

CITY OF LOS ANGELES  
CALIFORNIA

Agenda Item No. 3

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



KAREN BASS  
MAYOR

DEPARTMENT OF  
GENERAL SERVICES  
ROOM 701  
CITY HALL SOUTH  
111 EAST FIRST STREET  
LOS ANGELES, CA 90012  
(213) 928-9555  
FAX No. (213) 928-9515

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 2661 PASADENA AVENUE, LOS ANGELES, CA 90031**

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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 ("Landlord") in Council District 1 (CD-1) for a licensed childcare center located at 2661 Pasadena Avenue, Los Angeles, CA 90031.

**BACKGROUND**

On October 21, 2022, a Motion was adopted (Council File 22-1061) directing GSD to negotiate and execute a new lease replacing the current lease that is in holdover status (Contract C-821111). This lease started April 1, 1990, and expired on March 30, 1993.

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.

California Children's Academy 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 toddlers, and preschool age children and their families. Currently, they have 54 toddlers and preschoolers enrolled. 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 2661 Pasadena Avenue, Los Angeles, CA 90031 under the terms and conditions outlined in this report.

 for

Tony M. Royster  
General Manager

Attachments: Term Sheet  
CBA  
Premises

## LEASING TERM SHEET

MFC DATE	03/30/2023
LANDLORD	City of Los Angeles
ADDRESS	111 E. 1st Street, Los Angeles, CA 90012
TENANT	California Children's Academy
ADDRESS	2701 N. Main Street, Los Angeles, CA 90031
LOCATION	2661 Pasadena Avenue, Los Angeles, CA 90031
AGREEMENT TYPE	No Cost Lease Agreement
USE	Child Care Services - Early Education For Low Income Families
SQUARE FEET	Approximately 4,800 SF
TERM	Five (5) Years
RENT START DATE	N/A
LEASE START DATE	Upon City Clerk Attestion
OPTION TERM	N/A
HOLDOVER	Yes
SUBLET/ ASSIGNMENT	Right to Assign - Landlord approval
TERMINATION	N/A
RENTAL RATE	\$0.00
ESCALATION	N/A
RENTAL ABATEMENT	N/A
ADDITIONAL RENT	N/A
PROPERTY TAX	Tenant may be subject to possessory interest tax
OPEX	N/A
CAM	N/A

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	8 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:	2661 Pasadena Avenue, Los Angeles, 90031
Lessee:	California Children's Academy (CCA), a non-profit 501(c)(3) organization
Council File Reference:	22-1061 (motion adopted October 21, 2022)
Space Assignment:	Children's Learning Center – Approximately 4,800 square feet (s.f.)
Term Option:	5 years with no options to extend
Market Rate:	<b><u>\$144,000 total annual</u></b> = 4,800 s.f. x \$2.50 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 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 \$120,592 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 living in Los Angeles County 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 <sup>st</sup> 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:	<p>CCA's program services are available for infants, toddlers, and preschool age children and their families. The program offers:</p> <ul style="list-style-type: none"> <li>• Childcare in a safe, healthy, and nurturing environment;</li> <li>• Age-appropriate curriculum to meet the individual needs of each child;</li> <li>• Early education readiness skills for successful transition to kindergarten;</li> </ul>

**Community Benefit Analysis for Proposed Non-Profit Lease**

	<ul style="list-style-type: none"> <li>• Bilingual, multicultural experiences to foster acceptance of all children;</li> <li>• 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,</li> <li>• Parent participation, education, resources, and referrals to strengthen the family unit.</li> </ul>																						
<p><b>III. Community Benefit Analysis</b></p>																							
<p>Value of Direct Services:</p>	<p>A. <u>Value of Dedicated Staff: <b>\$646,648</b></u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">(1) Teacher</td> <td align="right">\$ 44,509</td> </tr> <tr> <td style="padding-left: 20px;">(3) Supervisors</td> <td align="right">53,219</td> </tr> <tr> <td style="padding-left: 20px;">(3) Teaching Assistants</td> <td align="right">109,923</td> </tr> <tr> <td style="padding-left: 20px;">(1) Maintenance</td> <td align="right">36,325</td> </tr> <tr> <td style="padding-left: 20px;">(1) Food Service</td> <td align="right">35,993</td> </tr> <tr> <td style="padding-left: 20px;">(4) Directors</td> <td align="right">48,233</td> </tr> <tr> <td style="padding-left: 20px;">(17) Admin, clerical, enrollment</td> <td align="right">75,416</td> </tr> <tr> <td style="padding-left: 20px;">(16) Substitutes</td> <td align="right">31,780</td> </tr> <tr> <td style="padding-left: 20px;">Payroll taxes and benefits</td> <td align="right">97,070</td> </tr> <tr> <td style="padding-left: 20px;">Temporary Staff Teachers</td> <td align="right"><u>114,180</u></td> </tr> <tr> <td align="right"><b>Total</b></td> <td align="right"><b><u>\$646,648</u></b></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"> <li>• 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.</li> </ul>	(1) Teacher	\$ 44,509	(3) Supervisors	53,219	(3) Teaching Assistants	109,923	(1) Maintenance	36,325	(1) Food Service	35,993	(4) Directors	48,233	(17) Admin, clerical, enrollment	75,416	(16) Substitutes	31,780	Payroll taxes and benefits	97,070	Temporary Staff Teachers	<u>114,180</u>	<b>Total</b>	<b><u>\$646,648</u></b>
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<p>Value of Operational Budget:</p>	<p>C. <u>Value of Operational Budget: <b>\$199,296</b></u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Staff Development</td> <td align="right">\$ 12,696</td> </tr> <tr> <td style="padding-left: 20px;">Classroom Supplies</td> <td align="right">31,596</td> </tr> <tr> <td style="padding-left: 20px;">Food/Food Supplies</td> <td align="right">37,980</td> </tr> <tr> <td style="padding-left: 20px;">Utilities/Security</td> <td align="right">25,128</td> </tr> <tr> <td style="padding-left: 20px;">Rent</td> <td align="right">6,684</td> </tr> <tr> <td style="padding-left: 20px;">Maintenance</td> <td align="right">24,840</td> </tr> <tr> <td style="padding-left: 20px;">Various Administrative Costs (ex. Insurance, outreach, telephone, and internet services)</td> <td align="right"><u>60,372</u></td> </tr> <tr> <td align="right"><b>Total</b></td> <td align="right"><b><u>\$199,296</u></b></td> </tr> </table>	Staff Development	\$ 12,696	Classroom Supplies	31,596	Food/Food Supplies	37,980	Utilities/Security	25,128	Rent	6,684	Maintenance	24,840	Various Administrative Costs (ex. Insurance, outreach, telephone, and internet services)	<u>60,372</u>	<b>Total</b>	<b><u>\$199,296</u></b>						
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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"> <li>Anticipated one-time grant in the amount of \$120,592 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.</li> </ul>
Total Community Benefit:	<b><u>\$845,944</u> annually (A+C)</b>
Market Value for Leased Space:	<b><u>\$144,000</u> annually</b>
Benefits Finding and Recommended Action:	<p>Community benefits estimated at <b><u>\$845,944</u></b> annually exceeds the market value of the leased space by <b><u>\$701,944</u></b>.</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>

0220-05479-0029	LaTanya Roux	Bernyce Hollins	
Work Assignment Number	Analyst	Chief	Assistant CAO

YC/BCHLRR/05230077

Released Date: 11/30/2022



# California Children's Academy

2661 Pasadena Avenue  
Los Angeles, CA 90031



W Ave 28

2661 Pasadena Ave

Pasadena Ave

Google Earth

200 ft

