

0150-12015-0000

**TRANSMITTAL**

|  |                  |                             |
|--|------------------|-----------------------------|
| TO<br>Council                          | DATE<br>01-26-22 | COUNCIL FILE NO.<br>21-0909 |
| FROM<br>Municipal Facilities Committee |                  | COUNCIL DISTRICT<br>14      |

At its meeting held on December 16, 2021, 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 lease agreement between the California Children’s Academy (CCA) and the City of Los Angeles, located at 233 Breed Street, Los Angeles 90033 for a term of five years with the right to sublease upon approval of the City.

There is no General Fund impact, as there is no revenue generated from this lease and the non-profit lessee is responsible for the costs of operations and maintenance of the subject facility.

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

MWS:ACG: 05220065

# CITY OF LOS ANGELES

CALIFORNIA

TONY M. ROYSTER  
GENERAL MANAGER  
AND  
CITY PURCHASING AGENT



ERIC GARCETTI  
MAYOR

DEPARTMENT OF  
GENERAL SERVICES  
ROOM 701  
CITY HALL SOUTH  
111 EAST FIRST STREET  
LOS ANGELES, CA 90012  
(213) 928-9555  
FAX No. (213) 928-9515

December 16, 2021

Honorable City Council  
City of Los Angeles  
C/o City Clerk  
Room 305, City Hall  
Los Angeles, CA 90012

Attention: Michael Espinosa, Legislative Assistant

**REQUEST AUTHORIZATION TO NEGOTIATE AND EXECUTE  
A NEW LEASE AGREEMENT BETWEEN THE CITY OF LOS ANGELES  
AND THE CALIFORNIA CHILDREN'S ACADEMY AT  
233 BREED STREET, LOS ANGELES, 90033**

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The Department of General Services (GSD) requests authority to negotiate and execute a new lease agreement with the California Children's Academy (CCA) ("Tenant") and the City of Los Angeles ("Landlord") in Council District 14 (CD-14) for a licensed childcare center located at 233 Breed Street, Los Angeles, CA 90033.

## **BACKGROUND**

On September 29, 2021, Council file 21-0909 was adopted to allow for a new lease replacing the current holdover contract C-82112 which started April 1, 1990, and expired on March 30, 1994. This lease renewal allows the City to review the community benefits and provide a term lease so CCA may apply and receive grant funding to repair the playground area and replace playground equipment.

GSD is requesting to execute a five-year contract with the CCA for a period from November 1, 2021 to October 31, 2026.

California Children's Academy helps families become financially independent by providing affordable licensed childcare to low-income families. A sliding fee scale, as issued by the California Department of Education and the California Department of Social Services, takes the family's gross monthly income and number of household members into consideration. CCA was founded in 1971 as a non-profit 501(C) (3) agency for the purpose of providing childcare services to meet the needs of the East/Northeast community of Los Angeles.



Services are available for infants, toddlers, and preschool age children and their families. Currently, they have 97 children enrolled including 40 infants and 57 toddlers and preschoolers. The program offers an array of age-appropriate curriculum to meet the individual needs of each child. This includes early education readiness skills for successful transition to kindergarten, as well as bilingual and multicultural experiences to foster acceptance of all children. Balanced meals and snacks providing up to 80% of each child's daily nutritional requirements are also provided. CCA receives grants from the California Department of Education.

### **TERMS AND CONDITIONS**

The new proposed lease will be for up to five (5) years with no options to extend. A complete set of terms and conditions are outlined on the attached term sheet.

### **COMMUNITY BENEFIT ANALYSIS**

The City Administrative Office (CAO) completed the attached Community Benefit Analysis (CBA) which supports the recommendation for approval of the proposed terms and conditions. See the attached CBA.

### **MAINTENANCE/UTILITIES/LANDSCAPING**

CCA shall maintain the site in good and sanitary condition. Any repairs, alterations or other improvements required from the specific use of the site shall be performed by the tenant at their cost. The tenant is also responsible for all utilities and landscaping.

### **FISCAL IMPACT**

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

### **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 new lease agreement with the California Children's Academy at 233 Breed Street, Los Angeles, CA 90033 under the terms and conditions outlined in this report.



Tony M. Royster  
General Manager

Attachment: Term Sheet  
Community Benefit Analysis

## LEASING TERM SHEET

|                       |  |
|-----------------------|--|
| MFC DATE              | 12/16/2021                                 |
| LANDLORD              | City of Los Angeles                        |
| ADDRESS               | 111 E. 1st Street., Los Angeles, CA 90012  |
| TENANT                | California Children Academy                |
| ADDRESS               | 2701 N. Main Street, Los Angeles, CA 90031 |
| LOCATION              | 233 Breed Street, Los Angeles, 90033       |
| AGREEMENT TYPE        | Lease                                      |
| USE                   | Child Care Center                          |
| SQUARE FEET           | 8,200                                      |
| TERM                  | 5 years                                    |
| RENT START DATE       | Upon Executed Lease                        |
| LEASE START DATE      | Upon Executed Lease                        |
| OPTION TERM           | N/A  |
| HOLDOVER              | YES  |
| SUBLET/<br>ASSIGNMENT | RIGHT TO SUBLEASE - LANDLORD APPROVAL      |
| TERMINATION           | N/A  |
| RENTAL RATE           | Zero                                       |
| ESCALATION            | N/A  |
| RENTAL ABATEMENT      | N/A  |
| ADDITIONAL RENT       | Tenant responsible for utilities           |
| PROPERTY TAX          | N/A  |
| OPEX                  | N/A  |
| CAM                   | N/A  |

|                                |   |
|--------------------------------|---|
| OTHER                          | N/A   |
| SECURITY DEPOSIT               | N/A   |
| MAINTENANCE/<br>REPAIR         | TENANT  |
| MAINTENANCE/<br>REPAIR DETAILS | Maintenance & repairs are the sole responsibility of the tenant.  |
| TENANT<br>IMPROVEMENTS         | The tenant is requesting permission to upgrade/replacement the requirements for Playground safety, ADA accessibility, ensure age appropriateness. These required repairs are linked to the tenants STATE funding. |
| PARKING                        | 2 parking space   |
| UTILITIES                      | Tenant  |
| CUSTODIAL                      | Tenant  |
| SECURITY                       | Tenant  |
| PROP 13<br>PROTECTION          | Landlord will NOT provide Prop 13 protection.   |
| INSURANCE                      | TENANT shall indemnify and hold harmless the City   |
| OTHER:                         | Andrea Fernandez (she/her)<br>Vice President of Education<br>California Children's Academy<br>2701 N. Main Street<br>Los Angeles, CA 90031<br>Office (323)223-3313 ext 225<br>Fax (323)223-0954                   |

**Report from  
OFFICE OF THE CITY ADMINISTRATIVE OFFICER  
Community Benefit Analysis for Proposed Non-Profit Lease**

| <b>I. Proposed Lease Terms and Conditions</b> |   |
|---|---|
| Facility Location:                            | 233 North Breed Street, Los Angeles, CA 90033   |
| Lessee:                                       | California Children’s Academy (CCA), a non-profit 501(c)(3) organization  |
| Council File Reference:                       | 21-0909 (Motion adopted September 29, 2021)   |
| Space Assignment:                             | Children’s Learning Center – Approximately 8,200 sq ft.   |
| Term & Renewal Option:                        | Up to 5 years.  |
| Market Rate:                                  | \$1.85 – \$3.00 for similar size and highest best use.<br>(8,200 sq ft x \$1.90 per s.f. x 12 month = \$186,960 annually)   |
| Proposed Rental Rate:                         | \$0 per year  |
| Clean-up and Associated Cost:                 | Tenant responsibility.  |
| Tenant Improvements:                          | CCA is applying for grant funding in the amount of \$180,000 to upgrade the playground and repair cracked concrete in the play area.  |
| <b>II. History and Current Services</b>       |   |
| Mission:                                      | Working with parents and the community to provide high quality child care and education to children living in Los Angeles County.   |
| Vision:                                       | CCA’s vision is to provide the highest quality education and childcare programs for children; create a place where children may develop a positive self-esteem self-understanding while learning about themselves, others, and the world in which they live; develop programs to meet the individual needs, abilities, and interests of each child in our care; ensure that each child and their family are treated with respect and dignity; and, maintain an environment where children are nurtured, held, and encouraged through positive support and guidance throughout the day, and the uniqueness of each child is treasured. |
| Background / History:                         | CCA was founded in 1971 as a non-profit 501(c)(3) agency for the purpose of providing childcare services to meet the needs of the East/Northeast community of Los Angeles. In 1991, CCA expanded its service area to include the San Fernando Valley. CCA currently serves over 700 children per day among the 15 early education centers located across Los Angeles County.  |

**Report from  
OFFICE OF THE CITY ADMINISTRATIVE OFFICER  
Community Benefit Analysis for Proposed Non-Profit Lease**

|  |  |
|--|--|
| Current Services:                      | <p>CCA's programs for infants, toddlers, and preschool age children offer:</p> <ul style="list-style-type: none"> <li>• Care in a safe, healthy, and nurturing environment;</li> <li>• Age-appropriate curriculum to meet the children's individual needs;</li> <li>• Early education readiness skills for successful transition to kindergarten;</li> <li>• Bilingual, multicultural experiences to foster acceptance of all children;</li> <li>• Balanced meals and snacks providing up to 80 percent of each child's daily nutritional requirements to help children learn and develop to their optimal potential; and,</li> <li>• Parent participation, education, resources, and referrals to strengthen the family unit.</li> </ul>  |
| <b>III. Community Benefit Analysis</b> |  |
| Value of Direct Services:              | <p>A. <u>Value of Dedicated Staff: \$1.27 million</u></p> <p>11 teacher assistants - \$ 389,197<br/> 7 teachers - 285,934<br/> 4(3)* supervisors - 95,811<br/> 3(1)* maintenance staff - 83,169<br/> 3(1)* food service staff - 86,770<br/> 4(4)* directors - 63,570<br/> 9(9)* administrative staff - 60,883<br/> Payroll taxes and benefits -204,850</p> <p>*Refers to personnel whose duties and salaries are prorated among the various CCA education centers.</p> <p>B. <u>Value of Services to Participants:</u></p> <ul style="list-style-type: none"> <li>• Access to free or affordable childcare. A sliding fee scale takes the family's gross monthly income and number of household members into consideration. The value of this service is reflected in the value of the staff and budget described in A and C.</li> </ul> |
| Value of Operational Budget:           | <p>C. <u>Value of Operational Budget: \$314,816</u></p> <ul style="list-style-type: none"> <li>• Temporary staff - \$92,716</li> <li>• Payroll and staff expenses - \$7,877</li> <li>• Staff development - \$30,230</li> <li>• Classroom supplies - \$86,348</li> <li>• Utilities/security - \$23,429</li> <li>• Maintenance - \$27,835</li> <li>• Various administrative costs (ex. insurance, outreach, telephone, internet) - \$46,381</li> </ul>   |

**Report from  
OFFICE OF THE CITY ADMINISTRATIVE OFFICER  
Community Benefit Analysis for Proposed Non-Profit Lease**

|  |   |
|--|---|
| Additional Offsets / In-Kind Services: | <p>D. <u>Value of Additional Offsets</u></p> <ul style="list-style-type: none"> <li>Anticipated one-time grant in the amount of \$180,000 to upgrade the playground and repair the cracked concrete in the play area. This amount is provided as informational and is not included in the Total Community Benefit calculation.</li> </ul> |
| Total Community Benefit:               | <b><u>\$1.59 million annually (A+C)</u></b>   |
| Market Value for Leased Space          | <p><b><u>\$186,960 annually</u></b></p> <p>Calculated at the market rate of \$1.90 per s.f. multiplied by the facility's estimated space of 8,200 sq ft multiplied by 12 months = \$186,960</p>   |
| Benefits Finding & Recommended Action. | <p>Community benefits estimated at \$1.59 million annually exceeds the market value of the leased space by \$1.40 million.</p> <p>Approval of the proposed lease terms is recommended on the basis that the value of the community benefits exceeds the market value of the leased space.</p>   |

|                        |          |                 |   |
|------------------------|----------|-----------------|---|
| 0220-05479-0017        | Leah Chu | Bernyce Hollins | <br>Yolanda Chavez |
| Work Assignment Number | Analyst  | Chief           | Assistant CAO   |

Released Date: 11-23-21