

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of October 26, 2023

MEMBERS: Matthew W. Szabo, Office of the City Administrative Officer, Chair (CAO)
Matias Farfan, Office of the Chief Legislative Analyst (CLA)
Geoff Thompson, Office of the Mayor (Mayor)

The meeting was called to order at 10:08 a.m.

General Public Comment

Nate Hayward, Council District 14, offered comments in favor of Agenda Item Number 4.

Jeannie Min, Council District 15, offered comments in favor of Agenda Item Number 2 and 3.

Item 1 Minutes of the September 28, 2023 - Regular and Special Meetings.

Disposition: Approved on consent.

Item 2 Report from GSD requesting authority to negotiate and execute a lease agreement with ROX TRG Gateway Owner, LLC, for a CD 15 Field Office located at 970 West 190th Street, subject to Council and Mayor approval.

Disposition: Approved.

Matt Szabo, CAO, requested clarification on how GSD was able to obtain a below market rate for the lease agreement. Lisa Schechter, GSD, responded that the owners are supportive of the community and leasing to the City would be beneficial for community engagement.

Item 3 Report from Department of General Services (GSD) requesting authority to negotiate and execute a license agreement with United States Congresswoman Nanette Barragan for a government/constituent services office located at the San Pedro Municipal Building, 638 South Beacon Street in Council District (CD) 15, subject to Council and Mayor approval.

Disposition: Approved on consent.

Item 4

Continued from September 28, 2023: Report from GSD requesting authority to negotiate and execute a lease agreement with Young's Holding's Inc., for a 9.43 acre parcel located at 450-590 South Central Avenue (CD 14) for the Bureau of Sanitation - Livability Services Division, subject to Council and Mayor approval.

Disposition: Approved.

Lisa Schechter, GSD, provided an overview of the process of selecting the former Young's Market site as the proposed centralized site for the Bureau of Sanitation's (SAN) Livability Services Division (LSD). Ms. Schechter added that SAN toured other sites around the City, but they were deemed incompatible with SAN's needs and that LSD currently operates out of various regions and the proposed site would serve as the new consolidated location.

Domingo Orosco, SAN, provided an overview of the LSD programs and services. Mr. Orosco stated that the proposed site would allow LSD to maintain the regional sites and have a centralized location to consolidate the services. Mr. Orosco further added that a centralized location would allow SAN to fill the 160 positions that have been vacant for several fiscal years, which would then allow SAN to expand the existing program and services.

Matias Farfan, CLA, asked if the Lopez Canyon and the other facilities would remain at their current location. Mr. Orosco responded that the Young's Market facility would be added in addition to the existing regional facilities.

Mr. Farfan asked if the funding for the tenant improvements would begin to be programmed and if there is not sufficient funding, to confirm that the landlord offered an additional \$5 million the City. Mr. Orosco confirmed that the funding information is correct and further added that there is also currently \$2 million available in CTIEP funds for tenant improvements, for a total \$7 million.

Mr. Farfan asked for clarification on when the decision would be made to lease the optional parcel. Wayne Lee, GSD, responded that it would depend on the architect as well as a cost analysis to determine where the funding would come from. Mr. Lee reported that GSD would report back on the optional parcel.

Mr. Szabo asked if an appraisal was completed. Ms. Schechter responded that an appraisal has not been done. Mr. Szabo asked if the information from a previous appraisal was available. Mr. Lee responded that a rent analysis has been done, but not an appraisal.

Mr. Szabo asked the presenters to provide more information on the right of first offer to purchase the property. Ms. Schechter stated that the owners intend to hold on to the property and if a later generation decides to redevelop or sell the property, the City would have the right to the first offer. Ms. Schechter added it would be subject to an appraisal at that point and time. Mr. Szabo further asked if filling the vacancies in the new space would increase the service level by 60 percent. Mr. Orosco confirmed that the service level would increase just by filling the vacancies.

Item 5 ADJOURN TO CLOSED SESSION:

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS, pursuant to Government Code Section 54956.8.

Property Location: Real properties located at:

1. 555 West Fifth Street, Los Angeles, CA (APN: 5149-029-013)
Property Owner: Gregg Williams, Receiver for Maguire Properties - 555 West Fifth, LLC

2. 865 South Figueroa Street, Los Angeles, CA (APN: 5144-022-057)
Property Owner: Hancock S-Reit LA Corp./Hancock S-Reit Parent Corp./Manulife US Real Estate Investment Trust

3. 110 East Ninth Street, Los Angeles, CA (APN: 5139-001-024)
Property Owner: Calmart Sub I LLC

4. 1200 West Seventh Street, Los Angeles, CA (APN: 5143-06-019)
Property Owner: HRRP Garland, LCC Local Initiative Health Authority of Los Angeles County

5. 145 South Spring Street, Los Angeles, CA (APN: 5149-001-003)
202 West First Street, Los Angeles, CA (APN: 5149-001-006)
213 South Spring Street (Garage), Los Angeles, CA (APN: 5149-008-029)
Property Owner: ONNI Times Square LP, CA LATS South LLC (Garage)

6. 611 West Sixth Street, Los Angeles, CA (APN: 5151-026-400)
Property Owner: 611 West Sixth Residential Owner LLC/611 West Sixth GC Owner LLC

Agency negotiator/presenters: Amy Benson, Director, Real Estate Division, General Services Department; Wayne Lee, Senior Real Estate Officer, General Services Department; Melody McCormick, Assistant General Manager, General Services Department; Onno Zwaneveld, Executive Vice President, CBRE, Inc.

Negotiating Parties: City of Los Angeles, Department of General Services; Gregg Williams, Receiver for Maguire Properties - 555 West Fifth, LLC; Hancock S-Reit LA Corp. /Hancock S-Reit Parent Corp. /Manulife US Real Estate Investment Trust; Calmart Sub I LLC; HRRP Garland, LCC Local Initiative Health Authority of Los Angeles County, dba L.A. Care Health Plan; ONNI Times Square LP, CA LATS South LLC (Garage); 611 West Sixth Residential Owner LLC/611 West Sixth GC Owner LLC

Under Negotiation: Price and terms of payment of sublease and lease agreement

RECONVENE OPEN SESSION AND REPORT ACTION TAKEN IN CLOSED SESSION

Meeting reconvened to Public Session at 11:24 a.m.

CLOSED SESSION ANNOUNCEMENTS

No Closed Session announcements.

- Item 6** Verbal report from GSD on the transition plan for departments occupying the Garland Building located at 1200 West Seventh Street and potential funding needs.

Disposition: Noted and filed.

Amy Benson, GSD, provided an update on the transition plan to relocate five City departments out of the Garland Building by February 2024. Ms. Benson added that there may be a future funding need for project management, information technology consulting, moving consultant, and planning and architectural permits for the new space. Ms. Benson further added that a milestone schedule is being developed with the Office of Finance as a priority in anticipation of the upcoming tax season.

Matias Farfan, CLA, requested clarification on whether the anticipated lease cost savings will be sufficient to fund the transition. Ms. Benson responded that the lease savings will be sufficient to fund a portion of the transition costs depending on the location.

Matt Szabo, CAO, requested a full report from GSD in November to include the transition plan, swing space options, funding needs, and milestones that take into account the critical timeline for department operations.

- Item 7** Adjournment – Next Special Meeting, Thursday, November 16, 2023.

The meeting adjourned at 11:31 a.m.