

0220-03621-0014

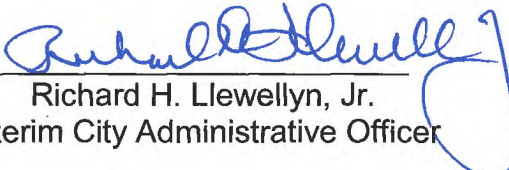
**TRANSMITTAL**

TO The Council	DATE 02-28-17	COUNCIL FILE NO. 07-1349-S1
FROM Municipal Facilities Committee	COUNCIL DISTRICT 14	

At its meeting of February 23, 2017, the Municipal Facilities Committee approved recommendations in the attached joint report from the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) and instructed staff to transmit to Council for consideration.

Council approval of the report recommendation would give authority to the CLA and CAO to release a Request for Proposals for the proposed disposition of the James K. Hill and Sons Pickle Works Building (Pickle Works) located at 1001 E. 1<sup>st</sup> Street, in Council District 14.

Fiscal Impact Statement: Approval of the recommendation in this report will not have any immediate impact on the General Fund. Any proceeds from the anticipated sale of the Pickle Works property, which is anticipated to occur during FY 2017-18, will be distributed between the California Department of Transportation and the City of Los Angeles at 88.53 percent and 11.47 percent respectively, and based on the Memorandum of Agreement.

  
Richard H. Llewellyn, Jr.  
Interim City Administrative Officer

RHL:JVW:BLM:15170053

CAO 649-d

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

0220-03621-0014  
C.F. 07-1349-S1

Date: February 22, 2017

To: Municipal Facilities Committee

From: Sharon M. Tso, Chief Legislative Analyst 

Richard H. Llewellyn, Jr., Interim City Administrative Officer 

Subject: **REQUEST FOR AUTHORIZATION TO RELEASE A REQUEST FOR PROPOSALS FOR THE JAMES K. HILL AND SONS PICKLE WORKS BUILDING LOCATED AT 1001 E. 1<sup>ST</sup> STREET**

**RECOMMENDATION**

It is recommended that the City Council authorize the Office of the Chief Legislative Analyst (CLA) with Office of the City Administrative Officer (CAO) and other affected City Departments to release a Request for Proposal (RFP) for the proposed disposition of the James K. Hill and Sons Pickle Works Building, (Pickle Works) located at 1001 E. 1<sup>st</sup> Street, in Council District 14.

**SUMMARY**

This report provides an update on the City's activities regarding the James K. Hill and Sons Pickle Works Building (Pickle Works) at 1001 E. 1<sup>st</sup> Street and requests authority to release a Request for Proposals (RFP) for the proposed disposition of the property. In a Council Motion dated September 16, 2016, the Council directed staff to obtain an appraisal and to prepare a disposition plan. Since that time, the CLA has led the coordination with the Council Office, with assistance from CAO, Bureau of Engineering, and General Services Department. A Class "A" appraisal of the property was completed in November 2016 and the next step will be to issue the RFP for potential purchasers of the property. The RFP will be sent to developers that include those with expertise in historic renovation and adaptive reuse.

**BACKGROUND**

Pickle Works was built in 1888 and was initially known as the California Vinegar and Pickle Company. Expansions to the building date back to 1909. It is a two story brick structure which is considered an example of a Victorian-era brick industrial building and located on a 31,000 square foot lot. Pickle Works is not a designated City Historic-Cultural Monument, but it was identified in Survey LA as eligible for listing at the local, state and national level, and it would be considered a historic resource for the purposes of California Environmental Quality Act (CEQA).

In 2007, the City acquired Pickle Works for \$11 million from the KOR Group in order to allow for the completion of the 1<sup>st</sup> Street Viaduct and Street Widening project (Bridge No. 53C-1166). In late 2008,

the southern bay of the building was demolished for that purpose. This reduced the lot to 27,684 square feet. The current value is estimated to be \$7,750,000 based on a Class "A" appraisal completed by Curtis-Rosenthal for the Department of General Services (GSD) dated November 16, 2016.

A Memorandum of Agreement (MOA), among the Federal Highway Administration (FHWA) and the California State Historic Preservation Officer (SHPO) and concurred to by the California Department of Transportation (Caltrans) and the City of Los Angeles, was executed in December 2005. The MOA includes stipulations that the City will perform consultations and undertake agreed-upon measures to rebuild the southern façade. SHPO required that the City record a Covenant to assure that the requirements for rebuilding the southern façade run with the property. That Covenant was recorded in September 2014 and will be a condition to the disposition of the property.

CalTrans considers the 1<sup>st</sup> Street Viaduct and Street Widening an open project, which will not be closed until the disposition of the Pickle Works property is resolved. Any proceeds from the sale of the property will be distributed as follows: 88.53% to CalTrans, 11.47% to the City of Los Angeles.

## **DEVELOPMENT OPTIONS AND NEXT STEPS**

Pickle Works presents an opportunity for the adaptive reuse of a historic building in the Arts District, an area which has seen a dramatic increase in development activity. Neighboring uses include the One Santa Fe project to the south, an adaptive reuse of an historic warehouse to the west, and a proposed mixed-use development to the north. The property is zoned M3-1-RIO. Allowable uses include manufacturing and office.

The property's location in the Arts District, close to downtown, and the historic character of the building, may be attractive to potential developers. However, the redevelopment of the property will face several challenges, including potentially high costs to: 1) mitigate the building's structural deficiencies, 2) bring the property into code compliance, 3) rebuild the southern façade, while maintaining the historic exterior, and 4) providing adequate parking for the proposed use. Respondents to the RFP will also be expected to include a community-serving aspect, such as providing local jobs or including a cultural component.

*Next Steps:* Including the conditions and parameters listed in this report, the CLA and CAO will continue to work with the Council Office and necessary stakeholders to prepare the RFP for release by early to mid-Spring 2017 with responses potentially due in early to mid-summer 2017. Staff will report back through the MFC and request Council approval on the disposition. The goal is that the City enter into an Exclusive Negotiating Agreement with the selected developer, and eventually dispose of the property through a Disposition and Development Agreement (DDA) during FY 2017-18. Staff will provide periodic status reports after the release of the RFP through completion of the DDA to the Municipal Facilities Committee and Council.

## **FISCAL IMPACT STATEMENT**

Adoption of the recommendation in the report will not have an immediate impact on the General Fund. Any proceeds from the anticipated sale of Pickle Works property, which is anticipated to occur during FY 2017-18, will be distributed between CalTrans and the City at 88.53 percent and 11.47 percent respectively, and based on the MOA.

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