

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of June 29, 2023

MEMBERS: Matthew W. Szabo, Office of the City Administrative Officer, Chair (CAO)
Sharon Tso, Office of the Chief Legislative Analyst (CLA)
Jeanne Holm, Office of the Mayor (Mayor)

The meeting was called to order at 10:06 a.m.

General Public Comment

Andrew Westall, Council District 10, offered comments in favor of Agenda Item Number 10.

Item 10 Report from BOE requesting authority to approve a Bid and Award for the Pio Pico Park/Parking Structure project (CD 10), which has a funding gap of approximately \$6.24 million, including additive alternatives.

Disposition: Approved.

Matthew Szabo, CAO, requested that Item No. 10 be taken out of order to precede Item No. 1.

Ohaji Abdallah, BOE, summarized BOE's report which requests authority to bid and award the design and construction of the Pio Pico Park project and provided a brief overview of the proposed project including project scope, objectives, and budget, noting that there have been cost escalations in the past year and also a need to encumber CRA Excess Bond Proceeds (EBP) prior to their revision.

Jeanne Holm, Mayor's Office, requested clarification on when the last inflation correction was made and what the projections for the coming years are indicating.

Mr. Abdallah responded that a cost inflation report is included as an attachment to the report and further added that the cost report estimates a 12 percent escalation for the current year, 9 percent next year, and 8 percent the year after that. Mr. Abdallah also noted that escalation rates will fall but still be high, and construction costs will not get cheaper but will not rise as drastically. BOE is hoping to proceed as soon as possible to avoid further escalation.

Jeanne Holm, Mayor's Office, asked if anyone has researched or applied for State funding or grants to fill the funding gap. Mr. Abdallah responded that BOE has and will continue doing so for all projects.

Sharon Tso, CLA, asked for clarification on the discussion relative to the sweeping of the CDBG funds previously allocated to the project and if there was any discussion to their replacement.

Mr. Abdallah clarified that BOE was informed that there was a possibility the funds would be replaced but there was no further discussion. Ms. Tso agreed that the funding gap will need to be addressed in the coming years but the priority is to expend the EBP prior to revision.

Ms. Tso further asked what the timeline for the bid process is. Mr. Abdallah responded that the bid package is ready to go, and it could be released in late July or early August. Ms. Tso additionally asked if the department is confident that the costs will hold if the bid process is conducted quickly. Mr. Abdallah stated that BOE is hopeful, as everyone is struggling with construction costs escalation.

Ms. Tso noted that everyone is working hard to address cost escalations and that it is necessary to expend the EBP now prior to the 18-month deadline.

Matt Szabo, CAO, asked if the inflation rates are included in the project costs. Mr. Abdallah responded that inflation is compounded into the costs.

Item 1 Minutes of the June 6, 2023 Special Meeting.

Disposition: Approved on consent.

Item 2 Report from General Services Department (GSD) requesting authority to negotiate and execute a new lease agreement with 350 South Figueroa Street, LLC, for office space located at 350 South Figueroa Street (CD14) for the Office of the Inspector General, subject to Council and Mayor approval.

Disposition: Approved.

Wayne Lee, GSD, advised that the lease agreement in question was previously approved as a lease renewal extension, additionally the City Attorney has advised that the proposed amendment should be considered by the City Council.

Sharon Tso, CLA, requested clarification on whether the termination clause is the only term that will change. Mr. Lee confirmed, reiterating that the City Attorney advised that the Council be made aware of the change.

Item 3 Report from GSD requesting authority to negotiate and execute a lease agreement for office space located at 250 East 1st Street or 207 East Broadway (CD 14) for the Civil and Human Rights and Equity Department, subject to Council and Mayor approval.

Disposition: Approved. (Motion to move forward with Kajima Building)

Wayne Lee, GSD, provided a brief summary of Civil and Human Rights and Equity Department's (CHRED) options for additional office space, noting that the options have been narrowed to the Kajima Building. Mr. Lee further reviewed the proposed lease terms including a five-year lease term and a lease rate comparable to market rate in the area.

Matt Szabo, CAO, asked if CHRED would like to provide additional comments. Claudia Luna, CHRED, indicated that CHRED prefers the Kajima Building option due to better accessibility for the public.

Sharon Tso, CLA, asked if the smaller space will account for CHRED's expansion needs in the future and if CHRED will be able to manage potential expansion. Ms. Luna confirmed that CHRED can manage future expansion needs.

Item 4 Report from GSD requesting authority to negotiate and execute an antenna license amendment between the City and T-Mobile West for a City-owned site located at 1400 1/2 Gaffey Street (CD 15), subject to Council and Mayor approval.

Disposition: Approved.

Wayne Lee, GSD, advised that the City has an antenna license with T-Mobile West and that T-Mobile would like to enter into a revenue share agreement with a sub-licensee. Amy Benson, GSD, also provided a verbal correction noting that the fiscal impact statement in the GSD report lists \$48,000 in new annual revenue, however, the correct figure is \$4,800.

Jeanne Holm, Mayor, inquired whether there will be any changes to the footprint of the equipment or if this simply a procedural update. Mr. Lee responded that the footprint will not change as a result of the sub-lease as the current system and some additional space will be utilized.

Item 5 Report from GSD requesting authority to negotiate and execute an antenna license agreement between the City and P&Y Broadcasting for a City-owned site located at 4600 Carter Drive (CD 14), subject to Council and Mayor approval.

Disposition: Continued to a subsequent meeting.

Wayne Lee, GSD, provided a summary of the existing license agreement with P&Y and also added that GSD has negotiated a lowered rate with a short-term lease as the developer may intend to develop or sell the property.

Sharon Tso, CLA, asked if the City is exploring alternatives in the case that the site is developed as the site supports an important use. Mr. Lee noted that ITA has invested heavily into the site and intends to negotiate with the landlord following the two year lease term for first right-of-purchase if the landlord intends to sell. Mr. Lee added that at this time, the landlord has not indicated their long-term plans for the site.

Ms. Tso asked if GSD is requesting an extension. Mr. Lee responded that it is an amendment, and the current lease is on hold. The proposed amendment would restructure the lease as a license agreement with P&Y.

Matthew Szabo, CAO, asked if there is any sense of urgency, noting that the committee may have the option to provide GSD with authority to negotiate but not execute. Mr. Lee responded that there is a timing sensitivity from the landlord's perspective to collect higher rents. Mr. Szabo recommended that the item be continued pending additional negotiations with the landlord.

Item 6 Report from Information Technology Agency requesting space assignment and authority to restack staff within the P-4 level of City Hall East (CD 14).

Disposition: Approved.

Maria Ramos, ITA, provided an overview of the proposed space assignment and staff restack for the Automated Traffic Surveillance and Control (ATSAC) space, noting that the Department of Transportation (LADOT) has requested a separate, secured entryway in the ATSAC space. Ms. Ramos also noted that the project does not include costs for a separate LADOT entryway and ITA is working with LADOT to provide updated project cost estimates and will report back with funding if needed.

Jeanne Holm, Mayor's Office, asked if LADOT has determined the fiscal impact and has identified funds for their portion of the project. Ms. Ramos responded that the fiscal impact and funding is dependent on the requirements of ITA and LADOT. Ms. Ramos also added that ITA is working with LADOT on their needs and if additional needs are identified, ITA will report back. Ms. Ramos also noted that the project scope can be scaled back to address any funding shortages.

Ms. Holm asked if the entryway would encompass the data center and office space. Ms. Ramos responded that it would only affect the office space outside the ATSAC data center.

Ms. Tso requested CAO staff to confirm if the space assignment makes sense. Kay Ha, CAO, confirmed that the move makes sense as the respective ITA office space will be available for other departments following tenant improvements.

Item 7 Report from GSD relative to a notification of space assignment for the Office of the Mayor at the Los Angeles Mall Space No. 10B (CD 14).

Disposition: Approved on consent.

Item 8 Report from GSD relative to a notification of space assignment for GSD, Building Maintenance Division at the Los Angeles Mall Space No. 10C (CD 14).

Disposition: Approved as amended.

Zachary Millett, GSD, provided a verbal update to GSD's report, noting that the square footage of the office space is 1300 square feet, not 403 square feet.

Item 9 Report from the Bureau of Engineering (BOE) requesting authority to approve the addition of the building decarbonization scope to the Madrid Theatre renovation project and to reprogram funding for municipal solar projects to complete the feasibility study, design, cost estimate, and construction for the building decarbonization elements (CD 3).

Disposition: Approved.

Gary Lam and Zora Akhter, BOE, provided a brief overview of the BOE report noting the two recommendations to request approval for decarbonization scope of work to Madrid Theater renovation project and the reprogramming of \$2 million from fiscal year 18-19 MICLA funding designated for solar installation and municipal facilities to the Madrid Theater renovation. Mr. Lam and Ms. Akhter further explained that the remaining projects to receive decarbonization plans were reviewed and determined to be inactive, and would require significant funds to decarbonize.

Jeanne Holm, Mayor's Office, requested clarification on why the same amount of funding being provided to three projects in 2018, is now only being allocated to one and why the cost is so high. Mr. Lam clarified that beyond the cost escalation factors that are affecting all projects, the funds may have only covered certain project components and not the entire project costs.

Sharon Tso, CLA, asked for confirmation that the \$2 million would cover the entire project budget. Mr. Lam responded that BOE performed an analysis and determined that the \$2 million would account for the entire project budget.

Ms. Tso also asked if the Council Offices for the projects that lost the MICLA decarbonization funding were made aware of the fund reprogramming. Mr. Lam confirmed that the Council Offices were made aware.

Matt Szabo, CAO, asked why the previous three projects received MICLA authorization if they were not shovel ready. Ms. Akhter, BOE, responded that the entire \$10 million in MICLA decarbonization funding was allocated at the time, however once work commenced, the need for an increased scope was discovered, and alternative decarbonization projects for which the \$2 million could fully fund were evaluated.

Item 11 Report from GSD requesting authority to negotiate and execute a lease amendment between the City and Special Service for Groups, Inc. dba HOPICS for the continued operation of a Bridge Home Site on City-owned property located at 5965, 5971 and 5975 South Street Andrews Place (CD 8), subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 12 Quarterly status report from BOE on the Taylor Yard G2 River Park project.

Disposition: Continued to the next regular meeting.

Matthew Szabo, CAO, continued the item, noting that the report's budget section was not updated and discussion should be held until an updated budget is available.

Item 13 Adjournment – Next Regular Meeting, Thursday, July 27, 2023.

The meeting adjourned at 10:57 a.m.