

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of July 30, 2020

MEMBERS: Richard H. Llewellyn, Jr., City Administrative Officer, Chair (CAO)
Sharon M. Tso, Office of the Chief Legislative Analyst (CLA)
Miguel Sangalang, 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 following MFC meetings:

- a. May 28, 2020
- b. June 25, 2020

Disposition: Approved without discussion.

Item 2 Report from the General Services Department (GSD) and request to negotiate and execute a new license agreement between the City and North Marianna, LLC for a portion of the property at 1925 North Marianna Street (CD 14) for construction parking for the adjacent Los Angeles Police Department Warehouse project, subject to Council approval.

Disposition: Approved as amended.

David Roberts, from the General Services Department (GSD), advised of an amendment that identifies Post Closing Improvements to include "Upgrade Sewer and Domestic Water Laterals". The cost of both these improvements was estimated in the original appraisal as \$59,000. The developer was recently advised by Los Angeles Department of Water and Power (LADWP) that the installation of the water laterals (i.e. two wet utility stub outs; one for domestic water and the other for fire sprinklers) would not be allowed without a Council approved development plan for the North Parcel. The water laterals work is equivalent to \$25,000 of the \$59,000 cost, therefore the developer has agreed to credit \$25,000 of the original purchase price of \$12.5 million back to the City.

Miguel Sangalang, Office of the Mayor, asked for clarification on the City's consideration of the amendment. Mr. Roberts stated that as the project does not have an approved development plan the LADWP laterals could not be installed. GSD believes that \$25,000 is a reasonable credit back for the water laterals work. This change regarding the water laterals work does not impact the transaction or the project. After the development plan is approved, the water laterals work will be completed.

Mr. Sangalang asked the GSD to confirm that obtaining the approval for the water laterals work is not necessary at this time since the City will obtain necessary authorities from LADWP, at a later time. Mr. Roberts confirmed that the necessary authorities will be obtained once the development plan is approved and the water laterals work will be completed.

Sharon Tso, the Chief Legislative Analyst (CLA), asked if this is a credit off the purchase price and asked for clarification between the \$59,000 and \$25,000 costs. Mr. Roberts stated that the \$25,000 is a credit off the purchase price and the overall the budget is \$59,000. Though the developer is not completing the water laterals, it will complete additional upgrades to the property.

Melody McCormick, GSD, stated that the \$59,000 budget includes three items: a sewer upgrade and two domestic water laterals. LADWP is going to continue to allow the sewer upgrade, however, it will are not allow the water laterals.

Ms. Tso asked for a construction update on the Los Angeles Police Department (LAPD) evidence warehouse. Mr. Roberts stated that the construction is scheduled to start in a few months and has a 12 – 14 month schedule, with completion anticipated in August 2021. The delay is due to the inability for the developer to get approval from the Planning Department for the parcel map. The parcel map is approved and in the process of being recorded. The warehouse was initially scheduled to be completed in November 2020.

Ms. Tso asked if the City is incurring costs due to the delay. Ms. McCormick responded no and advised that the City put down a deposit and would not pay for the project until it is finished and deemed acceptable.

Ms. Tso asked if the LAPD was aware that its use of the north parcel for parking and storage is a temporary usage. Mr. Roberts stated that once the warehouse construction is complete, the purpose of the licenses and easements is for the developer to remove all storage and staging materials from the property and give the City full access to the property. However, the timeline for the warehouse construction is not yet defined. The agreements allow the developer access to a portion of the North parcel during the construction of the warehouse.

Ms. Tso asked if any other departments need access to parking and storage. Bernyce Hollins, from the Office of the City Administrative Officer (CAO), stated that the CAO is in process of hiring a consultant to review co-location options for the site for departments including the Bureau of Sanitation, Bureau of Street Services, LAPD and Department of Transportation (DOT). DOT is currently contractually obligated to 10-year leases, but it was still possible the department could be co-located at the site through a second phase of development. The CAO is currently working to obtain a rough site plan and a preliminary cost estimate in order to request design funds for the upcoming fiscal year, with construction to follow in the subsequent year subject to sufficient funding.

Ms. Tso emphasized that she did not want the parking and storage to be a long-term situation and that other City departments should have an opportunity to utilize the site. Ms. Tso requested a timeline for consultant review. Ms. Hollins responded that the estimate completion date for the review is December 2020, in order for the information to be considered for the 2021-22 budget.

Item 3 Report from GSD and request to negotiate and execute a new license agreement between the City and T-Mobile LLC, DBA Crown Castle, for the installation of cell phone and antenna equipment to be located at 1400 1/2 North Gaffey Street (CD 15).

Disposition: Approved.

Ms. Tso asked GSD for the status of revenue-generating leases that are eligible for renegotiation. GSD staff responded that existing telecommunication agreements were under review in conjunction with Information Technology Agency staff. Mr. Llewellyn asked if GSD is actively reviewing all outstanding revenue-generating leases. Ms. McCormick responded that staff reviewed outstanding leases as resources allowed. It was discussed that approximately 20 expired leases need to be renegotiated and renewed.

Ms. Tso suggested that GSD request a 90-day position authority to address the expired leases. Ms. McCormick responded that GSD requested the position authority, but that it had not yet been approved. Ms. Tso encouraged GSD to re-apply and asked the CAO and Mayor's Office to consider approving the position authority.

Item 4 Report from GSD and request to negotiate and execute a new lease between the City and Fame Assistance Corporation for a CD 8 Field Office at 1968 West Adams Boulevard (CD 8), subject to Council approval.

Disposition: Approved.

Mr. Sangalang asked for additional clarity on the fiscal impact of this lease and for an update on the status of construction for the Council District 8 Constituent Services Center (CSC) project, located at 8475 South Vermont Avenue. Jonathan Quan, GSD, stated that the current lease expires in September 2020, with savings available from completed tenant improvements, which would be credited to the new lease. Also, due to the reduction in space covered under the new lease, the annual costs will decrease. Council District 8 will split its staff between the lease site and the Vermont CSC, in order to increase community engagement across the District. The location at 8475 South Vermont will also provide space for Office of Mayor, City Attorney, and Department of Building and Safety (LADBS).

Item 5 Report from GSD and request to negotiate and execute a new non-profit license agreement between the City and Hollywood United Methodist Church for vacant land at 4958 Cahuenga Boulevard (CD 4) for a community beautification project, subject to Council approval.

Disposition: Approved without discussion.

Items No. 6 and 7 were considered concurrently.

Item 6 Report from GSD and request to negotiate and execute a new non-profit license agreement between the City and the Watts Labor Community Action Committee for the property located at 5133 Crenshaw Boulevard (CD 8).

Disposition: Approved.

Ms. Tso, asked for clarification from GSD regarding the termination running concurrently with the Department of Aging's (Aging) service provider contract with Watts Labor Community Action Committee (WLCAC). John-Michael Mendoza, GSD, confirmed that the lease does run concurrently with Aging's contract. Ms. Tso asked if GSD knew what the termination clause is on the Aging's contract with WLCAC. Ms. McCormick stated the Aging renews the contract annually based on the amount of federal funding awarded through the Community Block Development Grant (CDBG). The license agreements will be set up to automatically renewed annually if the service provider contract is renewed by Aging. GSD will work with Aging and Housing Community Investment Department (HCID) to include the license agreements within the service provider contracts going forward.

Item 7 Report from GSD and request to negotiate and execute a new non-profit license agreement between the City and the Watts Labor Community Action Committee for the property located at 2528 South West Boulevard (CD 10).

Disposition: Approved.

Item 8 Quarterly Status Update from the Office of the City Administrative Officer (CAO) on City Space Assignments and Tenant Improvement Projects (Space Optimization).

Disposition: Note and File.

Kay Ha, CAO, presented the new quarterly report to the Committee that will provide regular status updates on authorized space assignments and tenant improvements funded through space optimization account. Ms. Tso, asked why LADBS is initiating a separate contract with Coldwell Banker Richard Ellis Group (CBRE). Ms. Ha stated that GSD will assist in ensuring that the City space standards are met. Ms. McCormick stated that typically on Figueroa Plaza construction projects, GSD would run the project through a separate construction contract. The current contract with CBRE is for building operations. LADBS has traditionally used special funds monies to develop separate contracts for space and tenant improvements. GSD participates of the meetings and has access to the sites and contract. Per GSD, LADBS complying with standards though GSD is not managing the project. The same team at CBRE that helped restore Figueroa Plaza will be doing the work and they are familiar with the City's standards.

Item 9 Quarterly Status Report from the Bureau of Engineering (BOE) on the Taylor Yard G2 River Park Project located at 2850 Kerr Street (CD 1).

Disposition: Note and File.

Ms. Tso, asked for clarification about the status of the *Report of Findings* that was submitted to the California Department of Toxic Substances Control (DTSC). Christopher Johnson of the Bureau of Engineering (BOE) responded that the DTSC has approved BOE's report.

Item 10 Report from the Bureau of Engineering on the status of Warner Grand Theatre project, scope, and expenditure plan (CD 15).

Disposition: Approved.

Steven Fierce, BOE, provided a verbal presentation of the report. BOE requests authority to proceed with the design for the Warner Grand Theater Rehabilitation Project with a total project cost of \$9.8 million and requests the identification of an additional \$4 million to fully fund the project. However, the project also includes an unfunded \$1.5 million for BOE Staff Cost (\$986,905) and BCA Inspection Staff Cost (\$483,777) for a total project budget of \$11.3 million. The BOE also requests that MFC recommend Council approval of a two-year extension for the project's \$5.8 million MICLA funds from the current expiration date of June 30, 2023. BOE proposes to provide deductive alternates as part of the Design Bid and Award process, subject to securing the additional \$4 million. BOE estimates that the additional \$4 million will be needed for project construction in 2021-22. The overall schedule is 27 months from the start of design to the end of construction (December 31, 2022).

Mr. Llewelyn asked CAO staff what the Committee is being asked to approve today regarding project funding. Lisa Johnson Smith, CAO, responded that \$5.8 million in MICLA funds are already approved. The project received two allocations of MICLA funds. The \$5 million in MICLA funds will expire on June 30, 2021 and the \$780,000 that will expire on June 30, 2022. BOE requests to extend the expiration dates of these funds to June 30, 2023. The budget is for Phase 1 and 2 and totals \$9.8 million. BOE would use the existing \$5.8 million for Phase 1. Phase 2 is the unfunded \$4 million, where deductive alternates would occur. BOE would design the full \$9.8 million project only move forward with Phase 1. It would not move forward with Phase 2 until additional funding is approved for the project. In addition, there is an unfunded \$1.5 million for staff cost comprised of \$986,905 for BOE and \$483,777 for Bureau of Contract Administration Inspection. The true total cost of the project is \$11.3 million (inclusive of \$1.5 million staff costs that would not be reimbursed). The additional unfunded \$5.5 million, the \$4 million for phase II construction and the \$1.5 million unfunded staff costs, would be a 2021-22 budget request.

Mr. Llewelyn asked if the project has funding for the design costs and if it will be spent in a timely fashion. Ms. Johnson-Smith stated the design costs would come from the existing \$5.8 million in MICLA funds. The Bid and Award process for design will encumber approximately 20 percent of funds. The balance of funding will be used for project construction.

Ms. Tso asked for clarification whether a determination had been made how the scope would be divided between Phase 1 and 2, or whether that determination would be made as part of the design phase. Mr. Fierce stated that in the report the work is listed in accordance to priority. BOE will develop cost estimates as the scope of work is developed. As funding becomes available, the funds will be expended based on the priority list.

Ms. Tso asked if BOE is requesting authorization to design the first two or all three phases. Mr. Fierce clarified that authority was being requested to initiate design for Phases 1 and 2.

Ms. Tso asked if some staffing costs would be funded by the project's existing MICLA funds. Ms. Johnson-Smith stated that based on the BOE report all staff costs are unfunded with MICLA funds to be used for design and construction costs. The only unfunded staff costs in the current fiscal year is for BOE design costs. Mr. Fierce stated that the start of construction is January 1, 2022.

Ms. Tso asked what the \$1.5 million staff cost consisted of. Deborah Weintraub, BOE, stated that this cost reflects BOE staff working on this project that would not require reimbursement because the positions are funded by the General Fund. Ms. Johnson-Smith stated that the unfunded \$1.5 million is for BOE Staff Cost (\$986,905) and BCA Inspection staff cost (\$483,777).

Ms. Tso asked BOE if \$9.8 million is a good estimate given the complications related to COVID 19. Ms. Weintraub stated to the best of its knowledge the estimate is still accurate and will have a better understanding of COVID-related impacts once bids are received.

Mr. Sangalang, asked if BOE is requesting to find an additional \$4 million right now for the project. Ms. Hollins described that it is common practice to incur design costs at the beginning of a project to realize economies of scale. She added that the additional \$4 million is not required at this time, as the funds would not be expended in the current fiscal year. CAO staff recommends evaluating the need for additional funds for construction through the budget process. Mr. Llewelyn stated that the MFC is proceeding to conceptually approve a bigger project for design. The actual project will come back as part of the budget process for funding for the actual construction. Mr. Llewelyn asked if the design funds are already allocated to the project. Ms. Hollins confirmed that they were.

Ms. Tso asked if it was known if savings will be realized by designing Phase 1 and 2 together. Ms. Weintraub stated that if design for the Phases was completed concurrently, it would be approximately 20 percent less expensive as overhead costs for different contractors will not be incurred.

Item 11 Report from the CAO and request enter into a purchase and sale agreement between the City and Kaiser Foundation Health Plan, Inc. for the surplus property located at 1501 East 103rd Street (CD 15), subject to Council approval.

Disposition: Approved.

Ms. Tso noted that the report contained a section in which the Department of City Planning requested that special care be given to the green alley project adjacent to the property, yet the report recommendations did not outline any specific requirements for Kaiser to fulfill in relation to the green alley. Aksel Palacios of Council District 15 confirmed that the green alley is a separate project from the planned expanded Kaiser facility. Ms. Tso also observed that the money coming back to the City from Community Redevelopment Agency/Los Angeles (CRA/LA) would go to the General Fund only, rather than be split between the General Fund and the Real Estate Trust Fund. CAO staff confirmed this detail would be amended in the transmittal of the report to Council

Item 12 Report from the CAO instructing the Housing and Community Investment Department to negotiate and execute a ground lease agreement between the Little Tokyo Service Center and the Go For Broke National Education Center for an affordable and permanent supportive housing project with an educational center on the ground floor, located on a portion of City-owned land, west and adjacent to the physical location of the Go For Broke Monument (commonly referred to as Lot 2).

Disposition: Approved.

Kira Teshima of Sheppard Mullin, representing Go For Broke National Education Center (GFBNEC), provided public comment for this item.

Mr. Sangalang asked about the process for this project moving forward and the timing for obtaining CEQA clearance. Assistant City Administrative Officer, Yolanda Chavez stated that the report approves use of the City site and allows implementation of a ground lease, but does not approve an actual project. Ms. Chavez clarified that once the Little Tokyo Service Center (LTSC) applies for financing and moves beyond the conceptual phase, CEQA and other clearances will be addressed. Mr. Sangalang asked what the consequences would be in the event there are issues either with the project itself or with the HHH financing process. Ms. Chavez answered that the ground lease would become void. Mr. Llewellyn stated that occasionally projects encounter problems and they may not succeed, but at this time, there were no anticipated issues with the project.

The meeting adjourned at 11:02 am.