

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration 500 West Temple Street, Room 713, Los Angeles, California 90012 (213) 974-1101 http://ceo.lacounty.gov

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June 19, 2018

The Honorable Board of Supervisors County of Los Angeles 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

17 June 19, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

APPROVAL OF AN EXCLUSIVE NEGOTIATION AGREEMENT
WITH THE SEED FOUNDATION FOR THE
DEVELOPMENT/OPERATIONS OF A CHARTER SCHOOL AT THE
VERMONT AND MANCHESTER TRANSIT PRIORITY JOINT DEVELOPMENT PROJECT
(SECOND DISTRICT)
(3 VOTES)

SUBJECT

Approval of the recommended actions will allow the County of Los Angeles (County) and the SEED Foundation to enter into a 6-month Exclusive Negotiation Agreement (ENA) to negotiate the development and operation of a charter school as part the Vermont and Manchester Transit Priority Joint Development Project (Project) located on the east side of the 8400 and 8500 blocks of South Vermont Avenue in the City of Los Angeles.

IT IS RECOMMENDED THAT THE BOARD:

- 1. Approve and authorize the Chief Executive Officer (CEO), or her designee, to negotiate, execute, implement and, if necessary, amend, extend or terminate a 6-month Exclusive Negotiation Agreement with the SEED Foundation for the exclusive right to engage in negotiations to establish an operating lease or similar agreements for the development and operations of a charter school on the Vermont and Manchester Transit Priority Joint Development Project site. County Counse's review and approval would be required before the CEO executes the Exclusive Negotiation Agreement.
- 2. Authorize the Chief Executive Officer, or her designee, to prepare and execute a permit to enter and other ancillary documentation necessary to facilitate the SEED Foundation's access to the

Vermont and Manchester Transit Priority Joint Development Project site and complete other tasks necessary to carry out the terms of the proposed Exclusive Negotiation Agreement.

- 3. Direct the Chief Executive Officer to return to the Board for approval to execute any lease or other agreements that result from the negotiations conducted in connection with the Exclusive Negotiation Agreement if the parties successfully negotiate a lease/agreement.
- 4. Find that approval of these actions, as described herein, is not subject to the provisions of the California Environmental Quality Act, because the actions do not commit the Los Angeles County to a project and will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On December 5, 2017, the Board of Supervisors (Board) voted to approve the acquisition of approximately 4.203 acres of real property located on the east side of the 8400 and 8500 blocks of South Vermont Avenue in the City of Los Angeles for the Vermont and Manchester Transit Priority Joint Development Project site. The Project accomplishes many public uses, including, but not limited to: (1) promoting sustainable, affordable, mass-transit oriented residential and retail development; (2) providing the County with a unique opportunity to partner with the Los Angeles County Metropolitan Transportation Authority (LACMTA) to create a center to train a new generation of employees for careers in mass transit; (3) encouraging multiple alternative modes of transportation, consistent with potential future LACMTA transit improvements: (4) creating a transit plaza and a community space that would serve as important public amenities; (5) creating local public and private employment opportunities for nearby residents; (6) eliminating the Property as a source of public nuisances over the past 21 years; and (7) creating a public charter boarding school designed for students who need a 24-hour learning environment to achieve their greatest educational potential. The recommended actions in this Board letter relate to the creation of the public charter boarding school. The additional project components will be developed through separate processes.

The County proposes to establish a public charter college-preparatory boarding school that will prepare Los Angeles County youth for career and college pathways in the transportation and infrastructure industry by teaching them transferrable industry skills. The County's vision is to improve social services and quality of life, increase public safety, expand educational and employment options for youth, and bring positive economic and community development to the Vermont and Manchester area and surrounding community in South Los Angeles. The County intends for the proposed school to recruit a cross-section of diverse youth, including students from the local community in South Los Angeles and youth who are currently receiving services from, or at risk of entering, the County's child welfare system, probation department/juvenile justice system, or homeless coordinated entry system, with the objective of facilitating more positive life outcomes. The County intends to enter into a long-term agreement with a non-profit organization or team to develop and operate the school.

The goal is to establish a college-bound environment for students who may benefit from a 24-hour learning experience to achieve their maximum potential, and to provide an opportunity for youth to be exposed to careers in transportation and infrastructure industries. The County seeks to advance the role of science, technology, engineering, art and mathematics (STEAM), especially in the areas of innovation, infrastructure and transportation to help foster and create an industry talent pipeline in the County.

The proposed ENA is necessary to give the County and the SEED Foundation the opportunity to gather specific information about the site and negotiate the parameters and funding structure of this complex project in advance of executing an operating lease or other similar agreements.

The SEED Foundation is a nonprofit organization that helps underserved students achieve their potential through a college-preparatory, public boarding school network. There are currently three SEED schools located in Washington D.C., Maryland, and Florida. The SEED Foundation's proposed project partners include ExED and Abode Communities. ExED is a local nonprofit organization that provides support to public schools and currently provides comprehensive financial services to 104 schools. Abode Communities is a nonprofit developer with experience in developing education spaces, affordable housing, community centers, health centers and single room occupancy hotels which are similar to dorm rooms.

The proposed ENA allows the parties to engage in exclusive negotiations to establish the terms and conditions for a lease/agreement and does not commit the County to any future agreement with the SEED Foundation. The Chief Executive Officer will return to the Board to execute any lease or other agreements that result from the negotiations conducted in connection with the ENA if such lease/agreements can be negotiated by the parties.

<u>Implementation of Strategic Plan Goals</u>

The proposed charter school supports County Strategic Plan Goal II.1.3 - Coordinate Workforce Development: Identify and align workforce development programs to provide career pathways for high-needs, priority populations and to support the labor needs of the County's high-growth industry sectors. The specially designed curriculum of the charter school will produce students that are uniquely qualified for the transit-oriented careers. The charter school will also support County Strategic Plan Goal I.1.4 - Support Educational Outcomes for Systems-Involved Youth by providing new educational opportunities for a diverse range of students including the system-involved youth.

FISCAL IMPACT/FINANCING

The financial impact of authorizing the ENA and conducting the negotiations is expected to be up to \$250,000 including legal fees, inspections, appraisals, document reviews, environmental assessments, and pre-construction activities. These costs will be paid by Second District discretionary funds.

In their proposal, the SEED Foundation estimated a cost of \$64 million in capital required to fund the construction of the facility. The SEED Foundation's proposal presented a funding model that includes a County commitment of approximately \$200 million over 20 years to pay for construction financing and subsidizing on-going school operating costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Authority for the CEO to negotiate on behalf of the Board of Supervisors is authorized by Section 2.08.150 of the County Code as it relates to the administration of transactions. Under that code provision, the CEO shall administer and negotiate for the Board of Supervisors all transactions pertaining to purchases, sales, dedications, leases, or rentals of real property or any interest therein, to or by either the County or any public entity of which the Board of Supervisors is the ex-officio governing body.

ENVIRONMENTAL DOCUMENTATION

Approval of the proposed ENA for the charter school does not constitute a project under CEQA as it is not an activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, CEQA review is not required for the current recommended actions.

The Vermont and Manchester Transit Priority Joint Development Project as a whole has been determined to be a transit priority project eligible for the Sustainable Communities Project Exemption pursuant to Sections 21155 and 21155.1 of the Public Resources Code. An exemption checklist was prepared to document the proposed Project's eligibility for this exemption by meeting all the seven land use criteria, eight environmental criteria, and one additional criterion related to affordable housing. Pursuant to Public Resources Code Section 21155.1(a)(4), a preliminary endangerment assessment was prepared and submitted by Arcadis U.S., Inc.

CONTRACTING PROCESS

The CEO released a Request for Proposals (RFP) for a charter school developer/operator on March 1, 2018. In addition to posting the RFP on the County's Doing Business with the County site, the RFP was also distributed via email to over 80 additional contacts related to education and school facility development that included local organizations and organizations based in other states throughout the country.

A proposers' conference was held on March 19, 2018. Representatives from seven organizations attended the proposers' conference. One additional developer that did not attend the proposers' conference contacted the CEO contract analyst after the proposers' conference to obtain additional information about the project.

Proposals were due by April 25, 2018. Only one proposal was received. The proposal met the minimum requirements listed in the RFP and was evaluated by an Evaluation Committee including representatives from the Department of Children and Family Services, Probation Department, Office of Child Protection, and Metro.

The CEO is now seeking authority to execute an ENA with the successful proposer. The CEO will return to the Board for authorization to execute any lease or other agreements that result from the negotiations.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed charter school is a new project that will add to the services currently offered by the County.

CONCLUSION

Please return one adopted, stamped copy of this letter to the Chief Executive Office - Real Estate Division.

Sochi a. Hamai

Respectfully submitted,

SACHI A. HAMAI

Chief Executive Officer

SAH:JJ:AC KS:tlh

c: Executive Office, Board of Supervisors County Counsel