

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 15, 2017

To: Proposition HHH Citizens Oversight Committee

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Subject: **PROPOSED PROPOSITION HHH FACILITIES PROGRAM PROJECT
EXPENDITURE PLAN (PEP) FOR FISCAL YEAR 2017-18**

RECOMMENDATIONS

That the Citizens Oversight Committee review and propose the following recommendations to the Administrative Oversight Committee:

- a. APPROVE the proposed Proposition HHH Facilities Program Project Expenditure Plan for Fiscal Year 2017-18 (Attachment 1), subject to the City's review and determination of the useful life to establish the service repayment period for each project included in such plan, and the ability to reach satisfactory final agreements in connection with such projects;
- b. APPROVE the proposed 88th & Vermont Youth and Community Center as part of the proposed Proposition HHH Facilities Program Project Expenditure Plan for Fiscal Year 2017-18 (Attachment 1), subject to the City's final review of project costs;
- c. APPROVE the proposed City Service Center as part of the Proposition HHH Project Expenditure Plan for Fiscal Year 2017-18 (Attachment 1), subject to the operating funds being committed from another source; and
- d. ACCEPT the staffing report and direct the CAO to request the necessary and recorded salary reimbursement in the Fiscal Year 2018-19 bond issuance as described in this report.

SUMMARY

This report outlines the recommended Project Expenditure Plan (PEP), which resulted from the Proposition HHH (Prop HHH) Facilities Program expedited Request for Proposals (RFP) for

Fiscal Year 2017-18. It also provides a staffing plan update and information that was requested at the last Citizens Oversight Committee (COC) meeting.

BACKGROUND

At the February 17, 2017 Citizens Oversight Committee meeting, the City Administrative Officer (CAO) was directed to issue an expedited Request for Proposals (RFP) for the Fiscal Year (FY) 2017-18 Prop HHH Facilities Program. The goal of this RFP was to allow the City to consider eligible facilities that were deemed ready to make immediate use of Prop HHH facilities funds and not be delayed until the FY 2018-19 bond issuance (for which a separate request for proposals is expected to be released in early FY 2017-18).

Following the Administrative Oversight Committee (AOC) concurrence on February 23, 2017, the CAO issued the RFP on Friday, February 24, 2017, with a due date of Friday, March 10, 2017, at 5 p.m. The CAO held a proposers conference on Wednesday, March 1, 2017, which was attended by over 100 individuals representing service providers, developers, City departments and consultants. During the ten (10) business days that the RFP was open, questions were accepted through a dedicated email address. The CAO responded to over 140 questions with responses posted daily on a "Frequently Asked Questions" document on the Los Angeles Business Assistance Virtual Network (LABAVN).

RFP REVIEW

The expedited RFP's goal was to identify projects that met requirements, including:

- Homeless facilities eligible under Prop HHH requirements;
- Ability to start construction in FY 2017-18;
- Ability to expend Prop HHH funding within twenty-four (24) months of contract execution;
- Had funding commitments secured (if necessary and applicable) other than the proposed portion to be funded by Prop HHH; and
- Demonstrate the ability to support operations/programmatic costs from other sources.

To be **considered** for funding, proposals had to receive a score of 70 or higher on the criteria below.

	Evaluation Criteria	Maximum Points
I	Nature & Description of Project	25
II	Demonstrated Capacity & Operational Stability of Applicant	25
III	Fiscal & Budgetary Review	25
IV	Project Readiness	25
		100

Project readiness was heavily weighted because of the expedited nature of this RFP. Under this

criterion, a proposal received a score of zero (0), if it did not demonstrate the following:

- All other funding commitments secured (if necessary and applicable; if not, an explanation had to be included);
- The ability to begin construction in twelve (12) months; and
- The ability to expend the funds within twenty-four (24) months.

Review Panel

The RFP review panels included the City Homeless Coordinator, representatives from the Los Angeles Homeless Services Authority (LAHSA), the City's Department of Public Works Bureau of Engineering (BOE), and the CAO's Office.

Summary of Results

We received twenty-five (25) proposals for a total of request of \$78,214,916 in Prop HHH funding. Five of the proposals, representing \$34,594,700 did not meet basic threshold requirements. Twenty (20) proposals were reviewed requesting a total of \$43,620,216 (not including the proposed City facility).

PROJECT EXPENDITURE PLAN (PEP) RECOMMENDATIONS

We are recommending \$12,004,219 in Prop HHH funding for six (6) projects. One of the projects is a City Service Center that would provide storage, bathrooms, showers and service space (Attachment 1 and 2). The five (5) non-City recommended facilities represent the highest scoring proposals. Of the twenty proposals reviewed, many failed to meet the project readiness requirement for this RFP and/or could not demonstrate their ability to support the facility operations. There were also a number of proposals that did not demonstrate the funding need or the use of funds was unclear. Projects not recommended for funding in this PEP may reapply in the FY 2018-19 RFP.

SERVICE REPAYMENT

All Prop HHH Facilities funding will be made available as loans repayable through a service repayment agreement with a term corresponding to the useful life of the funded project. This agreement will require recipients to use the project to provide supportive services, goods, or other benefits to persons who are homeless.

The provider of the project had to certify to the useful life of the project in their proposal and describe the basis for such a conclusion (e.g., based on the Modified Accelerated Cost Recovery System [MACRS] or Generally Accepted Accounting Principles [GAAP]). During the contracting process, the City will determine that the service provider's useful life certification is reasonable. If the City determines it is unreasonable, the City can propose a different useful life calculation to the applicant or reject the proposal.

Pursuant to the advice of our Bond Counsel, the service repayment agreement will have a term equal to the useful life of the funded project facility. A change in use of the funded project facility (not in accordance with Prop HHH) would not be permitted prior to the greater of (a) ten (10) years or fifty percent (50%) of the project facility's useful life. Providers may request a change in use of the project facility after such time period but prior to the completion of the service repayment agreement. Any such change in use would result in repayment by the provider based on the following formula: $\{[(\text{Useful Life}) - (\text{Years in Service})] / (\text{Useful Life})\} \times (\text{Prop HHH bond funds provided}) + (\text{interest based on the interest rate of related Prop HHH bonds})$. Such repaid funds would be used to fund additional Prop HHH projects or be used to pay off outstanding Prop HHH bonds. The covenant outlining these use restrictions will be recorded with the County Recorder and run with the land on which the funded project facility is located.

STAFFING PLAN

Prop HHH Facilities Program Departmental Sponsor (CAO)

The use of General Obligation (GO) bond proceeds to fund staff costs is extremely restricted. Staff costs are limited to work directly tied to the construction of Prop HHH funded projects. Staff costs associated with the construction phase such as monitoring for compliance with applicable regulations during construction are also eligible to be paid with bond proceeds. Once a project is constructed, however, monitoring costs for ongoing compliance are not eligible to be paid with bond proceeds.

Administrative costs associated with the program such as staffing the Citizens Oversight Committee and Administrative Oversight Committee, and drafting the reports for both committees and Council as well as time spent in preparing the requests for proposals are not eligible to be paid with bond proceeds. Therefore, these staff costs would have to be covered by the City's General Fund.

The CAO has requested an Administrative Analyst in its FY 2017-18 budget request. If the position is approved, we will submit the salary reimbursement request for the tasks associated with the projects and construction monitoring in the FY 2018-19 bond issuance PEP.

Department of Public Works Bureau of Engineering

The Department of Public Works Bureau of Engineering (BOE) will provide technical, construction and contracting expertise as necessary to the facility projects funded as they have to other GO bond efforts. The CAO also will also submit BOE's eligible salary reimbursement as part of the FY 2018-19 bond issuance PEP.

Other Staffing Needs

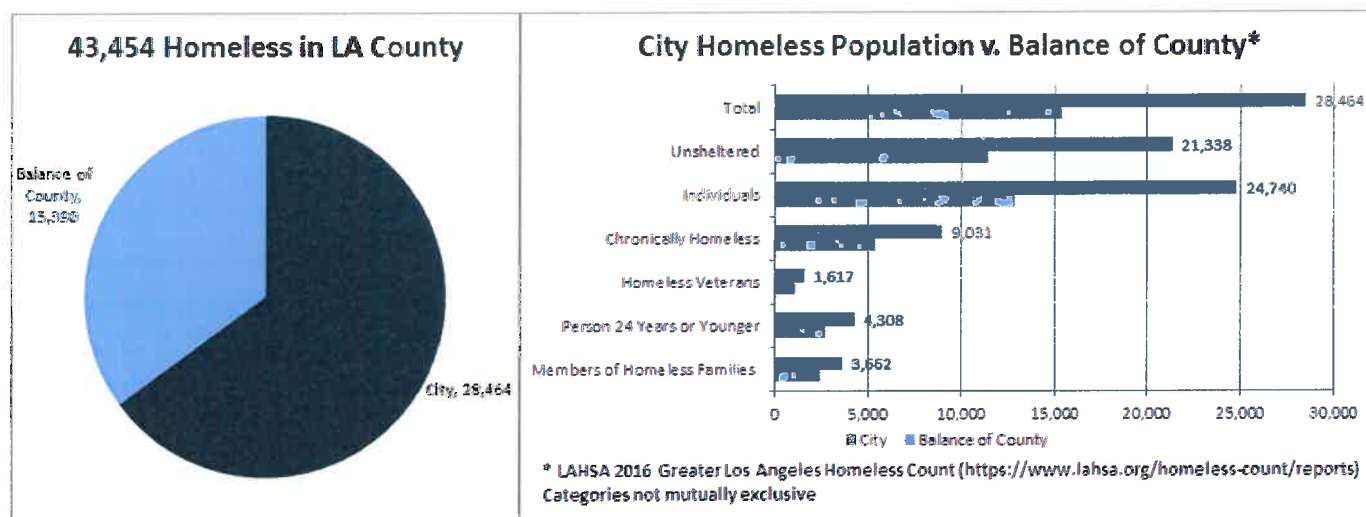
The City Council requested that we confirm with the Departments of City Planning and Building and Safety if they required additional staff to support the Prop HHH developments (C.F. 17-0090). We have confirmed that they do not need additional staff at this time. Since the work provided to development projects by these departments is on a fee-for-service basis, salary reimbursement from bond proceeds is not applicable.

OTHER INFORMATION

Homeless Data

At the last meeting, we committed to providing you with the most recent homeless data. There are 46,874 persons experiencing homelessness in the County of Los Angeles according to the 2016 Greater Los Angeles Homeless Count. 43,854 of these homeless persons are in the Los Angeles County Continuum of Care (excludes Glendale, Pasadena and Long Beach). Of these almost 65% or 28,464 are in the City of Los Angeles. 9,031 (31%) are chronically homeless, 1,617 (6%) are veterans, 4,308 (15%) are 24 years old or younger and approximately 3,700 (13%) are members of homeless families. 21,338 or 75% of homeless persons in the City are unsheltered.

The chart below compares the City and County LA Continuum of Care data.



The results of the 2017 Greater Los Angeles Homeless Count should be available for presentation at the COC's May meeting.

PRIORITIES/SET-ASIDES/CAPS ON PROP HHH BOND PROCEEDS

At the last COC meeting there were a few questions related to whether Prop HHH proceeds should provide for set-asides based on types of homeless populations for both facilities and housing (for instance, housing for homeless veterans, or service center offering treatment for persons with HIV or AIDS). Upon review by counsel, it was determined that setting aside funds for specific populations would not satisfy applicable legal requirements. For this reason, our office is not requesting authority to designate specific Prop HHH funds for use by narrow population groups. In spite of this legal limitation, it would be allowable to set priorities for housing type or facility type to meet the needs of certain populations in the City issues future requests for proposals. It would also be allowable to set a cap on the amount of that should be expended on facilities versus housing projects with Prop HHH bond proceeds.

At this time, however, we do not recommend either establishing priorities for types of housing or facility projects, or setting a funding cap for facilities given that the program is in its initial implementation phase and the departmental sponsors need more time to assess the program.

FY 2018-19 RFP

At the next COC meeting, the CAO will present the draft FY 2018-18 Prop HHH Facilities Program RFP for discussion.

Attachments:

1. Proposition HHH Facilities Program Proposed FY 2017-18 Project Expenditure Plan (PEP)
2. Proposed Facilities Project Summaries

Attachment 1
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)

Submitting Agency/Organization	Project Type	Population Served	Council District	HHH Funds Recommended	Other Funds Committed	Total Project Cost	% HHH Funds/Total Cost	Estimated Start	Estimated Completion	Project Name	Const. Type	Address
88th & Vermont Youth &												
Community Build	Center	Multiple	CD8	\$ 3,245,154	\$ 1,650,000	\$ 4,895,154	66%	12/2017	07/2017	88th & Vermont Youth Center	New	8730-8550 Vermont Ave., Los Angeles, CA 90044
JWCH Institute	Clinic	Multiple	CD14	\$ 435,800	\$ 886,607	\$ 1,261,775	35%	10/2017	04/2018	Corner of Hope	Rehab	500 S. San Pedro St., Los Angeles, CA 90013
LA Family Housing	Center	Multiple	CD6	\$ 1,302,500	\$ 3,500,000	\$ 4,802,500	27%	07/2017	08/2018	South Campus	Rehab	7817 Lankershim Blvd., North Hollywood, CA 91605
Los Angeles Christian Health Centers	Clinic	Multiple	CD14	\$ 3,700,000	\$ 19,538,840	\$ 23,238,840	16%	10/2017	05/2019	Joshua House Health Center	New	649 S. Wall St., Los Angeles, CA 90014
Volunteers of America Los Angeles	Transitional Housing	Veterans	CD14	\$ 220,765	\$ 130,435	\$ 351,200	63%	10/2017	06/2017	Homeless Vets at the Marion	Rehab	642 S. Crocker St., Los Angeles, CA 90021
Non-City Total				\$ 8,904,219	\$ 25,705,882	\$ 34,549,469						
City of Los Angeles	Center	Multiple	CD8	\$ 3,100,000	\$ -	\$ 3,100,000	100%	10/2017	09/2018	Service Center	New	729 W. Manchester Ave., Los Angeles, CA 90044
City Total				\$ 3,100,000	\$ -	\$ 3,100,000						
Grand Total				\$ 12,004,219	\$ 25,705,882	\$ 37,649,469						

Attachment 2
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)
 Project Summary

Submitting Agency/Organization	Community Build
Project Name	88th & Vermont Youth and Community Center
Project Type	Service Center
Population Served	Homeless Individuals, Homeless Youth, and Individuals and Youth At Risk of Homelessness
Council District	CD8
HHH Funds Requested	\$3,245,154
Other Funds Committed	\$1,650,000
Total Project Cost	\$4,895,154
% HHH Funds/Total Cost	66%
Estimated Start	12/2017
Estimated Completion	07/2017
New or Rehab	New construction
Address	8730-8550 Vermont Ave., Los Angeles, CA 90044

Project Summary:

The 88th & Vermont Youth and Community Center project proposed by Community Build will serve homeless individuals, homeless youth, and individuals and youth at risk of homelessness. It will be built in conjunction with a larger development that also contains Permanent Supportive Housing and affordable housing units. The project will provide case management, wraparound services, tutoring, workshops, training, counseling, and other services to 1,250 clients annually. The project is requesting \$3,245,154 in funding from the Prop HHH Facilities Program, which leverages a \$1,650,000 conventional loan and represents 66% of the total construction budget.

Attachment 2
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)
 Project Summary

Submitting Agency/Organization	JWCH Institute
Project Name	Corner of Hope
Project Type	Clinic
Population Served	Homeless, Chronically Homeless, Families, Homeless affected by Domestic Violence, Mental Illness, Disability, HIV/AIDS, and/or Substance Abuse
Council District	CD14
HHH Funds Requested	\$435,800
Other Funds Committed	\$886,607
Total Project Cost	\$1,261,775
% HHH Funds/Total Cost	35%
Estimated Start	10/2017
Estimated Completion	04/2018
New or Rehab	Rehabilitation
Address	500 S. San Pedro St., Los Angeles, CA 90013

Project Summary:

The Corner of Hope project proposed by JWCH Institute is a clinic serving homeless and chronically homeless families and individuals affected by domestic violence, mental illness, physical disability, HIV/AIDS, and substance abuse. The project will add an additional 1,800 primary care patients to reach a total of 7,200 primary care patients, and overall will provide medical services to 68,133 annually through the rehabilitation of the newly acquired 500 S. San Pedro facility, adjacent to the Center for Community Health. The project is requesting \$435,800 in funding from the Prop HHH Facilities Program, which represents 35% of the total construction budget of \$1,261,775.

Attachment 2
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)
 Project Summary

Submitting Agency/Organization	LA Family Housing
Project Name	South Campus
Project Type	Service Center & Transitional Housing
Population Served	Homeless, Chronically Homeless, Families, Veterans, Homeless affected by Domestic Violence, Mental Illness, Disability, HIV/AIDS, and/or Substance Abuse
Council District	CD6
HHH Funds Requested	\$1,302,500
Other Funds Committed	\$3,500,000
Total Project Cost	\$4,802,500
% HHH Funds/Total Cost	27%
Estimated Start	07/2017
Estimated Completion	08/2018
New or Rehab	Rehabilitation
Address	7817 Lankershim Blvd., North Hollywood, CA 91605

Project Summary:

The South Campus project proposed by LA Family Housing is a center serving homeless and chronically homeless families and individuals, veterans, and individuals affected by domestic violence, mental illness, physical disability, HIV/AIDS, and substance abuse. The project will improve the comprehensive homeless and navigation services provided by the center, including rehabilitating on-site bridge and crisis units for families and individuals, and will improve the quality of services that reach approximately 6,400 clients annually. The project is requesting \$1,302,500 in funding from the Prop HHH Facilities Program, which represents 27% of the total construction budget of \$4,802,500.

Attachment 2
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)
 Project Summary

Submitting Agency/Organization	Los Angeles Christian Health Centers
Project Name	Joshua House Health Center
Project Type	Clinic
Population(s) Served	Homeless, Chronically Homeless, Veterans, Homeless affected by Mental Illness and/or Substance Abuse
Council District	CD14
HHH Funds Requested	\$3,700,000
Other Funds Committed	\$19,538,840
Total Project Cost	\$23,238,840
% HHH Funds/Total Cost	16%
Estimated Start	10/2017
Estimated Completion	05/2019
New or Rehab	New construction
Address	649 S. Wall St., Los Angeles, CA 90014

Project Summary:

The Joshua House Health Center (JHHC) proposed by Los Angeles Christian Health Centers serves homeless and chronically homeless individuals, those affected by mental illness, those affected by substance abuse, and veterans. This facility will be built in conjunction with a Permanent Supportive Housing development and provide medical, dental, mental, and substance abuse services, expanding current service capacity to serve at least 2,200 additional homeless individuals annually. The project is requesting \$3,700,000 in funding from the Prop HHH Facilities Program, which represents 16% of the total construction budget of \$23,238,840.

Attachment 2
 Proposition HHH Facilities Program
 Proposed FY 2017-2018 Project Expenditure Plan (PEP)
 Project Summary

Submitting Agency/Organization	Volunteers of America Los Angeles
Project Name	Homeless Vets at the Marion
Project Type	Transitional Housing
Population Served	Veterans
Council District	CD14
HHH Funds Requested	\$220,765
Other Funds Committed	\$130,435
Total Project Cost	\$351,200
% HHH Funds/Total Cost	63%
Estimated Start	10/2017
Estimated Completion	06/2017
New or Rehab	Rehabilitation
Address	642 S. Crocker St., Los Angeles, CA 90021

Project Summary:

The Homeless Vets at the Marion proposed by Volunteers of America Los Angeles is a transitional housing project serving homeless and chronically homeless veterans who are affected by mental health issues, substance abuse, mental health issues, and domestic violence. The project will expand transitional housing and other services focused on helping veterans obtain stabilized housing and will increase the facility's clients served from 50 to a total of 75 veterans annually. The project is requesting \$220,765 in funding from the Prop HHH Facilities Program, which represents 63% of the total construction budget of \$351,200.

Proposition HHH Facilities Program
Proposed FY 2017-2018 Project Expenditure Plan (PEP)
Project Summary

Submitting Agency/Organization	City of Los Angeles
Project Name	Service Center
Project Type	Center
Population Served	Homeless and Chronically Homeless
Council District	CD8
HHH Funds Requested	\$3,100,000
Other Funds Committed	\$0
Total Project Cost	\$3,100,000
% HHH Funds/Total Cost	100%
Estimated Start	10/2017
Estimated Completion	09/2018
New or Rehab	New construction
Address	729 W. Manchester Ave., Los Angeles, CA 90044

Project Summary:

The former site of the old Fire Station 57 is being proposed by the City of Los Angeles as a service center for homeless and chronically homeless families and individuals. The project will provide storage facilities, shower and bathroom facilities, navigation services, and other homeless services and is projected to serve a least 500 clients annually. The project is requesting \$3,100,000 in funding from the Prop HHH Facilities Program, which represents 100% of the total construction budget of \$3,100,000. Funding is recommended subject to operating funds being committed from another source.