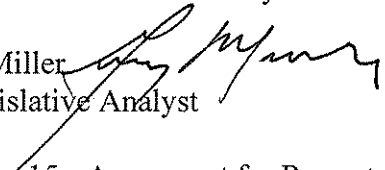


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: December 13, 2013

TO: Honorable Members of the City Council

FROM: Gerry F. Miller 
Chief Legislative Analyst Council File No: 12-0968, 12-0536
Assignment No. 13-11-0995

SUBJECT: Fire Station 15 - Agreement for Property Exchange and Joint Escrow Instructions

SUMMARY

In May 2012, the Council adopted a motion (Parks-Perry-Reyes) instructing the Chief Legislative Analyst to negotiate a Memorandum of Understanding (MOU) between the City and the University of Southern California (USC) relative to a land exchange and the design and construction of a new Fire Station 15 (CF 12-0536). In April 2013, the City entered into a Development Agreement with USC for the University Village project which provided for the development of 5.02 million square feet of academic, commercial and housing uses. This Development Agreement, along with the University of Southern California University Park Campus Specific Plan, was approved by the Council in December 2012 (CF 12-0968). As a condition of the Development Agreement, USC agreed to construct a new Fire Station at its sole cost and expense, consistent with the requirements of Proposition F, pursuant to a MOU attached to the Development Agreement. Transaction Documents were to be negotiated separately in order to implement the terms of the MOU.

The new Fire Station is to replace existing Fire Station 15, which is on a 1/3 acre lot at 915 W. Jefferson Boulevard and is located on a portion of the future University Village. The existing Fire Station 15 no longer meets the technological and operational needs of the Los Angeles Fire Department and pre-dates Proposition F standards, which sets minimum standards for new fire stations, including location on a one-acre site with a six bay station and approximately 16,000 square feet. The new Fire Station 15 will be located at the southeast corner of 30th Street and Hoover Street.

The Transaction Documents providing for the land exchange and construction of a new Fire Station 15, attached to this report, are now transmitted for the Council's consideration and approval. These documents have been negotiated with USC with participation from a City team comprised of the City Attorney, Chief Legislative Analyst, Public Works Bureaus of Engineering and Contract Administration, General Services Department, Department of Transportation and the Fire Department.

The Agreement for the Property Exchange contains the following major points:

- New Fire Station 15 will be constructed to Proposition F standards by USC at its sole cost and expense, and all property and improvements will be transferred to the City;
- In exchange, the City will transfer to USC the property and improvements associated with Existing Fire Station 15;
- There is no exchange of purchase price;
- Substantial Completion of the new Fire Station will occur once the following components have been satisfied: 1) the Commissioning Agent has issued the Final Commissioning Report; 2) the Architect and the Bureau of Contract Administration Inspector have each signed the Certificate of Substantial Completion; and, 3) the Department of Building and Safety has issued a Temporary Certificate of Occupancy;
- Close of Escrow will occur 30 days after Substantial Completion and satisfaction of other conditions precedent to closing, including 1) issuance of a Notice of Completion of Operations Testing following Fire Department testing of all systems and determination that the new Fire Station is in operating order and is fully functioning prior to move in; and 2) confirmation that the new Fire Station is undamaged and ready for occupancy under a Temporary Certificate of Occupancy;
- Final Completion occurs when 1) the Department of Building and Safety issues a final Certificate of Occupancy; and, 2) the City delivers a written Statement of Final Completion. This occurs after a joint walk-through to determine whether minor punch list items are complete, the new Fire Station Improvements are complete, and all systems are in good working order and operation;
- Warranties pursuant to the construction contract will remain in effect for one year following Final Completion;
- USC will reimburse the City for all associated staff and project costs (Bureau of Engineering, Bureau of Contract Administration) and will provide allowances for furniture, fixtures and equipment and information technology;
- Exhibit E to the Agreement details construction requirements, timelines, City procedures, inspection requirements and other completion requirements;
- The City will have several opportunities at critical junctures to walk through the new Fire Station to ensure that the building is complete and operational. These will take place: 1) at the Construction and Acceptance Phase (Commissioning); 2) prior to certification of Substantial Completion; 3) prior to Close of Escrow; and, 4) prior to Final Completion.
- The City will not decommission or move out of existing Fire Station 15 until the new station is commissioned and accepted by the City;
- New Fire Station 15 will be open and operational upon Close of Escrow;
- USC will grant to the City a non-exclusive, irrevocable Automated Traffic Surveillance and Control (ATSAC) easement;
- Provisions are included to address hazardous materials, should they be found on the site; and,
- A 12-month construction schedule is attached to the Agreement.

RECOMMENDATIONS

That the Council:

1. FIND under the California Public Resources Code, Section 21166 and the State's Environmental Quality Act (CEQA) Guidelines Section 15162, on the basis of substantial evidence contained in the whole record, that since certification of Environmental Impact Report ("EIR") No. ENV-2009-271-EIR on December 11, 2012, for the "Project" described therein (of which the Property Exchange in the subject Agreement is a part), there have been no changes to said Project, no changes with respect to the circumstances under which the Project is being undertaken, and no new information of substantial importance concerning the Project, which cause new significant environmental effects or a substantial increase in the severity of previously identified significant effects, and therefore no subsequent EIR and no supplemental EIR is required for the Project;
2. APPROVE the attached Agreement for Property Exchange and Joint Escrow Instructions, substantially as written, and authorize the General Manager, Department of General Services, or his designee, to execute the final agreement on behalf of the City;
3. DECLARE that the Property located at 915 W. Jefferson Boulevard, APN 5039-020-912 to be surplus as of the 30th day prior to the close of escrow, provided that all other conditions to said closing have been met, and AUTHORIZE the City Attorney and the General Manager of the General Services Department to take all necessary actions and provide all necessary letters or certifications to ensure the property transfer is completed in accordance with the attached Agreement; and,
4. INSTRUCT the General Services Department, with the assistance of the City Attorney, to prepare and present an Ordinance and any other necessary documentation effectuating the transfer of the property for Existing Fire Station 15, which will become effective upon Close of Escrow under the terms of the attached Agreement.

FISCAL IMPACT STATEMENT

There is no anticipated impact to the City's General Fund, as construction of the new Fire Station 15 is to be completed at no cost to the City, pursuant to a Memorandum of Understanding attached to the Development Agreement for the University Village project. USC will reimburse the City for all associated staff and project costs as specified in the attached Agreement.

Attachment: Agreement for Property Exchange and Joint Escrow Instructions

GFM:SMT:KEK