

CITY OF LOS ANGELES  
CALIFORNIA

ALVIN Y. BLAIN  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



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

ANTONIO R. VILLARAIGOSA  
MAYOR

November 14, 2005

Budget and Finance Committee  
City of Los Angeles  
C/O City Clerk  
Room 395, City Hall  
Los Angeles, CA 90012

Attn: Lauraine Braithwaite

**RESPONSE TO BUDGET AND FINANCE COMMITTEE'S REQUEST FOR A  
FORMAL NON-PROFIT LEASING POLICY**

Pursuant to a request from the Chair, Budget and Finance Committee, dated April 19, 2005, to place a moratorium on granting any further leases to non-profit organizations until a formal policy is adopted, the Department of General Services hereby submits this response.

**BACKGROUND**

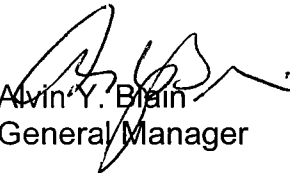
On August 19, 2004, The Department of General Services (GSD) submitted a request to adopt an amended non-profit policy to the City Council. The amended non-profit policy was to supersede the original non-profit policy adopted by the Municipal Facilities Committee in December 2001. However, the amended non-profit policy did not address rental payments. After further review, it was concluded that the amended non-profit policy should include language that allows the City to charge minimal rent (\$1.00 per square foot) with a 3% rent increase after the first term to the non-profit organizations. In addition, two other items were further amended to include an option for the re-elected Councilmember to allow a non-profit organization to renew for an additional four-year term and require them to assume financial responsibility for its utilities and pay the utility service providers.

**FISCAL IMPACT**

The annual rent would generate an additional \$100,000 to \$200,000 per month.

**RECOMMENDATION**

That the City Council adopt the Non-Profit Policy as outlined in the attachment.

  
Alvin Y. Brain  
General Manager

## **POLICY SUMMARY FOR NON-PROFIT LEASES IN THE CITY OF LOS ANGELES**

1. All non-profit (NP) leases are to have the support of the Council District in which the City-owned property is located. The Council Office, with the assistance of the Community Development Department (if applicable) and the Department of General Services, is responsible for determining that this is the highest and best use of the subject property. The NP must be a 501-C3 with a valid corporation number.
2. The NP will provide a Mission Statement, a fully developed plan of services, staffing levels, and a schedule of all programs/services it will provide at the location in lieu of paying fair-market rent for the property. The NP will also be required to submit an annual report to the City of Los Angeles Department of General Services.
3. The term of the agreement will be co-terminus with the end of the Councilmember's term. An option to renew for an additional four-year term may be offered if the Councilmember is re-elected and agrees to continue supporting the NP's operation.
4. All NP will be required to pay the City a rental fee of \$1.00 per square foot per month for office space. The NP will be responsible for its utilities and as such will pay the utility service providers directly. Rent Increase of 3% will take effect after the first term. Rental Income will be collected and deposited into the General Fund. The NP will be responsible for custodial, interior and exterior maintenance, all repairs, and landscaping (if applicable) for the premises and agrees to keep the premises in good condition during the term of the agreement. The City may inspect the property to assure that the above is in compliance. (See Article 7 in sample agreement). For land rentals, such as temporary parking and community gardens, the rental fee will be \$.25 to \$.50 per square foot per month.
5. The NP must agree to provide and maintain general liability insurance in an amount not less than One Million Dollars Combined Single Limit per occurrence covering its operations. This amount is subject to increase depending on the nature of the NP's operations and the requirements of the applicable statutes, ordinances and regulations. The NP must also agree to indemnify the City against all claims, which may arise from the NP's operations and tenancy. If it is a City building (as opposed to vacant land), the City Administrative Officer (CAO) Risk Manager will make the determination whether there will be a requirement for fire/legal liability or a fire insurance policy depending upon the nature of operations and the degree of control they exercise over the premises. (See Article 10.)
6. The NP may not sublease any portion of the space to any other entity and may not collect rent for any portion of the property (including any parking lots) without the knowledge and agreement of the City of Los Angeles or the NP may face eviction. (See Article 11.) The NP may obtain some ancillary income from the property (such as from filming) but such income can only be used for non-profit purposes. No "for-profit" activities are to take place on the premises.

7. If the NP ceases to use the premises for the services agreed upon or should the quality of the services not meet the expectations of the City, the City may terminate the agreement with 30-days notice. (See Article 3.)
8. Any alterations, renovations or tenant improvements to the space for tenant usage or to comply with building codes, the American with Disabilities Act (ADA), or seismic requirements are at the sole expense of the NP. The City cannot lease a building that is not to code if the public will be using the facility so facilities not to code must be brought up to code by the NP before occupancy. (See Article 9.)
9. The NP must provide to the City a copy of its operating budget and demonstrate its ability to maintain the property and provide the services and staff it has committed to provide in lieu of paying fair market rent.
10. The NP must agree to all mandatory City Ordinance (as applicable) including Living Wage, Equal Benefits, Services Contract Worker's Retention Ordinance, the Non-Discrimination Ordinance, and Child Support.
11. All lease requests for NP space must be referred from the Council Office to the Department of General Services, which will be responsible for the negotiation, preparation, and execution of all non-profit leases and agreements.

Note: These are general policies only. Additional or higher requirements may be imposed in individual instances.