government Code sections 25526 to 25535 and desires to initiate a bidding process to lease the 19th floor of the Property on the minimum terms set forth below.

<u>SECTION 1. DESCRIPTION OF PROPERTY</u>:

The 19th floor of the Gas Tower building at 555 West Fifth Street, Los Angeles, California, is identified for leasing. The 19th floor consists of 28,007 square feet of rentable space and 24,147 square feet of usable space.

<u>SECTION 2. MINIMUM RENTAL TERMS AND CONDITIONS</u>

19th Floor of the Property

1. Lease Commencement Date: January 1, 2027.
2. Lease Expiration Date: December 31, 2032.
3. Minimum Base Rent: $2.24 per rentable square foot.
4. Annual Rent Adjustments: Beginning January 1, 2028, and on every January 1 thereafter, rent shall increase by 2.75%.
5. Operating Expenses: Tenant shall pay actual operating expenses in addition to Base Rent. The operating expense rate shall be approximately $1.32 per square foot of rentable square foot. Tenant shall remain responsible for operating expenses during the term of the lease.
6. Condition of Delivery: Space shall be delivered as second-generation space, in broom-clean condition, with no repairs or alterations. Tenant shall accept the premises an "as is" condition.
7. No options to extend the lease term or increase square footage will be granted.

8. No tenant improvement allowance shall be provided by the County.
9. No brokerage commission will be paid by the County.
10. Upon expiration of the lease, tenant shall leave improvements, furniture and fixtures installed within the premises.
11. County will require evidence that tenant has experience with leases and is financially capable of assuming the financial terms of this lease.

NOW, THEREFORE, BE IT RESOLVED that the Los Angeles County Board of Supervisors hereby gives notices of its intention to enter into a lease agreement to lease the 19th floor of the Property upon the minimum terms stated herein.

BE IT FURTHER RESOLVED that sealed written bids shall be delivered to:

Los Angeles County, Asset Management Branch
Real Estate Division
555 West Fifth Street, 36th Floor
Los Angeles, California 90013
Attn: Joyce Chang, Senior Manager

Written Bids must be received by noon on October 26, 2026. Pursuant to Los Angeles County Code section 2.08.152 oral bids will not be accepted.

BE IT FURTHER RESOLVED that all bids must be sealed and in writing. Each bid must acknowledge acceptance of all minimum rental terms and conditions provided herein and may include any additional proposed terms the bidder wishes to make as part of their bid. The award shall be made to the most suitable bidder based on suitability, responsiveness, and other justifications permitted under County policy and Government Code sections 25526 to 25535, including alignment with the County's intended use criteria and compliance with all minimum bidding requirements.

BE IT FURTHER RESOLVED the Executive Office, Board of Supervisors, shall publish Notice of the Adoption of the Resolution and arrange for required publication once weekly for three consecutive weeks pursuant to Government Code sections 25528 and 6063.

BE IT FURTHER RESOLVED, a public meeting shall be scheduled on December 1, 2026 or as soon thereafter as the matter may be heard in the Board Hearing Room located at 500 West Temple Street, Room 381-B Los Angeles, CA 90012, for the Los Angeles County Board of Supervisors to consider entering into the lease agreement.

This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED this ______ day of __________, 2026, by the following vote:

AYES:______ **NAYES**:________ **ABSTAIN**:______ **ABSENT**:_______

The undersigned, **Edward Yen, Executive Officer of the Board of Supervisors** of Applicant, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

SIGNATURE:________________________ DATE: ____________________

NAME: ______________________________ TITLE: ____________________

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By ____

Roberto Saldaña
Senior Deputy County Counsel