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TRANSMITTALTO
City Council

DATE


11-03-23

COUNCIL FILE NO.

FROM
Municipal Facilities CommitteeCOUNCIL DISTRICT
14

At its meeting held on October 26, 2023, the Municipal Facilities Committee (MFC) adopted the recommendations of the attached Department of General Services (GSD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize GSD to negotiate and execute a new lease agreement between the City and Young's Holdings, Inc. for a 9.43-acre parcel located at 450, 500, and 590 S. Central Avenue for use by the Los Angeles Sanitation and Environment (LASAN), Livability Services Division to operate their Environmental Quality Programs which are designed to address and remove health hazards, trash, litter, and debris from public areas. The term of the lease agreement is for fifteen (15) years with one option to extend for an additional five (5) years. A complete set of terms and conditions is included as an attachment in GSD's report.

There is no additional General Fund impact beyond monies authorized for this purpose as part of current year Citywide Leasing Account and 2023-24 Adopted City Budget. Future year leasing costs will be addressed through the Citywide Leasing Account during the upcoming City Budget process.


for Matthew W. Szabo
City Administrative Officer
Chair, Municipal Facilities Committee

MWS:EYL:05240045

CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT



KAREN BASS
MAYOR

DEPARTMENT OF
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October 26, 2023

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

Attention: Mandy Morales, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LEASE
AGREEMENT FOR THE BUREAU OF SANITATION LIVABILITY SERVICES
DIVISION AT 450 S. CENTRAL AVENUE, LOS ANGELES, CA 90013**

The Department of General Services (GSD) requests authority to negotiate and execute a new lease agreement with Young's Holdings, Inc. for a 9.43-acre parcel at 450, 500, and 590 S. Central Avenue, Los Angeles, CA 90013 in Council District 14 for use by LA Sanitation and Environment (LASAN) for their Livability Services Division (LSD).

BACKGROUND

In 2019, LA Sanitation and Environment (LASAN) officially formed the Livability Services Division (LSD). LASAN's Environmental Quality Programs under the Livability Services Division include: CARE+, Mobile Hygiene Unit Program (MHU), Receptacles and Green Wire Basket Collections, Illegal Dumping Collection, and CleanStat. These programs are designed to overlap and provide all-inclusive services to the City. All components are designed to address and remove health hazards, trash, litter, and debris from public areas. Currently, these programs are deployed regionally and are sharing space with other LASAN divisions at existing LASAN district Citywide yards. Moving forward this is not a viable business model as staff vacancies and equipment needs cannot be met due to limited facility space. Since its inception in 2019, the LSD has received over 240 authorities without any new facilities for staff, vehicles, and equipment.

In order to address the growing public health and environmental concerns related to homeless encampments, illegal dumping, as well as fill the 150 existing vacancies across LSD's core programs, LASAN is requesting to consolidate multiple programs, staff, vehicles, and equipment to a centrally located facility that will serve as its headquarters. LSD facilities are staffed to maximum capacity and this centralized facility will allow additional staffing while reducing the ongoing logistical challenges that presently exist.

LASAN Current Deployment Sites – Citywide

LSD currently operates out of the following locations which support other LASAN operations: Washington Yard, Cazador Yard, Lopez Canyon Yard, Harbor Yard, East Valley Yard, and the



Donald C. Tillman Water Reclamation Plant. These facilities are needed to support the regular operations which they were originally designated for and can no longer accommodate LSD's growing space needs for new staff, vehicles, equipment, and need for staff hygiene facilities for the growing workforce.

Currently, LSD has approximately 150 vacancies. Most positions being filled are placed on an Altered Shift (3:00 PM - 11:30 PM), due to the lack of facility space. This has been done to temporarily accommodate new staff as the division is currently at maximum capacity with existing staff and facilities. The LSD has quickly expanded and grown exponentially since its formation in 2019 (Exhibit B Livability Program Description). Council recently approved and authorized the expansion of the Illegal Dumping and Receptacles Program; coupled with the existing programs under LSD's service umbrella it will bring the division to nearly 500 authorities making it the largest division in LASAN.

LASAN City Owned Parcels - Site Development Option

LASAN explored internal site development at two city owned vacant lots for use by the LSD. MICLA funding for the site development was allocated, however the two sites faced various challenges that made them unfavorable for use by the LSD. The sites were both small and would require additional development including mobile work trailers, grading, and connection to City utilities. This development could take three to five years to accomplish before either site is available for staff deployment. Further, both sites were too small to significantly address the needs that the LSD has as it relates to filling the current existing vacancies. Each site may have had the ability to deploy 30 staff; 60 cumulatively. This would only address roughly 40% of the current vacancies and would require an additional three to five sites to accommodate the existing vacancies. The MICLA funding that was provided to LASAN will no longer be required to develop the City owned sites and will be returned if the lease at Young's Market moves forward.

If approved, the LSD will begin filling the existing vacancies, and will also relocate some existing staff to the Young's site. This will expand all programs under the LSD including the CARE+ program thus increasing CARE+ days of service from two per week to five CARE+ service days per week in each Council District. The as-yet-to-be onboarded staff in LSD (~150 vacancies) will require approximately 150 additional vehicles so that they will be able to complete their work-related assignments; the majority of those duties are field related. The LSD anticipates needing space for just over 200 vehicles at the Young's site. Note that Exhibit B LASAN Livability Program Descriptions outlines vehicles and sizes, many of which are oversized.

PROPOSED SITE - FORMER YOUNG'S MARKET - 450, 500 and 590 Central

The General Services Department (GSD), working with LASAN's LSD, identified a 9.43 acre site that will allow and accommodate LASAN to consolidate the current LSD Management Team, Administrative Staff, CleanStat Program, as well as additional field staff to one site. (Exhibit C: Site Map)

SITE DETAILS

- 9.43 Acres - Site (3 parcels)
- 500 S. Central Avenue:
 - 202,107 square feet (SF) industrial warehouse facility
 - Approximately 30,000 SF proposed hygiene shower/locker facility within warehouse area
 - 119 rooftop parking, 65 surface parking with ADA parking - total 184 parking spaces

- 39,422 SF 2-Story office building with elevator access, portion of the 2nd floor office is non-ADA accessible, rest of the site is ADA compliant based on a 2001 build out.
- 450 S. Central Avenue:
 - 38,036 SF industrial building - (To be demolished, graded and paved)
 - 67 current surface parking spaces (before demo) approximately 55,402 SF
 - Scheduled for demolition for additional surface parking (# of pkg spaces to be determined)
- 590 S. Central Avenue (Optional):
 - 7,500 SF former Bank of America retail building (To be demolished, graded and paved)
 - 45 current parking spaces (before demo)
 - Scheduled for demolition for additional surface parking (# of pkg spaces to be determined)
- Total Current Parking: 296 spaces
- Large fenced, paved, and lighted private yard
- Centrally located near all major freeway entrances (5, 10, 60, 101, & 110) to efficiently service the entire City.

PROPOSED PHASED USE BY LASAN'S LIVABILITY SERVICES DIVISION

LASAN's proposed occupancy of the site will be phased based on approvals and leases being finalized by the fourth quarter of 2023.

- MFC Committee Consideration: 4th Quarter 2023
- City Council and Mayoral Approval: 4th Quarter 2023
- Lease Execution: 1st Quarter 2024
- Phase I - 500 S. Central - (Warehouse/Office): 1st Quarter 2024
- Phase IA - Concurrent with Phase I - Demolition of current site (450 S. Central Parking Lot): 1st and 2nd Quarter 2024 - concurrent with Phase I Build out
- Phase II - (Hygiene Facility Build Out): 2nd/3rd Quarter 2024
- Phase III (Optional) - Long Term (590 S. Central Parking Lot): 4th Quarter 2024
- Phase IV - Parking lot compliance and striping: 1st Quarter 2025

Phase I - Immediate - 500 S. Central Avenue (Warehouse and Office Building)

Proposed Staff Deployment - LSD Divisional Management Team & Administrative Support Staff

LSD Proposed Staff Deployment - Phase I	
Program	Projected Staff
Management	11
Administrative	21
CleanStat	10
Receptacles	30
Storage	22
TOTAL	94 Staff

LSD Divisional Management Team including Administrative Support Staff will be consolidated to this location. Further, this site will be immediately ready to begin transition and service for the Regional Storage Headquarters along with Personal Protective Equipment Storage, Receptacle Program, as well as serve as a deployment location for the CleanStat Street Indexing Program including roughly 70 vehicles and or any associated equipment.

Phase IA: Surface Parking Lot

As Phase I construction is ongoing, the Landlord will concurrently start the demolition of the 450 S. Central existing warehouse which will be demolished and finished as a surface parking lot for heavy commercial vehicles. This will increase available surface parking for equipment, staff and commercial truck parking. All costs associated with the demolition and possible change of use of the location will be covered entirely by the Landlord subject to possible LADBS approvals and not be part of the Tenant Improvement (TI) Allowance.

LSD Proposed Staff Deployment - Phase II	
Program	Projected Staff
CARE+	81
Illegal Dumping Program	46
Mobile Hygiene Units	13
Supervisory	15
Crew Instructors	3
TOTAL	158 Staff

Phase II: Build Out of Hygiene Facility

A portion of the 500 S. Central warehouse, approximately 30,000 SF of the current warehouse building (202,107 SF) will be remodeled to create a hygiene facility for men/women equipped with showers, restrooms, lockers and space for storage.

RECAP LSD Proposed Staff Deployment	
Phase	Project Staff
Phase I	94
Phase II	158
TOTAL	252 Staff

Phase III: Surface Parking Lot (Optional)

The 590 S. Central existing bank building will be demolished and finished as a surface parking lot. If the Landlord is unable to deliver the parking lot at the same grade level as the adjacent parcels subject to LADBS approvals, the City has the right to terminate this portion of the lease within six months of the notice of completion. All costs associated with the demolition and possible

change of use of the location will be covered entirely by the Landlord subject to possible LADBS approvals and not be part of the Tenant Improvement Allowance.

Phase IV:

Landlord will deliver the 450 and 590 (optional) building(s) demolished (in phases) and finished as vacant parcels which shall be paved to the extent commercially practicable and approved by LADBS. This Phase will allow for restriping of the lots, concrete wheel stops, signage, light poles, LID/SUSMP Bioswale/Planter requirements, additional handicapped parking spaces and EV chargers.

SURVEY OF OPTIONS

Between 2020-2023, the City and LASAN toured available listings of both as-built and vacant build-to-suit sites to locate potential options that could accommodate the expanding needs for LSD, both regional as well as centralized locations. Within the regional areas there were little to no options available for a site that would be a suitable location for LSD.

GSD presented several options across the City including the Downtown / Skid Row area:

Outdoor Media Location	1731 Workman Street	4.56 AC Site
Former Greyhound Bus	1716 E. 7th Street	7.84 AC Site
Former Young's Market	450-590 S. Central Ave	9.43 AC Site

Both the Outdoor Media and Greyhound Bus locations had challenges and barriers that made them less favorable to the Young's Market site. Outdoor Media has parcel configuration challenges which are very narrow and did not have enough vehicle parking area. The Greyhound Bus location had sufficient space but was also configured in such a way that it would not be conducive for LASAN use. Shortly thereafter, it was sold for a redevelopment project before the City could fully evaluate the feasibility of the site.

Logistically, the Young's Market site is the right combination of warehouse, office and parking to accommodate the growing workforce of LASAN's LSD team.

- It provides immediate occupancy for staff offices, conference rooms, break rooms and storage for equipment.
- Addresses staff as well as commercial vehicle parking requirements.
- Provides an existing space within the industrial warehouse portion that will be repurposed as a hygiene facility for men/women equipped with showers, restrooms and lockers.
- 32 Dock-high positions and four ramps provides flexibility to load and unload equipment including storage of receptacles prior to deployment as well as usage for the storage of personal property.

Should the City not move forward with this location, then LASAN and the LSD will have to explore alternative sites which may take several years to develop - thus deployment and programming will be hindered. The LSD will then continue to operate with reduced staff levels across every LSD program; further delaying the deployment and delivery of the Mayor and City Council's priority programs that are critical, much needed hygiene and sanitary services touching every corner of the City.

TERMS AND CONDITIONS

The triple-net (NNN) lease term is for 15 years with one (1) five (5) year option to extend at fair market value not less than 4%. Additionally, the City shall have a right of first offer to purchase the property subject to Landlord's sole discretion on price and terms. This is an absolute triple net lease wherein the City will pay the monthly base rent but also will be responsible for all the expenses incurred on the property. This includes but is not limited to property taxes, property insurance, roof maintenance and repairs, HVAC, building services, engineering services, janitorial (office building only), landscaping, and utilities.

The Lease term shall commence on a phased approach in four (4) stages:

Phase I: The occupancy of 500 S. Central - main building of the project, which includes a large industrial warehouse and 2-story office building subject to Landlord's work minus the proposed hygiene area.

Phase IA: Concurrent with Phase I. Landlord's delivery of 450 S. Central as a commercially surfaced parking lot subject to LADBS final issuance of a Certificate of Occupancy and possible Change of Use.

Phase II: Build out of a hygiene facility of approximately 30,000 sf within the main warehouse portion of the project.

Phase III (Optional): Landlord's delivery of 590 S. Central as a commercially surfaced parking lot which the City has the right to terminate within six (6) months' notice within the initial term.

Phase IV: 450/590 Surface Parking Lots: Restriping of the parking lots, concrete wheel stops, signage, light poles, LID/SUSMP Bioswale/Planter requirements, additional handicapped parking spaces and EV chargers.

The initial base rent will reflect the staged occupancy. However, the cost for the lease with full occupancy with all phases completed reflects an overall blended base rental rate of \$1.35 per SF- \$437,409/monthly with four (4%) percent annual increases. Furthermore, for the initial fiscal year, based on the first phase, the occupancy will be approximately 172,107 SF at \$283,976.00/monthly. The City will pay base rent plus triple nets on occupied space until the other parts of the project are completed with a final Certificate of Occupancy. In addition, the initial estimated triple net costs are approximately \$64,180 monthly based on the 202,107 SF, which represents the entire warehouse/office portion of the project, 500 S. Central Building.

Additional terms and conditions are outlined on the attached term sheet.

BUREAU OF ENGINEERING ASSESSMENT REPORT

The Bureau of Engineering conducted a broad assessment of the property to help inform what may be needed for move-in and for future phases. Per the site walkthrough, BOE advised:

- Potential ADA issues related to the path of travel may need to be addressed during TI work.
- Overall, the mechanical systems are in good working condition.
- Some of the rooftop package units have been recently replaced. There are 16 rooftop package units and they appear to be in good working condition.
- The building is fully sprinklered and based on future occupancy type, the fire sprinkler system may need to be modified.

- Five rooftop cooling units for Cold Storage are not in good working condition (the City doesn't need cold storage)
- Gas meters and piping are in good condition
- The site has sufficient water and fire sprinkler service for future development.
- The current mechanical systems will be able to support up to 165 staff members without space modifications.
- Plumbing fixture count shall be reevaluated based on the new building's occupancy.
- Electrical equipment appears to be in working condition. The main switchboard and distribution switchboards were upgraded in 2021 as well as some subpanels. The majority of the subpanels are outdated.
- BOE recommends LED replacement bulbs for the fluorescent lights throughout the building to achieve electricity savings. Some lights do not have covers and others are not properly installed to structural framing.
- Certain outstanding permit issues will need to be addressed prior to TI work commencing including two Certificate of Occupancy issues.
- A change of use Building, Mechanical, Electrical, Plumbing and Fire Alarm/Sprinkler Permit will be required to convert the liquor store into a hygiene facility. The report did not indicate whether it will trigger Title 24 requirements to upgrade the lighting and electrical.

TENANT IMPROVEMENT

Young's Holdings and the City preliminarily agreed on a Letter of Intent (LOI) outlining the main economic terms including an available Tenant Improvement (TI) allowance of \$5,000,000 and an additional \$5,000,000 that can be available through owner-carried financing at six (6.0%) interest rate to fully amortize over the initial fifteen (15) year lease term. Key TI's include the buildout of the hygiene shower/locker facility for staff as well as minor improvements to other areas. These include office area improvements such as replacement of the current flooring and repainting the office area, which is approximately 39,422 SF. Exhibit C: Site Map, outlines the Phases for referencing.

LASAN has advised that their Facilities Group, working with relevant City departments, will review the tenant improvement project to be completed by the Landlord and will advise on any Title 24 impacts.

Phase I - 500 S. Central Ave - Warehouse/Office

Approximately \$500,000 TI Allowance - Landlord's Work

- Replace/Shampoo Carpet and Paint Office portion of the Warehouse
- Update/Replace Warehouse Lighting Bulbs/Fixtures to LED

Approximately \$738,500 ITA/Moving Costs - LASAN Responsibility (from \$2M TI funded in FY 24 budget)

- Low voltage cabling, network infrastructure, phones, security/access, alarm, cameras, etc.
- Moving expenses

Phase IA - 450 S. Central

Landlord's Work and Cost. Not part of the TI Allowance

- Concurrently with Phase I, Landlord will demo current building structure and convert into surface parking area all under Landlord's costs.
- Tenant shall only be responsible for rent upon final issuance of Certificate of Occupancy of that portion of the project.

Phase II - 500 S. Central**Approximately \$4,500,000 - TI Allowance - Landlord's Work**

- Repurpose existing room into a hygiene shower/locker facility
- All parties have agreed that based on construction estimates and costs, LASAN will value engineer aspects of the project to be within the purported Tenant Improvement Allowance.

Phase III (Optional) - 590 S. Central**Landlord's Work and Cost. Not part of the TI Allowance**

- Demo Building, New Surface Parking Lot subject to possible LADBS approvals for possible change of use and all necessary applicable permits and approvals.
- If the Landlord is unable to obtain approvals, the City will not lease this portion of the Project, which LSD understands.

Phase IV - 450-500-590 S. Central Parking Lots**Estimated \$800,000 -LASAN Responsibility (from \$2M TI funded in FY 24 budget)**

- New striping, signage, concrete wheel stops, light poles
- Compliance with LID/SUSMP - Bioswale/Planter
- EV Charging

TENANT IMPROVEMENT PHASES & COST BREAKDOWN				
	Tenant Improvement Description	Landlord Work (not part of TI)	Landlord TI Allowance \$5M	LASAN TI Contribution \$2M
Phase I	Carpet, Paint, Lighting		\$500,000	
Phase I	ITA/Moving Costs			\$738,500
Phase IA	450 Parking Lot	X		
Phase II	Hygiene Facility		\$4,500,000	
Phase III	590 Parking Lot - Optional	X		
Phase IV	Parking Lot Striping, Lights, Signage, Etc			\$800,000
TOTALS			\$5,000,000	\$1,538,500

Americans with Disability Act (ADA)

Any ADA work shall not be part of the TI budget but will be the sole responsibility of the Landlord, except to the extent required as a result of (i) any improvements made by or for Tenant (including Tenant's improvements) or (ii) Tenant's particular use of the Premises.

MARKET ANALYSIS

A current market analysis revealed that the price per SF for this type of space ranges from \$1.10 to \$2.00 per SF plus triple net charges. These triple net charges average an additional cost for operating expenses, property taxes and insurance. Furthermore, due to the size and nature of the subject site, there are currently not many comparable available sites on the market. The current industrial warehouse market has very limited vacancies and are typically triple net leases.

The following table represents other comparable rates that are currently available in the marketplace.

Address of Comparable Prop.	SF	Property Type	Monthly Rent (PSF)
1614 E. 7th St.	139,929	Warehouse/Industrial	\$1.50/PSF + NNN
620-620 Mateo.	11,068	Warehouse	\$1.87/PSF + NNN
1920 Violet St.	40,500	Warehouse	\$1.25/PSF + NNN

FISCAL IMPACT

Funding in the amount of \$4 million was included in the Citywide Leasing Account Budget for FY 2023-24 for this lease. LASAN Livability Services has \$2 million of CTIEP funding which is available only to pay for tenant improvements costs. Projected rent and triple net costs for March to June 2024 total \$1,392,624 which will be paid from the Leasing Account leaving a savings of \$2,607,376. TI costs for ITA related items (\$688,500), and moving costs (\$50,000) total \$738,500 and will be covered by the LASAN CTIEP account, leaving \$1.26 million available to pay for future TI costs not covered by the landlord TI allowance.

TI costs are projected to total \$5.8 million for all the phases with the landlord contributing \$5 million, and LASAN providing the additional \$800,000 from CTIEP funding. Subsequent fiscal year budget requests will include the 4% rent escalations and full annual costs for all phases. Additional funding for future fiscal years will be addressed through the budget process, however FY 2023-24 and 2024-25 projections are provided below for clarity.

Fiscal Year 2023-2024						
	Monthly Cost Per SF	Monthly Proposed Costs	2023-24 Estimated Expense (4 months)	2023-24 Lease Account Budget \$4M	2023-24 LASAN Account TI Budget \$2M	2023-24 Estimated Surplus
Rent 172,107SF	\$1.65	\$283,976	\$1,135,904			
NNN Costs (a)		\$64,180	\$256,720			
Moving			\$50,000			
ITA Costs			\$688,500			
Remaining Total		\$348,156	\$2,131,124	\$2,607,376	\$1,261,500	\$3,868,876

Phase I - LASAN takes occupancy of 500 S. Central Warehouse/Office Portion of project.

(a) NNN Costs Includes: Property tax, property insurance, roof maintenance, building maintenance, engineering services, management fee, landscaping, and janitorial

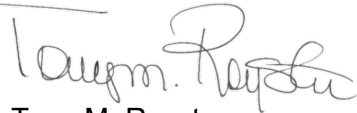
Fiscal Year 2024-2025				
	Project Phase	Monthly Cost Per SF	Avg Monthly Projected Costs	2024-25 Estimated Expense
Rent 172,107 SF	Phase I	\$1.67	\$287,561	\$3,450,732
Rent 30,000 SF @4 mo.	Phase II	\$1.65	\$49,500	\$198,000
Rent 93,438 SF @4 mo.	Phase IA	\$0.85	\$79,461	\$317,844
NNN Costs (a)		\$0.32	\$66,105	\$793,260
Total			\$396,653	\$4,759,836

Phase 1 - 500 Building/Warehouse, Phase IA 450 Parking Lot, Phase II Hygiene Facility

(a) NNN Costs Year 2 assumes a 3% increase for operational expenses from \$0.32 psf to \$0.33 psf

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a lease agreement with Young's Holdings, Inc. at 450, 500, and 590 S. Central Avenue, Los Angeles, CA 90013 for the centralized campus for LASAN's Livability Services Division under the terms and conditions substantially outlined in this report.



Tony M. Royster
General Manager

Attachments: Exhibit A: Term Sheet
Exhibit B: LASAN Livability Program Descriptions
Exhibit C: Site Map

Exhibit A

LEASING TERM SHEET

MFC DATE	10/26/2023		
LANDLORD	Young's Holdings, Inc.		
ADDRESS	15 Enterprise, Suite 100, Aliso Viejo, CA 92656		
TENANT	City of Los Angeles, Department of General Services		
ADDRESS	111 E. First Street, Room 201, Los Angeles, CA 90012		
LOCATION	450, 500, 590 S. Central Avenue, Los Angeles, CA 90013		
AGREEMENT TYPE	NNN Absolute		
USE	LASAN (Sanitation) Livability Services Division program for warehousing, storage of personal property, staff deployment, as well as vehicle parking		
SQUARE FEET	One industrial facility and two additional land parcels on 9.43 Acres 450 S. Central Avenue (Land) 93,438 SF 500 S. Central Avenue (Warehouse/Office Bldg) 202,107 SF 590 S. Central Avenue (Land) - Optional 24,472 SF		
TERM	Fifteen (15) Years		
RENT START DATE	Rent Commencement Date shall be staggered subject to Substantial Completion of Landlord's Work, Tenant's Acceptance of Premises and Issuance of Certificate of Occupancy of the applicable stages of the Project		
LEASE START DATE	Upon City Clerk Attestation		
OPTION TERM	One (1) Five (5) Year Option, FMV, not less than four (4%) percent		
HOLDOVER	To be further defined in the lease agreement – 150%		
SUBLET/ ASSIGNMENT	To be further defined in the lease agreement		
TERMINATION	City shall have a right to terminate 590 S. Central with 6 months' notice.		
RENTAL RATE	450 S. Central Avenue (Land) 93,438 SF \$0.85/SF 500 S. Central Avenue (Warehouse/Office Bldg) 202,107 SF \$1.65/SF 590 S. Central Avenue (Land) 24,472 SF \$0.85/SF		

ESCALATION	Base rental amount shall increase annually by four (4%) in years two (2) through fifteen (15).
RENTAL ABATEMENT	N/A
ADDITIONAL RENT OWNER CARRIED FINANCING	Landlord shall provide, if needed, up to an additional \$5 Million towards tenant improvements to cover both hard and soft costs. Said costs shall be fully amortized over the initial fifteen (15) year term of the lease at six (6%) percent interest rate and included as additional rent.
PROPERTY TAX	City – Prop 13 Protection during the initial lease term
OPEX	<p>Monthly Operating Expenses, on an absolute NNN basis, shall be the obligation of the City.</p> <p>Cap on Controllable Costs up to 10% annual increase (cumulative/compounded basis). Controllable Costs: shall mean all Operating Expenses, exclusive of taxes, insurance, capital expenditures and any other Operating Expenses, which are not reasonably avoidable by Landlord through the exercise of prudent business practices.</p> <p>Property Management Fee (3% of Base Rent of 500 Central)</p>
RIGHT OF 1 ST OFFER TO PURCHASE	City shall have a right of first offer to purchase the Property. The price and terms of any offer to purchase shall be at the sole discretion of Landlord
SECURITY DEPOSIT	None
MAINTENANCE/ REPAIR	Landlord is responsible for the building systems.
LANDLORD IMPROVEMENTS	Landlord will deliver the Premises with 450 and 590 buildings demolished and finished as vacant land parcels for parking vehicles which shall be paved to the extent commercially practicable and secured with fencing approved by LADBS. Tenant shall have a right to terminate 590 S. Central with six (6) months' notice.
TENANT IMPROVEMENTS	<p>Landlord shall provide a tenant improvement allowance in the amount of \$5 Million to be used to design, test fit and make those certain improvements to the premises for City's specific use.</p> <p>Landlord shall provide, if needed, up to an additional \$5 Million towards tenant improvements to cover both hard and soft costs. Said costs shall be fully amortized over the initial fifteen (15) year term of the lease at six (6%) percent interest rate and included as additional rent.</p> <p>Incremental construction costs shall be the sole responsibility of the City.</p> <p>Americans with Disability Act (ADA) Any ADA work shall not be part of the TI budget but will be the sole responsibility of the Landlord, except to the extent required as a result of (i) any improvements made by or for Tenant (including Tenant's improvements) or (ii) Tenant's particular use of the Premises.</p>

UTILITIES	City
CUSTODIAL	Landlord provides janitorial on the office building
SECURITY	City
LANDSCAPE	Landlord provides landscaping on campus
PARKING	<p>Included in Base Rent. The current parking breakdown is as follows for the project:</p> <p>450 S. Central Avenue - 67 spaces</p> <p>500 S. Central Avenue - 184 spaces (119 rooftop spaces)</p> <p>590 S. Central Avenue - 45 spaces</p> <p style="text-align: right;">TOTAL 296 spaces</p> <p>450/590 S. Central – additional parking spaces will be available after the demolition of the current buildings.</p> <p>City to park its vehicles overnight on-site as part of its operation.</p>
PROP 13 PROTECTION	Prop 13 protection provided during the initial term
INSURANCE (City)	Self-Insured
OTHER:	<p>Signage: City shall have the right to install signage on the building and property.</p> <p>Building/Parking Access: City shall have access to the Premises, 24 hours a day, 365 days a year.</p>
PRINT:	David Solomon, President, Real Estate & Alternative Investments
SIGNATURE:	

Exhibit B: PROGRAM DESCRIPTIONS

BUREAU OF SANITATION LIVABILITY SERVICES DIVISION ENVIRONMENTAL QUALITY

Care/Care+ Program

The CARE+ Teams are deployed across three main assignments:

- CARE/CARE+ service for A Bridge Home Special Enforcement Cleaning Zones (ABH SECZs)
- CARE+ service for Citywide Services
- CARE+ service for Focused Service Zones (FSZ): Operation Healthy Streets Skid Row/Venice Beach (OHS), *Downtown LA (DTLA), and Grand Ave/110 Fwy Corridor (Grand Ave)

CARE+ teams assigned to ABH SECZs provide full comprehensive cleanings including the identification, documentation, and removal of line-of-sight health and/or safety hazards, the removal of trash, litter, and debris, and the power washing of public rights-of-way to ensure fully sanitized areas for public safety. Additionally, the CARE teams assigned to ABH SECZs provide L.A.M.C. 56.11 compliance, spot cleaning services, health hazard and/or safety hazard identification, documentation, and removal, trash, litter, and debris removal.

LSD also provides comprehensive teams dedicated to specific high-need regions that require consistent, recurring, and dedicated services.

Inside Safe Support

On December 21, 2022 Mayor Karen Bass signed Executive Directive No. 2; the City of Los Angeles Inside Safe Initiative. Inside Safe is a housing-focused solution to addressing homelessness. All outreach and engagement efforts are coupled with immediate interim housing and linkage to a permanent housing resource.

LASAN via the LSD CARE program supports Inside Safe operations during intake services in the form of voluntary trash disposal and cleaning services. Additionally, the LSD's CARE program provides storage transportation services for Service Providers when resources are available. Furthermore, the CARE program supports Inside Safe with Posted Comprehensive Cleanings during Choice Date scheduled operations. LASAN and specifically the LSD's CARE program will continue to fully support the Inside Safe Initiative as the program develops.

The CARE program is currently operating at a significantly reduced capacity due to facility constraints.

Storage of Personal Belongings

LASAN's further support for the Inside Safe initiative allows for the voluntary storage of personal property and/or voluntary disposal of items that are stored in public areas. Working hand in hand with Service Providers, LASAN will identify items for voluntary disposal and or transport when resources are available and identify personal property to the designated Service Providers' storage location where individuals may reclaim and have access to their belongings.

Absent an immediate threat to public health or safety and at the time of intake during Inside Safe Choice Date cleanup operations, or during regular and routine CARE/CARE+ services, personal property will be stored and maintained in a secure location for a period of 90 days for the rightful owner to retrieve. If the property is not

claimed within 90 days, then the property may be discarded by the City. LASAN will provide a post removal notice at the location from which the personal property was removed.

The rightful owner of the personal property that was removed and stored from LASAN's Inside Safe choice date cleanup operations, CARE and/or CARE+ operations may receive information about and/or make arrangements to retrieve stored personal property through Chrysalis and/or the primary service provider.

LAHSA and Chrysalis manage "The Bin" facility with several safe storage programs throughout Downtown Los Angeles. The Bin is a place where individuals may access free, secure, personal storage. This program is operated independently of LASAN. Additionally, for options related to voluntary storage outside of Inside Safe, and CARE/CARE+ services, Chrysalis can assist with those services as well.

Currently staff in the CARE program conduct Storage operations as the LSD is unable to hire the staff for the Storage program due to facility constraints. This impacts day to day operations as staff must conduct multiple duties that would otherwise be carried out by as of yet unhired staff for a funded program.

Illegal Dumping Program

LSD is responsible for responding to illegal dumping service requests (SRs). Routine service to illegal dumping sites is performed as part of Livability cleanup activities with dedicated teams scheduled Monday through Friday and with SRs being tracked through the MyLA311 system.

Additionally, LASAN has developed a proactive approach to address locations with chronic illegal dumping observed during cleanup operations. Using historic SR and CleanStat data, collection crews will be bolstered with dedicated staff that will be deployed to timely remove illegal dumping Citywide. In addition, bi-annual CleanStat assessments will provide illegal dumping data Citywide, which will complement the proactive approach.

Currently the Illegal Dumping program is operating at roughly 50% capacity due to facility constraints.

Altered Shift Program

The Altered Shift provides services from 3:00 pm to 11:30 pm for situations that require a response outside of the standard and dedicated operations that take place Monday through Friday from 6:00 am to 2:30 pm. Primarily focused on illegal dumping operations, the Altered Shift team facilitates immediate responses to requests Citywide as well as emergency responses for items including the removal of burned RVs. The Altered Shift enables LASAN to accommodate these requests without impacting regular daytime operations.

Since its launch on January 31, 2022, the Altered Shift has proactively serviced 61,547 illegal dumping locations, picking up an estimated 7704 tons of refuse.

Public Receptacle Collection Program

Automated Litter Bins (ALB's) or public trash receptacles are serviced throughout the City by LSD. In Executive Directive 8: Clean Streets Initiative promulgated in April 2015, LASAN was committed to deploying 1,250 public trash receptacles annually across Los Angeles through the 2018-2019 fiscal year. Distribution sites were strategically chosen by utilizing data gathered through CleanStat indexing. In June 2019, the deployment of 5,000 ALB's was completed.

As a way to maintain cleanliness between cleanings and to allow unsheltered residents more ability to clean up their environment, 500 Green Wire Baskets have been deployed at areas throughout the City at high need

locations identified through CleanStat and waste collection metrics, along with other means. These baskets will be serviced Citywide by the ten (10) crews every day. The ALBs and Green Wire Basket receptacles are monitored so that daily, twice-daily and/or weekend service can be provided when necessary.

Currently the Receptacles Collection program is operating at roughly 38% capacity due to facility constraints.

CleanStat Program

The CleanStat Program is a street-by-street assessment to collect data used to determine cleanliness of the streets in the City of Los Angeles. The program assesses the city streets at least twice a year to identify unreported items like household items, e-wastes, tires, illegal dumping, mattresses, metal/white goods, shopping carts, loose litter, and weeds. The data is then inputted in a grading formula that indicates the cleanliness of a particular street. The grades are 1 (clean), 2 (moderately clean), and 3 (not clean). Further, the locations of the identified items are provided to collection groups like the LASAN collection yards and the Office of Community Beautification (OCB) to collect the items or abate areas. The CleanStat Program is a proactive approach to cleaning the city streets. This means that thousands of unreported items are picked up when they otherwise would not be.

The data, further, provides information that may help not only LASAN but also other agencies like the Council District Offices to implement proactive measures to keep the streets clean. For example, the data may be used to target areas and provide outreach such as information on reporting items that LASAN may pick-up. Additionally, the historical data allows LASAN to strategically deploy resources in areas where specific services are needed. For example, no dumping signs are installed in streets with high counts of illegal dumping.

Mobile Hygiene Unit (MHU) Program

The Mobile Hygiene Unit (MHU) Program was established in 2019. LASAN has built the Mobile Hygiene program into a foundation of services-led approach. The program's objective is to provide critical sanitary services to the unsheltered individuals with access to restrooms and showers.

Currently, the MHU program has provided over 52,000 showers. In collaboration with Solid Resources City-Wide Recycling Division the LSD has been implementing two donation-drives a year since 2020 where blankets, socks, and clothing are collected. Both of these donation drives are Citywide and are open to the public.

Current Staffing Levels:

- LSD Staffing Levels:
 - **493** Total Authorized Positions
 - **335** Division Total Filled Positions
 - **158** Total Vacant Positions

These programs are designed in such a way as to provide overlapping and support services to one another. Further as noted above, these programs are currently operating at reduced staffing levels due directly to the lack of existing facility space.

Young's Market Site not approved

The Mayor and Council constantly challenge LASAN and the LSD to do better, and always do more. The Mayor and Council direct the LSD and their staff to achieve a level of service that satisfies the needs of the constituents and the expectations that Angelenos have for a clean and safe environment. This site will allow LSD to grow the

levels of service that the Mayor and Council have entrusted LASAN and the LSD to deliver upon LASAN's mission of protecting public health and the environment.

The staff that will be assigned to the Young's Market site will bolster and increase deployment of the CARE+ program. Currently, each CD receives 2-days a week CARE+ service at a reduced deployment model based on currently reduced staffing levels. With the addition of new staff, service will increase citywide to 5-days a week of posted, comprehensive CARE+ servicing. The increase in the number of CARE+ service days from 2 days a week to 5 days a week for each CD equates to roughly a 60% increase of service to a program that garners national and international attention. This will allow the CARE+ program to finally operate at a fully-deployed level of service; which it has not been able to do since inception. Currently most of the 3-days a week CARE service teams and operations are severely impacted or not deployed due to shortage of staff availability. The staff that is available is being prioritized for CARE+ services.

As of 9/22/23 of the total 34,162 open/pending encampment service requests in the MyLA311 system; 20,417 are over 91+ days old and counting. Nearly 60% of open/pending service requests have been waiting for service for over 3 months. The need for increased service continues to grow; when taken into account the staffing, funding, and resources provided in the most recent budget, including budgets' past; the question that LASAN and the LSD must answer is why can't the service that is needed be provided? The answer is that the LSD can no longer hire due to a lack of facility capacity. .There is no additional space within the existing LASAN facilities.

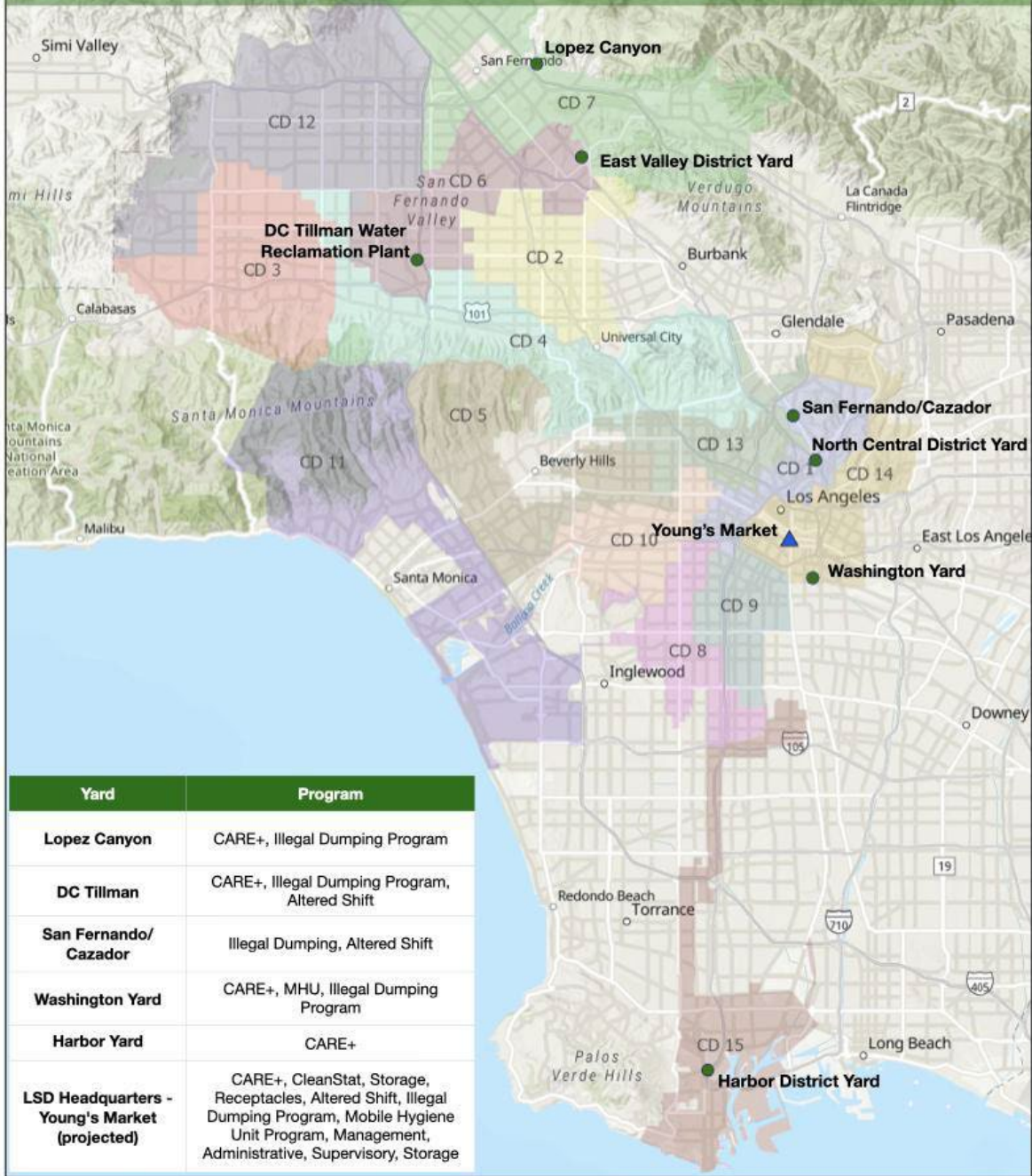
With the upcoming World Cup right around the corner, and the Olympic Games in 2028 fast approaching, LASAN will be positioned to provide a ramped-up level of service addressing trash, litter, debris, and abandoned waste across the city with increased staff for the Receptacle Collection program, the Illegal Dumping Collection program, and the Altered Shift Response Teams. These teams provide responsive and proactive services based on MyLA311 service requests and data collected by the CleanStat street Indexing Program.

Staff within the LSD have operated out of temporary trailers, little to no permanent restroom or hygiene facilities, and impaired and limited internet access. This is the case for the LSD staff assigned to the Washington Yard, Harbor Yard, Lopez Canyon, and D.C. Tillman Water Reclamation Plant. Staff deployed to the Cazador Yard have had to make use of portable restrooms as their restroom while the site has been in development over the past 4 years. A shower, restroom, hygiene trailer is projected to be available before the end of this fiscal year. Original projected service was to commence in fall of 2019 however issues surrounding construction and infrastructure have led to significant delays. These issues are outside of the control of the LSD; however they must be mitigated by the LSD as service is non-deferrable.

Should the City not move forward with this location, then LASAN and the LSD will have to explore alternative sites which may take several years to develop - thus deployment and programming will be hindered as noted in the above examples. The LSD will then continue to operate with reduced staff levels across every LSD program; further delaying the deployment and delivery of the Mayor and City Council's priority programs that are critical, much needed hygiene and sanitary services touching every corner of the City. Staff will continue to operate at sites that experience overcrowding, increasing staff dissatisfaction, and negatively and directly impacting staff retention within the LSD.

Respectfully, LASAN asks for approval of this proposal so that the LSD can continue to build upon the programs that the Mayor and Council have entrusted the LSD with, to provide a dedicated headquarters for the hard working staff who encounter untold challenges while honorably discharging their duties in extreme situations and environments. Ultimately this site will allow the LSD to provide a higher level of service to the city.

LSD Staff and Program Deployment - Young's Market



Yard	Program
Lopez Canyon	CARE+, Illegal Dumping Program
DC Tillman	CARE+, Illegal Dumping Program, Altered Shift
San Fernando/Cazador	Illegal Dumping, Altered Shift
Washington Yard	CARE+, MHU, Illegal Dumping Program
Harbor Yard	CARE+
LSD Headquarters - Young's Market (projected)	CARE+, CleanStat, Storage, Receptacles, Altered Shift, Illegal Dumping Program, Mobile Hygiene Unit Program, Management, Administrative, Supervisory, Storage

Deployment Phase	Program	Projected Staff
Phase I	Management	11
	Administrative	21
	CleanStat	10
	Storage	22
	Receptacles Program	30
Phase II	Supervisory	15
	Crew Instructors	3
	CARE+	81
	Mobile Hygiene Unit Program	13
	Illegal Dumping Program	46
Total		252

Projected Vehicle Deployment:

Phase	Program	Vehicle Type	Count
Phase I	Management	APV	11
	CleanStat	Pickup Truck	8
	Regional Storage	StakeBed	7
		Box Truck	4
		ForkLift LPG	3
		Pickup Truck	6
	Receptacle	SASL	10
		Satellite Side Loader	13
Phase I Total			62
Phase II	Supervisory	Pickup Truck	15
	Crew Instructor	Pickup Truck	3
	CARE Program	Dump Truck	9
		Wheeled Loader	9
		Tow Trailer	9
		Rear Loader	18
		StakeBed	9
		Satellite Rear Loader	9
		Pickup Truck	9
		MHU	Pickup Truck
	MHU		13
	Illegal Dumping	Dump Truck	2
		Wheeled Loader	2
		Tow Trailer	2
		Rear Loader	16
		StakeBed	5
		Satellite Rear Loader	4
		Pickup Truck	5
Phase II Total			152
Grand Total			214

Exhibit C: SITE MAP

YOUNGS MARKET SITE - 450, 500, 590 S. Central Avenue Proposed LA Sanitation Livability Campus



CAMPUS SIZE 9.43 ACRES

- Just north of Arts District and Historical Industrial District
- Centrally located – 1 mile from City Hall
- Near major freeways 5, 10, 60, 101, & 110
- Large fenced, paved and lighted private yard
- Current Parking: 296 spaces

500 S. Central – PHASE I

Take Occupancy of Warehouse/Office Building
172,107 SF warehouse with dock high loading
39,422 SF 2-story office ready for immediate occupancy

450 S. Central – PHASE IA

Existing structure to be demolished for new surface parking lot.

500 S. Central – PHASE II

30,000 SF existing space within warehouse to be built out for staff hygiene shower/locker facility

590 S. Central – PHASE III (Optional)

Existing structure to be demolished for new surface parking lot.

450-500-590 S. Central – PHASE IV

Finish Parking Lot: new striping, signage, concrete wheel stops, light poles, compliance with LID/SUSMP – Bioswale/Planter, EV Charging