


**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05479-0012

Date: September 24, 2020

To: The Municipal Facilities Committee

From: CAO Staff 

Subject: REVISED COMMUNITY BENEFITS ANALYSIS: MURAL CONSERVANCY OF LOS ANGELES (260 SOUTH MAIN STREET)

**RECOMMENDATION**

That the Municipal Facilities Committee note and file this update.

**SUMMARY**

At its meeting held on December 21, 2017, the Municipal Facilities Committee approved a report by the Department of General Services (GSD), that was subsequently approved by Council on January 31, 2018, (C.F. 17-1097), which authorized GSD to negotiate and execute a non profit lease agreement between the City and the Mural Conservancy of Los Angeles (MCLA) to utilize a vacant space located at 260 South Main Street to operate a museum/gallery space.

As part of the overall leasing report, the CAO conducted a community benefits analysis to determine whether the agency's proposed annual services exceeds the lease value of the property. The proposed lease was recommended at no annual rental cost on the basis that the community benefits estimated at \$442,000 annually, exceed the market value of \$79,380 for the leased space by \$362,620.

Due to the impact of the COVID-19 pandemic, the MCLA has requested a temporary reduction in service hours from the original total of 48 hours each week, to a reduced level of 30 hours a week, which reflect a 37.5 percent overall reduction. Assuming a proportionate reduction in the value of services, the revised value of community benefit is estimated at \$165,750 annually, which exceeds the market value of \$79,380 by \$86,370. On this basis, the continuation of the lease at no annual rental cost is recommended, with the specific proposed term adjustments reflected in the accompanying GSD report.

**FISCAL IMPACT**

The General Fund will receive \$124,021 to be repaid by MCLA over a ten year term to reimburse the City for tenant improvement costs, as per the negotiated lease terms.

*BCH:KH:05210038*

*Attachment*

**Community Benefit Analysis for Proposed Non-Profit Lease**

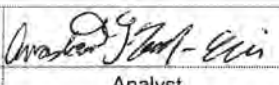
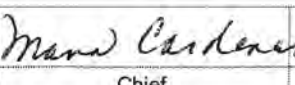

<b>I. Proposed Lease Terms and Conditions</b>	
Facility Location:	260 South Main Street, Los Angeles, CA 90012
Lessee:	Mural Conservancy of Los Angeles, a non-profit 501(c)3 organization
Council File Reference:	17-1097 (Motion adopted on 9/26/2017)
Space Assignment:	Approximately 2700 square feet (Floor)
Term & Renewal Option:	Ten year term, with two 10 year options to renew. Approval of the renewal options at the existing rate will be at the discretion of the City.
Market Rate:	\$2.45 per square foot per month
Proposed Rental Rate:	\$17,050.00 per year during the first term, with rate under any renewal options to be subject to negotiation.
Utilities/Custodial:	Lessee shall be financially responsible for all applicable utility and custodial costs, including pressure washing exterior.
Tenant Improvements:	Lessee shall have full responsibility for 50% of the cost of the tenant improvements (TI's) and ongoing maintenance requirements at the site. Tenant's portion of the TI cost will be \$170,500.00.
<b>II. History and Current Services</b>	
Mission:	The Mural Conservancy of Los Angeles (MCLA) advocates for the rights of artists and public art, working with artist to support the integrity of their work. MCLA promotes local artist and public murals in order to sustain Los Angeles as one of the great Mural Capitals in the United States.
Vision:	MCLA's vision is to preserve the mural history of Los Angeles and raise public awareness of murals and public art in Los Angeles. Ultimately, MCLA envisions a time when murals and public art are treated as an integral part of the local art scene and understood as having potential rise to the highest levels of artistic expression, like any other art form. Outside of advocating for public art, MCLA has no particular focus in terms of particular artists, political views or ethnic affiliation. MCLA strives to protect and advocate for the art that the people of Los Angeles support.
Background / History:	MCLA was founded in 1987 as a community-supported organization to preserve and protect Los Angeles' diverse and culturally historic public Mural Arts. It was created by a coalition of Artists, Public Art Advocates, City of Los Angeles and State of California Public Officials, and Restoration Specialists. MCLA built long-term programs to retain mural arts as a part of Los Angeles' cultural legacy and establish murals as a significant part of the city's cultural heritage.

**Community Benefit Analysis for Proposed Non-Profit Lease**

Current Services:	Currently, MCLA is involved in restoration of murals such as the "Pope of Broadway" mural of Anthony Quinn, which was restored this year by the original artist and came in under budget. MCLA is actively involved in keeping the Olympic Freeway Murals along the 101 Highway free of graffiti. This is a never-ending chore, completely funded by donations. MCLA holds periodic mural tours. MCLA works with student volunteers. MCLA puts film companies in touch with muralists. MCLA fields multiple emails a week from people looking to contact artists or who are frustrated by the lack of public information regarding murals. MCLA is working with Google for Hispanic Heritage Month. MCLA is currently without an office, but if it receives the space in Downtown Los Angeles, it will quickly transform the space into a center for public art activity and education.
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**III. Community Benefit Analysis**

Value of Direct Services:	<p>A. <u>Value of Dedicated Staff: \$40,000</u> MCLA is currently looking for an executive director</p> <p>B. <u>Value of Services to Participants: \$200,000</u> MCLA efficiently provides tens of thousands of dollars of art restoration services for a fraction of the cost.</p>
Value of Operational Budget:	C. <u>Value of Operational Budget - specify: \$192,000</u> Includes \$103,000 for program service expenses and \$89,000 for management and general expenses.
Additional Offsets / In-Kind Services:	D. <u>Value of Additional Offsets - specify: \$10,000</u> Includes legal and accounting donated services.
Total Community Benefit:	<b><u>\$442,000 annually</u></b> (=A+B+C+D above)
Market Value for Leased Space	<b><u>\$79,380 annually</u></b> * (* calculated as: average market rate of <u>\$2.45</u> per s.f. multiplied by assigned space of <u>2700s.f.</u> multiplied by 12 months = <u>\$79,380</u> )
Benefits Finding & Recommended Action.	Community benefits estimated at <b><u>\$442,000</u></b> annually, <b>exceed</b> the market value of <b><u>\$79,380</u></b> for the leased space by <b><u>\$362,620</u></b> .  The proposed lease is consistent with the City's proposed Non-Profit Leasing Policy in that the rental value of the space is exceeded/significantly offset by the annual contributions in services from the non-profit lessee. The proposed terms are recommended for approval.

9/25/2017 Date	 Analyst	 Chief	 Assistant CAO
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