

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of May 27, 2021

MEMBERS: Yolanda Chavez, Office of the City Administrative Officer, Chair (CAO)
Sharon Tso, Chief Legislative Analyst (CLA)
Jeanne Holm, Office of the Mayor (Mayor)

The meeting was called to order at 10:00 a.m.

No General Public Comment.

Item 1 Minutes of the April 15, 2021 meeting.

Disposition: Approved without discussion.

Item 2 Report from GSD requesting authority to negotiate and execute a ground lease agreement between the City and the Los Angeles Metropolitan Transportation Authority (MTA) for the Slauson Connect project to be located at 5820 Normandie Boulevard (CD 9), subject to Council approval.

Disposition: Approved.

After a brief presentation by Amy Benson, General Services Department (GSD), Jeanne Holm, Office of the Mayor (Mayor), asked about the timeline of the project and when will it be open to the public. Ohaji Abdallah, Bureau of Engineering (BOE), stated the anticipated project completion is December 2023. The Task Order Solicitation (TOS) for design has recently been released and BOE will be awarding that within the next couple of months. He noted the project delivery will utilize a 30 percent Bridging Document method.

Bernyce Hollins, Office of the City Administrative Officer (CAO), added that BOE intends to use the 30 percent Bridging Document method to facilitate a design-build project. The overall project has a mix of funding sources including Proposition K funds that will be used to implement three of the specified projects in the Proposition K Ballot Measure under the name Southern Pacific Trails that utilizes acquisition funds from the Central and Trinity Recreation Center projects which were already approved by the LA For Kids Steering Committee (LAFKSC). All the necessary authorities have

been granted to implement the project and approval by MFC will initiate the lease with Metro.

Sharon Tso, Office of the Chief Legislative Analyst (CLA), asked whether there is an opportunity to negotiate a longer lease term and asked for clarification relative to a statement in the report indicated the 30-year term satisfied City funding source requirements. Cheryl Banares-Soriano, Office of the City Attorney (City Attorney), responded by stating that the Department of Recreation and Parks is applying for Proposition 68 grant funds and that source references a 30-year term. However, Proposition K service and maintenance only require a 20-year agreement term as the maximum. Annette Bogna, City Attorney, also stated that Metro was not interested in extending the term beyond 30 years. She noted the Proposition 68 funds require a mutually agreed option to extend the term. The City Attorney is working with the Metro counsel on language to include non-binding language options to extend the term to satisfy potential funding opportunities.

Ms. Tso asked are the COVID-19 measures included in the design required, or can they be backed out in the future? Mr. Abdallah, responded that those measures could be removed as the threat level to COVID-19 subsides, and if required because of health reasons they can be kept in but should not be high-cost items to implement.

Ms. Tso asked whether Metro's requests for programming space are reasonable since the City is funding the site improvements? Mr. Abdallah stated these requests will not add significantly to the cost of the project and will be beneficial to the community. Ms. Banares-Soriano added that many of the Metro requests are considered shared uses of City space that would already be a part of the project. Ms. Holm stated her support for the project and eager anticipation for its completion and she encouraged the project team to consider applying for funding opportunities from the Federal American Jobs Plan to augment any budget needs.

Item 3 Report from the General Services Department (GSD) requesting authority to negotiate and execute a new license agreement with the Debbie Allen Dance Academy for fifteen parking spaces located at 1819 South Western Avenue (CD 10), subject to Council approval.

Disposition: Approved.

Ms. Tso, CLA, asked for clarification on the four four-year options to extend, whether or not this is a general practice. Wayne Lee, GSD, indicated that the options were requested by the agency and the City has a unilateral right to terminate with a 60-day notice.

Item 4 Report from GSD requesting authority to negotiate and execute a new license agreement with the Los Angeles Homeless Services Authority (LAHSA) for office space located at 1819 South Western Avenue (CD 10), subject to Council approval.

Disposition: Approved.

Ms. Tso, CLA, asked if LAHSA is relocating/consolidating the operation or establishing a new location at the site. Mr. Lee, GSD, indicated that it would be an expansion to service the surrounding communities at the site. Ms. Bogna, City Attorney, clarified that this lease identifies the “home base” for LAHSA’s operations.

Item 5 Report from GSD requesting authority to negotiate and execute a sublease agreement with the Los Angeles County Metropolitan Transportation Authority (MTA) for a CD 10 field office located at 3695-3699 Crenshaw Boulevard (CD 10), subject to Council approval.

Disposition: Approved.

Jeanne Holm, Mayor, asked if there are funds currently budgeted for this sublease and how much the anticipated shortfall would be. Ms. Hollins, CAO, indicated that there is no funding specifically budgeted for this item and it was initially planned to provide a leasing forecast report in tandem with this item as part of the May MFC meeting. However, due to other relevant leasing considerations, such as the creation of two new departments, the CAO will provide a full forecast of potential leasing liabilities and offset options to mitigate additional impact on the General Fund beyond the monies authorized for the Program through the final adopted City Budget, as part of a forthcoming Quarterly Citywide Leasing Report that will be presented to the Municipal Facilities Committee at its next regularly scheduled meeting.

Ms. Tso asked about the anticipated timing for the MTA to make a decision on the remainder of the space. Mr. Lee, GSD, indicated that the MTA could potentially use its option to extend the lease, subject to the construction completion for the redevelopment project but the decision timing on the use of remaining space is unknown at this time.

Item 6 Report from GSD requesting authority to negotiate and execute a new lease agreement with Samip Paudyal, doing business as The Coffee Shop, for a retail coffee shop to be housed at the City-owned Chatsworth Metro Train Station located at 10040-A Old Depot Road, (CD 12), subject to Council approval.

Disposition: Approved.

Ms. Holm, Mayor, asked how the square footage of the lease was compared to other locations of various sizes. John-Michael Mendoza, GSD, stated that he if was difficult to find locations in the area comparable to the station and the price of \$2.50 s.f. is generous.

Item 7 Report from GSD requesting authority to negotiate and execute a new lease agreement with Express News (Lotto) to operate a retail sales store located at 155-A South Main Street (CD 14), subject to Council approval.

Disposition: Approved.

Ms. Holm, Mayor, asked how if it was common practice for a lease reduction in cost versus an increase. Mr. Mendoza, GSD, stated it was appropriate given the current market environment and would provide the City with a stable tenant. Ms. Holm, stated that the Mayor and City Council have passed new initiatives to assist small businesses and asked whether GSD had conducted outreach to notify City tenants of potential assistance. Mr. Mendoza was not aware of any outreach done to this specific tenant, but indicated GSD would follow up with their retail clients.

Item 8

Report from the CAO relative to the sale of a City-owned surplus property located at 3971/3973 and 3977/3979 South Flower Drive, Los Angeles, CA (CD 9) to SGRE Fig & Flower Investors 1, LLC. for \$2,850,000, subject to Council approval.

Disposition: Approved.

Ms. Tso, CLA, asked if the subject property was reviewed for suitability as use for housing purposes prior to pursuing a sale. Angelo Yenke, CAO, responded that the property was not considered for any other use given that the Council District 9 directed departments to proceed with the sale shortly after the property was relinquished to the City. Armando Parra, GSD, indicated that the property is 15,000 square feet, but due to the easement dedication requirements, would be reduced to 9,000 square feet after the development. Due to the size constraints, Mr. Parra affirmed that the best option is to sell it to the adjacent property owner for incorporation into their large mixed-use development. Mr. Parra further stated that given the guidelines of AB 1486, the property could only be sold as exempt surplus land to the adjacent property owner, since the property is a former highway right of way.

Ms. Tso asked how the Bureau of Engineering dedication requirements will be captured in the agreement. Mr. Parra replied that the dedication requirements will be included in the Grant Deed. Jacqueline Vernon-Wagner, CAO, commented that the dedication requirements are summarized on the CAO report.

Item 9

Report from GSD requesting to declare the property located at 17600 Tramonto Drive, assessor parcel number 4416-021-900 (CD 11), as “surplus land” in order to satisfy certain relevant requirements of the new State law promulgated through AB-1486, subject to Council approval.

Disposition: Approved.

Ms. Holm, Mayor, asked if CalTrans paid the City their fair share of the remediation costs. Mr. Parra, GSD, confirmed that CalTrans paid their share of the costs.

Ms. Tso, CLA, asked if there will be a disclaimer when selling this property that the City will no longer be liable for any of the geological instability issues on the site. Mr. Parra replied that a disclaimer will be included in the

Purchase and Sale Agreement when the site is sold. In the Agreement the City will disclose all knowledge about the site, and that liability will be transferred to the purchaser.

- Item 10** Report from GSD requesting to declare the property located at 501 North Mesa Street (CD 15), to be sold to the Los Angeles Housing Authority for the purpose of Affordable Housing, as “exempt surplus land” in order to satisfy certain relevant requirements of the new State law promulgated through AB-1486, subject to Council approval.

Disposition: Approved.

Ms. Holm, Mayor, asked if there is a general timeline for when the housing project will be completed. Enid Gomez, GSD, responded that a timeline is unavailable. The direct sale process is still underway, and they anticipate the close of the sale to be sometime in the Fall of 2021.

Ms. Tso, CLA, asked what rationale is used to declare the property surplus and pursue the sale of the property instead of retaining the property and providing a long-term lease. Ms. Gomez responded that GSD followed the direction given by Council District 15 via its Motion. She further elaborated that other governmental agencies have first right of refusal when the City opts to sell surplus land.

Mr. Parra, GSD, further added that the City’s Housing and Community Investment Department (HCID) was not interested in the property because it is only able to accommodate six units due to the zoning and other site constraints.

- Item 11** Joint report from the Bureau of Engineering (BOE) and StreetsLA on Asphalt Plant No. 1 Phase II Project Scope of Work and Funding Approval (CD 14).

Disposition: Approved the report as amended.

Steven Fierce, BOE, provided an overview of the revised scope, budget and schedule for the 25th and Harriet Street, Phase 2 project. In the revised report, BOE provided three project alternatives: 1) No Project; 2) Keep operation in the open; and, 3) Develop a covered facility. BOE

recommended Alternative No. 3. Attachment No. 3 of the revised report provided a detailed comparison of the project and construction cost. BOE stated cost recovery for the \$18.9 million investment would be achieved within six years from the date the project scope is fully implemented, due to an annual savings of \$3 million that would be achieved in operational costs by utilizing the fifty percent reclaimed asphalt pavement (RAP).

The Committee expressed a number of concerns and questions, relative to: 1) why the project's expanded scope was not included in the original scope; 2) current onsite operations; 3) if the project budget has sufficient funding to remediate the hazard materials costs; 4) the project budget and its annual cash flow needs; and, 5) MICLA eligibility for the additional project costs.

The Bureau of Streets Services (StreetsLA) stated that the project's expanded scope was, in part, due to an oversight and unforeseen circumstances due to the increase from 20 percent to 50 percent RAP which resulted in the increase in the volume of materials at the site. The expanded scope is needed in order to convert the site into a more efficient RAP processing facility. The \$1.2 million budgeted amount for the hazard materials is an estimate. On May 10, 2021, BOE released a Task Order Solicitation (TOS) for the hazard materials investigation. BOE is in process of obtaining a consultant to complete the hazard materials investigation and expects a report in approximately three months.

Following a discussion on these various issues, the MFC approved the report, as amended, and authorized BOE to move forward with a TOS for a design consultant, instructed BOE and StreetsLA to return back to Committee with the hazard materials investigation results and a cost estimate for the hazard materials removal (to insure costs are within budget and are not excessive to a point where the City may need to consider an alternative), and to pursue grants and other funding, such as the American Rescue Plan and American Jobs Plan for infrastructure projects, to augment the project budget.

The meeting adjourned at 11:07 am.