

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Meeting of February 27, 2020

MEMBERS: Richard H. Llewellyn, Jr., City Administrative Officer, Chair (CAO)
Matias Farfan, Office of the Chief Legislative Analyst (CLA)
Kiana Taheri, 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 January 30, 2020 meeting.

Disposition: Approved.

Item 2 Verbal update from GSD on the request to purchase a property located at 740 and 800 East 111th Place (CD 8) on behalf of the Department of Transportation (DOT) for use as a bus yard, subject to Council approval.

Disposition: Discussion.

Dave Roberts, General Services Department (GSD), provided a verbal update on the property acquisition. As the primary concern, the seller is not willing to provide modifications to the City's Indemnification language until the City removes the offsite conditions from the property. GSD is working to address this issue and believes that it can be resolved. Second, the City Attorney advised GSD to obtain a California Environmental Quality Act (CEQA) clearance due to the contamination. BOE advised GSD that the cost to expedite CEQA would be \$75,000. GSD is evaluating if the increased cost to expedite CEQA will be beneficial to the property purchase. Third, due the CEQA requirement, GSD asked the seller for the right to access the property. GSD proposes the execution of a land or lease with an option to purchase agreement with the seller.

GSD estimates a 12-month lease agreement would cost about \$20,000 to \$40,000 per month. GSD plans to propose a counter offer of \$30,000 per month. The agreement would allow the Department of Transportation (DOT) to use the site to park its vehicles for 2 months, while BOE conducts its environmental studies to ensure that the property meets City's standards. GSD states that the seller would give the City a credit (\$30,000 - \$40,000) toward the property acquisition cost based on monies paid on the lease. The lease is also impacted by the CEQA necessity. Melody J. McCormick, GSD, advised the Department would report back to MFC outlining the terms and conditions of the agreement.

Matias Farfan, Office of the Chief Legislative Analyst (CLA), asked why CEQA is needed at this time. Mr. Roberts stated that CEQA was triggered due to the potential impact the project could have on the community. The proposed uses deviate from the current use of the site. The CEQA will look at environmental impacts due to buses entering and exiting the site.

Mr. Roberts stated that GSD investigated approximately 38 to 40 properties in the last two to three years. None of the sites assessed met the DOT criteria, to acquire a five-acre site located in an

industrial zone. One of the sites evaluated by GSD includes the 1201 North Central property. GSD estimates all the work that the City has done to the site, the net acquisition cost or value is about \$33 million. GSD stated, however, the property appraised at \$15 million and the owner is unwilling to reduce the price, which makes the property infeasible.

Richard Llewellyn, the City Administrative Officer (CAO), stated that based on GSD's review of the different properties, the proposed acquisition may be the City's best option despite the various considerations associated with the site. Ms. McCormick, GSD, advised that the Department has reviewed every listing available within the last three years GSD has reviewed every available listing. GSD also reached out to brokers to see if there are any potential properties not on the market. However, despite these efforts GSD has not found any other viable sites.

Mr. Farfan asked if the City is required to obtain CEQA clearance for every property prior to acquisition. Laura Cadogan-Hurd, Office of the City Attorney, stated that when the City is purchasing a property and already knows how it will use the property, it is required to obtain a CEQA clearance prior to committing to the purchase. CEQA requires the City to determine if the new uses will have an impact on the community.

Yolanda Chavez, CAO, asked if the City could utilize the property through a lease or whether this would also be dependent on the CEQA clearance. Ms. McCormick advised that DOT can use the site for passive parking and storage, but cannot activate it as a bus yard during the lease period. Mr. Roberts from GSD stated that using the site as passive parking and storage is beneficial for DOT because the most urgent need is to have a place to park its vehicles.

Mr. Farfan asked if the City would be able to test soil samples while the property is under the lease. Ms. McCormick confirmed that the City would have full site control.

Bernyce Hollins, CAO, asked if the lease would have a first right of refusal. Mr. Roberts confirmed the City would have a first right of refusal.

Valerie Melloff, GSD asked if the City has the right to get out of the lease in the event there is a CEQA issue. Mr. Roberts responded yes. Ms. McCormick added that GSD would report back to MFC in May with more details on the leasing agreement.

Item 3 Report from GSD and request to negotiate and enter into a lease agreement with Verizon Wireless for space at the Hyperion Water Treatment Plant, located at 12000 Vista del Mar (CD 11), to install rooftop antennas and equipment cabinets.

Disposition: Approved as amended, with direction to CAO staff to determine the appropriate fund for the deposit of these anticipated revenues.

Megan Cottier, CAO, asked the MFC to consider amending the agenda language to correct the language from "Verizon Wireless" to "Los Angeles SMSA Limited Partnership dba Verizon Wireless," and also to indicate the item is subject to Council approval. In addition, Ms. Cottier advised that as the Vista del Mar facility was built utilizing Sewer Construction Operations and Maintenance (SCM) funding, that revenue may need to be divided between the General Fund and SCM fund.

Mr. Farfan asked what the procedure would be for new wireless carriers that express interest in co-locating at that site. GSD staff advised that other wireless carriers would be able to co-locate at this facility.

Item 4 Report from GSD and request to negotiate and enter into a lease amendment with Leigh Holmes for the continued use of space for radio equipment and antenna towers at 1050 Montecito Drive (CD 1) for LAPD Communications systems equipment, adding a provision to upgrade Los Angeles Police Department antenna equipment and install a communications tower (C.F. 17-1038), subject to Council approval.

Disposition: Approved, with direction to GSD staff to ensure that appropriate language be incorporated into the lease amendment to require advance approval by the Department for any subsequent site modifications that may be necessary.

Kiana Taheri, Office of the Mayor, asked why grant funds were not utilized to fund the lease amendment. GSD staff advised that grant funds could only be utilized for the design, purchase, and installation of equipment.

Mr. Farfan asked for clarification as to why the installation of equipment took place one month after the initial lease execution. GSD staff explained that the Information Technology Agency (ITA) did not have a design and installation plan at the time that the agreement was executed. It was then discussed that ITA and the Los Angeles Police Department (LAPD) made improvements to the site in order to meet grant deadlines, and subsequently alerted GSD of the improvements. GSD did remind ITA and LAPD that amendments needed to be considered prior to equipment installation so that its effect on the General Fund could be considered. Thom Brennan, LAPD, stated that the Department was working internally to ensure that appropriate procedures are followed in the future.

Ms. Hollins asked GSD staff to confirm that the lease amendment would include a provision to ensure that site improvements are approved by GSD prior to installation. GSD confirmed that future improvements would need to be approved by GSD first.

Mr. Farfan asked if the Council Office had any issues with the new antenna. GSD stated that the Council Office was notified and did not have any issues.

Item 5 Report from GSD and request to negotiate and enter into a license agreement with J.R. Pipeline Co, Inc. to place temporary City and contractor field offices and an equipment yard at 5975 South Western Avenue (CD 8) for use in support of a City project, subject to Council approval.

Disposition: Approved without discussion.

Item 6 Report from GSD on behalf of Los Angeles Housing and Community Investment Department (HCID) East Regional Office (ERO), and request for assignment of temporary space at 221 North Figueroa Street.

Disposition: Approved.

Mark Lopez, GSD, provided a verbal update to the report, stating that there is no General Fund impact because HCID would fully fund associated expenses using its own sources of funds. The

MFC asked for clarification on the prior use of the space. Mr. Lopez stated the space is primarily used as a conference center for the Figueroa Plaza tenants. There are large and medium size meeting rooms in this location. The conference center was designed to provide additional meeting space for tenants in Figueroa Plaza and the benefit has been that it can also be utilized as swing space temporarily when needed. HCID will occupy about 50 percent of the conference center for its special operations. Ms. Hollins asked GSD to discuss prior use of the conference center as swing space. GSD advised the Department of Building and Safety previously used the center as temporary office space. GSD also advised the center is used monthly by various departments, and most frequently by the Department of Aging for its Commission meetings and hearings. HCID is reviewing its long-term space needs and will work with GSD to identify long-term locations and offices to accommodate its aggregate space needs.

Item 7 Report from GSD on behalf of the HCID ERO, and request to negotiate and execute a new lease agreement at 1910 West Sunset Boulevard to replace a former site.

Disposition: Approved without discussion.

Blayne Sutton-Wills, CAO, provided a verbal update to amend the agenda item to include the property owner's name, which is International Church of the Foursquare Gospel.

Item 8 Report from GSD and request to negotiate and execute a lease between the City and L and R Construction Company, Inc. for a bridge housing facility to be located at 3061 Riverside Drive (CD 4), subject to Council approval.

Disposition: Approved.

Ms. Taheri asked how long it will take for the City to confirm the costs of the tenant improvements and expressed concerns over the City paying the lease while these estimates are being obtained. Wayne Lee from GSD Real Estate clarified that we will not pay rent until certificate of occupancy is received, and that there are termination clauses built into the agreement if construction milestones are not met.

Mr. Farfan asked GSD to confirm total cost of the tenant improvements. Mr. Lee responded that the budget is currently up to \$5 million, but that there would be a more definitive cost estimate after bids are received for architectural and design plans. He added that the current budget estimate is a placeholder based on the cost of prior projects.

Ms. Taheri requested clarification regarding the termination clause and lease start date. Mr. Lee clarified that the lease term is five years, to commence once all terms are agreed upon, including the cost of tenant improvements.

Mr. Farfan asked if the operating funding source had been identified. Helene Rotolo from the CAO explained that the operations for this site would be funded by existing family dollars from the County of Los Angeles through Measure H at \$80 per bed per night and will serve 26 families.

Item 9 Report from GSD and request to negotiate and execute a lease agreement with the Volunteers of America Los Angeles (VOALA) for a property located at 2165 West John S. Gibson Boulevard for the Navigation Center and San Pedro Harbor Police Station Project (CD 15), subject to Council approval.

Disposition: Approved.

John-Michael Mendoza, GSD, provided a summary of the report on the proposed new license agreement for the Navigation Center at San Pedro Harbor Police Station project

Matias Farfan, CLA, asked when the Navigation Center would be opening. GSD advised that construction will be completed at the end of March 2020, and services would begin shortly thereafter.

The meeting adjourned at 10:29 am.