

MOTION BY SUPERVISOR HOLLY J. MITCHELL

JULY 27, 2021

Lease Between Los Angeles County and Los Angeles County Facilities, Inc., a Nonprofit Corporation at Vermont Corridor Project

On May 22, 2018, the Los Angeles County (County) Board of Supervisors (Board) approved the Vermont Corridor project for the development of a proposed new Department of Mental Health (DMH) headquarters facility on existing County-owned properties located at 510, 526 and 532 South Vermont Avenue in the City of Los Angeles, and future development of County-owned properties located at 433 and 550 South Vermont Avenue and 3175 West 6th Street in the City of Los Angeles. The County subsequently entered into a lease-leaseback structure with Los Angeles County Facilities, Inc. (LACF), a California nonprofit public benefit corporation, for the development of the DMH headquarters building. Now completed, the new building (referred to as Site 1) is anticipated to contain administrative offices for DMH, Economic and Workforce Development Department, Department of Aging, Department of Human Resources, Commission on HIV, and a Second Supervisorial District field office. This new 21-story glass structure was fast-tracked by the County and the development team of Trammell Crow Company to expedite the elimination of community blight. The site/structure

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features a parking podium of up to 965 parking spaces, with a street-level lobby, an amenity deck, 12 floors of office space, and a connecting bridge to an adjacent parking garage. On June 15, 2021, a Certificate of Occupancy was issued for Site 1. The connecting bridge to the adjacent parking garage located at 523 Shatto Place is scheduled for completion in October 2021 and will yield an additional 768 parking spaces.

Site 1 also includes 780 square feet of rentable retail space on the ground level which will provide an area for a food service provider to serve healthy, chef-prepared, ready-to-eat meals, including a grab-and-go restaurant concept. This amenity would provide County staff and community members with healthy menu options at affordable prices while promoting public purposes and meeting social program requirements.

The County proposes to lease this retail space to LACF, which will sublease the space to a retail food service provider which will target the underserved communities in furtherance of the public interest, and for no other purpose. LACF will be responsible to pay the monthly rent due to the County after deducting any tenant expenses in connection with a sublease agreement between LACF and the food service provider. This is a unique opportunity to bring a much-needed healthy and affordable food service option to the area for residents, constituents served by the County departments housed in Site 1, and County staff.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

1. Find that the proposed lease agreement is categorically exempt from California Environmental Quality Act (CEQA), as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Los Angeles County (County) Board of Supervisors (Board), and Section 15301 of the State CEQA Guidelines (Existing Facilities). The proposed lease, which involves the leasing of existing space with minor tenant improvements within an existing building, with no expansion of the existing building, is within a class of projects that have been determined not to have a significant effect on the environment and meets the criteria set forth in Section 15301 of the State CEQA Guidelines (Guidelines), and Class 1 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. In addition, based on the proposed

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project records, it will comply with all applicable regulations, and there are no cumulative impacts, unusual circumstances, damage to scenic highways, listing on hazardous waste site lists compiled pursuant to Government Code Section 65962.5, or indications that it may cause a substantial adverse change in the significance of a historical resource that would make the exemption inapplicable;

2. Find, pursuant to Government Code section 26227, that the lease agreement between the County and Los Angeles County Facilities, Inc. (LACF), a California nonprofit public benefit corporation, for the retail space to be operated by a food service provider that targets underserved communities of the County and its residents, is necessary to meet the social needs of the County and the general public, and serve a public purpose;
3. Delegate and authorize the Chief Executive Officer (CEO), or her designee, to negotiate and execute a lease agreement between the County and LACF, approved as to form by County Counsel. Rent due under the proposed lease with LACF will be the balance remaining each month from the food service provider's rent after expenses are paid. The proposed lease will have an initial term of 12 months which may be further extended for additional terms of 12-months during the duration of the County's facilities lease of Site 1 with LACF, unless terminated earlier for any reason. The proposed monthly base rent from the food service provider will not be less than \$3,000.00 and the County would not be responsible for any tenant improvement costs associated with the retail space. The food service provider shall be responsible for their operating and maintenance costs associated with the retail space; and
4. Authorize the CEO, or her designee, to negotiate, execute and/or consent to any other ancillary documentation or future amendments, approved as to form by County Counsel, which are necessary to effectuate the proposed lease agreement and to take any other actions necessary and appropriate to implement activities permitted under this proposed lease agreement.

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