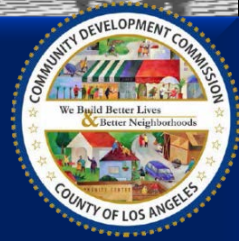




VERMONT CORRIDOR

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS



PROJECT OVERVIEW

- Vermont Corridor is a major project which spans 5 County-owned properties in the Koreatown area of L.A.
- The sites are located at: 3175 West 6th Street, and at 433, 510, 526, 532, and 550 South Vermont Avenue.
- The purpose of this project was to expedite the elimination of blight, provide DMH with a new headquarters facility, provide job opportunities for local residents, and provide expansion opportunities for local and/or small businesses.
- Based on the "Alhambra Development Model," a public private partnership will be used to develop these three sites.

PROJECT SCOPE

The project area encompasses three development sites:

- Site 1 is to be County occupied new administration building for DMH. This will consolidate administration offices throughout the area and be the home to nearly 2,000 DMH employees. The developer's preliminary cost estimate for Site 1 is approximately \$270M.
- Site 2 (existing DMH HQ & CSS building at 3175 6th St.) is an adaptive reuse of the existing DMH building into market rate residential. This site will provide the County additional revenue through the participation in the ground rents to the developer.
- Site 3 (DPR HQ) is to be an affordable housing complex that will also provide a Community Center for the neighborhood residents.

PROJECT CHRONOLOGY

Jan 28, 2014	Board directs the CEO to report on options for the replacement or relocation of the Vermont Corridor departments.
Feb 4, 2014	Board directs CDC to evaluate alternatives for addressing the blighting conditions on Vermont; \$100,000 in funding was made available.
Jul 1, 2014	Board considers the joint report on Vermont Corridor issued by the CEO and CDC evaluating full replacement and partial replacement options; Board directs CEO and CDC return to the Board with a plan to implement the partial replacement option.
Feb 10, 2015	Board directs CDC to develop an RFP for development of a new DMH headquarters facility and future development of adjacent County-owned properties.
Aug 18, 2015	Board authorizes CDC to release RFP and to enter into exclusion negotiations with the highest ranked proposer.
Jan 13, 2016	CDC receives five proposals in response to the RFP and enters into exclusive negotiations with the highest ranked proposer.
May 10, 2016	Board directs the Clerk to the Board to publish a notice of the intent to receive proposals in response to the Vermont Corridor RFP.

RENDERING OF SITE 1



RENDERING OF SITE 2



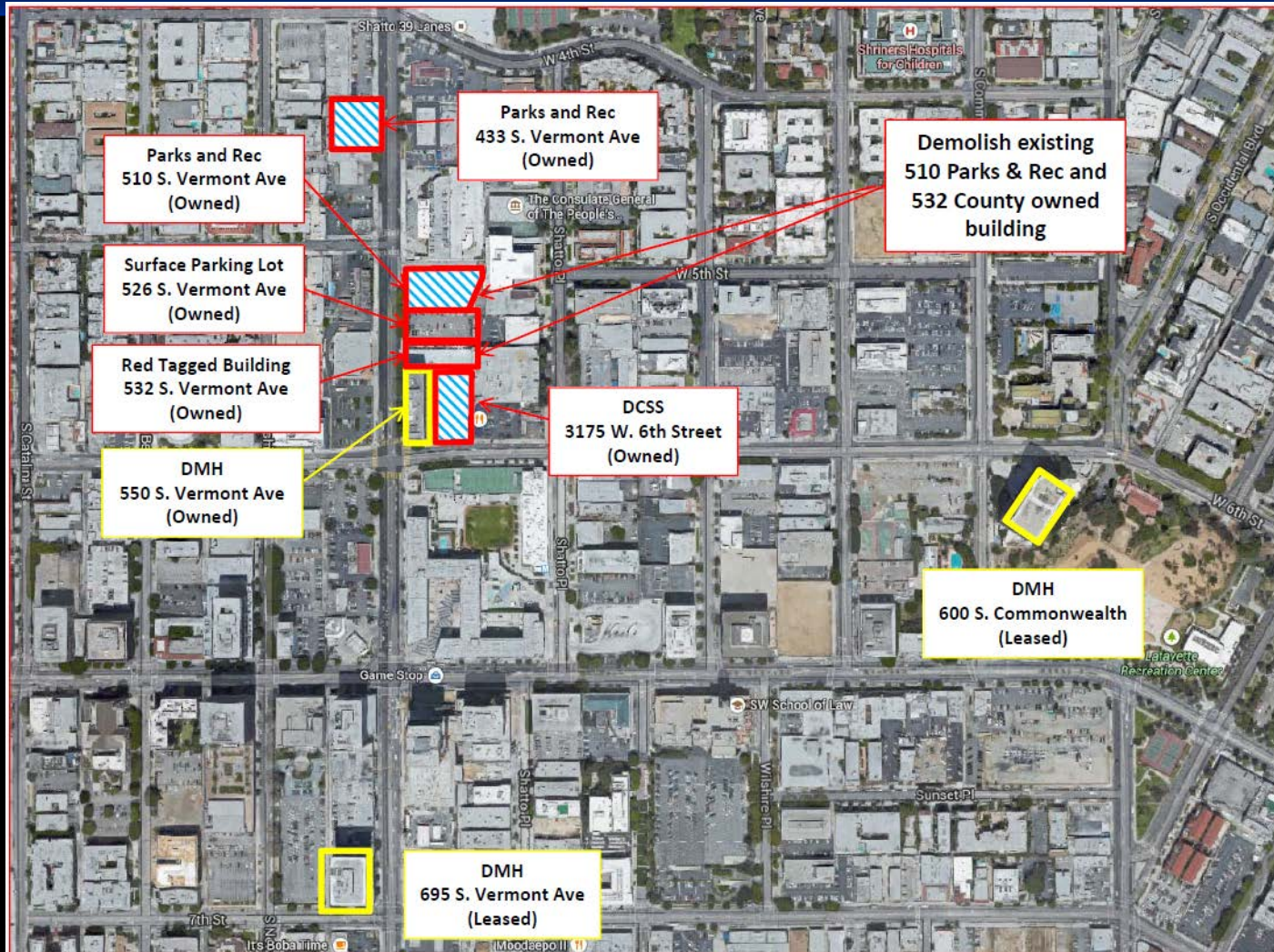
RENDERING OF SITE 3



OVERVIEW OF PROJECT SITES



PROJECT SITE & DMH CONSOLIDATED LEASED SPACES



RELOCATION

- DMH
 - Existing HQ staff relocated after new HQ completed (late 2020)
 - Consolidation of leased space (695 S. Vermont / 600 Commonwealth)
- Parks
 - Relocation to leased space prior to project construction impacts.
 - \$2.3M estimated annual rent, \$0.5M net NCC impact.
- Community & Senior Services
 - Relocated to leased space prior to site project activity in late 2020.
 - Timing of relocation may be earlier if market conditions support.
 - \$3.0M estimated annual rent, \$2.5M net NCC impact.

PROJECT PROCESS

Solicitation



Pre-Development

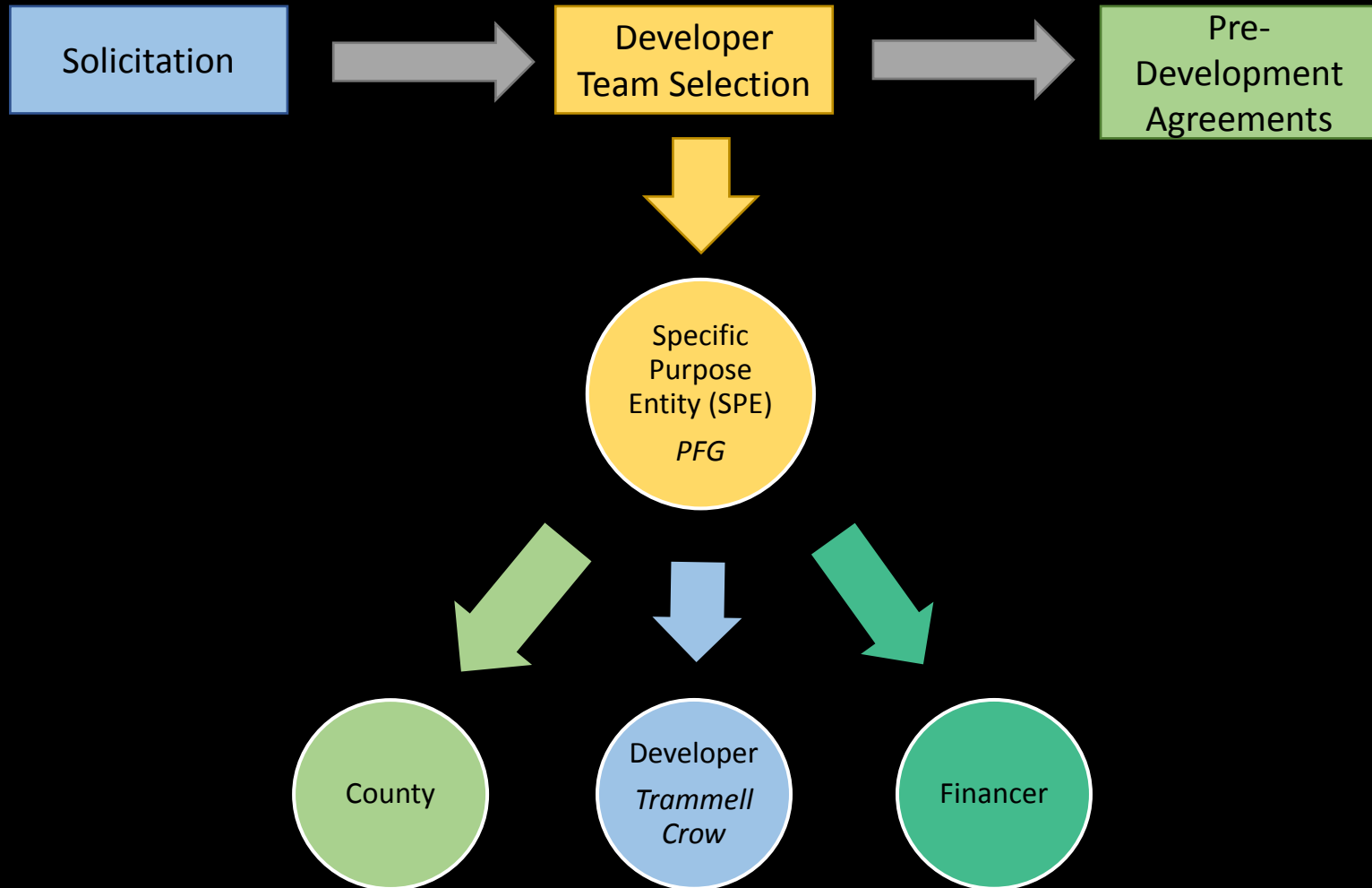


Development

SOLICITATION PROCESS

- On January 13, 2016, the Commission received 5 proposals in response to RFP: Griffin/Swinerton, Lincoln Property Company, Lowe Enterprises Inc., Sonnenblick Development LLC, and Trammell Crow Company.
- The 5-person evaluation panel included representatives from DMH, CEO, the Commission, and an independent construction management consultant.
- Each member of the panel reviewed and scored the proposals based on the criteria established in the RFP. After proposer presentations, the evaluation panel was convened to discuss, score and submit their evaluation packages for final tally.
- The highest scoring proposal was from Trammell Crow Company, so the Commission entered into exclusive negotiations with Trammell Crow Company to negotiate a Predevelopment Agreement.

P3 MODEL



PRE-DEVELOPMENT ACTIVITIES & BUDGET

Pre-Development Activities include six key components:

- Environmental (CEQA) for Sites 1, 2 & 3;
- Draft Ground Lease for Site 1;
- Draft Facilities Lease for Site 1;
- Draft Development Agreement;
- Financing Agreements; and
- Entitlements for Site 1.

Pre-Development budget of \$10,554,105:

- \$9,380,683 for pre-development agreement with SPE;
- \$683,422 for CDC project management costs;
- \$210,000 for County Counsel costs; and
- \$280,000 for Outside Counsel costs.

18 – 21 months for pre-development timeline. Returning to the Board in approximately April 2018 for execution of the ground lease, CEQA findings, and approval of development budget.

COSTS (FUNDING SOURCES)

Predevelopment Phase -- \$10.55 Million (NCC)

\$8.0 Million (AFB at recommend 16-17)

\$1.21 Million (PFD, request in this action)

\$1.34 Million remaining funding (PFD in 2/10/15 BL)

Development Phase:

Site 1: Est. \$270.0 Million (Lease-Lease back financing)

Site 2&3: Construction privately funded

Projected ongoing annual expenses/(revenues):

Vermont Corridor

Debt service payments	\$18 Million
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Ground lease revenue	(\$0.5 Million)
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DMH lease savings	<u>\$2.7 Million</u>
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Estimated net addt'l costs	\$14.8 Million <i>(in debt service forecast)</i>
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CSS/Parks Lease costs -- \$3 Million net NCC increase