

MOTION

On December 12, 2022 Mayor Karen Bass issued a declaration of Local Emergency, ratified by the City Council on December 13, 2022, addressing the City's homelessness crisis. The emergency declaration seeks to build, rent and acquire temporary and permanent housing. The declaration also proclaims a new process for expedited procurement of services, mobilization of local resources and assistance from other government agencies including the County of Los Angeles, the State of California, and the Federal Government. Additionally, on December 16, 2022, Mayor Karen Bass issued Executive Directive No. 1 (ED 1) to aid in sheltering the City's unhoused population through expedited permits and clearances for affordable housing.

State and Federal regulations monitor the payment drawdown process for LAHD to pay developers who then pay contractors. LAHD staff as well as consultants manage this work and it serves as the core function within the prevailing wage compliance monitoring unit. Specifically, State and Federal law require that all onsite project employees be paid the appropriate prevailing wage, according to widely accepted payment standards. To ensure contractors receive fair wages, LAHD staff in coordination with its contractor must review the work each construction contractor and subcontractor invoices via their pay applications.

On April 19, 2023, LAHD executed Contract C-143134 with GCAP Services, Inc. to assist LAHD in facilitating prevailing wage compliance reviews, specifically during the permanent financing conversion process. As of now, 36 projects are in the process of converting to permanent financing (also known as perm conversion). The perm conversion process requires additional staff time in order to perform project audits prior to payment dispersal - the key reason the Department hired a consultant in April - and the current GCAP Services, Inc. contract will run out of funds before the audits are complete on those 36 projects. Without additional funding, the final prevailing wage audits of the closing projects will be delayed.

Any delay in the permanent conversion process could cost the projects construction loan interest penalties and delay occupying the buildings with tenants. In order to avoid conversion delays and additional costs, the Department should obtain the support needed to meet deadlines.

On June 9, 2023, LAHD executed Contract C-143497 with Ellana, Inc. for assistance in reviewing affordable housing proposals to ensure compliance with design standards. LAHD has been able to meet the needs of the department for that service with additional funds remaining on the Ellana, Inc. contract. In order to fulfill the perm conversion deadlines, the Department recommends moving the balance of funds on the Ellana, Inc. contract to the GCAP Services, Inc. contract.

I THEREFORE MOVE that the City Council, subject to the approval of the Mayor,

JAN 19 2024

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AUTHORIZE the General Manager of LAHD, or designee, to:

- a) Disencumber \$200,000.00 FROM City Contract No. C-143497 with Ellana, Inc. funded by Fund No. 100/3040;
- b) Transfer funding and encumbrance TO City Contract No. C-143134 with GCAP Services, Inc. funded by Fund No. 100/3040

PRESENTED BY:



NITHYA RAMAN

Councilmember, 4th District

SECONDED BY:



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