

TRANSMITTAL

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TO
Council

DATE
08-02-16

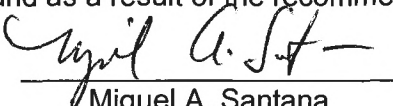
COUNCIL FILE NO.

FROM
Municipal Facilities Committee

COUNCIL DISTRICT
15

At its meeting of July 28, 2016, the Municipal Facilities Committee adopted the recommendations of the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize GSD to execute a non-profit lease between the City of Los Angeles and Sharefest Community Development for space owned by the City at the San Pedro Municipal Building, located at 638 South Beacon Street.

There is no impact on the General Fund as a result of the recommended actions.



Miguel A. Santana
City Administrative Officer
Chair, Municipal Facilities Committee

MAS:KG:05170009c

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

Item #9

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

July 28, 2016

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Eric Villanueva, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND
EXECUTE A NEW LEASE AT THE SAN PEDRO MUNICIPAL
BUILDING WITH SHAREFEST, A NON-PROFIT ORGANIZATION**

The Department of General Services (GSD) requests authority to negotiate and execute a new Lease with Sharefest, a non-profit organization for office space on the 7th floor of the San Pedro Municipal Building located at 638 South Beacon Street in San Pedro, California.

BACKGROUND

Sharefest is a non-profit organization operating in the Harbor Area. This organization has worked extensively with Recreation and Parks in refurbishing six parks and providing programs for at-risk youth in CD 15 for the last ten years.

As a result of tremendous growth, this organization is in need of additional office space for planning, programming and operations. Some office space has been identified in the San Pedro Municipal Building that will accommodate their current needs.

The proposed Tenant is aware of the City's mandatory ordinance requirements including the Living Wage Ordinance and will conform accordingly upon notification by City staff.

The proposed lease agreement will contain the following:

TERMS AND CONDITIONS

LOCATION: 638 South Beacon Street, 7th Floor

LANDLORD: City of Los Angeles

USE: The site will be operated as a non-profit service organization

SQUARE FEET: 3,500

TERM 20 Years

OPTION TERM: Two 5-year options

RENTAL RATE: \$0 per year

ADDITIONAL RENT: N/A

SECURITY DEPOSIT: No security deposit required

UTILITIES: All utilities will be paid by Tenant

PARKING: Off-site parking

TENANT IMPROVEMENTS: All Tenant Improvements will be at the sole cost of the Tenant

CUSTODIAL SERVICE: All custodial services will be at the sole cost of the Tenant

MAINTENANCE: All building maintenance to the Premises will be at the sole cost of the Tenant

PUBLIC BENEFIT

The CAO completed the attached Community Benefit Analysis (CBA) and recommends approval of the proposed terms and conditions of the Lease.

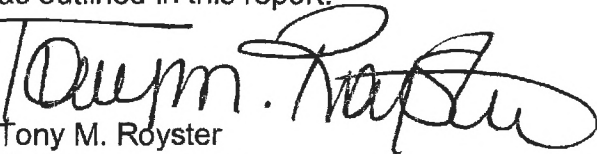
As outlined in the attached CBA, the proposed Lease is consistent with the City's proposed Non-Profit Leasing Policy wherein the rental value of the space does not exceed the annual contributions in services from the non-profit Lessee.

FISCAL IMPACT

No revenue will be generated from this lease to the General Fund.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a new lease agreement with the Sharefest, a non-profit organization located at 638 Beacon Street under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachments

Community Benefit Analysis for Proposed Non-Profit Lease

I. Proposed Lease Terms and Conditions	
Facility Location:	638 South Beacon Street
Lessee:	Sharefest Community Development, a non-profit 501(c)3 organization
Council File Reference:	15-0190-S1 (Motion adopted February 23, 2016)
Space Assignment:	Approximately 3,500 square feet
Term & Renewal Option:	20-year, with two 5-year options to renew. Approval of the renewal options at the existing rate will be at the discretion of the City.
Market Rate:	\$1.67 per square foot (Monthly rate: \$5,845; Annual rate: \$70,140)
Proposed Rental Rate:	\$ 0 per year during the first term, with rate under any renewal options to be subject to negotiation.
Utilities/Custodial:	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.
II. History and Current Services	
Mission:	Building strong South Bay communities by fostering volunteerism and preparing youth to lead positive change.
Vision:	Transform communities, empower lives, fulfill dreams
Background / History:	Established in 2004, Sharefest Community Development, Inc. is a non-profit organization that uses the collaborative power of business, government, and community-based organizations to benefit at-risk youth in the South Bay and Los Angeles Harbor areas.
Current Services:	<p>Current services offered by Sharefest include:</p> <p><u>Workday</u>: Sharefest's Annual Workday is a community-wide day of volunteer service projects. Volunteers from all sectors of the community clean, build, refurbish, paint, and improve buildings, parks, and other facilities in neighborhoods affected by gang violence and neglect. At this year's Workday, more than</p>

Community Benefit Analysis for Proposed Non-Profit Lease

3,500 volunteers completed 325 projects at 50 work sites across Los Angeles. Over 13 annual Workdays, with more than 53,000 volunteers have completed over 2,800 project estimated for a value of over \$10.5 million.

Youth Development Academy (YDA)

The Year-Round YDA is an after-school program offered at four Los Angeles Unified School District (LAUSD) continuation high schools. YDA offers these students activities and courses to earn LAUSD credits needed to graduate. Courses planned for 2016-17 include Art (digital media and theatre), Service Learning, and College Preparation. The curriculum changes every semester and past courses have included physical education, leadership, science, technology, engineering, arts, math, and English. YDA has helped more than 2,500 at-risk middle and high school students through afterschool and summer programming that includes leadership training, mentoring, academic support, and team-building exercises. Within Year-Round YDA schools, 83 percent of students qualify for the free/reduced lunch. 100 percent of the Year-Round YDA students are underserved and at risk of dropping out of school.

The Summer YDA is a 4-week program for middle and high school students held on the campus of California State University Dominguez Hills. The Summer YDA curriculum includes science, technology, engineering, math, theater, and sports as core activities to teach college readiness, leadership and responsibility, social and cultural skills, communication and collaboration, and creativity and innovation. Each session includes a significant community service project. The Summer YDA similarly targets youth who are underserved and would otherwise be home alone during the summer months where the structure of school is not present and parents are often at work or not home. Approximately 69 percent qualify for free or reduced lunch.


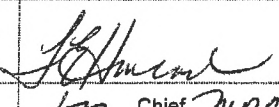

Youth Leadership Council is a group comprised of high school students, primarily drawn from the Summer YDA, who meet throughout the year to identify, research, and implement solutions to problems in their community.

Community Benefit Analysis for Proposed Non-Profit Lease

III. Community Benefit Analysis	
Value of Direct Services:	<p>A. <u>Value of Dedicated Staff:</u> \$461,873</p> <p><i>Calculated as five full-time staff earning an average hourly wage of \$32.26 per hour for 40 hours a week, converted into annual terms (x 52 weeks). Additional staff is hired for seasonal programs at an annual cost of \$72,500. The associated cost of fringe benefits is \$53,869.</i></p> <p>B. <u>Value of Services to Participants:</u> \$1,000,000</p> <ul style="list-style-type: none"> • Summer YDA: \$180,000 - <i>Calculated at \$300 per program slot, for 150 slots, for four weeks.</i> • Year-Round YDA: \$270,000 - <i>Calculated at \$75 per program slot, for 100 slots, for 36 weeks.</i> • Workday: \$550,000 - <i>Estimate based on the value of improvements to public facilities completed in prior years.</i>
Value of Operational Budget:	<p>C. <u>Value of Operational Budget:</u> \$219,431</p> <p><i>Includes: Costs associated with operating programs, including supplies, contracted professional services, travel, marketing, and office expenses.</i></p>
Additional Offsets / In-Kind Services:	<p>D. <u>Value of Additional Offsets:</u> \$685,000</p> <p><i>Includes: The estimated value of improvements Sharefest plans to make to the 7th floor of the San Pedro Municipal building at 638 S. Beacon St., including renovating and/or replacing building infrastructure (electrical, plumbing, etc.) and outfitting the Center with computers and other technologies.</i></p>
Total Community Benefit:	<u>\$2,366,304 annually</u> (=A+B+C+D above)
Market Value for Leased Space	<u>\$70,140 annually</u>
	<i>Calculated as: average market rate of \$1.67 per s.f. multiplied by assigned space of 3,500 s.f. multiplied by 12 months.</i>

Community Benefit Analysis for Proposed Non-Profit Lease

<p>Benefits Finding and Recommended Action</p>	<p>Community benefits estimated at \$2,366,304 annually exceed the market value of \$70,140 for the leased space by \$2,296,164.</p> <p>The proposed lease is consistent with the City's proposed Non-Profit Leasing Policy in that the rental value of the space is exceeded by the annual contributions in services from the non-profit lessee. The proposed terms are recommended for approval.</p>
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<p>07/26/2014</p>			
<p>Date</p>	<p>Analyst</p>	<p>for Chief</p>	<p>Assistant CAO</p>