



# City of Culver City

## Staff Report

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Item #: C-11

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**CC - CONSENT ITEM: Approval of a Lease Agreement between the Culver City Transportation Department and the City of Culver City for a Portion of 4343 Duquesne Avenue, California 90232.**

**Meeting Date:** April 24, 2023

**Contact Person/Dept:** Elizabeth Shavelson, Finance Department

**Phone Number:** (310) 253-6018

**Fiscal Impact:** Yes  No

**General Fund:** Yes  No

**Attachments:** Yes  No

**Public Notification:** (Email) Meetings and Agendas - City Council (04/19/2023)

**Department Approval:** Lisa Soghor, Chief Financial Officer (04/18/2023)

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### **RECOMMENDATION**

Staff recommends the City Council approve a lease agreement between the Culver City Transportation Department and the City of Culver City for a Portion of 4343 Duquesne Avenue, California 90232 for a period of five years beginning July 1, 2023 through June 30, 2028 with a base amount of \$141,600 per year that shall be increased by 3% annually starting July 1, 2024 (Attachment 1).

### **BACKGROUND/DISCUSSION**

The Culver City Transportation Department developed the property at 4343 Duquesne Avenue to support transit operations with funds provided by the U.S. Department of Transportation (FTA). The facility, commonly referred to as the Transportation Building, was opened in 1997. It contains several separate rooms, warehouse spaces, and parking facilities. Since its opening, the City's Finance Department has leased a portion of the Transportation Building to house the City's Central Stores and Purchasing Division in accordance with the FTA policy on incidental use of FTA Assisted Real Property. This long-standing arrangement remains beneficial for both the Culver City Transportation Department and the City.

The terms of this arrangement, most notably the amount the City pays for the lease, have been in

place since its inception. FTA representatives have recommended that the lease amount be updated to reflect current market rates. The City engaged an outside firm to conduct an independent appraisal of the property to determine the market rate for a new lease. The City currently pays \$65,361 annually to lease 6,431 square feet in the Transportation Building. According to the Appraisal Report, the current market rate for this space would be \$11,800 per month. Staff recommends that the Council approve a lease between the Culver City Transportation Department and the City of Culver City for a Portion of 4343 Duquesne Avenue, California 90232 for a period of five years beginning July 1, 2023 through June 30, 2028 with a base amount of \$141,600 per year that shall be increased by 3% annually starting July 1, 2024.

### **FISCAL ANALYSIS**

Funding for the current lease is included in the Revised Budget for Fiscal Year 2022-2023 in Account #10114500.605500 (Purchasing - Rental of Building). Funding for the increased amount of the lease agreement's 5-year term will be included in future fiscal year budgets.

### **ATTACHMENTS**

1. Proposed Lease

### **MOTION**

That the City Council:

1. Approve a lease between the Culver City Transportation Department and the City of Culver City for a Portion of 4343 Duquesne Avenue, California 90232 for a period of five years beginning July 1, 2023 through June 30, 2028 with a base amount of \$141,600 per year that shall be increased by 3% annually starting July 1, 2024.
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute such documents on behalf of the City.