

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

0220-05806-0000

Date: March 25, 2021

To: The Municipal Facilities Committee

From: CAO Staff 

Subject: **QUARTERLY STATUS UPDATE ON CITY SPACE ASSIGNMENTS AND TENANT IMPROVEMENT PROJECTS (SPACE OPTIMIZATION)**

**SUMMARY**

The Space Optimization program enables the City to avoid ongoing leasing costs by providing one-time funding to modify City-owned facilities, to accommodate the operational needs of the City's workforce in the provision of critical services to City residents and its business customers.

At this time, there are eight projects previously authorized by the Municipal Facilities Committee (MFC), which are managed by the Department of General Services (GSD), Bureau of Engineering (BOE), and Department of Building and Safety (DBS). Of these projects, five projects are in predevelopment, one in active construction, with the remaining two pending closeout. The active projects are subject to the provisions of the Mayor's Cost Control Memo dated June 24, 2020, and the appropriate authorizations will be obtained prior to initiating construction activities once final cost estimates are available. There are also two outstanding space requests that are outlined in this report. Additional details relative to the individual projects are provided in the report Attachment.

**RECOMMENDATION**

That the Municipal Facilities Committee Note and File this report.

**FISCAL IMPACT**

There is no additional impact on the General Fund at this time, beyond Municipal Improvement Corporation of Los Angeles (MICLA) funding authorized for the Space Optimization program as part of the Capital Improvement Expenditure Program (CIEP). To the extent feasible, the program also utilizes cost recovery for operations supported by Special Fund monies, or other contributions from operational savings. There is the potential that projects in early phases of development may exceed the level of funding currently available. However, program staff will work to develop phasing options up to the level of funds available, including any potential repurposing of savings that may be identified as other projects closeout, with updates on the final proposed work plan to be provided in subsequent Quarterly Status reports.

## DISCUSSION

A general overview of Space Optimization projects underway in various phases of development is provided below, with additional details on individual projects reflected in the report Attachment:

1. Active Development – Of the six active projects, only one project is in construction and the other projects have been delayed due to insufficient availability of funding and temporary reductions in workspace due to the usage of telecommuting options during the current COVID-19 pandemic. At this time, there is no policy direction currently available relative to any consideration for permanent changes in City space standards, the availability of telecommuting options and other hybrid workspace options. With the anticipated reactivation of the workforce pending and with limited funds available within the Space Optimization program, staff will continue to re-assess the feasibility of deferring or pursuing alternate space options with the respective Departments and Offices and provide updates on any recommendations through future Quarterly reports.

2. Open Space Requests – There are two outstanding space requests at this time:

- Department of Building and Safety and City Planning (Marvin Braude Building) – The initial request was submitted on September 26, 2017 to provide additional space for three Departments occupying the Marvin Braude facility, including Building and Safety, City Planning and the Fire Department, with the latter subsequently retracting its request. Program staff conducted their initial analysis but were unable to identify options for assigning additional space without reducing the space assigned to other building occupants.

As part of the 2020-21 budget process, a funding request was submitted for consideration to hire a consultant to determine whether a reallocation of space could be achieved within current City space standards. However, this request did not receive funding and the MICLA funds budgeted for the Space Optimization funds are ineligible for non-capital expenses. Program staff will reconvene the internal working group to determine whether this need is still sustained or whether options for space reallocations exist due to the impact of recent retirements and other workforce reductions. An update on the proposed next steps will be provided in the next Quarterly update.

- City Attorney (LA Mall Space) – This is a new request received from City Attorney on January 8, 2021. Program staff are conducting initial due diligence and will provide an update on any proposed assignment of space, associated costs and proposed funding source(s) as part of the next Quarterly update.

3. Projects in Close-out / Withdrawn Projects – GSD is in the process of completing an administrative closeout for complete space optimization projects for the Departments of Disability and Cultural Affairs. A separate project for the City Attorney's Board of Rights was previously withdrawn. Program staff will address any reversion of savings or unused funds for these projects as part of the next Construction Projects Report.

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Attachment

Department/ Program	Site Location	MFC Approval/ Reported Date(s)	Obligated Funds	Lead Department	Project Phase	Status Update
<b>Projects in Active Development</b>						
Civil and Human Rights Commission	LA Mall, Space Nos. 3A, 6, 15A & 18B	6/25/2020 1/30/2020	\$3,400,000	BOE	Construction Phase	<p>Construction for development of office and conference room space is ongoing and is expected to be complete in June 2021, which is a two-month delay from the previously reported completion date of March 2021. Delays are due to HVAC system design. As of March 2021, the project is within budget.</p> <p>A total of \$3.4 million was approved for this budget. The MFC approved the repurposing of \$3 million in capital funds for delayed projects at Police facilities (C.F. 20-0870). Funding in the amount of \$400,000 was approved from the Space Optimization Program in the 2019-20 Fifth Construction Projects Report (C.F. 19-0926-S4).</p>
Department of Building and Safety (DBS)	201 Figueroa Tower, 8 <sup>th</sup> and 10 <sup>th</sup> Floors	1/30/2020	-	DBS/GSD	Initial Development Phase	<p>The approved scope of work has not yet been initiated. The work was to proceed based on City space standards. There are no additional updates available at this time relative to the schedule for initiation of this work. GSD has advised that the contract between DBS and CBRE will expire on 12/22/2023.</p>
City Attorney - North Valley Branch	MEND Building, 2 <sup>nd</sup> Floor (13460 Van Nuys Boulevard)	10/31/2019	\$1,140,000	GSD	Initial Development Phase	<p>Construction Forces Division provided a Rough Order of Magnitude estimate of \$3.8 million for the entire building (1st, 2nd, and 3rd floors) which includes \$2.46 million estimate for the City Attorney space on the 2nd floor.</p> <p>To date, the cumulative funding allocation for the project is \$1.14 million, which factors to an overall shortfall of \$1.32 million for the City Attorney space. This project remains on hold as additional funding has not yet been identified. We anticipate that City Attorney will have an increased need for this space once the City workforce is reactivated. Program staff will work with City Attorney to determine whether phasing options are feasible.</p>
Department of City Planning (DCP)	City Hall, Suites 667 and 750	1/30/2020	\$ 330,000	GSD	Initial Development Phase	<p>MFC authorized the space renovations for the 6th and 7th floors to create additional workstations. Due to insufficient program resources in space optimization and department's contributing match, only the 7th floor project has been initiated. The project authorize for the 6th floor is currently on hold.</p> <p>Of the \$330,000 in funding reserved for this project, cumulative transfers of \$61,189 was transferred to date for the following: 1) to GSD to initiate the demolition and construction (\$50,000); and, 2) to ITA for data cabling installation (\$11,189) through the 2020-21 Second CPR (C.F.20-1021-S1) for the seventh floor.</p> <p>In addition, supplemental funding of \$25,000 was provided from the department's special fund for the purchase of ancillary furniture that is ineligible for MICLA funding.</p> <p>BOE has provided the plan to CFD for cost estimate. Once the final cost estimate becomes available, the supplemental funding needed for construction work will be transferred through a subsequent CPRs, subject to Council and Mayor approval.</p>
Housing and Community Investment Department (HCID) - Accessible Housing Program	201 Figueroa Tower, 5 <sup>th</sup> Floor Conference Room	2/27/2020	-	GSD	Initial Development Phase	<p>HCID received a temporary space assignment for staff on the 5th floor conference room since March and has developed a space plan to relocate the staff within their 14th floor by working with CBRE (using operating contract with TI component), to be funded by funds under the department's control.</p> <p>At this time, HCID management is still considering all the options but GSD indicates that there are no funds available to reconfigure the 14th floor at this time. HCID will likely need to continue using the 5th floor space at least until the end of the fiscal year.</p>

Department/ Program	Site Location	MFC Approval/ Reported Date(s)	Obligated Funds	Lead Department	Project Phase	Status Update
Council District 8	5730 and 5732 S. Crenshaw Boulevard	2/25/2021	-	GSD	Initial Development Phase	In February 2021, GSD provided a notification to the MFC to assign the former fire station property to Council District 8 for use of community meetings and events. Inspection of the property to assess utilities, custodial or maintenance is pending as the prior tenant has not yet removed their property from the space.  At this time, funding has not yet been identified for this project and the ability to initiate the project will be dependent on the cost once it becomes available.
<b>Projects in Final Close-out</b>						
Department of Disability	201 Figueroa Tower, 1 <sup>st</sup> Floor Conference Room	10/31/2019	\$ 90,000	GSD	Final Close-out Phase	Pending GSD status update of billing closeout.  The project is fully billed. GSD plans to complete the final administrative close-out by spring of 2021 and report any surplus in the subsequent report.
Department of Cultural Affairs	201 Figueroa Tower, Suite 770	1/30/2020 10/31/2019	\$ 90,000		Final Close-out Phase	Pending GSD status update of billing closeout.  The project is fully billed. GSD plans to complete the final administrative close-out by spring of 2021 and report any surplus in the subsequent report.
<b>Open/Outstanding Space Requests</b>						
DBS and DCP joint additional space request	Marvin Braude Building (6262 Van Nuys Boulevard)	10/31/2019 (reported)	\$ -	DBS/ DCP	Open/ Outstanding Request	The Marvin Braude facility serves as one of the City's Development Services Centers, with multiple collocated Departments assigned to the facility to maximize efficiencies and improve customer service in the building and planning development process. In September 2017, the Department of Building and Safety, City Planning and the Los Angeles Fire Department (LAFD) indicated a need for additional workspace within the Marvin Braude Building to accommodate the increase in the number of programs, staff, services and customer transactions at this location.  Program staff worked with the impacted Department to assess potential space reallocation options, including potential reassignment of non-core functions to lease space. LAFD subsequently retracted its space request in January 2019.  A funding request to utilize a consultant to perform a full space analysis to determine the feasibility of accommodating the space needs within this facility, along with other possible solutions. However, due to scarcity of funding and competing priorities this did not receive funding and MICLA funds budgeted for the Space Optimization program cannot be used for this purpose. Program staff will reconvene the working group team to determine whether there are any changes in needs or space availability resulting from recent retirements and other workforce reductions and provide an update in the next Quarterly report.
City Attorney - LA DOOR Program	LA Mall	subject to MFC review/ approval	\$ -	CTTY/GSD	Open/ Outstanding Request	In January 2021, the City Attorney's Office indicated a need for space availability within the LA Mall to house 10-15 staff for LA DOOR (Diversion Outreach & Opportunities for Recovery) program. The former post office (space No. 23) is the largest currently available space. At 1,262 square feet, it may not be suitable to house 15 staff. GSD has requested more programming detail from the City Attorney.
<b>Withdrawn Request</b>						
City Attorney - Board of Rights	201 Figueroa Tower, 7 <sup>th</sup> Floor	1/30/2020 10/31/2019	\$ 150,000	N/A	Withdrawn	The request was withdrawn at the request of department. Funding provided for this project will be retracted and return to the Program account as part of the next Construction Projects Report.