

44 June 25, 2024

BOARD OF SUPERVISORS

Hilda L. Solis
Holly J. Mitchell
Lindsey P. Horvath
Janice Hahn
Kathryn Barger

June 25, 2024

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

Edward Yen
EDWARD YEN
EXECUTIVE OFFICER

EXECUTIVE LEADERSHIP

Kelly LoBianco
Director

Jessica Kim
Chief Deputy

Dear Supervisors:

**MODIFICATION TO THE EXCLUSIVE NEGOTIATION
AGREEMENT FOR THE LOS ANGELES COUNTY GENERAL
HOSPITAL WEST CAMPUS: CENTENNIAL DEVELOPMENT
PROJECT AND APPROVE APPROPRIATION ADJUSTMENT
FISCAL YEAR 2023-24
(SUPERVISORIAL DISTRICT 1)
4-VOTES**

SUBJECT

This Board letter recommends a modification to an Exclusive Negotiation Agreement for execution with Centennial Partners, an affiliate of Primestor Development LLC, to modify the negotiation term to 36-months and authorizing payment of up to \$2,688,000 for initial studies, analysis and project management costs associated with the Los Angeles County General Hospital Campus: Centennial Development Project and approve an appropriation adjustment.

GET IN TOUCH

510 S. Vermont Avenue
Los Angeles, CA 90020
opportunity.lacounty.gov
deo@opportunity.lacounty.gov
844-777-2059

IT IS RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Find that approval of these actions are not subject to the California Environmental Quality Act for the reasons set forth below.
2. Authorize and delegate authority to the Director of the Department of Economic Opportunity, or their designee, to modify the term of the Exclusive Negotiation Agreement to be executed with Centennial Partners for the potential development of County-owned lands and assets commonly known as the General Hospital Reuse/West Campus in the City of Los Angeles, from 18 to 36 months with options to extend for up to two (2) additional 180-day periods.



3. Authorize payment in an amount not to exceed \$2,688,000 to Centennial Partners to facilitate initial studies, analysis, and project management activities pursuant to the terms outlined in the Exclusive Negotiation Agreement and approve the Fiscal Year 2023-24 appropriation adjustment to increase appropriation in the amount of \$2,688,000, offset with State of California Housing and Community Development Grant revenue held in a County Trust Account TK7-7383, to the General Hospital West Campus Project, Capital Project No. 87883, to fund the Exclusive Negotiation Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize a term modification of an Exclusive Negotiation Agreement (ENA) between the County and Centennial Partners (Developer), from 18 to 36 months with options to extend for up to two (2) additional 180-day periods, and to facilitate, as an initial phase activity, the completion of necessary studies, analysis, site investigation, and project management activities in furtherance of defining the scope, requirements, and priorities of the redevelopment at 1200 North State Street, Los Angeles, CA 90033, commonly known as the General Hospital Reuse/West Campus (Project Site).

In April 2022, the Chief Executive Office (CEO) provided to the Board of Supervisors (Board) a Feasibility Study, which explored ways to restore and reuse the General Hospital and portions of West Campus in a manner that aligned with the surrounding community's priorities and was consistent with the LAC+USC Medical Center Foundation's mission to serve the County's most vulnerable residents. The Feasibility Study's Reuse Framework envisioned affordable housing and expanding wraparound services in the former General Hospital building and adjacent areas on the campus. The Reuse Framework also proposed a Public Private Partnership (P3) development model to facilitate redevelopment of the Project Site.

On December 19, 2023, the Board authorized and delegated authority to the Director of the Department of Economic Opportunity (DEO), or their designee, to negotiate and execute an ENA for an 18-month term and two (2) 90-day extensions, with the Developer for the potential development of the Project Site. The Board also authorized the Director, or their designee, to execute any and all related or ancillary documents or amendments to the ENA necessary to effectuate the action authorized, collect deposits and fees in connection with the terms of the ENA, and administer the expenses and accounting associated with the ENA. The Board further authorized the Director to negotiate the anticipated ground lease structure of the potential development of the Project Site, upon consultation with the County, and to return to the Board with proposed agreements for approval. In a separate motion, the Board also authorized funds to the Wellness Center to support robust community engagement associated with the potential development.

The Developer's proposal outlined a vision to cultivate a multi-modal mixed-use neighborhood with affordable housing, access to wellness and wrap-around supportive services, organized around community retail, job creation opportunities, and public open spaces that connect across the broader site.

Since the Board action in December 2023, the Director and their project management team has fully negotiated an ENA with the Developer. Given the unique complexities of the Project Site, and the desire of the parties to provide a clear and realistic framework for the redevelopment of the Project Site, the County and Developer agree the schedule of performance during the ENA period should include three (3) phases:

Phase 1: Project Definition. During this phase, the Developer will complete necessary due diligence activities, including land use analysis, initial architecture and engineering studies, site investigation and mapping, initial testing activities and code compliance verifications, in parallel to ongoing community engagement and stakeholder coordination efforts. The DEO and the Developer have negotiated a proposed budget for these activities, estimated at \$4.939 million, of which the County will fund up to \$2.688 million for studies that have independent utility to the County and as a fee for managing the development of such studies by the Developer. The Developer will be responsible for funding their community engagement and outreach activities, legal fees and a portion of their project management costs. These activities will inform the Developer's preparation of Comprehensive Project Requirements Assessment and recommendations on a phased plan approach for the redevelopment of the Project Site.

Phase 2: Planning. During this phase, the parties will determine whether any additional study or analysis is necessary prior to initiating entitlement activities. In the event it is determined that additional County funding is merited to complete activities during this phase, the Director will return to the Board to request such authority. At the culmination of Phase 2: Planning, it is expected that the County and the Developer will have reached agreement on the proposed project description, a proposed entitlement path, proposed project financing agreements, and an initial phasing plan for the various project elements in accordance with the findings and recommendations agreed during Phase 1.

Phase 3: Entitlement and Development Activities. During this phase, the Developer will assume responsibility for all costs that they and the County incur associated with predevelopment activities, including filing for entitlements, pursuing all required environmental clearances and negotiating development and other legal agreements as agreed during Phase 2.

Throughout all phases of the ENA, it is anticipated that the Developer and the Project Management Team will work in close coordination with the Wellness Center, the Health Innovation Community Partnership, other community members, and interested stakeholders to create and implement a community engagement plan that will continually engage interested and impacted parties throughout the predevelopment process. This community engagement plan will build upon current and previous community engagement activities and feedback, and is anticipated to include, but not be limited to, public meetings, notices, events, activations, and electronic communication, as well as direct engagement with the aforementioned stakeholders.

FISCAL IMPACT/FINANCING

Funding in the amount of \$50 million from the California State Department of Housing and Community Development, \$55 million in American Rescue Plan (ARP) Coronavirus Local Fiscal

Recovery Funds (CLFRF), which were made available via ARP's revenue loss provisions, and an estimated \$17.6 million remaining in the General Hospital West Campus Project, CP 87883, are dedicated to redevelopment activities on the Project Site.

The total cost to the County under the ENA for Phase 1: Project Definition activities is \$2,688,000. Board approval of the Fiscal Year 2023-24 appropriation adjustment (Enclosure A) will increase appropriation in the amount of \$2,688,000 for the General Hospital West Campus Project, C.P. No. 87883, offset with State revenue held in a County Trust Account (TK7-7383) funded by a grant from the State of California Housing and Community Development, to fund the ENA.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Board declared the Project Site exempt from the Surplus Land Act, Government Code section 54200, et seq, in accordance with Government Code section 54221(f)(1)(F)(ii) because the County invited entities to participate in a competitive bid process for a mixed use development that is more than one (1) acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower-income households, as defined in Health and Safety Code Section 50079.5 as affordable housing.

A Request for Proposal was authorized by the Board and issued by DEO on January 25, 2023, and a recommended developer was approved to enter into an ENA with such developer on December 19, 2023. The actions outlined in this letter will authorize modifications to the initial terms of the ENA previously authorized by the Board.

During the ENA period, the project management team will work with the Department of Health Services, the Department of Public Works, the CEO, and other County Departments and consultants on the various activities outlined in the Schedule of Performance memorialized in the ENA. If negotiations with the Developer are successful, the Director of DEO will return to the Board with negotiated development agreements reviewed by County Counsel and ready for approval.

ENVIRONMENTAL DOCUMENTATION

The recommended actions are not considered a project under California Environment Quality Act (CEQA) because they are excluded from CEQA's definition of a project. The activities are administrative activities of government and will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Section 15378(b)(3) 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. No activity that would constitute a project under

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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.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will allow the County to explore the potential to increase affordable and supportive housing opportunities and support broader revitalization efforts in a historically underserved community.

CONCLUSION

Should you have any questions, you or your staff may contact me directly, or Jessica Ku Kim, Chief Deputy of the Department of Economic Opportunity, at jkim@opportunity.lacounty.gov or (213) 422-4786.

Respectfully submitted,



Kelly LoBianco
Director

KB:JJK:KA:ag

c: Chief Executive Officer
County Counsel
Executive Office, Board of Supervisors

June 25, 2024

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

AUDITOR-CONTROLLER:

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HER RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFORE

FY 2023-24

4 - VOTES

SOURCES		USES	
VARIOUS CAPITAL PROJECTS		VARIOUS CAPITAL PROJECTS	
GENERAL HOSPITAL AND WEST CAMPUS PROJECT		GENERAL HOSPITAL AND WEST CAMPUS PROJECT	
A01-CP-88-8752-65099-87883		A01-CP-6014-65099-87883	
STATE-OTHER / CAPITAL PROJECTS		CAPITAL ASSETS - B & I	
INCREASE REVENUE	2,688,000	INCREASE APPROPRIATION	2,688,000
SOURCES TOTAL		USES TOTAL	
\$ 2,688,000		\$ 2,688,000	

JUSTIFICATION

Reflects an increase in appropriation of \$2,688,000 for the General Hospital West Campus Project, CP 87883, offset with State of California Housing and Community Development Grant held in the County Trust Account TK7-7383 to fund the Exclusive Negotiation Agreement.

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

44 June 25, 2024

James Yun

Digitally signed by James Yun
Date: 2024.06.05 12:51:45 -07'00'

AUTHORIZED SIGNATURE

JAMES YUN, MANAGER, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED/REVISED)

EDWARD YEN
EXECUTIVE OFFICER

REFERRED TO THE CHIEF
EXECUTIVE OFFICER FOR---

ACTION

RECOMMENDATION

AUDITOR-CONTROLLER

BY

Andrea Turner

Digitally signed by Andrea
Turner
Date: 2024.06.05 13:32:14
-07'00'

B.A. NO. 250

DATE

6/5/24

APPROVED AS REQUESTED

APPROVED AS REVISED

CHIEF EXECUTIVE OFFICER

BY

Amir Alam

Digitally signed by
Amir Alam
Date: 2024.06.05
14:29:52 -07'00'

DATE

6/5/24