

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0640-01414-0000

Date: March 21, 2013

To: The Honorable Members of the City Council
Attn: Information, Technology and Governmental Services Committee

From: Miguel A. Santana, Chair, Municipal Facilities Committee *DH
BW*

Subject: **ASSIGNMENT OF THE MERCED THEATRE LOCATED AT 420 N. MAIN STREET FOR THE CHANNEL 35 TELEVISION STUDIO RELOCATION PROJECT**

SUMMARY

As part of the 2011-12 Adopted Budget (C.F. 12-0600), the Council provided \$300,000 for a study to determine a replacement studio location for the Los Angeles City View Channel 35 analog studio (Channel 35). On February 22, 2013, Council approved a Huizar/Buscaino Motion instructing the Bureau of Engineering (BOE), Information Technology Agency (ITA) and El Pueblo Historical Monument to report to the Information Technology and General Services Committee within 45 days with a report and proposed budget for the relocation of Channel 35 to the Merced Theatre (C.F. 13-0230).

In direct response to the above actions, the BOE and ITA have worked together to identify a suitable location to relocate the Channel 35 studios. At the February 28, 2013 meeting of the Municipal Facilities Committee (MFC), both departments presented a joint report requesting approval of the assignment of space, timeline and budget range for the project. The MFC considered the report and approved the assignment of the target location, project timeline and a \$1 million budget for pre-design work, but directed BOE and ITA to report back to the MFC within six to nine months with a fully developed budget. The total available for this work is \$1.3 million.

Background

The joint report from BOE and ITA requests authority to proceed with the Channel 35 Television Studio Relocation Project. The fundamentals of the project are as follows:

- There were four locations that were recommended as potential sites in the 2011-12 Council action: Piper Tech at 555 Ramirez Street, the old Office Depot building at 432 East Temple, Los Angeles Mall Suite 100 and Los Angeles Mall Suite 301. None of these sites proved feasible based on varying reasons ranging from their distance from City Hall to conflicting use. Consequently, in July 2012, it was recommended that the Merced Theatre at El Pueblo be considered. BOE and ITA have worked together since then to explore the feasibility of this option and the attached report presents the findings.
- The scope of the current request/project is to relocate Channel 35 from its existing leased locations at the Union Bank Building located at 120 S. San Pedro Street and in Little Tokyo at 319 E. 2nd Street to the Merced Theatre at 420 N. Main Street in El Pueblo. The targeted space is a largely unreinforced three-story masonry "Italiante" structure currently unoccupied and requiring significant retrofit and rehabilitation. In addition to a structural retrofit to meet current code, the scope would also include electrical, gas fire suppression, mechanical, plumbing, fire and security alarm, television studio and historical preservation documentation.

- The estimated schedule for the rehab of Merced Theatre and construction of the digital studios is three years. The estimated timeline to finish the project and complete relocation of the studios is April 19, 2016, assuming the project is authorized to proceed and pre-design activities, including issuance of a task order solicitation and consultant selection is done by July 2013. The current leases at the Little Tokyo locations are scheduled to expire concurrent with relocation and completion of the replacement ITA digital studios in 2016. Annual lease costs savings will be \$341,710 in 2013 dollars.
- The total project budget, estimated to be in the range of \$19 million to \$23 million, is contingent on several factors. This historical structure was built at-grade level in the Historic El Pueblo Park in 1870 and has been rehabilitated several times. However, despite prior retrofit work in 1961 and 2000, the building does not meet current seismic code and would require a working elevator that can accommodate freight and disabled access.

ITA has set aside sufficient monies to begin the design effort and to pay for construction costs. The City receives roughly \$5 million annually in 1 percent Public Education and Governmental Access (PEG) gross franchise fee receipts that are highly restricted and cannot be used for any other purpose besides lease costs expense or capital expense for the studios and administrative offices. Currently, there are \$17.5 million in accrued unspent PEG receipts. It is anticipated that there will be \$26.6 million available by the time the design is completed and for award of the construction portion of the work. These funds should be sufficient to cover the project budget which is currently estimated to cost between \$19 million to \$23 million.

The Committee authorized BOE to do a schematic design and to return with its findings to the Committee in six to nine months.

FISCAL IMPACT

The cost of the Channel 35 Relocation project will not have an impact on the General Fund once the final budget is approved because there are sufficient Telecommunications funds for the cost.

RECOMMENDATION

That the Council, subject to approval by the Mayor,

1. Acknowledge the assignment of the Merced Theatre located at 420 N. Main Street to the Information Technology Agency to be used as the new studio and administrative building for the Channel 35 Television Studio;
2. Authorize the transfer of a total of \$1,300,000 from the Telecommunications Development Fund 342/32, \$300,000 from Account 32008H, and \$1,000,000 from Account 32008J to the Capital Improvement Expenditure Program, Fund 100/54, New Account Entitled Channel 35 Studios for the schematic design work for the project; and
3. Authorize the Controller and City Administrative Officer to make any necessary technical corrections to effectuate the intent of the instructions.

Attachment – February 28, 2013 BOE/ITA Correspondence to MFC

MAS:JLVW:05130071

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: February 28, 2013

To: Municipal Facilities Committee

From: Mahmood Karimzadeh, AIA
Municipal Facilities Program Manager
Bureau of Engineering

Mark Wolf
Assistant General Manager
Information Technology Agency

Subject: CHANNEL 35 TELEVISION STUDIO RELOCATION

Recommendations:

1. The Bureau of Engineering (BOE) recommends that the Municipal Facilities Committee (MFC) assign the Merced Theatre, located at 420 S. Main, to the Information Technology Agency to be used as the new home of the Channel 35 Television Studio.
2. The BOE recommends that the MFC approve the preliminary budget, ranging from \$19M ~ \$23M.
3. The BOE recommends that the MFC approve the preliminary project schedule that indicates a completion date of April 19th, 2016.

1.0

Councilmember Huizar, CD 14

PROJECT: CHANNEL 35-Relocation and Tenant Improvements to
420 N Main – Merced Theatre in the El Pueblo Historic Park



1. Background

The Channel 35 Studio relocation was prompted by several operational needs. The Studio requires a digital equipment upgrade and also needs to be located closer to the City Hall campus to facilitate live feeds by the City's Leadership during an emergency.

The facility is also a financial burden to the city due to the lease agreement. The two leases required to house the Channel 35 studio and office space are scheduled to expire in the 2012 / 2013 fiscal year. Those leases have been extended to December 2017 and December 2015, and include options for month to month extensions as needed.

The Channel 35 lease space is currently funded by the City's Public Education and Governmental Access Channels (PEG) 5% fund.

In January of 2011 a report was submitted to the Information Technology and Government Affairs (ITGA) Committee, which details the 5 year plan for the use of the PEG funds (CF 10-1826-S1; see attachment #1).

Funding for this project will be provided by the City's PEG franchise fee fund (1% fund). The City receives roughly \$6 million dollars a year in 1% PEG gross franchise fee receipts. These funds are restricted and may only be used for PEG capital expenditures.

2. Site Investigation

- ▶ The General Services Department Asset Management Division (GSD) provided four sites for the team to investigate:
 1. 555 Ramirez, Pipertech- This facility was deemed to be too far from the City Hall Campus.
 2. 432 East Temple- Formerly known as the Office Depot Warehouse and Medical Services facility- This site met all of the project requirements but, the property had already been included as a mobilization area for a sizeable upcoming MTA rail extension project that is estimated to finish construction in 2018.
 3. Los Angeles Mall Suite 100- This site was also deemed unsuitable due to the limited ceiling height, and insufficient square footage.
 4. Los Angeles Mall Suite 301: This existing structure sits at street level on the North side of the Los Angeles Mall and is currently inhabited by a division of the LAPD and the City Attorney's office. The 17,000 sq. ft. space will accommodate the operational space requirements of the Channel 35 studios and offices. This site met all of the project requirements, but was deemed unavailable due to future City Hall Mall developments. This site would also require the relocation of the LAPD Discovery group and City Attorney group.
 5. Merced Theatre-420 N. Main: This Historical Structure was built at grade level in the Historic El Pueblo Park in 1870. The building has experienced several rehabilitations over the years. The most recent occurred in 2001. The 3 story "italiante" designed

structure meets most of the project requirements, but lacks a working elevator that can accommodate freight and disabled access. All floors of the facility are completely vacant.

Investigation of the existing structure has revealed that this facility does not meet the current seismic code. Although it has undergone structural retrofits in 1961, and 2000, the latter was a voluntary structural retrofit and does not meet the intent of the current code.

In order to protect the City's investment, we recommend a code compliant structural retrofit for this structure.

3. Scope of Work

The scope for this project entails the design and construction of the new Channel 35 studios within the Historical Merced Theatre building. Upon MFC approval the BOE will begin the process for hiring consultants to perform design for the following fields:

- Structural
- Electrical
- Gas Fire Suppression
- Television Studio
- Historical Preservation Documentation
- Mechanical
- Plumbing
- Fire and Security Alarm

The Bureau of Engineering will provide the following services for the project:

- Environmental Review
- Geotech Investigation
- Landscape Design
- Architectural Design and Construction Administration
- Project Management
- Construction Management
- Project Engineering

Budget

▶ Channel 35 Relocation Preliminary Project Budget

| | |
|--|---------------------------|
| Construction Costs | \$10.80M~ \$12.54M |
| Digital Studio Equipment/ Satellite Dish | \$3.000M~ \$4.000M |
| Hardscape/ Landscape | \$0.350M~ \$0.400M |
| Relocation Costs- Channel 35 | \$0.030M~ \$0.060M |
| Project Contingency (~15%) | \$2.000M~ \$2.600M |
| Building Permit Fees | \$0.250M~ \$0.300M |
| Cultural Affairs Art Fee | \$0.150M~ \$0.200M |
| Soft Costs | \$2.000M~ \$2.600M- |
| <u>Inspection & Testing</u> | <u>\$0.500M~ \$0.650M</u> |

Total \$19.00M~ \$23.00M

► **Availability of Funding:**

The ITA has earmarked \$0.300M within the 2011-2012 City of Los Angeles adopted budget to initiate the feasibility study for the studio relocation and displaced tenants.

\$6.175M, accrued through the 1% PEG fund, has been appropriated to a capital account for this project. The remaining funding required for construction is available in the 1% fund PEG fund, and will be appropriated when needed.

1% PEG funding will be accrued and distributed to the project in the following manner.

| FY | Receipts | Budgeted Appropriations/ Expenditures (non-studio) | Budgeted Appropriations/ Expenditures (studio) | Accrued Available PEG Receipts |
|-----------|----------------|---|---|-----------------------------------|
| FY 07-08 | \$393.69 | \$393.69 | | \$0.00 |
| FY 08-09 | \$1,345,102.55 | \$817,018.00 | | \$528,084.55 |
| FY 09-10 | \$5,401,431.04 | \$652,460.00 | | \$5,277,055.59 |
| FY 10-11 | \$5,764,777.89 | \$680,000.00 | | \$10,361,833.48 |
| FY 11-12 | \$5,868,176.92 | \$1,762,000.00 | \$300,000.00 | \$14,168,010.40 |
| FY 12-13* | \$6,063,000.00 | \$796,800.00 | \$5,875,000.00 | \$13,559,210.40 |
| FY 13-14* | \$5,800,000.00 | \$1,453,500.00 | \$0.00 | \$17,905,710.40 |
| FY 14-15* | \$5,800,000.00 | \$830,000.00 | \$17,100,000.00 | \$5,775,710.40 |
| FY 15-16* | \$5,800,000.00 | \$830,000.00 | \$0.00 | \$10,745,710.40 |
| | | | \$23,275,000.00 | |

* Revenue for F.Y.12-13 and subsequent years is estimated. Budgeted appropriations for F.Y. 13-14 and on are estimated based on requests for F.Y. 13-14 and on-going based funding for Ch 35 equipment (\$430K) Ch 36 equipment(\$250K) and \$150K for Misc.

The 1% PEG fund will cover all of the costs associated with the management, design and construction of the project. Based on the chart above, it is anticipated that sufficient funding will be available at the time of the construction contract award. This project will not negatively impact the General Fund.

► **Funding Usage:**

In order to ensure that the PEG funding can be used to cover all of the costs associated with this project, ITA sought further clarification the city's outside legal counsel. The city's outside counsel explains in its memo to the city that "capitol costs refer to those costs incurred in or associated with the construction of PEG access facilities". The memo clearly indicates that the costs of operations, cost of maintenance, and costs for leasing or purchasing the space may be covered by the PEG 1% funds. The City Attorney's Office has stated that it agrees with the opinion of the City's outside legal counsel.

The 1% PEG costs will also pay for the construction and relocation costs associated with the project. The 5% PEG funds will cover the operational and maintenance costs associated with the project.

It has been determined that the 1% PEG fund cannot be used to subsidize the costs of the lease, because the facility is owned by the City.

5. Schedule

| ID | Task Name | Duration | Start | Finish |
|----|------------------------------|----------|-------------|-------------|
| 1 | MFC PROJECT APPROVAL | 1 day | Thu 2/28/13 | Thu 2/28/13 |
| 2 | TRANSFER OF FUNDS | 90 days | Fri 3/1/13 | Thu 7/4/13 |
| 3 | TOS AND CONSULTANT SELCTION | 87 days | Fri 7/5/13 | Mon 11/4/13 |
| 4 | DESIGN | 12 mons | Tue 11/5/13 | Mon 10/6/14 |
| 5 | BID AND AWARD | 5 mons | Tue 10/7/14 | Mon 2/23/15 |
| 6 | CONSTRUCTION | 15 mons | Tue 2/24/15 | Mon 4/18/16 |
| 7 | CONSTRUCTION END AND MOVE IN | 1 day | Tue 4/19/16 | Tue 4/19/16 |
| 8 | POST CONSTRUCTION | 6 mons | Wed 4/20/16 | Tue 10/4/16 |

6. Key Issues

- ▶ The BOE will report back to the MFC with an updated cost and schedule, once the digital equipment has been identified and estimated, and the structural retrofit system has been determined during the schematic design phase.

cc:

Chris Pearson, Mayor's Office
Maria Cardenas, CAO
Jacqueline Wagner, CAO
Sharon Tso, CLA
Mandana Khatibshahidi, CLA
David Paschal, GSD
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Deborah Weintraub, BOE
Reza Bagherzadeh, BOE
Ohaji Abdallah, BOE
Candice Arnold, BOE
Karen Dacres, BOE

Attachments:

1. ITGA Report Dated January 20, 2011 (CF- 10-1826-S1)
2. Channel 35 Relocation Feasibility Study