

MUNICIPAL FACILITIES COMMITTEE
Minutes from the Regular Meeting of March 25, 2021

MEMBERS: Yolanda Chavez, Office of the City Administrative Officer, Chair (CAO)
Sharon Tso, Chief Legislative Analyst (CLA)
Raoul Mendoza, Office of the Mayor (Mayor)

The meeting was called to order at 10:00 a.m.

No General Public Comment.

Item No. 10 was considered at this time out of order.

Item 1 Minutes of the February 25, 2021 meeting.

Disposition: Approved without discussion.

Items No. 2, 3, 4, 5, and 6 were considered concurrently.

Item 2 Report from General Services Department (GSD) requesting authority to negotiate and execute a new license agreement with the Judicial Council of California to provide office space and an antenna site for the City Attorney and Los Angeles Police Department (LAPD) at the Metropolitan Courthouse located at 1945 South Hill Street (CD 9), subject to Council approval.

Disposition: Approved with direction to GSD staff to ensure the square footage is accurately listed on the transmittal of the report.

Sharon Tso, Chief Legislative Analyst (CLA), asked if the City agrees with the increased square footage being charge for the leases. Paul Burke, GSD, stated that this is the accurate square footage for the leased space. The lease term is month-to-month and the City would provide the required 30-day notice if more or less square footage is needed at the Courthouses. Ms. Tso noted that the square footage space for the San Fernando Courthouse increased substantially (Item 6). Mr. Burke explained that City staff would be located on seven floors within the courthouse and each floor has different office configurations.

Ms. Tso asked whether the new custodial costs were reasonably priced at .50 to .65 cents per square foot and whether the market rate analysis included the custodial costs. Mr. Burke affirmed that the custodial costs were reasonably priced. The market rate analysis compares the rental agreement based on the gross modified lease only. The custodial costs are

considered Common Area Maintenance (CAM) charges are not included as part of the rental rate for the market analysis.

Raul Mendoza, Office of the Mayor (Mayor), asked if the Courthouses were closed during the pandemic and if there is any room for rent forgiveness since the leases are retroactive to July 1, 2020. Mr. Burke stated that although the Courthouses were not open to the public but were open to staff to continue work. The lease is with the State and the agreement for the custodial costs are with the County of Los Angeles. The agreements are retroactive and it is unlikely that those costs will be forgiven but the County may work with the City with regards to future costs. Mr. Burked described the type of custodial work to be provided for the office space and holding areas used by the City.

Ms. Tso asked that the square footage be corrected in the transmittal of the report to be consistent with the lease term for Item 1. The final question Ms. Tso posed was how the shortfalls created by the leases would be addressed. Daisy Bonilla, Office of the City Administrative Officer (CAO), stated that there is sufficient capacity within the leasing program to fully offset the aggregate shortfall of \$241,895 for all five leases, with an additional reserve of \$17,464 for four additional courthouse leases that will be brought before the Committee through future reports.

- Item 3** Report from GSD requesting authority to negotiate and execute a new license agreement with the Judicial Council of California for City Attorney office space at the Hollywood Courthouse located at 5925 Hollywood Boulevard (CD 13), subject to Council approval.

Disposition: Approved with discussion.

Refer to discussion for Item 2 above.

- Item 4** Report from GSD requesting authority to negotiate and execute a new license agreement with the Judicial Council of California to provide office space for the City Attorney and LAPD at the Airport Courthouse located at 11701 South La Cienega Boulevard, Los Angeles County, subject to Council approval.

Disposition: Approved with discussion.

Refer to discussion for Item 2 above.

Item 5 Report from GSD requesting authority to negotiate and execute a new license agreement with the Judicial Council of California for LAPD space at the Chatsworth Courthouse located at 9425 Penfield Avenue (CD 12), subject to Council approval.

Disposition: Approved with discussion.

Refer to discussion for Item 2 above.

Item 6 Report from GSD requesting authority to negotiate and execute a new license agreement with the Judicial Council of California for the City Attorney and LAPD office space at the San Fernando Courthouse located at 900 Third Street, San Fernando, subject to Council approval.

Disposition: Approved with discussion.

Refer to discussion for Item 2 above.

Item No. 7 was considered after Items No. 8, 9, and 11.

Item 7 Report from Los Angeles Sanitation & Environment requesting authority to negotiate a Purchase and Sale Agreement and a Parking License Agreement between the City and Goodwill Southern California (Goodwill) for the property located at 323 North San Fernando Road, (APN 5447-007-009) for \$6,050,000, and to begin negotiations between the City and Goodwill for a potential proposed development of the Clean Water Campus Building in Council District 1 (C.F. 18-0555), subject to Council approval.

Disposition: Continued to the April Meeting.

Ali Poosti, Bureau of Sanitation (LASAN), provided a detailed presentation of LASAN's request to negotiate and execute a purchase and sale agreement (PSA) to acquire the Goodwill site as well as a parking license agreement for the subject property. After the presentation, there was significant discussion and some concerns raised by the Municipal Facilities Committee (MFC).

The Committee expressed a number of concerns and questions, relative to: 1) funding eligibility and long-term health of the Sewer Construction Maintenance Fund for the purchase of the site; 2) authority for the proposed alternative project delivery and financial structure of the development project; 3) the requirement in the PSA that allowed exclusive negotiations

with the development team as a condition of sale; 4) configuration of and the membership of the development team; 5) the timing of the environmental clearance/California Environmental Quality Act (CEQA) documentation; 6) the reported April 30th deadline by which to determine if an extra 200 spaces of parking for the Lincoln Heights Jail project should be included and the costs of such parking; and, 7) the recommendation to issue commercial paper to finance the acquisition of the subject property.

After a thorough discussion, the MFC moved to continue this item to a future meeting in order to allow the LASAN to address the concerns raised by the Committee and provide written responses to the MFC's outstanding questions.

Item 8 The GSD requests authority to negotiate and execute a lease agreement with La Brea Gardens Property, LLC for a property located at 7253 Melrose Avenue (CD 5), for interim housing as part of the COVID-19 Homelessness Roadmap, subject to City Council approval.

Disposition: Approved.

Ms. Tso, CLA asked when the site is expected to open. Wayne Lee, GSD, responded that the anticipated opening is October 2021, but the lease agreement builds in a two-month buffer period through December 2021, with rent to commence upon issuance of a Certificate of Occupancy.

Item 9 Joint quarterly report from the CAO and GSD on City space assignments and associated tenant improvement projects as part of the City's Space Optimization Program.

Disposition: Noted and filed without discussion.

Item 10 Verbal update from the CAO relative to the status of Exclusive Negotiating Agreement (ENA) for the West LA Civic Center.

Disposition: Discussion.

Blair Miller, CAO, provided a verbal update to the MFC on the ENA negotiations since the January 28, 2021 MFC approval of the West LA Commons at the West LA Civic Center. At the January meeting, the MFC approved the recommendations in the report with amendments and forwarded to Council and Mayor for approval.

ENA Term / Option - The Council approved the report on February 24, 2021 with a revision allowing the first two 90 day extensions to the 18-month ENA

period to be either at the discretion of the developer or the City. The 3rd and 4th extensions remain at the sole discretion of the City. This was done to allow the ENA period to match the CEQA period.

Project Activity - The final ENA is in progress; CAO and CLA have held introductory and collaborative sessions with Planning staff to determine the entitlement path and the approach to CEQA; worked with Council District 11 to develop the community outreach strategy; worked with the developer to create a Schedule of Performance; and finalized the predevelopment budget for the anticipated City cost recovery from the developer.

City Cost Recovery - It was previously reported that two departments have assigned staff for this project, City Planning and the Bureau of Engineering. CAO and CLA reported now working with Recreation and Parks, Police, Housing and Community Investment, Transportation, Library, and the City Attorney to ensure that all departments are aware of the potential for cost recovery for staff time in this ENA period, and work to include their estimates in the budget. The ENA negotiations are expected to conclude and be ready for execution by April 7, 2021.

There were no questions from the Committee for this item.

Item 11 Report from GSD requesting approval of the Notice of Assignment under the Master license agreement with Los Angeles Homeless Services Authority (LAHSA) for space to be occupied by LAHSA at 1819 South Western Avenue (CD 10).

Disposition: Approved without Discussion.

The meeting adjourned at 11:21 am.