

0220-05622-0001

TRANSMITTAL

TO Council	DATE 06-11-19	COUNCIL FILE NO. 18-0750
FROM Municipal Facilities Committee		COUNCIL DISTRICT 9

At its regular meeting on May 30, 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 County of Los Angeles for 2817 South Hope Street, Los Angeles, CA 90007, for a term of three years and a rental rate of \$0. The City will construct a crisis and bridge housing facility on this site in Council District 9.

There is no immediate impact on the General Fund. Council and Mayor previously approved \$6.32 million to construct the facility using \$6.08 million from the Homeless Emergency Aid program (HEAP) Funds and \$243,174 in Capital Improvement Expenditure Program (CIEP) monies. Approval to utilize \$637,350 in HEAP funds to support operational costs for 20 months through June 2021, is pending Council approval through a separate report (C.F. 18-0628). There is potential impact on the General Fund for operational expenses after June 2021 that would be addressed through the City's budget process in future years.



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

TONY M. ROYSTER
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May 30, 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 2817 S. HOPE STREET WITH THE COUNTY
OF LOS ANGELES FOR USE AS A BRIDGE HOUSING FACILITY**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease between the City of Los Angeles (Tenant) and the County of Los Angeles (Landlord), for the County owned property located at 2817 S. Hope St. Los Angeles, CA 90007 for use as a temporary bridge housing facility.

BACKGROUND

On December 4, 2018, the City Council adopted a motion (C.F. 18-0750) instructing staff to evaluate and determine if this property was suitable 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. This evaluation is complete and the City Council in a subsequent motion instructed GSD to proceed with the negotiation of a three-year lease for this purpose.

The site is a County owned parking lot located between the intersection of Hope Street and 28th Street bordering the 110 freeway. It currently serves as a County employee parking lot. County parking spaces will be reassigned to an adjacent lot once the City takes possession. The City will lease 28,270 square feet at zero cost for three years to construct and establish a bridge home. The lease includes a zero-cost holdover option, on a month-to-month basis after the lease expiration date.

Although not yet designed, the Bureau of Engineering (BOE), and other appropriate City departments have determined this property is suitable for a tension membrane structure and modular trailers containing bridge housing beds for approximately 100 individuals.

The site will also include storage for residents, personal hygiene and laundry facilities, supportive and community engagement services, and 24-hour security.

The estimated total project costs are \$6,323,049, and the source of these funds will be an appropriation from the Homeless Emergency Aid Program Grant Fund No. 60P/10. A total of \$243,174 has been paid from the Capital Improvement Expenditure Program Homeless Projects account for design and CEQA analysis. The total costs include \$280,340 for Furniture, Fixtures and Expenditures (FF&E). The City is coordinating with the County for operational funding from the Homeless Emergency Aid Program grant – AC 1 – Capital and Operating Support – A Bridge Home in the amount of \$634,360 for this facility.

This site is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Article 19, Sections 15301 Class 1(h); 15304, Class 4(a)(b)(e); and 15332 Class 32; as well as City of Los Angeles CEQA Guidelines, Article III, Section 1, Class 1 (8)(12); and Class 4(1)(3)(6); as set forth in the Notice of Exemption.

Furthermore, the lease allows the City to sublease to a site provider, with written consent of the County. LAHSA has identified the Volunteers of America Los Angeles (VOALA) as the service provider to manage and operate the site. VOALA is a human services organization committed to serving people in need, strengthening families, building communities and serving children and families from under-served communities, at-risk youth, Veterans, individuals and families struggling with homelessness, men and women returning from prison, and people challenged with addictions and substance use.

GSD will report back to Municipal Facilities Committee and Council regarding the terms and conditions of the VOALA Sublease Agreement.

In Lease negotiations, GSD will seek to ensure that any delay in placing a subtenant service provider in the facility will not constitute a breach of the site lease. Also, GSD will seek to ensure that calculation of the 3-year term will commence when a certificate of occupancy is acquired.

FUNDING

On May 10, 2019, the City Council approved a Motion -(Harris-Dawson – Price) to allocate \$6,323,174 to construct the bridge housing facility (C.F. 18-0750). This motion also instructed GSD to negotiate the lease and sub-lease for this purpose.

At its meeting on May 15, 2019, the City Council Committee on Homelessness and Poverty considered recommendations from the Homeless Strategy Committee (HSC) relative to a report from the City Administrative Officer (CAO) regarding the State Homeless Emergency Aid Program (HEAP) - First Quarterly Expenditure Report and Funding Recommendations. This report recommended HEAP funding to supplement County Measure H funding identified to pay for the operating costs at this site.

MAINTENANCE

The CAO advises a maintenance fund has been established in the Capital Improvement Expenditure Program (CIEP) for major building and site systems such as structural foundation, sewer, roof, HVAC, plumbing, electrical, fire and life safety systems. GSD shall be responsible for the major maintenance items of the facility.

Upon taking possession pursuant to a sublease, the contracted service provider shall be solely responsible for maintenance and repairs throughout the site.

COMMUNICATION, MOVING, FURNITURE EXPENSE

Per the City Council adopted motion (CF18-0750), amending the contract with Los Angeles Homeless Services Authority for Homeless Emergency Assistance Programs to include funds in the amount of \$280,340 for VOALA to purchase furniture, fixtures and equipment for the facility.

TERMS AND CONDITIONS

The proposed lease will include the following:

LOCATION:	2817 S. Hope St. Los Angeles, CA 90007
LANDLORD:	County of Los Angeles
TENANT:	City of Los Angeles
USE:	Residential transitional housing for homeless
SQUARE FEET:	Approximately 28,270 sq. ft.
TERM:	Three years (36 months) from Lease Commencement Date
LEASE EFFECTIVE DATE:	Upon complete execution by both parties and attested by City Clerk's Office
LEASE COMMENCEMENT DATE:	Upon final signs offs from City and approval of Certificate of Occupancy
RENTAL RATE:	\$0
ESCALATIONS:	N/A
OPTIONS:	Two 1-year options subject to County's master plan for redevelopment
HOLDOVER:	Month to month, at \$0 rent


- ADDITIONAL RENT:** City shall not be subject to any additional rent
- SECURITY DEPOSIT:** None
- UTILITIES:** All utilities shall be paid by sub-lessee
- PARKING:** On site, at no extra cost subject to availability
- SUBLEASE CLAUSE:** City shall be permitted to sublease to an operator with Landlord's prior written consent which shall not be unreasonably withheld.
- CUSTODIAL:** Provided by the sub-lessee
- PROPERTY TAXES:** City shall not be subject to any property tax
- TENANT IMPROVEMENTS:** City shall be responsible for Tenant Improvements for the membrane structure, trailers, including any fence or wall construction, if needed.
- INSURANCE:** Subject to City's right to self-insure, City shall provide insurance for the property and to be further determined by Risk Management.
- MAINTENANCE:** City to 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
- Sub-lessee, shall provide basic and routine daily maintenance and repairs within the facility

FISCAL IMPACT

Funding for site in its entirety approximately (\$6.9 million) is provided by the Homeless Emergency Aid Program Grant Fund No. 60P/10, AC-1 – Capital and Operating Support (\$6,079,875), Capital Improvement Expenditure Program Homeless Projects (\$243,174) and operational funds from the Homeless Emergency Aid Program Grand Fund – AC1 – Capital and Operating Support (\$637,350). There is no additional impact to the General Fund.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a lease with the County of Los Angeles for 2817 S. Hope Street, under the terms and conditions as substantially outlined in this report.



Tony M. Royster
General Manager