



MARK PESTRELLA, Director

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC WORKS**

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

December 18, 2018

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

44 December 18, 2018

CELIA ZAVALA
EXECUTIVE OFFICER

Dear Supervisors:

**CONSTRUCTION-RELATED CONTRACT
SAN PEDRO COURTHOUSE REDEVELOPMENT PROJECT
CITY OF LOS ANGELES
AWARD EXCLUSIVE NEGOTIATION AGREEMENT
SPECS. 7413; CAPITAL PROJECT NO. 69776
(SUPERVISORIAL DISTRICT 4)
(3 VOTES)**

SUBJECT

Public Works is seeking Board approval to authorize the execution of a 6-month Exclusive Negotiation Agreement with Genton Cockrum Partners for the potential redevelopment of the San Pedro Courthouse and authorize the Director of Public Works to manage predevelopment activities for the proposed San Pedro Courthouse Redevelopment project.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed recommendations are categorically exempt from the California Environmental Quality Act for the reasons stated in this Board letter and the record of the proposed project.
2. Delegate authority to the Chief Executive Officer or her designee to execute an Exclusive Negotiation Agreement with Genton Cockrum Partners and, if necessary, to extend the initial term of the agreement.
3. Authorize the Director of Public Works or his designee, in consultation with the Chief Executive Office, to manage the predevelopment phase.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will approve the execution of an Exclusive Negotiation Agreement (ENA) with Genton Cockrum Partners for the potential redevelopment of the San Pedro Courthouse and authorize Public Works, in consultation with the Chief Executive Office (CEO), to manage predevelopment activities.

Background

The vision of the proposed project will provide public amenities and development to fit in with the City of Los Angeles' new San Pedro Waterfront Redevelopment project at the existing Ports O'Call Village. The San Pedro Waterfront project is seen as a key step in transforming San Pedro's once industrial waterfront into a regional destination that includes dining, music, and tourist attractions. The current fishing village will be demolished and replaced with 16 acres of restaurants, fresh markets, retail shops, and offices. The new San Pedro Public Market is set to open in late 2020/early 2021.

In May 2016, the CEO commissioned a real estate economic study for the San Pedro Courthouse property, and the County issued a Request for Proposal (RFP) to select a developer for the property. In November 2016, the County selected Holland Partner Group as the most advantageous proposer.

During the ENA phase, the County conducted extensive stakeholder outreach meetings, which identified entertainment, commercial, cultural, and mixed-use (residential/commercial) uses as preferred uses. After several months of negotiation and project design development, the County was not able to come to terms with Holland Partner Group, and the ENA expired in March 2018.

In July 2018, the County re-issued another RFP for redevelopment of the property. The County received six proposals and an evaluation committee comprised of staff from Public Works and the CEO determined that Genton Cockrum Partners submitted the most advantageous proposal for the property. The proposed mixed-use project includes market-rate housing, affordable housing, joint use open-space, and street-level retail space.

ENA and Predevelopment Phase

Approval of the recommended actions authorizes the CEO to execute an ENA with Genton Cockrum Partners. The ENA would allow Genton Cockrum Partners to proceed with predevelopment work related to the potential project, including but not limited to: (1) preparation of the required documentation by the California Environmental Quality Act (CEQA) for the project site, (2) performance of all necessary onsite investigations, including, geotechnical investigations, hazardous materials testing, topographic surveying, and environmental site assessments, (3) community outreach, (4) building programming efforts, and (5) development of the preliminary designs of the site and various buildings to a sufficient level of detail to allow Genton Cockrum Partners to submit a final development plan inclusive of the final cost and financing. Other than the County project management activities, the costs for all predevelopment activities to be provided pursuant to the ENA will be solely borne by Genton Cockrum Partners.

The ENA allows for an exclusive negotiation period between the County and Genton Cockrum Partners during which deal terms will be identified. The initial negotiation period term will be set at 6 months and may be extended at the sole discretion of the County.

The predevelopment phase requires Genton Cockrum Partners to make substantial investment in

planning the project. The purpose of the ENA is to provide assurances to Genton Cockrum Partners that, during the term of the ENA, the County will be dealing with Genton Cockrum Partners exclusively, while Genton Cockrum Partners is investing resources to further study the feasibility of the project.

The terms to be negotiated during the exclusive negotiation period include, but are not limited to the following: project description, public or community outreach, development concept, due diligence, entitlement approach, timeline, ground lease terms, Genton Cockrum Partners' deposit, and compensation structure to the County.

The ENA will provide that during the predevelopment phase, Genton Cockrum Partners will be responsible for all due diligence costs and costs associated with securing all entitlement and environmental approvals.

During the predevelopment phase, the County and Genton Cockrum Partners will formalize deal terms through a development agreement to include a ground lease agreement that may grant the ground lessee an option to purchase the land, which will be presented to the Board for approval before proceeding with the project. Environmental documents and recommendations will also be presented for the Board's approval at that time.

Should the Board ultimately approve the required environmental documents and a ground lease or other development agreement with Genton Cockrum Partners, Genton Cockrum Partners will be responsible for all costs associated with the demolition of the existing courthouse, design fees, site preparation, construction, utilities, taxes, permits, and inspection fees.

Implementation of Strategic Plan Goals

The County Strategic Plan directs the provision of Strategy I.1.5, Increase Affordable Housing Throughout L.A. County; Strategy II.1, Drive Economic and Workforce Development in the County; Strategy II.1.2, Support Small Businesses and Social Enterprises; Strategy III.3.1, Maximize Revenue; and Strategy III.3.2, Manage and Maximize County Assets. In this case, the County is supporting these goals by proposing a project that provides affordable housing, uses a local and targeted workforce to construct the project, promotes fiscal responsibility by providing an annual revenue, and provides significant local revitalization in the area.

FISCAL IMPACT/FINANCING

The total estimated budget for County services during the predevelopment phase is \$640,000, which includes County services to negotiate the ENA and manage and oversee the predevelopment phase. This budget was authorized by the Board on June 14, 2016, motion, Item 3. No additional County costs are anticipated during the current fiscal year.

The CEO, with the assistance of Public Works, will provide a full analysis of the fiscal impacts when we return to the Board with a recommendation related to the final ground lease or other development agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In accordance with the Board's Civic Art Policy amended on August 11, 2015, the project budget will include 1 percent of design and construction costs to be allocated to the Civic Art Fund. This amount will be established when we return to the Board to award the development agreement.

The ENA is authorized by Government Code Section 25549.1, which allows the County to enter into leases and agreements relating to joint use of real property.

ENVIRONMENTAL DOCUMENTATION

The recommended actions, including the award of an ENA and the work contemplated thereby, such as preliminary survey work, hazardous materials testing, and other preliminary site investigation for feasibility and planning, are categorically exempt under Sections 15304 and 15306 of the State CEQA Guidelines and Classes 4 and 6 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G. The activities involve basic data collection, research, and resource evaluation as information gathering or part of a study leading to an action, which the Board has not yet approved, adopted, or funded and may include minor alterations to land. The proposed testing and other feasibility related activities are also statutorily exempt under Section 15262 of the State CEQA Guidelines because the activities involve feasibility and planning studies for possible future actions, which the Board has not yet approved, adopted, or funded and for which the County has considered environmental factors. The recommended activities will not involve the removal of trees and are not located in an environmentally sensitive area, there are no cumulative impacts or unusual circumstances, and there would be no substantial adverse changes in the significance of historical resources or other limiting factors that would make the exemption inapplicable based on the record of the proposed activities.

The remaining recommended actions are not considered a project under CEQA because they are excluded from CEQA's definition of a project. The activities are administrative activities of government and the establishment of a government funding mechanism, which will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Section 15378(b)(4) and (5) of the State CEQA Guidelines.

By authorizing the recommended actions, the County is not approving or committing to the development of any project under CEQA. The County, as lead agency, may modify or decide not to proceed with any project for any reason. Nothing precludes the County from rejecting any proposed project or from weighing the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to grant approval.

Aside from the preliminary site testing and feasibility activities recommended herein, no activity that would constitute a project under CEQA will be commenced unless the Board takes further action to consider appropriate environmental documentation and make appropriate findings pursuant to CEQA in connection with approval of a project.

Upon the Board's approval of the proposed project, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 15062 of the CEQA Guidelines.

CONTRACTING PROCESS

On June 21, 2018, Public Works issued an RFP and advertised this contracting opportunity on the County's "Doing Business with the County" and "Public Works Business Opportunities" websites. On July 12, 2018, a non-mandatory preproposal conference was held to discuss the scope of services. Sixteen firms attended the conference.

On August 6, 2018, the County extended the date set for receiving the proposals to September 13, 2018, to allow proposing teams ample time to respond to the County's RFP.

On September 13, 2018, Public Works received six proposals in response to the RFP. The evaluation committee consisted of staff from Public Works and the CEO. The proposals were evaluated using objective criteria identified in the RFP, including but not limited to: qualifications and experience of the developer team with delivering projects comparable both in size and uses; proposed concept including the developer's approach related to engaging public input, managing public outreach, planning, design, entitlement approvals (including CEQA), financing, phasing, development, construction, and operation; proposed lease and/or acquisition terms offered to the County; financial capacity of the proposer; and references.

The evaluation panel determined that Genton Cockrum Partners submitted a qualifying proposal that meets the County's objectives for the project. Genton Cockrum Partners was invited to participate in a presentation and working meeting with the evaluation panel and was asked to present a Letter of Intent. Based on the evaluation of the proposal, presentation, working meeting, and Letter of Intent, the evaluation panel is recommending award of an ENA to Genton Cockrum Partners.

Public Works will return to the Board with a recommendation regarding certification of the environmental documentation and approval of a final development agreement to include a ground lease between the County and Genton Cockrum Partners.

In accordance with the Board's consolidated Local and Targeted Worker Hire Policy adopted on September 6, 2016, the project will require that at least 30 percent of the total California craft worker hours for construction of the project be performed by Local Residents and at least 10 percent performed by Targeted Workers facing employment barriers. Additionally, the San Pedro Courthouse Redevelopment project will be subject to a Project Labor Agreement (PLA), if such PLA, is successfully negotiated with the Los Angeles Orange Counties Building and Construction Trades Council and approved by the Board. Negotiations are ongoing, and Genton Cockrum Partners has been advised that it will be subject to such a PLA, if it is ultimately adopted.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current County services or projects during the performance of the recommended actions.

CONCLUSION

Please return one adopted copy of this Board letter to Public Works, Project Management Division II.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mark Pestrella". The signature is fluid and cursive, with the first name "Mark" and last name "Pestrella" clearly distinguishable.

MARK PESTRELLA

Director

MP:VY:cl

c: Arts Commission
Auditor-Controller
Chief Executive Office (Capital Program and
Real Estate Division)
County Counsel
Executive Office