

TRANSMITTAL

TO Council	DATE 08-04-17	COUNCIL FILE NO.
FROM Municipal Facilities Committee		COUNCIL DISTRICT 9

At its meeting of July 27, 2017, 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 recommendations would authorize GSD to negotiate and execute a new lease with Hoover Intergenerational Care, Inc. a nonprofit to operate an intergenerational care center at 3216 South Hoover Street.

There is no additional impact on the General Fund as a result of the recommended actions.


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

RHL:ACG:05180021

CITY OF LOS ANGELES
CALIFORNIA

Agenda Item No. 7

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



ERIC GARCETTI
MAYOR

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July 27, 2017

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

Attention: Eric Villanueva, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A
NEW LEASE WITH HOOVER INTERGENERATIONAL CARE, INC. A NONPROFIT**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease with Hoover Intergenerational Care, Inc. (HIC) a nonprofit to operate an intergenerational care center at 3216 South Hoover Street.

BACKGROUND

Hoover Intergenerational Care, Inc. (HIC) has been providing charitable services at the above-mentioned facility in the south Los Angeles community for more than 25 years. The child care center is accredited and offers child care and early education services to pre-school age children of low and moderate income families. The child care center has prepared thousands of pre-school age children to be equipped with school-age readiness skills. HIC also offer parents the opportunity to participate in training programs, at various schools, colleges and universities to pursue education and training for employment.

The proposed tenant is aware of the City's mandatory ordinance requirements including the Living Wage Ordinance and will conform accordingly upon notification by City staff.

The proposed lease agreement will contain the following:

TERMS AND CONDITIONS

LOCATION: 3216 South Hoover Street



LANDLORD: City of Los Angeles

USE: Child and adult care nonprofit facility

SQUARE FEET: 4,066

TERM: 15 years

OPTION TERM: Two five-year terms

RENT: \$0 per year

SECURITY DEPOSIT: None required

UTILITIES: Solely paid by Tenant

PARKING: Parking lot on site

TENANT IMPROVEMENTS: All tenant improvements will be the sole responsibility of the tenant.

CUSTODIAL SERVICE: All custodial service will be the sole responsibility of the tenant.

BUILDING MAINTENANCE: Building maintenance will be the sole responsibility of the Tenant. Tenant agrees to maintain the interior and exterior of the Premises in good condition and repair.

COMMUNITY BENEFIT

The CAO completed the attached Community Benefit Analysis (CBA) and recommends approval of the proposed terms and conditions of the lease. As summarized and detailed in the attached CBA, the total community benefit is \$1,748,141 annually, that includes dedicated staff at \$428,225 ; direct client services at \$683,807; and operational budget at \$918,018 (which includes the \$428,225 dedicated staff costs). The market value of the leased space is \$121,980 annually. The community benefit of \$1,748,141 annually exceeds the market value of \$121,980 for the leased space by \$1,626,161.

As outlined in the attached CBA, the proposed lease is consistent with the City's proposed Non-Profit Leasing Policy wherein the annual contributions in services from the non-profit lessee exceeds the rental value of the space.

FISCAL IMPACT

No revenue will be generated from this lease to the General Fund.

RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a new lease agreement with the Hoover Intergenerational Care, Inc. to operate a non-profit organization at 3216 South Hoover Street in Los Angeles, CA under the terms and conditions substantially as outlined in this report.



Tony M. Royster
General Manager

Attachment

Community Benefit Analysis for Proposed Non-Profit Lease

I. Proposed Lease Terms and Conditions	
Facility Location:	3216 South Hoover Street
Lessee:	Hoover Intergenerational Care, a non-profit 501(c)3 organization
Council File Reference:	16-1201 (Motion adopted 1/31/17)
Space Assignment:	Approximately 4,066 square feet
Term & Renewal Option:	(5) years, with two five-year options to renew. Approval of the renewal options at the existing rate will be at the discretion of the City.
Market Rate:	\$2.50 per square foot (\$10,165 monthly / \$121,980)
Proposed Rental Rate:	\$0 per year during the first term, with rate under any renewal options to be subject to negotiation.
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	Hoover Intergenerational Care, Inc. (HIC) is a non-profit organization founded in 1976 to provide affordable child care services for low and moderate income preschool children (ages 3 to 5) and their families residing in South Los Angeles.
Vision:	HIC envisions increasing child care opportunities for parents of preschool children within disadvantaged communities of South Los Angeles to participate in vocational training and gain access to employment that will enable them to financially support their children and families.
Background / History	HIC has provided quality child care services for over 40 years, serving thousands of preschool children from diverse communities throughout South Los Angeles. Funding from the California Department of Education supports HIC's early education programs. Over the last 20 years, HIC has established viable community partnerships with other child care providers, educational institutions, community organizations, in an effort to more effectively reach and serve target communities.

Community Benefit Analysis for Proposed Non-Profit Lease

<p>Continued: Background / History</p>	<p>Youth participants are able to participate in educational programs and other early learning/school readiness training in the areas of math and science. Other onsite activities are provided by a team of educators and professionals from diverse fields who provide a range of educational activities. HIC has a longstanding relationship with the University of Southern California and other higher education institutions. Local college students and high school seniors from the Jumpstart Program volunteer their services to HIC participants throughout the academic year.</p>
<p>Current Services:</p>	<p>HIC provides subsidized child care and other related services on a sliding scale to parents based upon their income levels. State funding is used to offset the portion of the agency's operational costs that are not fee supported. The subsidized program fee enables low income parents to place their children in quality care as they seek or maintain employment or vocational training.</p> <p>Children ages 3 to 5 years receive Center based programs accredited by the National Association for the Education of Young Children (NAEYC). HIC participates in the California Child and Adult Food Program and provides nutritional meals and snacks during regular hours of operation. Enrichment services include an array of educational opportunities through field trips, community activities and interactive play. HIC provides quality, school readiness programs that are based upon the Early Childhood Environment Rating Scale (ECERS) guidelines.</p>
<p>III. Community Benefit Analysis</p>	
<p>Value of Direct Services:</p>	<p>A. <u>Value of Dedicated Staff:</u> (See note below)</p> <ul style="list-style-type: none"> • Value of \$428,225 for annual staffing costs, captured as part of the operational budget for salary earnings paid to a total of 13 staff members.
<p>Value of Operational Budget:</p>	<p>B. <u>Value of Operational Budget - specify:</u> \$918,018</p> <ul style="list-style-type: none"> • California Department of Education Early Education and Support Division - \$840,543 • California Child and Adult Food Program - \$52,000 • Parent Fees/Tuition - \$25,475

Community Benefit Analysis for Proposed Non-Profit Lease

<p>Additional Offsets / In-Kind Services</p>	<p><u>C. Value of In-Kind Offsets – specify: \$146,316</u></p> <p>Includes:</p> <ul style="list-style-type: none"> • Jumpstart classroom materials - \$500 • Quality Start (program quality improvement classroom materials, professional development, etc.) - \$7,000 <p><u>Student Volunteers:</u></p> <ul style="list-style-type: none"> • USC Students – 12 students X 12 hours per week X 16 weeks X \$15.00 per hour = \$34,560 • USC Student classroom assistants – 4 students X 15 hours per week each X 16 weeks X \$13.25 per hour = \$12,720 • USC Student classroom assistants -19 students X 12 hours per week X 16 weeks X \$13.25 per hour = \$48,336 <p><u>Foster Grandparent Volunteers:</u></p> <ul style="list-style-type: none"> • 6 Seniors X 12 hours per week X 40 weeks X \$15 per hour = \$43,200
	<p><u>D. Value of Services to Participants: \$683,807</u></p> <ul style="list-style-type: none"> • Unsubsidized annual child care services estimated at \$683,807.25 (\$40.45 per day X 245 days X 69 children = \$683,807) minus the estimated average cost to family* of 152,352 (\$184 average monthly cost X 12 months x 69 children = \$152,352), factors to an estimated value of \$668,044 received by families with participating children. <p align="center">* Sliding fee scale-family of 2 with gross monthly income of \$1,820 pay a monthly fee of \$42 for child care instead of \$1,051.79 (23 days). Families of 2 with gross monthly income of \$3,283 pay a monthly fee of \$326 for child. The monthly fee is a family fee not per child fee.</p>
<p>Total Community Benefit:</p>	<p><u>\$1,748,141 annually</u> (=A+B+C+D above)</p>
<p>Market Value for Leased Space</p>	<p><u>\$121,980 annually</u> *</p> <p>(* calculated as: average market rate of \$2.50 per s.f. multiplied by assigned space of 4,066 s.f. multiplied by 12 months = \$121,980</p>

Community Benefit Analysis for Proposed Non-Profit Lease

<p>Benefits Finding & Recommended Action.</p>	<p>Community benefits estimated at \$1,748,141 annually exceeds the market value of \$121,980 for the leased space by over \$1.6 million.</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/significantly offset by the annual contributions in services from the non-profit lessee. The proposed terms are recommended for approval.</p>
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<p>7/19/17 Date</p>	<p>ACE Analyst</p>	<p>Maria Cardenas Chief</p>	<p>Yolanda Cho Assistant CAO</p>
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