

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
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March 30, 2023

Honorable City Council
City of Los Angeles
C/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A
NEW LEASE AGREEMENT BETWEEN THE CITY OF LOS ANGELES
AND THE CALIFORNIA CHILDREN’S ACADEMY
AT 2418-2422 MANITOU AVENUE, LOS ANGELES 90031**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease agreement with the California Children’s Academy (CCA) (“Tenant”) and the City of Los Angeles (City) (“Landlord”) in Council District 1 (CD-1) for a licensed childcare center located at 2418-2422 Manitou Avenue, Los Angeles, CA 90031.

BACKGROUND

On February 8, 2022, a Motion was adopted (Council File 22-0091) directing GSD to negotiate and execute a new lease replacing the current lease that is in holdover status (Contract C-82110). This lease started April 1, 1990, and expired on December 31, 1994.

This new term allows the City to review the community benefits and provide a new lease agreement so CCA may receive grant funding to repair the playground area and upgrade the playground equipment. Grant funding has been awarded contingent upon CCA supplying the Department of Social Services’ Child Care Division a fully executed lease agreement with the City. Further, GSD’s Real Estate Services Division met with CD-1 to review the lease terms and obtained Councilmember Hernandez’ support for this proposed lease.



The California Department of Housing and Community Development (HCD) has granted an exemption to the Surplus Land Act as of December 5, 2022 based on the terms of the proposed lease.

CCA helps families become financially independent by providing affordable licensed child care to low-income families. A sliding fee scale, as issued by the California Department of Education and the California Department of Social Services, takes the family's gross monthly income and number of household members into consideration. CCA was founded in 1971 as a non-profit 501(c)(3) agency for the purpose of providing childcare services to meet the needs of the East/Northeast community of Los Angeles.

Services are available for infants, toddlers, and preschool age children and their families. Currently, they have 78 children enrolled including 30 infants and 48 toddlers and preschoolers. The program offers an array of age-appropriate curriculum to meet the individual needs of each child. This includes early education readiness skills for successful transition to kindergarten, as well as bilingual and multicultural experiences to foster acceptance of all children. Balanced meals and snacks providing up to 80% of each child's daily nutritional requirements are also provided. CCA receives grants from the California Department of Education.

TERMS AND CONDITIONS

The new proposed lease will be for five (5) years with no options to extend. Councilmember Hernandez has requested semi-annual reports from CCA on outreach efforts to CD-1 constituents as well as enrollment numbers based on zip codes. A complete set of terms and conditions are outlined on the attached term sheet.

COMMUNITY BENEFIT ANALYSIS

The City Administrative Office (CAO) completed the attached Community Benefit Analysis (CBA) which supports the recommendation for approval of the proposed terms and conditions. See the attached CBA.

MAINTENANCE/UTILITIES/LANDSCAPING

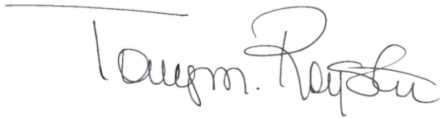
CCA shall maintain the site in good and sanitary condition. Any repairs, alterations or other improvements required from the specific use of the site shall be performed by the Tenant at their cost. The Tenant is also responsible for all utilities and landscaping.

FISCAL IMPACT

No revenue will be generated from this lease to the General Fund.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a new lease agreement with the California Children's Academy at 2418-2422 Manitou Avenue, Los Angeles, CA 90031 under the terms and conditions outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheet
CBA
Premises

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	N/A
SECURITY DEPOSIT	N/A
MAINTENANCE/ REPAIR	Other
MAINTENANCE/ REPAIR DETAILS	Maintenance and repairs are the sole responsibility of the Tenant
TENANT IMPROVEMENTS	Tenant is requesting permission to upgrade/replace the playground for playground safety, ADA accessibility and ensure age appropriateness. These required repairs are linked to the Tenant's State funding requirements.
PARKING	13 unreserved parking spaces
UTILITIES	Tenant
CUSTODIAL	Tenant
SECURITY	Tenant
PROP 13 PROTECTION	City is Exempt
INSURANCE (City)	Tenant shall indemnify and hold harmless the City
OTHER:	<p>Andrea Fernandez (she/her) Vice President of Education California Children's Academy 2701 N. Main Street Los Angeles, CA 90031 Office 323-223-3312 ext 225 Fax 323-223-0954</p> <p>CCA to provide Council District #1 semi annual reports on community outreach efforts as well as enrollment numbers by zip code.</p>

Community Benefit Analysis for Proposed Non-Profit Lease

I. Proposed Lease Terms and Conditions	
Facility Location:	2418-2422 Manitou Avenue, Los Angeles, 90031
Lessee:	California Children’s Academy (CCA), a non-profit 501(c)(3) organization
Council File Reference:	22-0091 (motion adopted February 8, 2022)
Space Assignment:	Children’s Learning Center – Approximately 7,000 square feet (s.f.)
Term Option:	5 years with no options to extend
Market Rate:	<u>\$180,600 total annual</u> = 7,000 s.f. x \$2.15 per s.f. x 12 months
Proposed Rental Rate:	\$0 per year during the first term, with rate under any renewal options to be subject to negotiation at the discretion of the City.
Clean-up and Associated Cost:	Tenant shall be financially responsible for all applicable utility and custodial costs.
Tenant Improvements:	CCA is applying for grant funding in the amount of \$107,006 to upgrade the playground and repair cracked concrete in the play area. Lessee shall have full responsibility for the cost of any needed tenant improvements.
II. History and Current Services	
Mission:	CCA is committed to preparing young children to be global citizens who are developmentally well rounded, emotionally literate, and environmentally conscious.
Vision:	CCA’s vision is to provide young children with a universally designed, responsive and caring educational program with opportunities to develop 21 st Century skills and an emphasis on healthy social emotional development. CCA helps prepare children to be socially conscious, ethically minded, and empowered to join their families in strengthening the community.
Background / History:	CCA was founded in 1971 as a non-profit 501(c)(3) agency for the purpose of providing childcare services to meet the needs of the East/Northeast community of Los Angeles. In 1991, CCA expanded its service area to include the San Fernando Valley. CCA currently serves over 700 children per day in a total of 15 early education and childcare centers located across Los Angeles County.
Current Services:	CCA’s program services are available for infants, toddlers, and preschool age children and their families. The program offers: <ul style="list-style-type: none"> • Childcare in a safe, healthy, and nurturing environment; • Age-appropriate curriculum to meet the individual needs of each child; • Early education readiness skills for successful transition to kindergarten;

Community Benefit Analysis for Proposed Non-Profit Lease

	<ul style="list-style-type: none"> • Bilingual, multicultural experiences to foster acceptance of all children; • Balanced meals and snacks providing up to 80 percent of each child's daily nutritional requirements to help children learn and develop at their optimal potential; and, • Parent participation, education, resources, and referrals to strengthen the family unit. 																						
<p>III. Community Benefit Analysis</p>																							
<p>Value of Direct Services:</p>	<p>A. <u>Value of Dedicated Staff: \$1,108,344</u></p> <table border="0"> <tr> <td>(3) Teachers</td> <td align="right">\$ 131,115</td> </tr> <tr> <td>(1) Supervisor</td> <td align="right">57,938</td> </tr> <tr> <td>(8) Teaching Assistants</td> <td align="right">282,748</td> </tr> <tr> <td>(2) Maintenance</td> <td align="right">71,237</td> </tr> <tr> <td>(1) Food Service</td> <td align="right">36,317</td> </tr> <tr> <td>(4) Directors</td> <td align="right">65,100</td> </tr> <tr> <td>(17) Admin, clerical, enrollment</td> <td align="right">101,368</td> </tr> <tr> <td>(16) Substitutes</td> <td align="right">41,677</td> </tr> <tr> <td>Payroll taxes and benefits</td> <td align="right">175,524</td> </tr> <tr> <td>Temporary Staff Teachers</td> <td align="right"><u>145,320</u></td> </tr> <tr> <td align="right">Total</td> <td align="right">\$1,108,344</td> </tr> </table> <p>*Refers to personnel whose duties and salaries are prorated among the various CCA education centers.</p> <p>B. <u>Value of Services to Participants:</u></p> <ul style="list-style-type: none"> • Access to free or affordable childcare. A sliding fee scale takes the family's gross monthly income and number of household members into consideration. The value of this service is reflected in the value of the staff and budget described in A and C. 	(3) Teachers	\$ 131,115	(1) Supervisor	57,938	(8) Teaching Assistants	282,748	(2) Maintenance	71,237	(1) Food Service	36,317	(4) Directors	65,100	(17) Admin, clerical, enrollment	101,368	(16) Substitutes	41,677	Payroll taxes and benefits	175,524	Temporary Staff Teachers	<u>145,320</u>	Total	\$1,108,344
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<p>Value of Operational Budget:</p>	<p>C. <u>Value of Operational Budget: \$253,644</u></p> <table border="0"> <tr> <td>Staff Development</td> <td align="right">\$ 16,164</td> </tr> <tr> <td>Classroom Supplies</td> <td align="right">40,212</td> </tr> <tr> <td>Food/Food Supplies</td> <td align="right">48,336</td> </tr> <tr> <td>Utilities/Security</td> <td align="right">31,980</td> </tr> <tr> <td>Rent</td> <td align="right">8,508</td> </tr> <tr> <td>Maintenance</td> <td align="right">31,608</td> </tr> <tr> <td>Various Administrative Costs (ex. Insurance, outreach, telephone, and internet services)</td> <td align="right"><u>76,836</u></td> </tr> <tr> <td align="right">Total</td> <td align="right">\$253,644</td> </tr> </table>	Staff Development	\$ 16,164	Classroom Supplies	40,212	Food/Food Supplies	48,336	Utilities/Security	31,980	Rent	8,508	Maintenance	31,608	Various Administrative Costs (ex. Insurance, outreach, telephone, and internet services)	<u>76,836</u>	Total	\$253,644						
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Community Benefit Analysis for Proposed Non-Profit Lease

Additional Offsets / In-Kind Services:	<p>D. <u>Value of Additional Offsets</u></p> <ul style="list-style-type: none"> Anticipated one-time grant in the amount of \$107,000 to upgrade and repair the playground and an additional renovation and repair grant in Spring 2023. This amount is informational and is not included in the Total Community Benefit calculation.
Total Community Benefit:	<u>\$1,361,988</u> annually (A+C)
Market Value for Leased Space:	<u>\$180,600</u> annually
Benefits Finding and Recommended Action:	<p>Community benefits estimated at <u>\$1,361,988</u> annually exceeds the market value of the leased space by <u>\$1,181,388</u>.</p> <p>Approval of the proposed lease terms is recommended on the basis that the value of the community benefits exceeds the market value of the leased space.</p>

0220-05479-0030	LaTanya Roux	Bernyce Hollins	
Work Assignment Number	Analyst	Chief	Assistant CAO

YC/BCH/LRR/05230078

Released Date: 11/30/2022

California Children's Academy

2418-2422 Manitou Avenue
Los Angeles, CA 90031



Manitou Ave

Manitou Ave

Manitou Ave

2418 Manitou Ave

Vallejo St

Daly St

Vallejo St

Vallejo St

300 ft

Google Earth

