MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of May 28, 2026

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

The meeting was called to order at 10:02 a.m.

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General Public Comment: No public comment.

**Item 1** Minutes of the April 16, 2026 Special Meeting.

**Disposition**: Approved on consent.

**Item 2** Report from the General Services Department requesting authority to negotiate and execute a non-profit ground lease agreement with Los Angeles Neighborhood Land Trust to operate a community garden at 15240 West Tupper Street, in Council District 7, subject to Council approval.

**Disposition**: Approved on consent.

**Item 3** Report from the General Services Department requesting authority to negotiate and execute a non-profit ground lease agreement with Los Angeles Neighborhood Land Trust and Black Thumb Farm as joint tenants to operate a community garden at 10702 Sharp Avenue, in Council District 7, subject to Council approval.

**Disposition**: Approved on consent.

**Item 4** Report from the General Services Department requesting authority to negotiate and execute a lease amendment with Ventura-Ethel, Ltd., for a Council District 4 field office at 13103 Ventura Boulevard, Suites 100 and 205, subject to Council approval.

**Disposition**: Approved on consent.

**Item 6** Third Quarterly Status Report from the Bureau of Engineering on the Taylor Yard G2 River Park project.

**Disposition**: Approved on consent.

**Item 7** Report from the Bureau of Engineering requesting approval to award $3.5 million to the General Services Department, Construction Forces Division, for Phase II of the Ziegler Estate Childcare Center Improvements project at 4601 North Figueroa Street, in Council District 1.

**Disposition**: Approved on consent.

**Item 5** Report from the General Services Department requesting authority to negotiate and execute a lease agreement with 660 Fig., LLC, a Delaware Limited Liability Company, for the Los Angeles Police Commission - Office of Inspector General at 660 South Figueroa Street, Suite 1900, in Council District 14, subject to Council approval.

**Disposition**: Approved with discussion.

Wayne Lee, General Services Department (GSD), provided a brief presentation on the new office space lease agreement for the Office of Inspector General.

Matias Farfan, CLA, inquired if the Office of Inspector General (OIG) has a preference between the two options presented in the GSD report. Matthew Barragan, OIG, stated that both spaces are suitable for OIG's operation; however, OIG preferred 700 South Flower Street office space because of the availability of more parking spaces and extra space for records retention. Mr. Szabo asked for confirmation that this is a five-year lease, with one five-year option to extend. Mr. Lee confirmed that the term is five years, with one five-year option to extend. Mr. Szabo inquired about parking availability at both locations. Mr. Lee explained that 660 South Figueroa Street has six parking spaces while 700 South Flower Street has more available parking as it is part of a mall.

**Item 8** Report from the General Services Department on Deferred Maintenance Five-Year Program.

**Disposition**: Noted and filed with discussion.

Paul Merritt, GSD, provided a brief presentation on the status of the Deferred Maintenance Five-Year Program (Program) for Fiscal Years (FY) 2024-25 and 2025-26. Mr. Merritt stated that GSD identified a total funding need of $11 million for FY 2026-27.

Matias Farfan, CLA, asked if the Program addresses General Funded facilities only. Mr. Merritt answered that GSD maintains buildings for General Funded as well as Special Funded facilities, such as libraries. Mr. Merritt clarified that GSD maintains the buildings by prioritizing the highest rate of corrective repairs and critical need. Mr. Farfan inquired whether deferring maintenance is more costly to the City. Mr. Merritt explained that according to the Building Owners and Managers Association, the cost could be five to seven times more if a deferred maintenance program is not in place. Nestor McKenna, GSD, provided an example of a failed cooling system that required an emergency rental equipment, which is an additional cost to the City.

Matthew Szabo, CAO, asked for clarification on the difference between regular maintenance and deferred maintenance. Mr. Merritt stated that the deferred maintenance list is subject to change because regular maintenance may need to be deferred due to insufficient funding and positions. Mr. Szabo inquired whether the $49 million established in 2022 was provided as a budget or was it the estimated total cost of all needed deferred maintenance at the time. Mr. McKenna explained that the estimated cost needed at the time was $53 million; however, $49 million was budgeted. Mr. Merritt added that the $10 million annual budget only covers the most critical end-of-life equipment maintenance or replacement of failed equipment. Mr. Szabo instructed GSD to report quarterly with the updated list of deferred maintenance projects.

**Item 9** **Continued from April 16, 2026:** Report from the General Services Department requesting information on opportunities to sell surplus properties or use City properties as part of joint development or lease agreement projects to generate revenue, in response to Council File 25-0600-S86, subject to Mayor and Council approval.

**Disposition**: <u>Approved with discussion and an instruction for GSD to provide quarterly status updates on the sale of surplus properties.</u>

Amy Benson, GSD, provided a brief presentation of the revised report regarding the sale of surplus properties. Ms. Benson stated that GSD will begin providing quarterly status update reports on the surplus properties. Ms. Benson added that the appraisals will be done in July 2026.

Shannon Lawrence, Mayor, asked for the nuisance abatement cost for properties removed from the surplus properties list per Council Office direction. Ms. Benson responded that the only one removed was for housing development purposes and that the nuisance abatement cost for this site is about $300,000.

Matias Farfan, CLA, inquired as to where the report recommendation can be found. Ms. Benson clarified that page 12 of the report provides the report recommendation. Mr. Farfan asked for the timing of the sale of properties. Ms. Benson replied the sale of properties take about 24 months.

Matthew Szabo, CAO, asked whether the properties in the Palisades are used for reconstruction purposes. Ms. Benson stated that many properties in the Palisades are of high value as they are in residential areas. Armando Parra, GSD, added that Council District 11 recommended some properties in the Palisades for staging purposes.

**Item 10** Motion to reconsider report from the General Services Department requesting authority to negotiate and execute a lease agreement with PSP Investment Group, LLC, for temporary office space for Bureau of Engineering for the Los Angeles Convention Center Expansion and Modernization project at 1100 South Flower Street, Suite 2200, in Council District 14, subject to Council approval, approved at the April 16, 2026 Special Municipal Facilities Committee (MFC) meeting to discuss potential space availability.

**Disposition**: Approved with discussion.

Lisa Schechter, GSD, provided a brief presentation on the proposed lease agreement for the Bureau of Engineering (BOE) for the Los Angeles Convention Center (LACC) Expansion and Modernization project (Project). Ms. Schechter explained that this report was brought back to the MFC due to concerns raised at the Budget Hearing and the Government Operations Committee regarding the necessity of the leased office space. Ms. Schechter stated that there is no City space available for the BOE staff. Ms. Schechter added that GSD renegotiated with the landlord, resulting in a proposed term to include a termination option after month 33 with a payment of a termination fee equal to three months of rent.

Nur Malhis, BOE, explained that there is no available space at the LACC for BOE staff. Mr. Malhis further stated that trailers were not feasible because they would overlap with the project footprint. Mr. Malhis added that the cubicles currently used for the BOE staff for the Project is leased from the BOE Architectural Division and they will not be available when the vacant positions are filled. Matias Farfan, CLA, asked if the Public Works Building space is only analyzed for BOE spaces. Richard Louie, BOE, stated that BOE did not analyze other Bureau spaces at the Public Works Building. Mr. Louie explained that if there are spaces available throughout the Public Works Building on various floors, the Project will be inefficient as there will be no central location for all staff to collaborate on the Project.

Mr. Farfan inquired whether the lease location is walking distance from LACC. Mr. Malhis replied that the lease location is walking distance from the LACC, which is crucial for project coordination. Mr. Louie emphasized that the proposed lease location was the closest and the best deal out of all the options available.

Matthew Szabo, CAO, asked for clarification on the termination of the lease. Ms. Schechter clarified that if the City exercises termination at month 33, BOE will be able to move out at month 36. Shannon Lawrence, Mayor, inquired the Project end date. Mr. Malhis responded that the Project end date is about 36 months from now. Mr. Louie added that there will be a closeout period after those 36 months. Mr. Szabo asked for the difference in the total lease cost for previous term versus the current term assuming termination of the lease at month 33. Ms. Schechter calculated that $133,000 savings will result with the early termination at month 33, as the four-year lease will cost $650,000 and termination after three years costs $517,000.

**Item 11** Discussion about the City's potential purchase of real property and the office building thereon located at 355 South Grand Avenue, Los Angeles, CA 90071, including the terms of such purchase, the execution of a non-disclosure agreement, and the initiation of due diligence, in response to an offer to sell a non-performing loan secured by a fee interest in the aforementioned real property, submitted by Landesbank Hessen-Thüringen Girozentrale, New York Branch (Lender) to the Department of General Services.

**Disposition**: No action.

Amy Benson, GSD, presented the information regarding the unsolicited offer received on April 30, 2026, from the building representative of Wells Fargo Center-South at 355 South Grand Avenue. Ms. Benson stated that the response for the offer was due in two weeks, which included signing a Non-Disclosure Agreement. Ms. Benson explained that GSD will need to complete the appraisal, conduct the due diligence, and perform a financial analysis if the City is interested in pursuing the purchase. Ms. Benson added that GSD will need a broker and project management assistance from a firm if the City is pursuing the purchase.

Matthew Szabo, CAO, asked about the status of the procurement for a Real Estate broker. Ms. Benson responded that GSD is currently pending the City Attorney's response on moving forward with the broker contract.

**Item 12** Adjournment – Next Meeting: Regular Meeting on Thursday, June 25, 2026.

*The meeting adjourned at 11:06 a.m.*