

CITY OF LOS ANGELES
CALIFORNIA

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May 28, 2020

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Armando Bencomo, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE
AND EXECUTE A NEW SUBLEASE WITH
SPECIAL SERVICE FOR GROUPS, INC.
FOR A HOMELESS NAVIGATION CENTER FACILITY**

The Department of General Services (GSD) requests authority to negotiate and execute a new sublease agreement with Special Service for Groups, Inc. (HOPICS Division) located at 729 West Manchester Blvd. Los Angeles, California 90044 (Manchester) to operate a Navigation Center Project. Homeless Outreach Program Integrated Care System (HOPICS) is a division of Special Service for Groups, Inc.

BACKGROUND

On November 09, 2016, the City Council adopted a motion (C.F. 15-1138-S16) instructing staff to evaluate and determine if the Manchester City-owned site in Council District 8 (CD8) was suitable for development of a Navigation Storage Center facility. Subsequently, the project was approved as a part of the 2018-19 Proposition HHH Facilities Program Project Expenditure Plan (C.F. 17-0090). Construction at Manchester is nearing completion and the City's Homeless Coordinator requested GSD proceed with the negotiation of a lease with HOPICS Division.

The CD 8 Navigation Center Project, part of the Mayor's Homeless Initiative, will include design and construction of a new 2,500 square foot (sf) modular building and will provide 134 voluntary storage bins, bathroom facilities, navigation center services and other homeless services. Manchester is projected to serve at least 500 clients annually.



The Bureau of Engineering (BOE) is managing the construction of the project with a construction completion target date of May 31, 2020. The Department of General Services (GSD) Construction Forces will be completing construction.

TERMS AND CONDITIONS

General terms are a zero-dollar, two-year lease with a month-to-month holdover basis after expiration. A complete set of terms and conditions are outlined on the attached term sheet.

SHELTER SERVICES

On January 16, 2020, the Los Angeles Homeless Services Authority (LAHSA) issued a Request for Proposal (RFP) to all parties interested in operating the Navigation Center component at Gibson. HOPICS Division was the awarding recipient of the RFP.

BUILDING MAINTENANCE

The CAO advised that a maintenance fund will be established in the Capital Improvement Expenditure Program (CIEP) for major building and site systems such as structural, foundation, sewer, roof, HVAC, plumbing, electrical and fire, life safety systems. The major maintenance item funding is provided by the General Fund.

Upon taking possession, HOPICS Division will provide basic and routine daily maintenance and repairs throughout the site.

ENVIRONMENTAL

This site is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Article 19, Sections 15301 Class 1(h); 15304, Class 4(a)(b)(e); and 15331 Class 32; as well as City of Los Angeles CEQA Guidelines, Article III, Section 1, Class 1(8)(12); and Class 4(1)(3)(6); as set forth in the Notice of Exemption.

COMMUNITY BENEFIT ANALYSIS

Inasmuch as A Bridge Home is a City program formed to facilitate temporary housing and social services for homeless individuals, the proposed lease, being necessary for implementation of the subject "A Bridge Home" project, does not require further analysis of community benefits in support of the lease.

FUNDING

Facility operational funding is part of LAHSA's annual budget appropriation from the City. LAHSA funds are managed by the Housing and Community Investment Department (HCID). The proposed contract ceiling for HOPICS Division operations is **\$794,000** annually (**\$66,167** monthly). Full year funding for operational costs is currently included for LAHSA in the Mayor's Proposed Budget for Fiscal Year 20-21.

On May 17, 2018, the City Council approved the Proposition HHH 2018-19 Project Expenditure Plan (C.F. 17-0090-S6) to allocate \$3,100,000 to construct the facility. An additional \$3,000,000 in funding to expand the scope of the project was authorized as a part of the Proposition HHH 2019-20 Project Expenditure Plan. In August 2019, an additional \$2,884,260 was authorized to address construction cost increases for an overall project budget of \$8,984,260 (C.F. 17-0090-S6). The source of those funds for construction is an appropriation from the Proposition HHH General Obligation Bond Issuance Fund No. 17A/10 and 17C/10.

FISCAL IMPACT

The HOPICS Division operations at Manchester is financed by the General Fund for **\$794,000** annually (**\$66,167** monthly) as part of LAHSA's 2020-21 budget, which contractually is budgeted to LAHSA through HCID (Fund 43a).

No revenue will be generated from this lease to the General Fund during the lease term period.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize GSD to negotiate and execute this new lease with Special Service for Groups, Inc. (HOPICS Division) at 729 West Manchester Blvd. Los Angeles, California 90044 for use as a Homeless Navigation Center under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	n/a
SECURITY DEPOSIT	n/a
MAINTENANCE/ REPAIR	Other See 'Maintenance/Repair Details' section below.
MAINTENANCE/ REPAIR DETAILS	City shall maintain major building/site systems: foundation, sewer, roof, HVAC, plumbing, electrical, elevator, fire-life safety systems; Tenant will provide basic, routine and preventative maintenance, and repairs.
TENANT IMPROVEMENTS	City shall, at its own cost and expense, be responsible for all tenant improvements.
PARKING	Subject to availability at no extra cost.
UTILITIES	All utilities, including phone lines that service the elevator shall be paid by Tenant.
CUSTODIAL	All custodial services shall be paid by and assumed by the Tenant.
SECURITY	Other - See below (2)
PROP 13 PROTECTION	Other n/a
INSURANCE	Tenant shall indemnify and hold harmless the City
OTHER:	<p>Termination: City to have unilateral right to terminate lease at any time for any reason upon thirty (30) days' written notice to Tenant.</p> <p>SECURITY: Security Measures. Tenant, at its own cost and expense, shall provide security on the Property at a level that is necessary to ensure the safety of visitors thereto, including the participants of the Homeless Navigation Center. At minimum, Tenant shall provide for one (1) security guard to be on the Property Monday through Saturday during operating hours.</p> <p>*Homeless Outreach Program Integrated Care System (HOPICS) is a division of Special Service for Groups, Inc.</p>