

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

CAO W.A.# 0220-05117-0000  
C.F. 14-1725  
Council District 14

Date: November 4, 2015

To: The City Council

From: Miguel A. Santana, City Administrative Officer  
Chair, Municipal Facilities Committee



Subject: **TRANSMITTAL - ITEM NO.11 – REPORT FROM GSD ON FUNDING OPTIONS FOR THE RELOCATION OF THE HOUSING AND COMMUNITY INVESTMENT DEPARTMENT (HCID) TO 221 NORTH FIGUEROA PLAZA**

At its meeting of October 29, 2015, the Municipal Facilities Committee (MFC) considered a request from the Department of General Services (GSD) to assign Floors 11-16 of the 221 North Figueroa Plaza Tower to the Housing and Community Investment Department (HCID) and concur with request for City Council to provide authorization to GSD to negotiate and execute a sole source contract with CBRE, Inc. for project management services for space planning, tenant improvements and relocation for the HCID project. After discussion, the MFC amended the recommendations contained in the GSD report as follows:

That the Council, subject to approval of the Mayor:

1. Authorize GSD to negotiate and execute a sole source contract with CBRE for the HCID project which includes project management, space planning, tenant improvements and relocation of HCID staff, subject to approval of the City Attorney as to form, for a contract amount of up to \$16 million;
2. Authorize the use of up to \$5.8 million in insurance proceeds from the Figueroa Plaza – Da Vinci Fire claim for the HCID project;
3. Authorize the use and transfer of up to \$820,132 from various funds in HCID's Lease Account No. 006030 to GSD's Contractual Services Account No. 003040 as shown below:

Fund	Account	Amount
240	Housing Production Revolving Fund	\$ 2,894
41M	Systematic Code Enforcement	525,652
440	Rent Stabilization Trust	166,776
55J	Low and Moderate Income Housing	42,206
815	Municipal Housing Finance	46,307
100	General Fund	36,297
	<b>Total</b>	<b>\$ 820,132</b>

4. Authorize the use of up to \$9.4 million in MICLA financing for tenant improvement work at the Figueroa Plaza Towers; and
5. Instruct the CAO and CLA to make technical corrections as necessary to implement Mayor and Council intentions.

This matter is hereby transmitted for Council consideration.

**FISCAL IMPACT**

Approval of the assignment of space and relocation of HCID to space at the Figueroa Plaza will have an immediate impact on the 2015-16 General Fund and will require gap funding for tenant improvements of up to \$9.4 M which we recommend be provided through MICLA financing. However, beginning with 2016-17, the General Fund will be able to recoup operating, maintenance and debt financing expense either directly or through the Cost Allocation Plan from HCID special funds.

**DEBT IMPACT STATEMENT**

The issuance of bonds through the Municipal Improvement Corporation of Los Angeles is a General Fund obligation. The use of MICLA financing provided for in the Adopted Budget will cause the City to borrow approximately \$9.92 million (includes project costs, costs of issuance, and debt service reserve fund) at a 5 percent interest rate. The total estimated debt service is \$15.92 million which includes the borrowing amount and interest (\$6.0 million). During the life of the bonds, the estimated average annual debt service is \$796,000 over 20 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future.

This action requires Council approval.

*Attachment*

*MAS/JLVW:05160064*