

0220-06132-0001

TRANSMITTAL

TO The City Council	DATE 01/29/24	COUNCIL FILE NO. 23-0792
FROM Municipal Facilities Committee	COUNCIL DISTRICT 1	

At its meeting on January 25, 2024, the Municipal Facilities Committee (MFC) approved to note and file the attached report (Attachment A) from the Department of General Services and Bureau of Engineering relative to the rehabilitation and operations cost of the Mayfair Hotel project. The adoption of this report will note and file the information provided in the report.

There is no fiscal impact at this time as a result of the adoption of this report. The report notes a projected shortfall for construction costs in the amount of \$8,942,270, which will be supported by the General Fund through the Homelessness Emergency Account. Additionally, there is a potential future impact on the General Fund in the amount of \$5,067,200 relative to the annual facility operations and \$13,038,655 for base participant services of the Mayfair Hotel.



Matthew W. Szabo
City Administrative Officer

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CAO 649-d

CITY OF LOS ANGELES

CALIFORNIA

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January 25, 2024

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

Attention: Mandy Morales, Legislative Assistant

COUNCIL FILE NO. 23-0792 RELATIVE TO REPORT BACK ON FULL COSTS OF OPERATING AND MAINTAINING THE MAYFAIR HOTEL

BACKGROUND

On August 18, 2023 City Council approved Council File 23-0792 for the acquisition of the Mayfair Hotel in Council District One (CD1) and requested that the Department of General Services (GSD) and the Bureau of Engineering (BOE) report, after the City takes possession of the Mayfair Hotel, the full costs of operating and maintaining the facility.

DISCUSSION

The full costs to operate and maintain the Mayfair Hotel are described in the following areas, as requested by City Council in the motion:

a. Cost and length of time to build out facilities needed to provide services to Mayfair residents, including kitchen and dining areas; laundry facilities; and areas for social services.

The current estimated total cost for renovations at the Mayfair Hotel is \$26,250,000. This includes the initial move-in phases (Phase 0, Phase 1A and Phase 1B) and the deferred Phase 2. This is broken down as follows:

Initial Move-In – Phase 0, Phase 1A and Phase 1B:

The current estimated cost for renovations for the initial move-in phases is approximately \$7,750,000.

The goal is to have the following construction work done by approximately April 15th and it includes Phases 0, 1A and 1B: 294 room renovations; case management spaces; intake area build-out; medical services area; laundry area; code compliance for accessibility; mechanical, electrical and plumbing (MEP) system upgrades for the guest rooms and some central systems; reinforcement of hollow clay tiles in the stairwells; repair of concrete spalling at the parking garage; and the transformation of the pool into a pet area.



Phase 0 construction work is 99% completed by GSD's Construction Forces Division (CFD). Phase 1A is under construction, at about 50% completion. BOE and CFD are currently working on new walls and MEP conduit and pipe installation. Phase 1B plan check items for structural stairway work has secured a Ready-to-Issue notice from the Department of Building and Safety (DBS). Phase 1B MEP construction work in guest rooms has begun as no permit was required. BOE and CFD are refining the full construction costs for Phase 1B.

Deferred Phase - Phase 2:

The current estimated cost for renovations for Phase 2 is approximately \$18,500,000.

Phase 2 will include seismic strengthening, elevator modernization, façade repair, and roof repair. Further investigation is needed with DBS to complete the scope of work. Design and permitting will start in early 2024 and will last about 10 to 12 months. Construction may last up to 18 months.

The Mayfair has a fully functioning kitchen and dining areas. The kitchen will require minor improvements to meet ADA requirements for warming of food only, such as lowering paper towel dispensers and removal of shelving and other items protruding from the wall to meet the required mobility range. This work is being done as part of Phase 1B.

In addition to the total estimated construction cost for the renovations of \$26,250,000, BOE is estimating design and permit costs of \$3,500,000 and \$1,300,000 in contingency for Phase 0, Phase 1A, Phase 1B and Phase 2. Total anticipated project cost is \$31,050,000.

Construction activities for each phase are described in more detail in the **Renovations Update and Budget** section of this report.

b. All work required to bring the Mayfair Hotel into full compliance with current Americans with Disabilities Act (ADA) standards, including elevators, common areas such as the ballroom, common bathrooms and kitchens, and individual rooms.

The CBRE Group, Inc. (CBRE) report, at the time of acquisition, noted that there had been previous building barrier upgrades, and that more work needed to be done to comply with current code. A preliminary list was provided in the CBRE report which included addressing some parking deficiencies, heights of electrical outlets and countertops, some signage, and some required distances for fixture mounting.

Funding was allocated for ADA upgrades based on the CBRE report. Following the building purchase, BOE completed detailed programming and design with the facility operator. Based on the design and input from a Certified Access Specialist Program professional, additional work was identified and is underway.

The scope of work for Phases 1A and 1B will require upgrades for ADA that includes the following items:

- The path of travel from the parking garage to the main entrance which may require future sidewalk repair; the path of travel to interior areas including supportive offices, meeting rooms, medical clinics, laundry room and public restrooms will need to be addressed.
- The tenant improvements also trigger upgrades that will require adjusting heights for mirrors and outlets, and spacing distances throughout the building.

- The rooms noted as Accessible Rooms (26 rooms) will require some of the following based on each unit: the build-out of walls to extend grab bars, replacement of roll-in shower thresholds, and some plumbing fixture replacements.
- The Accessible Rooms with special communication requirements will need hard-wired strobes and bells, as the current rooms utilized phones for audio/visual communication which no longer exists.

The demolition of the corridor carpet, which was not anticipated by CBRE, has resulted in the need for floating the corridor floors to raise the level of the floors at the door thresholds to all guest rooms including the ADA and non-ADA rooms.

- The door thresholds at the corridor to all the Accessible Rooms need to be replaced to meet code, as do the thresholds at the third-floor corridor locations.
- In the Accessible Rooms, internal thresholds are being modified to be ADA compliant, along with internal thresholds in approximately 56 other rooms that are not compliant.
- BOE is also currently defining a full building signage package with permanent, code-compliant signage.

The existing Elevator #3 serves as the accessible elevator and shall be identified with an International Symbol of Accessibility (ISA). We anticipate that the requirement for an elevator that could accommodate a gurney will not be triggered until the elevator modernization is reviewed in Phase 2 and this will involve a conversation with DBS.

There are minor upgrades in the kitchen to meet ADA requirements in the Phase 1B work as noted above.

c. Cost of external improvements, such as lighting, cameras and security to help ensure the Mayfair is a good neighbor to nearby residents and businesses.

There is no current plan to install additional lighting and cameras on the exterior of the building through the renovations budget. Per a separate motion request and report back, the Bureau of Street Lighting has submitted a report under Council File 23-0792 regarding a Street Lighting Improvement Plan for the area within a 1,000 foot radius of the Mayfair Hotel.

The Housing Authority of the City of Los Angeles (HACLA) has hired a security company that will monitor the exterior of the building, as well as inside the hotel, 24 hours a day. During Phase 2, repairs of some of the external walls will occur. The cost will be estimated in the total Phase 2 work, and will be further refined during the Phase 2 design.

d. Annual cost of ensuring that the Mayfair Hotel building is kept in a state of good repair, including amortization of projected costs for major systems including roof, plumbing, electrical and HVAC.

As outlined in the budget submitted to Council in August 2023, as well as the attached revised budget, funding is identified annually for ongoing maintenance activities including building maintenance and repairs as well as custodial services. The budget includes an annual line item for major capital repairs which will be tied to a Five Year Capital Plan that is created by the Asset and Property Manager and reviewed by GSD. The line item currently in the budget for major capital repairs was developed by CBRE, who was contracted during the acquisition due diligence phase to do a complete property conditions assessment, and the identified renovations underway were identified within that assessment.

HACLA advises they have an interim Property Manager on site providing basic building services during the renovations. Once the renovations are complete, they will utilize the recommendations developed by CBRE and work with the permanent Property Manager, in consultation with the Building Engineer, to develop the Five Year Capital Plan taking into account the renovations completed. The capital reserve remains within GSD's budget. The current year capital reserves will be used to address Phase 2 capital items such as the roof and other building system repairs. The annual reserves will also be held in GSD's budget and fund the plan that is created for major building systems replacement.

For additional information on the annual building maintenance and operations, please refer to the section below on the **Revised Maintenance and Hotel Facility Operations Budget**.

e. Need for and cost of providing parking for resident or staff vehicles, bicycles or other devices.

In Phase 1A, BOE will be building an enclosure for the storage of 60 bicycles, located in the parking structure at level 1, and is included in the Phase 1 budget. The existing 3-level parking garage will be used by staff.

f. Time and cost of any needed seismic work, including rooms and other facilities that must be vacated during work.

Phase 2 will include the analysis of optional seismic strengthening for the entire building and design for the first step in this process. A computer model and a preliminary assessment will be completed for the entire building to fully understand the deficiencies. A detailed design will be done for the work from the foundation up to the third floor, followed by construction of this component of the seismic strengthening. Design and permitting will start in early 2024 and will last about 10 to 12 months. Construction for the seismic strengthening of the basement up to the 3rd floor may last up to 18 months. Seismic strengthening of the entire building is currently not scheduled for completion.

At this time, BOE is anticipating that the initial construction to address seismic strengthening will address the soft story issues located in the basement through the first three floors. The 3rd floor has 13 guestrooms that may be impacted during construction addressing the soft story issues, and occupants may need to be relocated from the 3rd floor.

Seismic strengthening of the upper floors will need to be a separate construction effort, and if planned on a floor-by-floor basis, could proceed with the building occupied and individual floors cleared of residents.

Estimated construction costs for the soft story construction work is included in the Phase 2 total of \$18,500,000. Cost for the seismic strengthening of the upper floors is not currently known and will be a Phase 3 scope of work.

REVISED MAINTENANCE AND HOTEL FACILITY OPERATIONS BUDGET

Attached is a revised budget with slight changes from the original budget set forth in the original report to City Council. Changes include the following:

- Adds annual insurance costs provided by HACLA (\$95k)
- Removes housekeeping line item (-\$600k)
- Creates a "Staff" category
 - Moves "Maintenance & Janitorial" from "Hotel Expenses" to "Staff", and
 - Adds a line item for Administrative Staff (\$30k)
- Other line item adjustments to meet categorical needs

Categorical Changes

	Current	Original	Difference
<i>Utilities</i>	\$984,000.00	\$978,000.00	\$6,000.00
<i>Life Safety</i>	\$555,600.00	\$435,600.00	\$120,000.00
<i>Groundskeeping</i>	\$120,000.00	\$105,000.00	\$15,000.00
<i>Repairs/Maintenance</i>	\$496,200.00	\$492,000.00	\$4,200.00
<i>Hotel Expenses</i>	\$258,000.00	\$1,338,000.00	-\$1,080,000.00
<i>Staff</i>	\$840,000.00		\$840,000.00
<i>Asset Management Fee</i>	\$84,000.00	\$84,000.00	\$0.00
<i>Property Management Fee</i>	\$60,000.00	\$60,000.00	\$0.00
<i>Property Insurance</i>	\$95,000.00		\$95,000.00
<i>Annual Replacement Reserve (@9.6/sf)</i>	\$1,574,400.00	\$1,574,400.00	\$0.00
	\$5,067,200.00	\$5,067,000.00	\$200.00

RENOVATIONS UPDATE AND BUDGET

An increase in the renovation estimate occurred due to scope changes resulting from detailed planning with the facility operator and a closer look at the building systems. BOE and their design consultants collaborated with the operator to define cost effective and operationally functional space planning, and to more closely analyze building systems.

Specific construction plans for Phase 0 and Phase 1A and Phase 1B have now been developed that include: the case management area on the 1st floor; six (6) full height private offices on the 1st & 2nd floors; fall protection from the 2nd floor surrounding the entrance atrium; desk space for 16 full height cubicles with sliding doors; demolition of non-structural wall extensions for efficient layouts; a new laundry facility for tenants on the 3rd floor; a detailed analysis of changes needed in the public and operator spaces to the sprinkler system and fire alarm system, to the electrical and lighting layouts and to mechanical ducting. This includes the decision to remove all existing carpeting and to install new laminate flooring within all 294 guest rooms and all hallways on each floor and a detailed review of the scope for updating the interior of all 294 guest rooms.

Conferring with the service provider for the Mayfair, it was determined that the existing furniture could lead to pest infestations and/or safety issues and it was decided to remove all existing furniture in the rooms. Damaged furniture was salvaged; usable furniture was either donated or set aside for auction.

For Phase 1B, the construction drawings clarify the details for the reinforcement of the hollow clay tiles at the exit stairwells as well as for the repair of the concrete spalling in the basement mechanical room, in the mechanical room above ballroom kitchen, and in the elevator machine rooms at the roof. Other areas of concrete repair may be exposed during construction. Also, verification and testing of the electrical ground-fault circuit interrupter receptacles at every guest room, kitchen and common restrooms will be performed.

The Phase 2 work has now been defined in more detail, and includes the following: the exterior façade repair with required scaffolding; roof patching; elevator modernization based on a 3rd party estimate for replacement of three (3) elevators; localized structural retrofits from the basement to

the 3rd floor; and anticipated replacements of mechanical, electrical and plumbing equipment such as the hot water boiler and associated pumps, the hot water storage tanks, and some of the existing electrical panelboards and transformers.

Renovation Phase	Description of Construction Work	Estimated Construction Cost	Notes: Cost estimates are based on the final scoping package dated November 6, 2023 and CFD estimates.
INITIAL MOVE IN			
Phase 0	Removal of carpet, baseboards. New flooring: sand, prep and skim coat all floors, new flooring and baseboards. ADA requirements are being addressed for door thresholds. Patch and painting. Dismantle bed frames and murphy beds. Remove all window coverings. Repair various plumbing fixtures, light fixtures and thermostats.	\$2,500,000 +/-	Demolition of carpet is complete, new flooring is complete in the guest rooms on floors 4 and above, continuing installation in the hallways, BOE has allocated some contingency to this phase, it is anticipated that it will not exceed \$2.5M.
Phase 1A	Build out for security and check-in at the main entrance, lobby reception, and administrative areas on the first floor and second floor, 16 cubicles for case management with power and data. Laundry area, and a pool conversion to a pet relief area on the third floor. New window coverings. ADA upgrades.	\$3,300,000 +/-	Phase 1A is under construction, almost 50% complete. Currently working on new walls and MEP rough-in.
Phase 1B	Reinforcement of hollow clay tiles at stairwells, concrete repairs, access control system, ADA upgrades, mechanical, electrical and plumbing upgrades.	\$1,950,000 +/-	Phase 1B design is complete. Construction began in January 2024.
TOTAL MOVE IN COST		\$7,750,000 +/-	
TOTAL AVAILABLE FUNDING - HARD AND SOFT COST		\$22,107,730	

FUNDS REMAINING		\$14,357,730	
DEFERRED			
Phase 2	Partial seismic retrofit, elevator modernization, facade and roof repair	\$18,500,000 +/-	The scope of work for Phase 2 needs to be further investigated with Building and Safety. Design is anticipated to begin early 2024 with a 10-12 month duration. The seismic retrofit construction is anticipated to start in early to mid-2025 after design and bidding. The elevator modernization, roof repair, and facade repairs can begin earlier.

Description	Projected Total Cost
Estimated Construction Cost: Move in	\$ 7,750,000.00
Estimated Construction Cost Phase 2	\$ 18,500,000.00
Total Construction	\$ 26,250,000.00
Estimated Construction Cost	\$ 26,250,000.00
Design Fees and Permits	\$ 3,500,000.00
Contingency	\$ 1,300,000.00
Total Project Cost	\$ 31,050,000.00
Available Funding (Hard and Soft Cost)	\$ 22,107,730.00
PHASE 2 SHORTFALL	\$ 8,942,270.00
Funding Sources : Shortfall	
First Two Years Capital Reserve	\$3,148,800
Inside Safe	\$5,793,470
	\$8,942,270

NOTES:

1. Refer to CF 23-0792 for funding transferred to cover soft/hard cost, total of \$22,107,730.
2. Design fees cover BOE project management, design consultant GGA, including mechanical, electrical, plumbing and structural.
3. Annual capital reserve funds were established to repair the roof, mechanical, plumbing and electrical building systems.

Description	Actual/Estimated Expenditures through mid-January 2024
Design Fees (GGA)	\$ 605,492.00
Construction Work- ongoing	\$ 4,237,419.72
Total	\$4,842,911.72
Available Funding (Construction and Soft Cost)	\$ 22,107,730.00
Uncommitted Funds	\$ 17,264,818.28

SERVICE PROVIDER UPDATE

The Weingart Center (Weingart) has been selected as the service provider for this program. Through the Encampment Resolution Funding (ERF), the Los Angeles County Department of Health Services (DHS) has contracted with Weingart to provide the enhanced services detailed in the funding application.

The Mayor's Office is currently working with LAHD and LAHSA to prepare the contract for the base services to support the program. This two-year contract will include:

- Instructions for the formation of a Community Advisory Board
- A directive to provide regular reports on their occupancy and exits.
- Language/instructions around the "Good Neighbor Policy"

The current service budget is estimated at \$13,038,655. This includes staff, supplies, meals and activity costs. Start-up costs for the program, which include office furniture and supplies, is still in development and will be submitted once available.

The service provider, in collaboration with the Mayor's Office of Community Engagement, has already begun developing a comprehensive plan for the formation of the requested Community Advisory Board.

Should you have any questions or need additional information, feel free to contact Melody McCormick, Assistant General Manager at GSD at (213) 216-6706 and Deborah Weintraub, Chief Deputy City Engineer at the Bureau of Engineering, Department of Public Works at (213) 485-5499.



Tony M. Royster
General Manager
Department of General Services



Electronically Signed by Deborah Weintraub
on 01/22/2024 4:34:19 PM

Ted Allen, P.E.
City Engineer
Bureau of Engineering

Attachment: Revised Operation Budget

cc: Marina Quinonez, Senior Architect
Joyce Mar, Structural Engineering Associate IV
Amy Benson, Chief Management Analyst

Revised Operation Budget					
Mayfair - Detailed Operating Budget			MAYFAIR SUMMARY OPERATING BUDGET		
Utilities	Monthly	Annually		Monthly	Annually
Garbage	\$6,000.00	\$72,000.00		Utilities	\$82,000.00 \$984,000.00
Electric	\$40,000.00	\$480,000.00		Life Safety	\$46,300.00 \$555,600.00
Gas Fuel	\$10,000.00	\$120,000.00		Groundskeeping	\$10,000.00 \$120,000.00
Service Contracts	\$1,000.00	\$12,000.00		Repairs/Maintenance	\$41,350.00 \$496,200.00
Water/Sewer	\$25,000.00	\$300,000.00		Hotel Expenses	\$21,500.00 \$258,000.00
Total	\$82,000.00	\$984,000.00		Staff	\$70,000.00 \$840,000.00
				Asset Management Fee	\$7,000.00 \$84,000.00
Life Safety	Monthly	Annually		Property Management Fee	\$5,000.00 \$60,000.00
Fire Panel Monitoring & Maintenance	\$600.00	\$7,200.00		Property Insurance	\$7,916.67 \$95,000.00
Access Control and Maintenance	\$1,000.00	\$12,000.00	Annual Replacement Reserve (@9.6/sf)		\$131,200.00 \$1,574,400.00
Fire Sprinkler/Extinguisher/Smoke Detector	\$700.00	\$8,400.00	TOTAL		\$422,266.67 \$5,067,200.00
Courtesy Patrol	\$500.00	\$6,000.00	Nightly Cost Per Room, @294 rooms		\$47.22
Telephone Monitoring	\$500.00	\$6,000.00	Monthly, per room		\$1,436.28
Other Security	\$500.00	\$6,000.00	Annually, per room		\$17,235.36
Generator & Emergency Services	\$500.00	\$6,000.00			
LS Tests	\$1,500.00	\$18,000.00			
RM-Life and Safety	\$500.00	\$6,000.00			
On-Site Security	\$40,000.00	\$480,000.00			
Total	\$46,300.00	\$555,600.00			
Groundskeeping	Monthly	Annually			
Maint and Landscaping	\$2,500.00	\$30,000.00			
Parking Garage- Cleaning/Sealing/Striping	\$7,500.00	\$90,000.00			
	\$10,000.00	\$120,000.00			
Repairs/Maintenance	Monthly	Annually			
Electrical repairs	\$1,000.00	\$12,000.00			
Lighting repairs and supplies	\$550.00	\$6,600.00			
Plumbing Repairs	\$5,000.00	\$60,000.00			
Plumbing Fixtures	\$500.00	\$6,000.00			
HVAC Contract	\$1,000.00	\$12,000.00			
HVAC Repairs	\$5,000.00	\$60,000.00			
Elevator Maintenance Contract	\$5,000.00	\$60,000.00			
Elevator Repairs	\$2,500.00	\$30,000.00			
Maintenance Labor	\$2,500.00	\$30,000.00			
Maintenance Supplies	\$2,500.00	\$30,000.00			
Doors/Windows/Hardware	\$2,000.00	\$24,000.00			
Painting	\$500.00	\$6,000.00			
Pest Control	\$7,500.00	\$90,000.00			
Gates/Fences	\$500.00	\$6,000.00			
Exterior Building Repairs	\$1,500.00	\$18,000.00			
Licenses	\$1,000.00	\$12,000.00			
Vendor Service Contracts	\$1,000.00	\$12,000.00			
Water Treatment	\$800.00	\$9,600.00			
Refrigeration	\$1,000.00	\$12,000.00			
Total	\$41,350.00	\$496,200.00			
Staffing	Monthly	Annually			
Maintenance & Janitorial	\$40,000.00	\$480,000.00			
Administrative Staff	\$30,000.00	\$360,000.00			
Total	\$70,000.00	\$840,000.00			
Hotel Expenses	Monthly	Annually			
Cable	\$1,000.00	\$12,000.00			
Cleaning Supplies	\$2,500.00	\$30,000.00			
Guest Supplies	\$750.00	\$9,000.00			
Laundry/Valet	\$15,000.00	\$180,000.00			
Laundry Supplies	\$750.00	\$9,000.00			
Operating Supplies	\$500.00	\$6,000.00			
Printing	\$500.00	\$6,000.00			
Dormakaba (smart access)	\$500.00	\$6,000.00			
Total	\$21,500.00	\$258,000.00			