

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of October 27, 2022

MEMBERS: Matthew W. Szabo, 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 10:03 a.m.

General Public Comment.

Item 1 Minutes of the:

- a. September 29, 2022 - Regular Meeting; and,
- b. September 29, 2022 - Special Meeting.

Disposition: Approved.

Item 2 Report from the General Services Department (GSD) requesting authority to negotiate and execute a second lease amendment with HAAS BHCP Property Owners, LLC, for office space for the Los Angeles Police Department South Traffic Division, located at 4125 Crenshaw Boulevard, Unit 193, at the Baldwin Hills Crenshaw Plaza Shopping Center, subject to Council and Mayor approval.

Disposition: Approved.

Paul Burke, GSD, explained that following the approval of second lease amendment at the MFC meeting held on August 25, 2022, the property owner requested the inclusion of two additional lease conditions that are incorporated into the current report for this item, as follows: 1) Three percent increase on the first six-month option; and, 2) Landlord right to terminate the lease after the original 18-month term.

Jeanne Holm, Mayor, asked if GSD is still looking for a new permanent location for the South Traffic Division. Mr. Burke, GSD, responded that the Department would continue to work with LAPD to identify a suitable permanent location, with a potential status report to MFC anticipated prior to the close of the calendar year.

Sharon Tso, CLA, requested confirmation that the current lease rate was unchanged. Mr. Burke clarified that there are no other changes to the terms presented as part of the August 2022 report.

Item 3

Report from the Bureau of Engineering (BOE) on the status of Phase Two of the Asphalt Plant No. 1 project, including recommended budgetary adjustments.

Disposition: Instructions provided for BOE and the Bureau of Street Services (StreetsLA) to identify mandatory and discretionary elements included in the proposed scope, along with the corresponding costs, and report back to MFC with revised recommendations that prioritizes the aspects of the project that are necessary to support the operations of the Asphalt Plant No. 1 facility.

Nur Malhis, BOE, provided a summary of the report. Jeanne Holm, Mayor, asked to clarify if relocation costs are included in the current project budget and the timing requirements for the relocation to occur. Mr. Malhis, BOE, confirmed relocation funds are not budgeted. Shun Yu Zhang, BOE, confirmed that relocation would need to occur before construction could be initiated.

Jeanne Holm, Mayor, asked for additional clarification on the impact to facility operations if the relocation funds are not available in a timely manner. Mr. Zhang, BOE, responded that relocation funds should be addressed by StreetsLA and the funds are not included in the BOE report.

Ms. Holm, Mayor, inquired about possible Air Quality Management District (AQMD) fines and estimated cost if no actions are taken. Mr. Zhang, BOE, responded there are no notices to comply or fees issued yet from AQMD.

Ms. Holm, Mayor, asked about the adjustment of the project's cost recovery from six years to nine years. Mr. Zhang, BOE, responded this adjustment is reflective of current inflationary factors impacting the cost of materials. Ms. Holm, Mayor, recommended BOE provide periodic updates to MFC, relative to the inflationary impact.

Sharon Tso, CLA, asked to confirm the necessity of removing the entire top layer of soil/. Nur Malhis, BOE, clarified that a significant amount of soil was not native to the site and for that reason, there is a need to excavate deeper than anticipated.

Sharon Tso, CLA, remarked that the significant increase in cost is a concern and asked for clarification if this would be a design-build contract. Mr. Zhang, BOE, stated that BOE's current consultant would complete the 20 percent bridging document and that the remaining work would proceed under a design-build contract. Sharon Tso, CLA, asked whether BOE anticipates the project will remain within the \$29 million budget once the current design work is complete. Mr. Zhang, BOE, clarified that the

current budget is reflective of a cost escalation factor over the next three fiscal years.

Ted Allen, BOE, added further clarification that the project budget includes higher cost escalation rate based on the volatility and inconsistency of recent bids received for other projects. Mr. Allen further commented that BOE could not be certain the project budget would not be impacted further by inflationary factors.

Sharon Tso, CLA, commented that given the volatility and uncertainty of the market and cost escalation factors, whether it would be a better strategy to continue with current operations and use of equipment rentals, though not ideal, instead of proceeding with the development of a permanent facility. Mr. Allen, BOE, responded that a decrease in construction costs may not occur, but rather current escalation may level off or increase at a slower rate. Mr. Allen, BOE, restated that since BOE has utilized a higher rate of escalation for this project, there is a chance the actual costs may come in lower.

Sharon Tso, CLA, requested a report back from the Bureau of Street Services (BSS) on the current operating capacity of Asphalt Plant No. 1 under the current temporary site conditions and what is projected for the permanent facility.

Jeanne Holm, Mayor, asked what would be the impact if the project is placed on hold. Mr. Malhis, BOE, responded that a potential delay may result in higher cost in the future.

Matthew Szabo, CAO, requested that BOE provide additional clarification on what portion of the budget increase is attributable to cost escalation driven by market factors versus scope modifications. Mr. Malhis, BOE, clarified that the construction, equipment and hard costs are from 2019 estimate to present, and that escalation is considered from the present until the commencement of construction.

Mr. Szabo, CAO, emphasized the need for BOE to distinguish as part of the report back to Committee between the obligatory and discretionary scope elements, along with the need to consider how this project should be prioritized the greater context of other active capital projects that are subject to competing funding needs and exposure to market volatility and uncertainties.

Ted Allen, BOE, recommended delineating parts of the project scope that are necessary to meet the AQMD requirements to continue site operations, which would also require input from BSS (StreetsLA). Mr. Allen, BOE, recommended reporting back to MFC on alternatives, and possibly

incorporating the alternatives into the bridging document currently under negotiation.

Sharon Tso, CLA, suggested that BOE, with the assistance of BSS (StreetsLA), review the different components of this project to determine what essential components are required to support the operational requirements of the Asphalt Plant No. 1 facility.

- Item 5** Report from GSD requesting authority to negotiate and execute a new lease agreement with Coalition for Responsible Community Development (CRCD), a 501(c)(3) non-profit organization, for the City-owned space located at 4255 South Olive Street (Council District 9), subject to Council and Mayor approval.

Disposition: Approved on consent.

- Item 6** Report from GSD requesting authority to negotiate and execute a new lease agreement with Coalition for Humane Immigrant Rights Los Angeles (CHIRLA), a 501(c)(3) non-profit organization, for the City-owned space located at 4255 South Olive Street (Council District 9), subject to Council and Mayor approval.

Disposition: Approved on consent.

- Item 8** Report from GSD requesting authority for the direct sale of five separate OPLA remnant parcels: Assessor Parcel Numbers 2222-002-900 (CD 6), 4247-029-900 (CD 11), 4221-010-900 (CD 11), 5683-013-900 (CD 13), and 4125-006-900 (CD 11), to respective adjacent property owners.

Disposition: Approved on consent.

- Item 4** Report from Economic and Workforce Development Department requesting authority to approve the fifth amendment to the disposition and development agreement (C-131475) for the Reseda Theatre project.

Disposition: Approved.

Jeanne Holm, Mayor, requested confirmation that the funds from the property sale will be used to repay the Municipal Improvement Corporation of Los Angeles (MICLA) debt. Blair Miller, EWDD, confirmed the proceeds would be used to repay MICLA.

Ms. Holm, Mayor, asked about the plans for community engagement. Elizabeth, Ene, Council District 3, responded that there would be a robust community engagement plan once the Disposition and Development Agreement (DDA) is finalized.

Sharon Tso, CLA, requested clarification about the property purchase price. Ms. Miller, EWDD, stated the purchase price was \$120,000. Ms. Miller, EWDD, added that when the property is sold for construction, there would be an appraisal completed within six months of the sale of the property.

Ms. Tso, CLA, inquired about the date of transfer of the property. Ms. Miller, EWDD, responded that the transfer is anticipated to occur in December 2023, once all entitlements and the executed construction contract are in place. Ms. Tso, CLA, asked for clarification of the terms defined in the DDA, if the property is transferred and construction has not commenced. Ms. Miller, EWDD, stated there is a clause in the grant deed that allows the City to take the property back if the Developer does not fulfill their requirements.

Ms. Tso, CLA, requested confirmation that additional Council action would be required subsequent to the approval of the MFC report, which would allow for consideration of public comment prior to final approval. Ms. Miller, EWDD, confirmed that the project requires additional Council action before the sale is complete and the public will have the opportunity to provide comment at that time.

Item 7 Quarterly status report from BOE on the Taylor Yard G2 River Park project.

Disposition: Noted and filed.

Christopher Johnson, BOE, provided a summary of the report. Matthew Szabo, CAO, added that this project will need to be closely monitored as a result of the recent construction cost escalations.

Item 9 Municipal Facilities Committee to consider a determination in accordance with AB 361 Section 3(e)(3) that, while the state of emergency due to the Covid-19 pandemic, as originally proclaimed by the Governor on March 4, 2020, remains active and/or state or local officials have imposed or recommended measures to promote social distancing, this legislative body has reconsidered the circumstances of the state of emergency and that the state of emergency continues to directly impact the ability of the members to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing.

Disposition: Approved as read into the record.

The meeting adjourned at 11:23 a.m.