

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Special Meeting of November 21, 2019

MEMBERS: Richard H. Llewellyn, Jr., City Administrative Officer, Chair (CAO)
Sharon Tso, Chief Legislative Analyst (CLA)
Paul Wang, Office of the Mayor (Mayor)

The meeting was called to order at 10:01 a.m.

No General Public Comment.

Item 1 Minutes of the October 31, 2019 meeting.

DISPOSITION Approved with corrections.

Items No. 3 and 4 were rescinded from the agenda and Item No. 8 was continued. It was discussed that a Special December meeting would be held to discuss the Los Angeles Street Civic Center Building (LASCB) project.

Item 2 Report from GSD to enter into a purchase and sale agreement (PSA), a reciprocal easement, and an operating agreement (REA) between the City and Larchmont Properties for 206-218 North Larchmont Boulevard to effectuate the transfer of the Larchmont Subterranean Parking Structure, subject to Council approval.

DISPOSITION Approved.

Paul Wang from the Mayor's Office, asked how the lease came to be on holdover. Staff from the General Services Department (GSD) explained that there was a delay in the City Attorney's Office and with the property owner. Mr. Wang asked to confirm that payments were continually made to the City. GSD staff confirmed this. Mr. Wang asked how the Asset Management Software (AMS) tracks leases that are on holdover. GSD staff responded that these leases are flagged from a year out when leases are scheduled to expire and are tracked by GSD's Real Estate Officers.

Mr. Wang asked for clarification on the revenue chart included in GSD's report. It was clarified that the income to the City as presented in the chart is the total revenue, less the City's share of expenses.

Sharon Tso, the City Legislative Analyst, asked if the delay in executing this lease agreement caused any impact to the General Fund. GSD responded that there were no impacts. Ms. Tso asked if the City was ever in the position to receive the surface parking area. GSD confirmed that the surface parking area was never going to be included in the agreement.

Staff from the Office of the City Administrative Officer (CAO) asked to confirm that Council District 4 (CD 4) was aware of this transaction and supported it. GSD staff confirmed that the CD 4 was aware.

Item 3 Report from GSD and request to negotiate and execute a lease between the City and Young Women's Christian Association (YWCA) Greater Los Angeles for a bridge housing facility to be located at 1215 Lodi Place (CD13), subject to Council approval.

DISPOSITION Rescinded.

Item 4 Report from GSD and request to negotiate and execute a service provider sublease between the City and People Assisting the Homeless (PATH) for a bridge housing facility to be located at 1215 Lodi Place (CD13), subject to Council approval.

DISPOSITION Rescinded.

Item 5 Report from GSD and request to enter into a license agreement with Five Keys Schools for access to Old Fire Station No. 13 located at 1206 South Vermont Avenue (CD 1) for the storage of up to four mobile shower trailers, subject to Council approval.

DISPOSITION Approved.

Ms. Tso asked who would be responsible for any damage occurring to the trailers while they are stored on City property. GSD staff confirmed that the non-profit is required to carry insurance, and that the City is indemnified from any damages that may occur onsite.

Ms. Tso asked what the long-term plans were for the site. It was discussed that the Council Office was still deliberating future uses for the site. GSD confirmed that the City has a right-to revoke the agreement with 30 days notice should the City identify a long-term use for the property.

Item 6 Report from GSD and request to sell a parcel adjacent to 613 South Anderson Street (CD 14), in accordance with the "Own A Piece of L.A." Ordinance (C.F. 07-1894).

DISPOSITION Approved.

In a presentation of the report, Melody McCormick from GSD stated that the subject property was originally acquired by the City in the 1800s for sewer maintenance purposes. Subsequently, the owners constructed a building on top of the City owned land. Ms. McCormick indicated that it was likely that the City's ownership of the land was inadvertently overlooked since permits were pulled for two separate parcels. Ms. McCormick stated that the City will retain a sewer easement, and that the Bureau of Sanitation had reviewed and concurred with the disposition of the City-owned portion.

Item 7 Verbal update from the Office of the City Administrative Officer on the availability of Proposition F funds.

DISPOSITION Note and File.

CAO staff shared that in response to the CLA's request to verify whether any residual Proposition F funds are available for use to address repairs at Fire Station 4, that any residual monies need to be defeased and cannot be used for capital expenses.

To date, all projects required under the voter approved Proposition F (Prop F) have been completed. Reallocating any bond proceed savings towards new projects would expose the City to negative findings by the Internal Revenue Service (IRS) during the course of an audit or another review due to the age of the Prop F proceeds. The City last issued Prop F bonds on August 30, 2006. As indicated by the City Attorney's Office in their guidance memo on General Obligation (GO) Bonds, federal tax law effectively limits the availability and use of GO bond proceeds to three years from the date of issuance of the bonds. Any misuse of GO bond proceeds could potentially result in taxpayer lawsuits alleging the unauthorized use of GO bond proceeds and could also result in potential United States Securities and Exchange Commission (SEC) and/or IRS violations. Due to the risks associated with continuing to allocate unspent bond proceeds for new projects well beyond the three year threshold and based on recent Council action (C.F. 17-0560) authorizing the defeasance of unspent Prop F proceeds, this Office recommends that all remaining unspent and unallocated Prop F funds be defeased.

Item 8 Report from Bureau of Engineering on the status of the Los Angeles Street Civic Center Building (LASCBC) project.

DISPOSITION Continued to next agenda.

The MFC Chair adjourned the meeting at 10:16 a.m.