

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
GENERAL SERVICES
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CITY HALL SOUTH
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February 23, 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 AUTHORITY TO NEGOTIATE AND EXECUTE A LICENSE AGREEMENT
WITH PER SCHOLAS AT 1600 E. 4TH ST, LOS ANGELES, CA 90033**

The Department of General Services (GSD) requests authority to negotiate and execute a license agreement with Per Scholas (Tenant), a California 501(c)3 non-profit, and the City of Los Angeles (City), (Landlord) in Council District 14 at 1600 East 4th Street, Los Angeles, CA 90033.

BACKGROUND

On June 29, 2022, City Council adopted the Economic Development and Jobs Committee Report relative to the Workforce Development Board Annual Plan Fiscal Year 23 (FY23) for Program Year 2022-23 (CF 22-0683). The adopted report gave the Economic & Workforce Development Department (EWDD) authority to negotiate and execute Memoranda of Understanding (MOUs) and amendments to MOUs with the City-operated YouthSource Centers to provide services to youth.

City-operated YouthSource Centers' goals are to provide young Angelenos ages 14 to 24 with resources to advance in school and their careers. EWDD has identified Per Scholas as a capable YouthSource Operator at their YouthSource location on 1600 East 4th Street, Los Angeles, CA 90033.

Per Scholas will operate out of approximately 1,500 square feet of space at the City-owned facility located at 1600 E. 4th Street in Los Angeles, also referred to as the Boyle Heights Technology Center.



Per Scholas focuses on helping populations that are historically underrepresented in technology break into the field by providing access to education through no-cost technical training. Eighty-five percent of their students identify as people of color and one-third identify as women. In a field that was traditionally held for college graduates, more than 50% of their students hold a high school diploma as their highest form of education. Per Scholas currently has 19 locations throughout the nation with plans to expand. Their program has a 85% graduation rate with over 17,000 graduates holding successful careers in the technology industry. Their mission is to advance economic equity through rigorous training in underserved areas in technology careers and to connect skilled talent to leading businesses.

TERMS AND CONDITIONS

The proposed license agreement is for 18 months with five (5) one-year (1) options to extend at the discretion of the City. If and to the extent the Per Scholas contract is extended by EWDD beyond June 30, 2024, the license term shall be extended so that it is coterminous with such extended service contract. If the Per Scholas Contract is terminated or expires, the license agreement will automatically terminate.

The license agreement is at zero cost based upon Per Scholas' performance of services pursuant to its service contract with the EWDD. A complete set of terms and conditions are outlined on the attached term sheet.

BUILDING MAINTENANCE/UTILITIES/LANDSCAPING

The City shall be responsible for the exterior and interior maintenance of the building which includes but is not limited to janitorial services, HVAC, utilities, common areas as well as other related building maintenance. Per Scholas will be responsible to keep their offices/classrooms clean, including but not limited to windows, interior walls, floors, ceilings, doors, fixtures et al. They shall also promptly remove all trash and waste generated from its operations to an appropriate trash dumpster as designed by the City. Any repairs, alterations or other improvements required from the specific use of their portion of the office space shall be performed by the Tenant at their cost.

COMMUNITY BENEFIT ANALYSIS

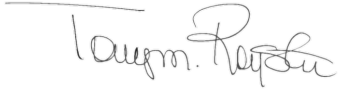
The City Administrative Office (CAO) completed the attached Community Benefit Analysis (CBA) which supports the recommendation for approval of the proposed terms and conditions. See the attached CBA.

FISCAL IMPACT

There is no anticipated impact on the General Fund as the license agreement contains zero rent.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute this license agreement with Per Scholas at 1600 East 4th Street, Los Angeles, CA 90033 under the terms and conditions substantially outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a horizontal line above the first few letters.

Tony M. Royster
General Manager

Attachments: Term Sheet
CBA

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	Tenant shall maintain their portion of their offices.
MAINTENANCE/ REPAIR DETAILS	The City shall be responsible for maintenance of the space which includes but is not limited to janitorial services, utilities and other building maintenance. Tenant shall maintain their portion of the office spaces in good condition.
TENANT IMPROVEMENTS	N/A
PARKING	Unreserved Parking
UTILITIES	City
CUSTODIAL	The City maintains the custodial for the building.
SECURITY	N/A
PROP 13 PROTECTION	Landlord will NOT provide Prop 13 protection.
INSURANCE (City)	Tenant shall indemnify and hold harmless the City
OTHER:	<p>Patrice Madu, Los Angeles Managing Director Phone: 929-431-0819 Email: pmadu@perscholas.org Joshua Winter, West Regional Senior Vice President Phone: 718-510-7228 Email: jwinter@perscholas.org</p> <p>Continuation of termination section: The license agreement may be terminated at any time, without cost, by either party upon sixty (60) days with prior written notice to the other party, provided that no termination shall be effective until the end of any course committed to by Per Scholas prior to when Per Scholas receives notice of termination.</p>

Community Benefit Analysis for Proposed Non-Profit Lease


I. Proposed Lease Terms and Conditions	
Facility Location:	1600 East 4 th Street, Los Angeles, CA 90033
Lessee:	Per Scholas, a non-profit 501(c)(3) organization
Council File Reference:	22-0683 (motion adopted June 26, 2022)
Space Assignment:	Approximately 1,500 square feet (s.f.) floor space
Term & Renewal Option:	18 month term with five (5) one-year extension options
Market Rate:	<u>\$27,000 total annual</u> = 1,500 s.f. x \$1.50 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 negotiations at the discretion of the City.
Clean-up and Associated Cost:	Lessee shall be financially responsible for all applicable utility and custodial costs.
Tenant Improvements:	Lessee shall have full responsibility for the cost of any needed tenant improvements. Building Maintenance shall not provide any support.
II. History and Current Services	
Mission:	Per Scholas's mission is to advance economic equity through rigorous training for technology-based careers and to connect skilled talent to leading businesses.
Vision:	A thriving workforce starts with equitable access to education. By providing skills training and access to employer networks to individuals often excluded from technology careers, Per Scholas envisions a technology-focused workforce as diverse as the customers it serves.
Background / History:	<p>Founded in 1995, Per Scholas first worked to bridge the digital divide for families and children in New York by increasing access to personal computers. Since 1998, the organization has focused on ensuring the opportunity for adults (18 years and older) to learn 21st century technological skills through rigorous, hands-on training leading to careers in Information Technology. Starting in 2012, Per Scholas began scaling its impact nationally and currently has established locations in 20 cities. Per Scholas has trained over 18,000 individuals, helping them build successful careers in technology and spurring economic development in their communities.</p> <p>In 2021, nearly 3,000 learners graduated from Per Scholas' program, which represents a 50 percent increase over 2020 enrollment. Consistently, just under 85 percent of the organization's learners are people of color, including at least 60 percent who are Black and Latinx and over 30 percent are women.</p>

Community Benefit Analysis for Proposed Non-Profit Lease

	<p>All three populations are notably underrepresented in the technology workforce, where Black and Latinx individuals account for just 19 percent of workers in technical roles and women only 25 percent. Per Scholas is projected to grow its impact to train 10,000 learners per year in 25 cities across the United States by 2025.</p>																
Current Services:	<p>Per Scholas offers the following services:</p> <ul style="list-style-type: none"> • A range of courses tailored to local employers and industry demands. The tuition-free training is 12 to 15 weeks and cohort-based, featuring a curriculum designed to equip learners with technical knowledge, professional development skills, and access to employer networks post-graduation. • The Business Solutions Team offers support beyond graduation to help graduates of the training program attain a quality job with competitive pay, benefits, opportunity for professional growth, and the ability to build a better future. • Learners and alumni have access to a Learner Support Team (LST) made up of financial coaches and Masters in Social Work (MSW)-credentialed Learner Support Managers, both during training and for two years afterwards. Per Scholas integrates financial capability and support services, including financial education, planning, and coaching into the curriculum, which equips alumni with strategies to succeed in their careers and achieve long-term financial stability. 																
III. Community Benefit Analysis																	
Value of Direct Services:	<p>A. <u>Value of Dedicated Staff: \$579,006*</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">(1) Managing Director</td> <td style="text-align: right;">\$143,750</td> </tr> <tr> <td>(1) Director, Employer Partners hips</td> <td style="text-align: right;">103,500</td> </tr> <tr> <td>(1) Manager, Recruitment and Admissions</td> <td style="text-align: right;">57,500</td> </tr> <tr> <td>(1) Instructor, IT Support</td> <td style="text-align: right;">80,500</td> </tr> <tr> <td>(1) Instructional Assistant</td> <td style="text-align: right;">43,056</td> </tr> <tr> <td>(1) Learner Support and Financial Coach (fractional)</td> <td style="text-align: right;">20,700</td> </tr> <tr> <td>(1) Remote Instructor</td> <td style="text-align: right;"><u>130,000</u></td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">\$579,006</td> </tr> </table> <p>*Salaries include 15 percent for fringe benefits costs and will serve approximately 160 learners.</p> <p>B. <u>Value of Services to Participants: \$1,284,000</u></p> <ul style="list-style-type: none"> • Access to Tuition-free technical and professional development program with 90% of learners coming from households at 80 percent of HUD median income for Los Angeles MSA. Value is calculated at 	(1) Managing Director	\$143,750	(1) Director, Employer Partners hips	103,500	(1) Manager, Recruitment and Admissions	57,500	(1) Instructor, IT Support	80,500	(1) Instructional Assistant	43,056	(1) Learner Support and Financial Coach (fractional)	20,700	(1) Remote Instructor	<u>130,000</u>	Total	\$579,006
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Community Benefit Analysis for Proposed Non-Profit Lease

	Per Scholas' national average of \$12,000 per learner x 107 learners served in Los Angeles per year.																				
Value of Operational Budget:	<p>C. Value of Operational Budget: <u>\$583,900</u></p> <table> <tr> <td>Recruiting and Marketing</td> <td align="right">\$ 22,667</td> </tr> <tr> <td>Technology</td> <td align="right">19,200</td> </tr> <tr> <td>Student Supplies</td> <td align="right">32,000</td> </tr> <tr> <td>Student Supplies (Toolkit for remote learners)</td> <td align="right">33,333</td> </tr> <tr> <td>Prof. Services – Consultants, Audit, Payroll</td> <td align="right">24,533</td> </tr> <tr> <td>Rent and Utilities</td> <td align="right">20,000</td> </tr> <tr> <td>Other (Business Insurance, Employee Development, Office, Employment Verification, Communications, Filing Expense, Travel/Meals)</td> <td align="right">48,000</td> </tr> <tr> <td>Capital Expense (one-time build out of space)</td> <td align="right">175,000</td> </tr> <tr> <td>Administrative Cost (20%)</td> <td align="right"><u>209,167</u></td> </tr> <tr> <td>Total</td> <td align="right">\$583,900</td> </tr> </table>	Recruiting and Marketing	\$ 22,667	Technology	19,200	Student Supplies	32,000	Student Supplies (Toolkit for remote learners)	33,333	Prof. Services – Consultants, Audit, Payroll	24,533	Rent and Utilities	20,000	Other (Business Insurance, Employee Development, Office, Employment Verification, Communications, Filing Expense, Travel/Meals)	48,000	Capital Expense (one-time build out of space)	175,000	Administrative Cost (20%)	<u>209,167</u>	Total	\$583,900
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Additional Offsets / In-Kind Services:	<p>D. Value of Additional Offsets: <u>\$15,000*</u></p> <p>*Furniture and equipment investments to be purchased, in partnership with the Boyle Heights Center. This amount is informational and is not included in the Total Community Benefit calculation.</p>																				
Total Community Benefit:	<u>\$2,446,906</u> annually (A+B+C)																				
Market Value for Leased Space	<u>\$27,000</u> annually																				
Benefits Finding & Recommended Action.	<p>Community benefits estimated at <u>\$2,446,906</u> annually exceeds the market value of <u>\$27,000</u> for the leased space by <u>\$2,419,906</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>																				

0220-05479-0031	LaTanya Roux	Bernyce Hollins	
Work Assignment Number	Analyst	Chief	Assistant CAO

YC/BCH/LRR/05230081

Released Date: 12/02/2022