

TRANSMITTAL

To:

THE COUNCIL

Date: 12/08/2016

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

December 2, 2016

Council File: C.F. 12-0049-S7
Council District: 9
Contact Persons: Helmi Hisserich 213-808-8662
Manuel Bernal 213-808-8901

Honorable Eric Garcetti
Mayor, City of Los Angeles
200 North Spring Street, Room 303
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: VARIOUS ACTIONS FOR THE SLAUSON AND WALL PROPERTY FOR THE DEMOLITION OF VACANT BUILDINGS AND SECURING DEPARTMENT OF TOXIC SUBSTANCES CONTROL (DTSC) APPROVAL OF A REMEDIAL ACTION PLAN

SUMMARY

The Slauson and Wall property, a seven-acre site consisting of multiple vacant buildings and commonly referred to as the Slauson and Wall Green Space and Affordable Housing Project (Property), is a proposed four-acre public park and three-acre affordable housing development in Council District Nine. On July 8, 2010, the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) executed an Exclusive Negotiation Agreement (ENA) and a Predevelopment Loan Agreement (Predevelopment Loan) with the *Figueroa Corridor Land Company* and *Tenemos Que Reclamar Y Unidos Salvar La Tierra—South LA (T.R.U.S.T South L.A)*—the “Developer.” With the dissolution of the CRA/LA, ownership of the Property transferred to the Los Angeles Housing and Community Investment Department (HCIDLA) in May 2013 as a housing asset (C.F. 12-0049), along with the undisbursed balance of \$2,011,668 on the Predevelopment Loan.

Subsequent to the transfer, and as a result of ongoing asset management efforts, HCIDLA staff have witnessed and documented multiple and continued health and safety concerns at the Property. In addition, the City has spent more than \$726,000 to maintain, secure and patrol the Property since assuming ownership. In short, the Property is a financial burden to the City, a threat to public safety, and a community nuisance that undermines the welfare of the surrounding residents.

In September 2015, the Mayor and City Council declared the Property a public nuisance and directed HCIDLA to expedite this Property into redevelopment (C.F. 12-0049-S7). To be consistent with Mayor and City Council intent, HCIDLA herein proposes to commence the First

Phase by taking the following actions: (1) Request authority to utilize funds for site clearing, preparation and remediation; (2) Request miscellaneous authorities to administer the contracting for First Phase site clearance and remediation; and (3) Request authority to extend the term of the ENA and execute a Disposition and Development Agreement (DDA) with the Developer.

The First Phase will be followed by subsequent phases which shall include soils remediation, site development and public space. HCIDLA shall obtain the approval of the Mayor and City Council prior to commencing any future phases.

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests the following:

- I. That your office schedule this transmittal for consideration at the next available meeting(s) of the appropriate Committee(s) of the City Council and forward it to the City Council for review and approval immediately thereafter; and,
- II. That the City Council, subject to the approval of the Mayor:
 - A. Authorize the General Manager of HCIDLA, or designee, to expend up to \$2,800,000 in CRA/LA Program Income upon proper written demand to partially finance site clearance and remediation activities for the First Phase of the Project, consistent with the prior action of the Mayor and City Council in C.F. 12-0049-S7;
 - B. Authorize the General Manager of HCIDLA, or designee, to expend up to \$500,000 in Community Development Block Grant (CDBG) funds, previously approved through the Program Year 42 Consolidated Plan, to partially finance the First Phase of the Project as follows:
 1. For Boundary and Topographic surveys and California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) clearances, disbursed through the existing Predevelopment Loan with the Developer; and,
 2. For California Department of Toxic Substances Control (DTSC) fees, disbursed directly through HCIDLA;
 - C. Authorize the General Manager of HCIDLA, or designee, to receive \$800,000 from the Developer as a non-refundable deposit for the purchase/sale of the Property; deposit said \$800,000 into the Low and Moderate Income Housing Fund No. 55J, and; draw upon said \$800,000 to partially finance First Phase expenses;
 - D. Authorize the General Manager of HCIDLA, or designee, to amend the existing Predevelopment Loan with the Developer by adding \$300,000 in CDBG funds for Boundary and Topographic surveys and CEQA and NEPA clearances, subject to approval by the City Attorney as to form;
 - E. Authorize the General Manager of the HCIDLA, or designee, to amend the approved contract with Barr & Clark (C.F. 16-0068), to add the provisions for the following, subject to approval by the City Attorney as to form:

1. Allow for lead-based paint and asbestos assessment services for the Project;
 2. Generate a scope of work for the lead-based paint and asbestos abatement as a precursor to demolition of the buildings at the Property, and;
 3. Increase the contract amount by \$32,000 as compensation for additional services, per Table One;
- F. Authorize the General Manager of the HCIDLA, or designee, to procure, negotiate and execute a contract with a qualified environmental consultant in the approximate amount of \$921,000, per Table One, to assist the City as follows: assemble all necessary environmental site assessment and clearance documentation; coordinate all tasks to clear the site, test for lead-based paint and asbestos, abate the lead-based paint and asbestos and demolish the existing structures; negotiate a Voluntary Cleanup Agreement (VCA) and a Remedial Action Plan (RAP) with DTSC; and coordinate all engineering, testing and reporting, subject to approval by the City Attorney as to form;
- G. Authorize the General Manager of the HCIDLA, or designee, to procure, negotiate and execute a contract with a qualified demolition contractor in the approximate amount of \$2,500,000 per Table One, for lead-based paint and asbestos abatement and demolition of all existing structures on the Property, subject to approval by the City Attorney as to form;
- H. Authorize the General Manager of the HCIDLA, or designee, to:
1. Use established and active lists of qualified contractors maintained by other City departments, whenever prudent, for expeditious contracting of the work related to redevelopment activities for the First Phase of the Project and consistent with the prior action of the Mayor and City Council in C.F. 12-0049-S7; and,
 2. Amend any future contract procured and contracted for the First Phase of the Project by an amount not to exceed 30% above the initial contract ceiling for unforeseen work and/or expenses related to redevelopment activities, subject to approval by the City Attorney as to form;
- I. Authorize the General Manager of the HCIDLA, or designee, to negotiate and execute a VCA and RAP, including all related documents and agreements, with the DTSC in the approximate amount of \$212,000, subject to approval of the City Attorney as to form;
- J. Authorize the General Manager of the HCIDLA, or designee, to review, approve and execute all necessary forms relating to the CEQA and NEPA clearances for both the public park portion and the affordable housing portion of the Property; and, allow the Developer to coordinate, negotiate, submit and generally act as the City's representative, subject to HCIDLA guidance and approval, in the processing of the necessary CEQA and NEPA clearances for both the public park portion and the affordable housing portion of the Property;
- K. Authorize the General Manager of the HCIDLA, or designee, to grant the Developer and

its consultants and service providers, access to the Property for the performance of the Boundary and Topographic surveys, CEQA and NEPA clearances and related project development duties and tasks;

- L. Authorize the General Manager of the HCIDLA, or designee, to amend the ENA, and execute all necessary ancillary documents, with the Developer by extending the term of the negotiating period to April 3, 2017, subject to approval by the City Attorney as to form;
- M. Authorize the General Manager of the HCIDLA, or designee, to execute a DDA with all necessary ancillary documents with the Developer, subject to: 1) the satisfaction of all conditions and criteria stated herein; 2) the satisfaction of all conditions of approval included in prior actions of the Mayor, City Council and CRA/LA Board of Commissioners; 3) the inclusion of business terms for the DDA as described in the Attachment 2 to this report; and, 4) any additional terms deemed prudent and necessary by HCIDLA, subject to approval by the City Attorney as to form;
- N. Authorize the General Manager of the HCIDLA, or designee, to negotiate and execute all necessary documents, subject to the satisfaction of all conditions and criteria stated herein, subject to the conditions of approval included in previous CRA/LA and City Council actions, subject to updated terms deemed prudent and necessary by HCIDLA and subject to approval by the City Attorney as to form;
- O. Authorize the City Controller to:
 - 1. Establish account 43N467-Slauson and Wall Green Space within the Low and Moderate Income Housing Fund No. 55J and appropriate \$800,000 upon receipt from the Developer;
 - 2. Appropriate \$2,800,000 from available Program Income into account 43N467-Slauson and Wall Green Space within the Low and Moderate Income Housing Fund No. 55J; and,
 - 3. Expend funds not to exceed \$4,100,000 upon proper demand of the General Manager of HCIDLA, or designee, from the following accounts; and,

BFY	Fund	Account	Title	Amount
2017	55J	43N467	Slauson Wall Green Space	\$3,600,000
2016	424	43N467	Slauson Wall Green Space	500,000
			TOTAL	\$4,100,000

- P. Instruct the General Manager of HCIDLA, or designee, to prepare Controller's instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions on this matter, subject to the approval of the City Administrative Officer, and request the Controller to implement these instructions.

BACKGROUND

The Property is bordered roughly by Slauson Avenue (North), Los Angeles Street (East), Wall Street (West) and East 59th Place (South). The former CRA/LA acquired the Property in 2009 for the purpose of developing a multi-use project (C.F. 09-2837). The Property currently accommodates various vacant industrial buildings, most of which have been in severe disrepair for decades. Per CRA/LA's vision, once redeveloped, the Property will accommodate approximately four acres of open space for a public park and three acres of affordable multi-family rental housing targeting low-income families earning at or below 60% of Area Median Income. Consistent with this redevelopment plan, and specifically in support of the park component, the City received grant funds in the amount of \$4,999,933 from the Proposition 84 Statewide Park Program on behalf of the former CRA/LA (CF# 13-0656).

Through a public selection process, the CRA/LA selected the Developer to develop the Property. On July 8, 2010, an ENA was executed by the Developer and CRA/LA. On March 23, 2011, a Predevelopment Loan Agreement in the amount of \$2,011,688 was executed between the Developer and the former CRA/LA to support the predevelopment costs relating to the project. Unfortunately, the Property was not fully financed prior the dissolution of the CRA/LA. On February 14, 2013, the Mayor and City Council approved various Council Actions (CF# 12-0049) to facilitate the transfer of housing assets in the Housing Assets Transfer List (HAT) from the former CRA/LA to HCIDLA, including the Property and the predevelopment loan of \$2,011,668; however, the actual amount transferred to HCIDLA was only \$1,428,668. CRA/LA is holding the balance until a remediation plan is in place.

Subsequent to the transfer, as a result of on-going asset management efforts by HCIDLA, multiple recurring health and safety concerns have been witnessed and documented at the Property. In addition, the City has spent more than \$726,000 to maintain, secure and patrol the Property since assuming ownership. In short, the Property is a financial burden to the City, a threat to public safety, and a community nuisance that undermines the welfare of the surrounding residents. Finally, the Proposition 84 funds are becoming increasingly at-risk as the deadline to place the public park approaches.

In light of these conditions, on October 5, 2015 the City Council declared the Property "a public nuisance, unhealthful and unsafe." In addition, the City Council instructed HCIDLA to "take all necessary actions to ensure immediate abatement of unhealthful and unsafe site conditions," thus moving swiftly towards the redevelopment of the Property (C.F. 12-0049-S7).

In response to said direction, HCIDLA herein proposes to commence the First Phase with the following: (1) Request authority to utilize funds for Site Clearing and Preparation for Site Remediation; (2) Request miscellaneous authorities to administer the contracting for First Phase site clearance and remediation; and (3) Request authority to extend the ENA and execute a DDA with the Developer.

FIRST PHASE: SITE CLEARING AND PREPARATION FOR SOILS REMEDIATION

Over the last six months, the City Family, the Developer, DTSC, and an environmental consultant worked together to define the First Phase and develop a comprehensive scope of work for the First Phase: Site Clearing and Preparation for Soils Remediation. After much discussion and an iterative analysis, the team produced a scope of work, with related costs, to allow

movement forward with the First Phase to implement City Council directive to mitigate the unhealthful and unsafe site conditions. Specifically, First Phase work scope consists of the following:

Hazardous Materials Assessment. Assessment needed to locate Lead-based Paint and Asbestos containing materials and develop a scope of work for their removal in order to secure an estimate for the cost of hazardous building material (asbestos, lead-based paint) abatement. Approximately \$32,000.

Surface Debris and Waste Disposal. Removal of debris, stockpiled soil and residual chemicals identified within and adjacent to the site buildings, includes performing sampling of debris, disposal and tracking the proper disposal of the waste. Approximately \$55,000.

Bid Specifications and Independent Cost Estimate (ICE) for Demolition. Compile the information necessary to develop the key elements of an ICE for demolition work to be completed in two phases: 1) the demolition of the aboveground site structures and 2) the later demolition of pavement, foundations, subsurface vaults and raceways. The ICE will serve as the baseline for evaluating prospective demolition contractors' bids. Approximately \$96,000.

Pre-Demolition Summary Report. Report documenting the findings of the Hazardous Materials Assessment, an estimation of volume to be removed and presentation of the ICE. Approximately \$7,000.

Environmental Site Investigation and Remedial Action Plan (RAP). Costs associated with establishing a VCA and the ultimate approval of a RAP, including all the necessary testing, analysis and submissions relating thereto. Approximately \$763,000.

Regulatory Oversight by DTSC. Costs charged by DTSC to establish a VCA and oversee the site assessment and remedial action process for the Property. DTSC requires payment in advance for an estimated 50% of their oversight costs. Approximately \$212,000.

Demolition of Aboveground Structures. Costs to abate the hazardous materials and demolish the existing structure. Existing concrete slabs to remain. Approximately \$2,500,000.

Boundary and Topographic Survey. Costs to conduct and review boundary, topographic and underground utilities survey of the property. The Developer has agreed to lead this work. Approximately \$50,000.

CEQA/NEPA Clearances. Costs associated with environmental review of future site development pursuant to CEQA and NEPA. In 2013, the CRA/LA commissioned The Planning Dept. to assemble and complete the pertinent CEQA review documentation. Subsequently, the CRA/LA Board adopted a Mitigated Negative Declaration (MND) for the Project. However, subsequent to the CRA/LA Board's adoption of the MND, issues were raised about the possible historic significance of a few structures on the project site in addition to other environmental matters. The City Council has not adopted the MND. However, on October 6, 2016 (CF No. 12-0049-S7), the City Council declared the property a public nuisance, unhealthful and unsafe, and instructed the HCIDLA General Manager or

designee to take all necessary actions to ensure the immediate abatement of the unhealthful and unsafe site conditions at the property. Per the requirements of Title 14, Chapter 3, Section 15062 of the California Code of Regulations, a Notice of Exemption (NOE) pursuant to Section 15308 (class 8) and Section 15269 (b) & (c), of the State CEQA Guidelines was filed for this City Council action with the Los Angeles County Clerk (Attachment 1).

Given the intended use of federal funds for site clearance (demolition) and development of the proposed project, on-site activities are also subject to the requirements of NEPA and additional regulatory requirements by HUD and DTSC. The Developer has agreed to lead this work. HCIDLA will coordinate with, and oversee, the Developer to ensure full compliance with all state and federal environmental and regulatory requirements, including any supplemental/subsequent CEQA review documentation and NEPA clearance requirements. The DDA will be modified to incorporate any additional scope of work identified through the CEQA/NEPA approval process. Approximately \$250,000.

Included in the above-mentioned discussions was the distribution of tasks among HCIDLA, DRP, and the Developer. Table 1 below summarizes each task, the estimated costs, which entity will assume "Lead" responsibility for procuring, contracting and monitoring and the selected contractor/consultant, if already determined.

TABLE ONE: FIRST PHASE SCOPE OF WORK SUMMARY

FIRST PHASE TASK	ESTIMATE	LEAD	CONSULTANT/ CONTRACTOR
Hazardous Materials Assessment	\$32,000	HCIDLA	Barr & Clark
Subtotal	\$32,000		
Surface Debris and Waste Removal	\$55,000	HCIDLA	Environmental Consultant: TBD
Bid Specs and ICE for Demolition	\$96,000	HCIDLA	Environmental Consultant: TBD
Pre-Demolition Summary Report	\$7,000	HCIDLA	Environmental Consultant: TBD
Environmental Site Investigation and RAP	\$763,000	HCIDLA	Environmental Consultant: TBD
Subtotal	\$921,000		
Regulatory Oversight by DTSC	\$212,000	HCIDLA	Environmental Consultant: TBD
Subtotal	\$212,000		
Demolition of Above-Ground Structures	\$2,500,000	HCIDLA	Demolition Contractor TDB
Subtotal	\$2,500,000		
Boundary and Topographic Surveys	\$50,000	Developer	
CEQA/NEPA Clearances	\$250,000	Developer	
Subtotal	\$300,000		
GRAND TOTAL	\$3,965,000		

BUDGET FOR FIRST PHASE SITE CLEARANCE AND REMEDIATION ACTIVITIES

The projected costs for the First Phase are estimated at \$3,965,000. HCIDLA intends to use the following sources to finance the First Phase scope of work:

- \$500,000 from Community Development Block Grant (CDBG) funds. \$500K in CDBG funds were set-aside for the Slauson and Wall project as part of the Program Year 42 Consolidated Plan (C.F. 15-1041).
 - HCIDLA requests in the Recommendations Section to amend the Developer's existing Predevelopment Loan by adding \$300,000 in CDBG funds to partially finance First Phase site clearance and remediation, and specifically to pay for the Boundary and Topographic surveys as well as the environmental review for redevelopment of the site pursuant to CEQA the NEPA. In addition, HCIDLA requests in the Recommendations Section above the authority to allow the Developer manage the preparation of environmental review documents subject to HCIDLA's own review and analysis in accordance with Section 15084 (d) (4) and (e).
 - HCIDLA will retain the remaining balance of \$200,000 to pay specifically for the fees charged by DTSC. HCIDLA requests in the Recommendations Section the authority to use these funds for this purpose and establish the appropriate accounts.
- \$2,800,000 from Low and Moderate Income Housing Fund Program Income. HCIDLA requests in the Recommendations Section that \$2,800,000 be authorized and appropriated to partially finance First Phase.
- \$800,000 from the non-refundable deposit for the purchase/sale of the Property received from the Developer. Per the terms of the DDA on Page 8, \$800,000 will be deposited by the Developer into escrow as a non-refundable deposit for the purchase of the site. The funds will be received by HCIDLA on behalf of the City. HCIDLA requests in the Recommendations Section that the same \$800,000 be authorized and appropriated to partially finance the First Phase.

These sources add up to \$4,100,000, leaving \$135,000 in expenditure authority as a contingency. HCIDLA requests in the Recommendations Section above the authority to set aside \$135,000 as a contingency for First Phase expenditures, including the authority to increase any First Phase contract by no more than 30% due to unforeseen expenses.

FIRST PHASE SITE CLEARANCE AND REMEDIATION CONTRACTING

As the lead agency in the redevelopment of the Project, HCIDLA intends enter into various contracts in order to perform the scope of First Phase. In order to build a budget request HCIDLA secured costs projections from a consultant. The expected contracting is summarized below:

Hazardous Materials Assessment. Approximately \$32,000. HCIDLA has determined that the Hazardous Materials Assessment portion of this work can be performed through a recent contract authorized by City Council for Barr & Clark (C.F. 16-0068). The Barr & Clark contract was approved primarily for HCIDLA's Lead Hazard Remediation

Program but is available for other HCIDLA programs, subject to additional funding. Therefore, HCIDLA requests the authority to amend the Barr & Clark contract to (1) add the Lead-based Paint and Asbestos assessment for the Property, (2) generate a scope of work for the Lead-based Paint and Asbestos abatement as a precursor to building demolition, and (3) add \$32,000 to perform the work.

General Environmental Cleanup, Testing, Engineering and Negotiation with DTSC. Approximately \$921,000. HCIDLA intends to procure the services of an environmental consultant to coordinate this work. HCIDLA intends to first access a qualified list of demolition contractors from the DRP, General Services Department, the Board of Public Works or any other City department. More specifically, the DRP has existing contract authority with various consultants that are qualified to perform this portion of the First Phase scope of work. HCIDLA and the DRP will coordinate a mini-procurement from a qualified list of contractors to select the environmental consultant. If HCIDLA cannot identify a qualified environmental consultant/agent to coordinate this work from qualified lists maintained by the City Family, HCIDLA will seek bids and select a qualified environmental consultant/agent from the environmental services community. HCIDLA requests the authority to procure for, and contract with, an environmental consultant for the approximate amount of \$921,000.

Hazardous Materials Abatement and Demolition. Approximately \$2,500,000. HCIDLA intends to procure and contract the services of a demolition contractor to coordinate this work. HCIDLA intends to first access a qualified list of demolition contractors from the General Services Department, the Board of Public Works or any other City department. If HCIDLA cannot identify a qualified contractor to perform the Hazardous Materials Abatement and the Demolition from qualified lists maintained by the City Family, HCIDLA and its selected environmental consultant, will seek bids and select a qualified contractor from the general contracting community. HCIDLA requests the authority to procure and contract for the Hazardous Materials Abatement and Demolition for the approximate amount of \$2,500,000.

Voluntary Cleanup Agreement and Remedial Action Plan with DTSC. Approximately \$212,000. HCIDLA must enter into negotiations with DTSC for the cleanup of the site. With the support and advice of the selected environmental consultant, HCIDLA will engage DTSC through a VCA. The VCA will launch an iterative process of investigation, testing, evaluation, reporting and recommendations. Ultimately, the process will conclude in the execution of a RAP with DTSC. The RAP will document the scope of work, in fine detail, that is necessary to clean the soil at the Property and make it safe for use as a public park and as residential housing. DTSC charges fees to participate and guide the process and ultimately approve the RAP. HCIDLA requests the authority to engage DTSC, execute all related documentation leading to the execution of the VCA and RAP and pay DTSC fees in the approximate amount of \$212,000.

Boundary and Topographic Surveys and CEQA/NEPA Clearances. Approximately \$300,000. The Developer has agreed to coordinate this work, pursuant to California Code of Regulations, Title 14, Chapter 3, Section 15084 (d)(4) and (e). [State CEQA Guidelines]. However, the existing Predevelopment Loan did not contemplate that the Developer would assume this work. In addition, since the Developer does not own the site—the City is the owner—the Developer needs the necessary permissions to act as the

City's agent in all matters relating to CEQA/NEPA processing and on-going access to the site. Therefore, HCIDLA requests the authority to amend the Predevelopment Loan to add \$300,000 in CDBG funds and to allow the Developer access to the site and also to manage the preparation of the necessary CEQA and NEPA documentation, subject to HCIDLA's own review and analysis.

EXECUTION OF A DEVELOPMENT AND DISPOSITION AGREEMENT

Having received City Council approval (C.F. 12-0049-S7) on October 6, 2015, the HCIDLA and the Developer executed an extension to the ENA originally executed by the CRA/LA. Using authority secured through the same Council action, the ENA was extended again on July 5, 2016. The ENA expired on October 3, 2016. The ENA does not give the Developer site control; it solely commits both parties to negotiate exclusively and in good faith towards agreement on the business points to be included in the DDA. Through the ENA period, the HCIDLA and the Developer have agreed on all key business terms included in Attachment 2: Slauson and Wall Green Space and Affordable Housing Project Term Sheet. The following is a summary of key business terms:

- Ownership of the Property will not be transferred to the Developer until:
 - All environmental hazards have been cleared from the site, as formally documented by an "All Clear" notice issued by DTSC.
 - All financing for the affordable housing component has been committed.
- A portion of the site, approximately four acres, will be transferred to the Department of Recreation and Parks (DRP) in the form of a long-term ground lease, for the development and operation of a public recreation facility.
- The City and the Developer will open a long-term escrow which will remain open until completion and approval of the clean-up efforts. Sale of the property shall be subject to approval by the City Council and Mayor of the sale ordinance.
 - The Developer will be required to fund into escrow \$800,000 as a non-refundable deposit.

With all major business terms agreed upon, and since an executed DDA is a necessary proof of site control as the Developer seeks to secure public and private financing for the future residential and park developments, HCIDLA and the Developer desire to execute a DDA. HCIDLA requests in the Recommendations Section above the authority to execute a DDA with the Developer with the business terms included in Attachment 2: Slauson and Wall Green Space and Affordable Housing Project Term Sheet.

Recognizing that the ENA has already expired, that work on the CEQA/NEPA must begin immediately, that further interruptions in the legal relationship between the City and the Developer may cause further delays, and that it may take at least 90 days to execute the DDA, HCIDLA requests the authority to execute 6-month extension of the ENA. The DDA will be modified to incorporate any additional scope of work identified through the CEQA/NEPA approval process.

TIMELINE

First Phase

Site clearing of debris	4 th Quarter 2016
Lead-based paint/Asbestos testing begins	4 th Quarter 2016
Begin CEQA/NEPA clearances	4 th Quarter 2016
Voluntary Clean-up Agreement (VCA) executed	1 st Quarter 2017
VCA driven testing begins	1 st Quarter 2017
Lead-based paint/Asbestos testing ends	1 st Quarter 2017
Lead-based paint/Asbestos abatement begins	1 st Quarter 2017
Lead-based paint/Asbestos abatement ends	2 nd Quarter 2017
Building demolition begins	2 nd Quarter 2017
Building demolition ends	3 rd Quarter 2017

Second Phase

Soil Remediation begins	2 nd Quarter 2018
Soil Remediation ends	4 th Quarter 2019

Third Phase

Development of Park begins	1 st Quarter 2020
Development of Housing begins	3 rd Quarter 2020
Development of Park ends	1 st Quarter 2021
Development of Housing ends	1 st Quarter 2022

Due to the complicated and iterative nature of the CEQA/NEPA clearances and DTSC-approved RAP processes, completion dates are very difficult to estimate at this point. Nevertheless, HCIDLA will continue to proactively project-manage this Project to expedite the ultimate development of the residential and recreation components.

Furthermore, HCIDLA will return to the City Council once the First Phase Site Clearance and Remediation scope of work is completed. At that time, HCIDLA will provide the relevant updates and make the necessary recommendations to move the Project into the development phase. Future phases will consist of soils remediation, remediation of the site into public space, affordable housing, etc.

ENVIRONMENTAL REVIEW

The recommended actions are statutorily exempt from provisions of the CEQA, pursuant to Section 15262 (Feasibility and Planning Studies) of the CEQA Guidelines. Further, pursuant to Section 15004(b) (2) (A) of the CEQA Guidelines, future use of the property per the terms of the extended ENA, and requested DDA authority, would be subject to environmental review compliance pursuant to CEQA and Council approval of the future project.

In addition as previously noted, activities related to site clearance and cleanup is statutorily exempt from provisions of CEQA, pursuant to Section 15269 (Emergency Projects) of the CEQA Guidelines, and categorically exempt from CEQA pursuant to Section 15308 of the CEQA Guidelines, via Council Directive -CF 12-0049-S7.

FISCAL IMPACT STATEMENT

There is no impact on General Fund. Building abatement and demolition work will be paid by CRA Program Income, CDBG funds and CRA funds committed to the project prior to the CRA/LA's dissolution. No General Funds will be used for the Project.

CONCLUSION

In accordance with City Council direction (C.F. 12-0049-S7), the City is taking simultaneous steps to both mitigate the public nuisance and facilitate the eventual redevelopment of the Property into public park space and affordable housing. These steps include starting site debris clearing, demolishing the buildings, developing a path towards a DTSC-approved RAP and assembling the necessary funds to pay for this work. In addition, HCIDLA recommends the commencement of environmental review pursuant to CEQA and NEPA. Finally, the key business terms have been agreed upon between the City and the Developer, and it is now prudent to transition from an ENA to a DDA. To move forward in all these Project components, HCIDLA herein requests certain authorities pertaining to contracting, use of funds and administrative/financial control protocols.

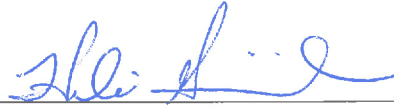
Once granted said authorities, the Slauson and Wall Green Space and Affordable Housing Project will move forward on different fronts through the next four quarters. HCIDLA will return to City Council once a DTSC approved RAP has been secured. At that point, a reasonably accurate estimate for the soils remediation will be available and HCIDLA will recommend actions regarding the remediation.

Prepared by:



MANUEL BERNAL
Director of Finance and Development

Reviewed by:



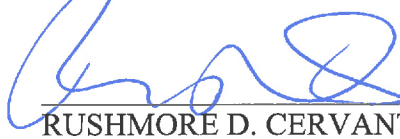
HELMI HISSERICH
Assistant General Manager

Reviewed by:



LAURA K. GUGLIELMO
Executive Officer

Approved by:



RUSHMORE D. CERVANTES
General Manager

Attachments:

1. CEQA Notice of Exemption
2. Slauson and Wall Green Space and Affordable Housing Project DDA Term Sheet

Attachment 2

Slauson and Wall Park and Affordable Housing Project Disposition and Development Agreement Key Terms and Conditions October 6, 2016

1. Parties to the Agreement:

The Disposition and Development Agreement (“DDA”) for the Slauson and Wall Park and Affordable Housing Project shall be entered into by and between The City of Los Angeles, a municipal corporation (“City”), and Tenemos Que Reclamar y Unidos Salvar La Tierra – South LA, a California nonprofit public benefit corporation (“TRUST”), and Figueroa Corridor Land Company, a California nonprofit public benefit corporation (“FCLC” and together with TRUST, the “Developer”)

2. Development Plan Summary:

The Development Plan shall be implemented and completed as described below, subject to receipt by the Developer of approval by the City of Los Angeles of all discretionary land use applications; and the receipt by Developer of the necessary enforceable financing commitments:

New construction of no less than eighty-five (85) affordable rental housing units, designed to serve large families in the Council District 9 neighborhood of South Los Angeles.

3. Site Description:

Seven (7) acres of land located at 5867 South Los Angeles Street, Los Angeles, California 90003 (“Property”).

Approximately three (3) acres of the Property is referenced to herein as the “Affordable Housing Site” and approximately four (4) acres of the Property is referenced to herein as the “Park Site”.

The combined Affordable Housing Site and the Park Site is referenced to herein as “the Site”.

4. Environmental Review and Soil Remediation:

The Developer shall prepare and submit to the City appropriate plans, specifications, schematic drawing, and other information for the Project, as specified by the City, that are reasonably necessary for the City to perform the environmental review process required by the California Environmental Quality Act (“CEQA”) and the National Environmental Policy Act (“NEPA”) for the Project and to process all environmental documentation in accordance with the CEQA and NEPA. The City, at the City’s own expense, shall cause to commence and complete, through a contractor, the following activities prior to the disposition of the Site:

- a. Clearing of Site debris;
- b. Lead and Asbestos abatement;
- c. Demolition of all buildings;
- d. Preparing a comprehensive Remediation Action Plan, and securing an approval of the RAP by the State Department of Toxic Substance Control (DTSC);

complete the job within the required time frame; contractor integrity; and, financial and technical resources to support the project. The general contractor, construction contract, and any change orders issued hereunder will be subject to the City's approval. Prior to the start of construction, the City shall require the contractor, through the Developer, to obtain a performance and payment bond for the amount of the construction contract in a form that is acceptable to the City.

15. Hazard and Liability Insurance:

The Developer must procure and maintain fire and extended coverage insurance (or, in lieu thereof, Builder's Risk completed value insurance, as the City may require) in a form, substance and amount (at least equal to full replacement value) approved by the City, and issued by a California admitted carrier acceptable to the City. The Developer must also procure and maintain insurance against specific hazards affecting the Project as may be required by the City, governmental regulations, or any funding source. All such policies must contain a standard mortgage loss payable clause in favor of the City.

The Developer must procure and maintain public liability and property damage insurance (with the City named as an additional insured) in a form, substance and amount approved by the City, and issued by a California admitted carrier, acceptable to the City. The Developer must also procure and maintain workers compensation and all other insurance required under applicable law; said insurance must be in a form and amount approved by the City.

16. Compliance to Local, State and Federal Laws:

The Developer shall carry out the construction and operation of the Project, in conformity with all applicable laws, including but not limited to the following applicable local, state and federal laws, as may be amended from time to time:

- a. Federal Davis-Bacon and/or State Prevailing Wage requirements during the course of construction, whichever is applicable;
- b. Americans with Disabilities Act of 1990 Title II;
- c. Uniform Federal Accessibility Standard 24 C.F.R. Part 40;
- d. Federal Fair Housing Act Amendments;
- e. Section 504 of the Rehabilitation Act of 1973;
- f. California Building Code;
- g. Fair Housing Act, Title VIII of the Civil Rights Act of 1968.
- h. Any other applicable local, state, and federal laws.

17. Assignment. The Developer may assign its rights and delegate its duties under the DDA to another affiliate or other entity controlled by FCLC, TRUST, or Abode Communities (an "Affiliate"), provided Developer shall provide written notice to Seller of any such assignment, accompanied by a written assignment and assumption agreement pursuant to which Developer assigns its rights and delegates its duties to such Affiliate, and such Affiliate expressly assumes the obligations of Developer, in form reasonably acceptable to City.

18. Amendment of Escrow. The City intends to subdivide the 7-acre land into two separate parcels for the Park Site and the Affordable Site, through metes and bounds or other alternative process. Upon subdivision of the Site, the City shall enter into a long-term lease with the Los Angeles Department of

Recreation and Parks (LADRP) for provision of site control of the Park Site to LADRP, at which time the HCIDLA shall amend the escrow accordingly.

19. Other language. Any other language that the parties and their legal counsels mutually agree to.