


0150-11373-0000

TRANSMITTAL

TO Council	DATE 06-04-19	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT

At its meeting held on May 30, 2019, the Municipal Facilities Committee (MFC) approved the recommendation 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 non-profit lease with the Pacific Asian Consortium in Employment (PACE) for a Head Start Child Care Center located at 682 Broadway Street, for a term of five years with a holdover option. The rental rate is \$0 per year on the basis that the value of the community benefit provided (\$951,945) exceeds the market value of the leased space (\$155,769).

There is no impact on the General Fund, as the cost of operating and maintaining this facility will be funded by the non-profit operator.



Richard H. Llewellyn, Jr.
City Administrative Officer

RHL:MC:051900171

CITY OF LOS ANGELES

CALIFORNIA

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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 682
BROADWAY STREET, VENICE, CA 90291 WITH THE PACIFIC ASIAN CONSORTIUM IN
EMPLOYMENT FOR USE AS AN EARLY CHILDHOOD EDUCATION PROGRAM**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease with the Pacific Asian Consortium in Employment (PACE) for the City-owned property located at 682 Broadway Street, Venice, CA 90291 (682 Broadway) for use as an Head Start Early Childhood Education Program (Program) in Council District 11 (CD 11).

BACKGROUND

On 4/30/2019, the City Council adopted a CD 11 motion (CF19-0328) instructing GSD, with the assistance of the City Attorney's Office, to negotiate and execute a non-profit lease agreement, with PACE to utilize the City-owned property located at 682 Broadway to provide Head Start Early Education Services.

The current tenant, Santa Monica Malibu School District, who also runs an early childhood education program, has notified the City they are vacating the premises and terminating their lease on June 30 2019. PACE, the new tenant will provide continued services for children and the local community.

PACE is a non-profit community development organization founded in 1976 to address the employment and job training needs of the Pacific Asian Islander communities. PACE has since expanded into a variety of service areas, all tailored to meet the growing and changing needs of the multi-ethnic communities in Los Angeles County. Now, in addition to job training and employment services, significant PACE programs encompass: business development; early childhood education; financial education and asset building; housing and rehabilitation services; weatherization and energy-conservation programs; and affordable housing development.

Due to PACE's guiding principle of 'always expanding opportunity', as it applies to Early Child Education, results in helping children build a strong foundation and for academic success.

PACE's service area includes the Central Los Angeles, South Bay and the San Gabriel Valley.

FUNDING

The Los Angeles County Office of Education (LACOE) is one of the grantees for the Program in Los Angeles County, and PACE is one of LACOE's Delegate Agencies that receives funding from LACOE to operate the Head Start Early Education Services Program in the Venice area.

MAINTENANCE

PACE will be responsible for and will provide all maintenance and repairs throughout the site. The site contains a modular building and playground equipment owned by LACOE.

The lease will contain the following:

TERMS AND CONDITIONS

- LOCATION: 682 Broadway Street, Venice, CA 90291
- LANDLORD: City of Los Angeles
- USE: Early Child Education Services
- SQUARE FEET: 2,584 Square Feet (Modular Building)
- SITE SQUARE FEET: Approximately 11,197 Square Feet
- RATE: \$0 Annually
- TERM: Five Years
- OPTION TERM: None
- HOLDOVER: Month to month, at landlord discretion, zero rent
- SECURITY DEPOSIT: N/A
- UTILITIES: Paid by tenant
- PARKING: On site at no extra cost
- TENANT IMPROVEMENTS: Provided by the tenant
- CUSTODIAL: Provided by the tenant
- MAINTENANCE: Tenant to maintain major building systems, including heating, ventilation, air conditioning, water heaters, fire alarm and sprinkler

systems (includes exterior walls, structural, roof, plumbing and electrical systems).

INDEMNIFICATION: Complete indemnification from the tenant.

SITE ACCESS: Tenant agrees to allow Landlord access to the site at any time during the duration of the Agreement.

TERMINATION: Unilateral at Landlord's sole discretion

COMMUNITY BENEFIT

The CAO completed the attached CBA and recommends approval of the proposed terms and conditions of the Lease. The total CBA is \$ 951,945 annually, which includes the value(s) of Direct Services of \$525,613, Operation Budget at \$236,621, and Additional Offsets/In-Kind Services at \$189,711. The market value for leased space is \$155,769 annually. The community benefit of \$951,945 annually exceeds the market value of \$155,769 for the leased space by \$796,176.

FISCAL IMPACT

No impact to the General Fund. This is a zero fee non-profit lease. Lessee will be responsible for all costs related to Early Child Education Services programing and site maintenance.

RECOMMENDATION

That the Los Angeles City Council authorizes the Department of General Services to negotiate and execute a lease with the Pacific Asian Consortium in Employment under the terms and conditions as substantially outlined in this report.


Tony M. Royster
General Manager

Community Benefit Analysis for Proposed Non-Profit Lease

I. Proposed Lease Terms and Conditions	
Facility Location:	682 Broadway St. Venice, CA 90291
Lessee:	Pacific Asian Consortium in Employment (PACE), a non-profit 501(c)3 organization
Council File Reference:	19-0328 (Motion adopted 4/30/2019)
Space Assignment:	Approximately 2,584 usable square feet (Floor), with additional parking and outdoor area.
Term & Renewal Option:	Five years, with three, five-year renewal options.
Market Rate:	\$ 4.83 Per Square Foot (\$12,481 monthly rate or \$149,769 annual rate), and five parking spaces (\$100 monthly rate per space or \$6,000 annual rate)
Proposed Rental Rate:	\$0 per year during the first term, with rate under any renewal options to be subject to negotiation at the discretion of the City.
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:	<p>PACE is a community development organization that creates economic solutions to meet the challenges of empowerment, education, housing, environment and business development in the Pacific Asian and other diverse communities.</p> <p>PACE Early Childhood Education (ECE) is a comprehensive preschool and family service program that strengthens the whole family by promoting dignity and self-worth, recognizing that in order to support the child, the family must be empowered through community partnership.</p>
Vision:	PACE is a leader in making positive changes in diverse communities that have social and economic challenges. PACE transforms lives through empowerment of individuals, families, and business.
Background / History:	PACE was founded in 1976 to address the employment and job training needs of the Asian Pacific Islander communities. With an initial grant from the City of Los Angeles, PACE was created to offer job training and job placement services to the Los Angeles community. Over time, PACE has increased its service departments to include the following: Workforce

Community Benefit Analysis for Proposed Non-Profit Lease

	<p>Development, Business Development, Energy & Environmental Services, Financial Education and Asset Building, Affordable Housing and Repair, and Early Childhood Education. PACE is recognized as a leader in addressing problems of poverty and economic inequality in minority, ethnic and immigrant communities. PACE ECE has served children and families of the greater Los Angeles Area for over 39 years.</p>
<p>Current Services:</p>	<p>PACE ECE is a federally funded, comprehensive program that provides early childhood development, health, mental health, nutrition, social services, disabilities services, and family-focused programs to empower and strengthen the whole family. PACE currently operates 14 fully-licensed Head Start preschool centers serving 1,000 children from three to five years of age, as well as an Early Head Start home-based program with 206 slots for parents-to-be and children from birth to three years old. PACE ECE offers part-day and full-day center-based program options as well as home-based services. Parents are involved in the operation and administration of the program, building their skills to serve as the first teachers of their children, and are encouraged in leadership roles in the agency. PACE ECE's targeted geographic locations include parts of Metro Los Angeles and the South Bay area.</p>
<p>III. Community Benefit Analysis</p>	
<p>Value of Direct Services:</p>	<p>A. <u>Value of Dedicated Staff:</u> \$515,602</p> <p><i>Calculated as one Regional Site Director earning \$4,951 per month at 12 months; two Early Head Start (EHS) teachers, each earning \$3,592 per month, for approximately 12 months a year; one EHS teacher floater earning \$3,504 per month, for 12 months; one Site Lead Teacher earning \$3,868 per month, for approximately 10 months; one Head Start (HS) teacher floater earning \$3,504 per month for approximately 10 months; one teacher assistant earning \$2,737 per month for approximately 10 months; and two home visitors, each earning \$3,419 per month at 12 months. The associated cost of fringe benefits is \$147,314.70.</i></p> <p>B. <u>Value of Services to Participants:</u> \$10,011</p> <p><i>Includes: supplies for classroom and Children and Family Services; mental health services; dental, vision, and medical services; nutrition services; parent services and workshops; and Transition Services.</i></p>
<p>Value of Operational Budget:</p>	<p>C. <u>Value of Operational Budget:</u> \$236,621</p> <p><i>Includes: program support staff salaries/benefits (not included as part of Section A above), supplies, consultant contracts, nutrition services, insurance, training costs, licensing fees, and other costs.</i></p>

Community Benefit Analysis for Proposed Non-Profit Lease

Additional Offsets / In-Kind Services:	<p>D. <u>Value of Additional Offsets: \$189,711</u></p> <p><i>Estimated value for in-kind services provided at no cost to program clients including instructional aides, custodial services provided by volunteers, donated supplies, and various client services.</i></p>
Total Community Benefit:	<p>\$951,945 annually (=A+B+C+D above)</p>
Market Value for Leased Space	<p>\$ 155,769 annually</p> <p><i>Calculated as: average market rate of \$4.83 per s.f. multiplied by assigned space of 2,584 s.f. and five parking spaces at \$100 per space, multiplied by 12 months.</i></p>
Benefits Finding & Recommended Action.	<p>Community benefits estimated at \$951,945 annually exceed the market value of \$155,769 for the leased space by \$796,176.</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>

0220-05479-0006	<i>Megan Betts</i>	<i>Beffers</i>	<i>Yvonne Chavez</i>
Work Assignment	Analyst	Chief	Assistant CAO

YC:MC:05190163

Released Date: 05-23-19