

0150-11634-0000

TRANSMITTAL

TO
Council

DATE
04-23-20

COUNCIL FILE NO.
19-0563

FROM
Municipal Facilities Committee

COUNCIL DISTRICT
6

At its Special meeting held on April 16, 2020, 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 new service provider sublease with the Salvation Army for the property located at 14333 Aetna Street, in Van Nuys, as the operator of a crisis and bridge housing facility for a rental rate of \$0. The term of the service provider sublease will begin upon the attestation of the agreement by the Office of the City Clerk and expire on August 25, 2023, with a month-to-month holdover option. The Bureau of Engineering is managing the construction of the facility that is anticipated to open in June 2020.

There is no anticipated impact on the General Fund, provided that the State of California Homeless Housing, Assistance, and Prevention Program (HHAP) grant funds are utilized to repay a combined total of \$6,228,300 in previously authorized Reserve Fund loans (C.F. 19-0563).



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

RHL:DFB:05200132

CITY OF LOS ANGELES
CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



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April 16, 2020

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

Attention: Armando Bencomo, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE
A BRIDGE HOUSING SUBLEASE WITH THE SALVATION ARMY**

The Department of General Services (GSD) requests authority to negotiate and execute a new sublease agreement with the Salvation Army for a portion of the parking lot located at 14333 Aetna Street, Van Nuys, CA 91401 (Aetna) to operate a temporary bridge housing facility. The site also has a second address of 6060 Van Nuys Blvd, Van Nuys, CA. 91401.

BACKGROUND

On February 14, 2020, the Los Angeles City Council (C.F. 19-0563) authorized GSD to negotiate and execute a lease with the Los Angeles County Metropolitan Transit Authority (MTA) for use of this site. That lease is pending final execution and this sublease agreement with Salvation Army is for the operation of the bridge home facility once completed.

The site is currently developed as a public park/ride parking lot serving the Orange Line Busway system at the MTA Orange Line Van Nuys Station. The project is an approximately 20,000 square-foot (sf) rectangular shaped portion of the larger 2.35-acre site. The City will lease and sublease it for zero dollars per year until or up to August 15, 2023. The project site design includes a single story 7,200 sf. trailer structure consisting of ten 60' x 120' stitched together trailers and will include 70 beds. Other site elements include an 840 sf hygiene trailer, a 960 sf administration/intake trailer and outdoor pet relief, storage and open deck space areas.

The Bureau of Engineering (BOE) is managing the construction of the project with an estimated opening date of late June 2020.



TERMS AND CONDITIONS

The zero-cost sublease will commence upon the lease attestation date and expire on August 15, 2023. The sublease includes a conditional month-to-month holdover option. Additional terms and conditions are outlined on the attached term sheet.

SHELTER SERVICES

The Salvation Army was selected by the City Administrative Office (CAO) as the non-profit provider sublessee to operate this site. Salvation Army assists approximately 23 million Americans annually and serves in 130 countries. They have over 1.5 million members and have been pursuing their mission since 1865.

BUILDING MAINTENANCE

The CAO advised a maintenance fund will be established in the Capital Improvement Expenditure Program (CIEP) for major building and site systems such as structural, foundation, sewer, roof, HVAC, plumbing, electrical and fire, life safety systems. The non-profit will provide daily maintenance and repairs through its operational funds.

ENVIRONMENTAL

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 15331 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.

COMMUNITY BENEFIT ANALYSIS

Inasmuch as A Bridge Home is a City program formed to facilitate temporary housing and social services for homeless individuals, the proposed sublease, being necessary for implementation of the subject "A Bridge Home" project, does not require further analysis of community benefits in support of the lease.

FUNDING

On February 14, 2020, the City Council approved a funding motion (C.F. 19-0563) to allocate \$3,885,300 as a reserve fund loan to complete the project design and purchase the modular trailers for the site. The motion also instructs the Controller to process a Reserve Fund loan for BOE in the amount of \$2,343,000 to construct the project which will be reimbursed through the State of California (State) Homeless Housing, Assistance, and Prevention Program (HHAP) grant receipts. The Reserve Fund loan will ensure that construction of the bridge housing facility at 14333 Aetna Street is not delayed. Funding for construction, Furniture, Fixtures and Equipment and operating costs will be allocated in an upcoming report using HHAP grant funds based on the State's funding.

The City expects to receive \$117,562,500 from the State of California Homeless Housing, Assistance, and Prevention Program (HHAP) grant; however, these funds are not anticipated to be available until second quarter 2020. The State Business, Consumer Services, and Housing Agency, the agency that administers HHAP, has confirmed that pre-award capital and operational costs may be reimbursed with HHAP.


Upon receiving HHAP grant funds, the City Administrative Officer (CAO) will request operational funding to be identified from the HHAP grant funds – Capital and Operating Support for the non-profit and associated start-up and operational costs.

FISCAL IMPACT

There is no anticipated General Fund impact provided the grant funding repays for the authorized reserve fund loan for the project. Initial project funding of \$3,885,300 was approved by Council with the understanding the full cost will be offset by the grant funds.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize G&D to negotiate and execute this new sublease with the Salvation Army at 14333 Aetha Street, Van Nuys, CA 91401 for use as a temporary bridge housing facility under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER	n/a
SECURITY DEPOSIT	n/a
MAINTENANCE/ REPAIR	Other See 'Maintenance/Repair Details' section below.
MAINTENANCE/ REPAIR DETAILS	City shall maintain major building/site systems: structural foundation, sewer, roof, HVAC, plumbing, kitchen fixtures, electrical, fire-life safety systems (Limited - to be further defined in lease); Also see #3 in 'Other' section below.
TENANT IMPROVEMENTS	City shall, at its own cost and expense, be responsible for all tenant improvements.
PARKING	Subject to availability at no extra cost.
UTILITIES	All utilities, including Internet, shall be paid by and assumed by the Tenant.
CUSTODIAL	All custodial services shall be paid by and assumed by the Tenant.
SECURITY	Other - See below (2)
PROP 13 PROTECTION	Other n/a
INSURANCE (City)	Tenant shall indemnify and hold harmless the City
OTHER:	<ol style="list-style-type: none"> 1. Termination: City shall have the unilateral right to terminate this lease at any time for any reason upon thirty (30) days' written notice to Tenant. 2. Security: Security Measures. Tenant, at its own cost and expense, shall provide security on the Property at a level that is necessary to ensure the safety of visitors thereto, including the participants of the Bridge Home Facility. At minimum, Tenant shall provide for one (1) security guard to be on the Property Monday through Saturday during operating hours. 3. Tenant will provide basic and routine maintenance and repairs throughout the site.