

CITY OF LOS ANGELES

CALIFORNIA

Agenda Item No. 2

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
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January 28, 2021

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Armando Bencomo, Legislative Assistant

REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW SUB-LICENSE AGREEMENT AT 11839 SHERMAN WAY WITH HOPE OF THE VALLEY RESCUE MISSION

The Department of General Services (GSD) requests authority to negotiate and execute a sub-license agreement with the Hope of the Valley Rescue Mission (HVRM), a 501(C)3 nonprofit organization, for the Los Angeles Department of Water and Power (LADWP) owned property located at 11839 Sherman Way, Los Angeles, California 91605 (Sherman Way) for use as a Day Laborer Resource Center (DLRC).

BACKGROUND

On February 3, 2017, the City Council adopted a Motion (C.F. 17-0133) instructing the City Administrative Officer (CAO), with the assistance of the Bureau of Engineering (BOE), to develop a plan to expand the operations of the day laborer center site at Sherman Way. The evaluation was completed and on June 1, 2018, the City Council adopted an additional Motion instructing GSD to negotiate and execute a new master license agreement with the LADWP at Sherman Way to expand the Sherman Way services into a DLRC and a Homeless Navigation and Storage Center (Navigation Center). On January 15, 2019, the City Council subsequently approved the master license agreement between the City and LADWP. The City and LADWP fully executed the master license agreement on August 1, 2019.

In September 2019, GSD brought a report to the Municipal Facilities Committee (MFC) as the Youth Policy Institute (YPI) was originally selected as the service provider for Sherman Way. However, YPI declared bankruptcy and the original report was put on hold prior to Council review and approval on October 29, 2019 and was not adopted. HVRM was then selected as the replacement service provider by Economic and Workforce Development Department (EWDD) on May 20, 2020. They began providing services at this site under the EWDD service contract.

The Sherman Way property is a vacant overhead electrical transmission site. It is currently underutilized with potential for improvement and expansion of services to underserved people in



the community. Site improvements consist of permanent buildings structures housing 120 storage bins, new restrooms and showers, a laundry facility, garden area and a case management space for the DLRC.

HVRM provides shelter and guidance for homeless and offers families the opportunity to recover from the devastating effects of homelessness by meeting the basic needs of food, clothing, and shelter while identifying the underlying reasons for becoming homeless and establishing a plan of restoration.

FUNDING

The estimated site tenant improvement project costs are \$7.84 million. Funding to finance the site tenant improvements project in the amount of \$7,813,914 is funded by Proposition HHH bond funds (\$6,520,914), CIEP funds (\$893,000), and HEAP funds (\$400,000). Funding for the DLRC program is provided in Economic and Workforce Development Department (EWDD) Fiscal Year (FY) 2020-21 budget. EWDD will oversee the DLR Center. EWDD will request ongoing funding in the City's FY 2021-22 budget.

The City is also providing funding through EWDD's budget to accommodate the communication, data, and staff phones, all the furniture, office equipment, desks, chairs, and all the associated start-up furnishing required to equip the facility.

The facility construction was completed in FY 2019-20 and HVRM began operations July 1, 2020 under the EWDD services contract.

DAY LABORER RESOURCE CENTER SERVICES

The DLRC is a program that allows persons seeking casual labor work to safely congregate and be matched with employers seeking temporary workers. Each DLRC provides fixed hiring centers in select areas of the City where day laborers can congregate safely and wait for prospective employers, thus serving as an alternative to the practice of congregating in public streets and/or in front of business establishments. Basic amenities to day laborers such as water, coffee, bread, lavatories, waste disposal, benches and shade are also provided.

TERMS AND CONDITIONS

HVRM will retroactively sub-license the site for zero rent for one-year, beginning July 1, 2020 through June 30, 2021, with four one-year extension options at City's sole discretion. A complete set of terms and conditions are outlined on the attached term sheet.

MAINTENANCE

The CAO advises that a maintenance fund has been established from the General Fund in the CIEP for major building and site systems such as structural, foundation, sewer, roof, HVAC, plumbing, electrical, fire and life safety systems, if applicable. GSD shall be responsible for the major maintenance items of the facility. HVRM shall maintain all landscaping on site.

HVRM provides basic and routine daily maintenance and repairs throughout the DLRC site including fire extinguishers.

ENVIRONMENTAL

This site is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Article 19, Sections 15301 Class 1(h); 15304, Class 4(a)(b)(e); and 15332 Class 32; as well as City of Los Angeles CEQA Guidelines, Article III, Section 1, Class 1 (8)(12); and Class 4(1)(3)(6); as set forth in the Notice of Exemption.

COMMUNITY BENEFIT

Pursuant to a contract between HVRM and EWDD, the Service Provider is required to provide Day Laborer Resources Services to the community on behalf of the City, in return for compensation from the City, and the contract requires Service Provider to provide such services out of the City facility located at Sherman Way. The proposed sub-license is to accommodate the activities contemplated and required under the EWDD contract. In this situation, a Community Benefit Analysis, which is used to determine the amount of rent that may or may not need to be charged for the occupancy of a City facility, is not necessary.

FISCAL IMPACT

Financing of approximately \$175,000 for HVRM to administer the DLRC program is provided through the General Fund in EWDD's FY 2020-21 budget.

No revenue will be generated from this sub-license to the General Fund during the term period.

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 sub-license agreement with Hope of the Valley Rescue Mission for the City-owned property located at 11839 Sherman Way, Los Angeles, California 91605 under the terms and substantially as outlined in this report.



Tony M. Royster
General Manager

Attachments: Term Sheet

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

SECURITY DEPOSIT

MAINTENANCE/
REPAIR

MAINTENANCE/
REPAIR DETAILS

TENANT
IMPROVEMENTS

PARKING

UTILITIES

CUSTODIAL

SECURITY

PROP 13
PROTECTION

INSURANCE

OTHER: