

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to authorization to execute a sublease agreement with the State of California Employment Development Department (EDD) for use of office space at the Crenshaw Worksource Center (WSC).

Recommendations for Council action:

1. AUTHORIZE the General Manager, Economic and Workforce Development Department (EWDD) to:
 - a. Negotiate and execute a one-year sublease agreement, with an option to extend for two additional years, with the EDD for approximately 4,723 square feet of office space at the Crenshaw WSC located at 5401 Crenshaw Blvd. Los Angeles, CA 90043, effective July 1, 2016, subject to City Attorney review as to form and legality.
 - b. Make monthly lease payments directly to EDD from the amount allocated to National Urban League (NUL) for facility lease costs.
2. AUTHORIZE the Controller to expend funds from WIOA Fund No. 57W to pay for the sublease rental agreement
3. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions for any necessary technical adjustments, subject to the approval of the City Administrative Officer; and REQUEST the Controller to implement the instructions.

Fiscal Impact Statement: The EWDD reports that there is no impact on the City General Fund.

Community Impact Statement: None submitted.

Summary:

On March 28, 2017, your Committee considered a February 15, 2017 EWDD report relative to authorizing the EWDD to execute a sublease agreement with the EDD for use of office space at the Crenshaw WSC. According to the EWDD, the Los Angeles Urban League (LAUL) has a long history of advocacy and activism for racial, economic and social justice in Southern California, and a long-standing relationship with the City of Los Angeles for the delivery of workforce development services. The LAUL first became the operator of the Crenshaw WSC in July 1, 2001, and maintained that arrangement for -13 years through June 30, 2014. As a result of a subsequent competitive procurement performed by the EWDD, LAUL's Crenshaw WSC operator status was extended for five additional years to June 30, 2019.

However, on-going concerns with LAUL's finances were identified through its Single Audit for 2013-14. In addition, LAUL was not in compliance with Federal and City regulations regarding the submission of its single audit report for 2014-15. As a result, LAUL was deemed ineligible to continue as a WSC operator beyond June 30, 2016. In order to avoid disruption of service to the community, the WDB and Council approved the transfer of Crenshaw WSC operations, and a corresponding contract for a discretionary grant funded retail training program, to the National Urban League (NUL; Council File No. 16-0925). The NUL assumed all of LAUL's

responsibilities and operations at the Crenshaw WSC effective July 21, 2016.

Normally, such a transfer of operations would have also included the sublease with and related payments to the EDD for space at the Crenshaw WSC at 5401 Crenshaw Blvd., Los Angeles, CA 90043. However, the EDD is owed a significant amount of back rent from the previous Crenshaw WSC operator, LAUL, and EDD is unwilling to risk the possibility of a similar situation by signing a sublease with NUL. As a remedy, the EWDD is proposing to sign a one-year sublease with and remit payments of \$18,892 per month (at an annual cost not to exceed \$250,000) to EDD for space at the Crenshaw WSC. These funds will be subtracted from NUL's Workforce Innovation and Opportunity Act (WIOA) contract allocation.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the February 15, 2017 EWDD report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	ABSENT
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	YES

ARL
3/28/17

-NOT OFFICIAL UNTIL COUNCIL ACTS-