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**TRANSMITTAL**

TO  
Council

DATE  
7-30-2019

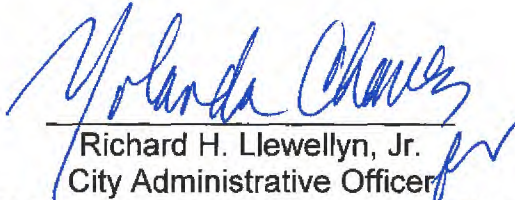
COUNCIL FILE NO.  
18-0651

FROM  
Municipal Facilities Committee

COUNCIL DISTRICT  
15

At its meeting held on July 25, 2019, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached General Services Department (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendation would authorize GSD to negotiate and execute a new lease agreement with the State of California – Department of Transportation (CALTRANS) and the City of Los Angeles for property at 515 North Beacon Street, San Pedro, CA 90731 for a term of three years and a rental rate of \$1 per month, plus \$500 annual administration fee. The City will construct a crisis and bridge housing facility on this site that is located in Council District 15.

There is no additional impact on the General Fund. Council and Mayor previously approved \$7.1 million to construct the facility using the Homeless Emergency Aid Program (HEAP) Grant Fund, which includes capital and operating support (\$6.24 million) and the Capital Improvement Expenditure Program Homeless Projects (\$891,890).

  
Richard H. Llewellyn, Jr.  
City Administrative Officer  
Chair, Municipal Facilities Committee

RHL:BSW:05200019

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July 25, 2019

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

Attention: Leyla Campos, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW LEASE  
AT 515 N. BEACON STREET SAN PEDRO WITH STATE OF  
CALIFORNIA DEPARTMENT OF TRANSPORTATION  
FOR USE AS A BRIDGE HOUSING FACILITY**

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The Department of General Services (GSD) requests authority to negotiate and execute a new lease between the State of California – Department of Transportation (CalTrans) and the City of Los Angeles (City), for the state-controlled property located at 515 N. Beacon St., San Pedro, CA 90731 for use as a temporary bridge housing facility.

**BACKGROUND**

On July 3, 2018, the City Council adopted a motion (C.F. 18-0651) instructing staff to evaluate and determine if 515 N. Beacon was a suitable site for development as a crisis and bridge housing facility and instructed the City's Homeless Coordinator to identify funds for the operation of the site. On May 24, 2019, this evaluation was completed and the City Council subsequently approved funding and instructed GSD to negotiate a lease agreement with CalTrans and a subsequent sublease with People Assisting the Homeless (PATH) as the operator of the site (CF-18-0651-S3).

The site is approximately 26,196 square feet and covers approximately one-third of the Beacon Street Park and Ride surface lot located between the intersection of N. Beacon Street and W. O Farrell Street in San Pedro. The Park and Ride lot has a seven percent usage rate during prime commuting hours.

Although designs have yet to be finalized, the Bureau of Engineering (BOE) is providing project design and management oversight and coordinating with the City's construction forces to complete this project. The project design includes a new singular-story modular membrane structure along with associated modular trailers. The design includes up to 102 beds within the membrane structure, a hygiene trailer, storage and laundry facility, an administration trailer, supportive and community engagement services and 24-hour security.

The three-year lease agreement with CalTrans includes minimal rent at \$1/month with no escalation, annual \$500 administration fee, and no renewal options. Furthermore, the lease allows the City to sublease to a site operator subject to CalTrans' written consent. Los Angeles Homeless Services Authority (LAHSA) has identified People Assisting the Homeless (PATH) as the service provider to manage and operate the site. GSD will submit a separate report to the Municipal Facilities Committee and Council regarding the PATH sublease agreement.

In lease negotiations, GSD will seek to ensure the three-year lease term will commence upon the issuance of a Certificate of Occupancy.

### **FUNDING**

The estimated total project costs are approximately \$7.1 million. (C.F. 18-0651-S3). The source of these funds will be an appropriation from the Homeless Emergency Aid Program Grant Fund No. 60P/10. A total of \$263,862 has been paid from the Capital Improvement Expenditure Program (CIEP), Homeless Projects account for design and CEQA analysis. The total costs include \$84,100 for Furniture, Fixtures and Expenditures (FF&E). In addition, there are lease costs associated with this project. The total lease costs for the project throughout the end of the initial three (3) year term amount to \$1,535.00. The City shall sublease the site at no cost to PATH to operate the facility. The City is coordinating with the County for three-years of operational funding at the site.

### **SHELTER SERVICES**

The City, through the Los Angeles Homeless Services Authority (LAHSA), identified PATH as the service provider to manage and operate the site with experienced staff and security personnel. PATH, a 501(c)3 non-profit organization, operates 25 locations throughout California providing case management, medical and mental healthcare, benefits advocacy, employment training and other services to homeless individuals. Since 2013, PATH has connected more than 7,500 people to permanent housing. This includes case management, mental health and substance abuse oversight. Program participants will remain at the shelter until they identify permanent housing or choose to exit the program.

### **ENVIRONMENTAL**

City Council has previously determined (CF18-0651-S3) that this project qualifies for a categorical exemption under the California Environmental Quality Act (CEQA). The

City's action in now approving the lease of the site from CalTrans is an action implementing the prior City Council approval of the project and as such, no further CEQA determination is required. However, if applicable, this site may be subject to a NEPA compliant environmental study.

City will indemnify and hold harmless CalTrans for any legal challenges to the environmental process or documentation including, any legal challenge to the CEQA/NEPA documentation, permits, agreements and/or approvals.

### MAINTENANCE

The CAO advises a maintenance fund has been established in the CIEP for major building and site systems such as structural foundation, sewer, roof, HVAC, plumbing, electrical, fire and life safety systems. GSD will be responsible for maintenance for major systems within the facility. Upon taking possession pursuant to a sublease, PATH, will be responsible for daily and minor maintenance and repair items throughout the site.

### COMMUNICATION, FURNITURE, FIXTURES AND EQUIPMENT

Per the City Council adopted motion (CF18-0651-S3), amending the contract with Los Angeles Homeless Services Authority for Homeless Emergency Assistance Programs to include funds in the amount of \$84,100 for PATH to purchase furniture, fixtures and equipment for the facility.

### TERMS AND CONDITIONS

The proposed lease will include the following:

LOCATION:	515 N. Beacon Street Los Angeles, CA 90007
LANDLORD:	State of California – Department of Transportation (CalTrans)
TENANT:	City of Los Angeles
USE:	Residential transitional housing for homeless
SQUARE FEET:	Approximately 26,196 sq. ft.
TERM:	Three years (36 months) from the issuance of the Certificate of Occupancy by Building and Safety.
LEASE EFFECTIVE DATE:	Upon lease signature by both parties and attested by City Clerk's Office
RENTAL RATE:	\$1/Month plus \$500 annual administration fee

ESCALATIONS: N/A

OPTIONS: None

HOLDOVER: Month-to-month at \$1/mo. rental rate and \$500 annual admin fee

ADDITIONAL RENT: City shall not be subject to any additional rent

SECURITY DEPOSIT: None

UTILITIES: All utilities shall be paid by the sublessee

PARKING: On site, at no extra cost subject to availability

SUBLEASE CLAUSE: The City may be permitted to sublease to an operator with the State's prior written consent and notice which shall not be unreasonably withheld.

CUSTODIAL: Provided by the sub-lessee

PROPERTY TAXES: City shall not be subject to possessory interest tax

TENANT IMPROVEMENTS: City shall be responsible for Tenant Improvements for the membrane structure, trailers, including any fence or wall construction subject to review and approval of CalTrans and the Federal Highway Administration.

INSURANCE: CalTrans will allow the City to meet its insurance obligations through a program of self-insurance; PATH shall also meet the insurance requirements per the sublease agreement.

MAINTENANCE: City shall maintain major building systems including heating, ventilation, air conditioning, water heaters, fire alarm and sprinkler system, exterior and interior walls, and plumbing and electrical systems.

Sublessee shall be responsible to maintain and conduct some preventive maintenance items of the building systems.

SURRENDER OF PREMISES: On the expiration of the Lease, the City shall surrender the Premises in the original condition, including demolition and removal of any "Tenant Improvements" and "Alterations."

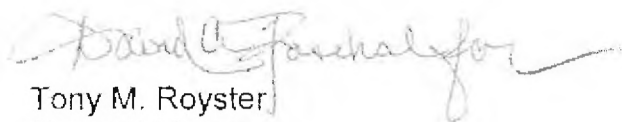
TERMINATION: The City or CalTrans may terminate the lease at any time with ninety (90) days prior notice in writing.

**FISCAL IMPACT**

There is no impact to the General Fund. A total of \$7.1 million in funding for the site is provided by the Homeless Emergency Aid Program Grant Fund No. 60P/10, AC-1 – Capital and Operating Support (\$6,238,519) and Capital Improvement Expenditure Program Homeless Projects (\$891,890).

**RECOMMENDATION**

That the Los Angeles City Council, subject to approval of the Mayor, authorize the Department of General Services to negotiate and execute a lease with CalTrans for 515 N. Beacon Street, under the terms and conditions as substantially outlined in this report.



Tony M. Royster  
General Manager