

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: August 27, 2015

To: Municipal Facilities Committee
Attn: Miguel A. Santana, Chair

From: Josh Rohmer, Principal Project Coordinator
Asset Management Strategic Planning Unit



Subject: **SAN PEDRO WATERFONT MARKET FEASIBILITY STUDY**

This report recommends funding for a Real Estate and Market Feasibility Study to explore potential re-use options for publicly-owned properties in San Pedro and Wilmington.

Background

The San Pedro Waterfront is the site of significant new public and private investments which together have the potential to transform the area into a regional destination and a hub of economic activity. Catalytic projects include AltaSea, the adaptive re-use of a 28-acre site into a 400,000 square foot research and innovation facility focused on marine technology, redevelopment of the Ports o' Call Village entertainment and retail facility with as much as 375,000 square feet of retail, restaurant, and conference space, and the Harbor Department's extensive, ongoing capital improvement program including an upgraded Cabrillo Marina, Crafted at the Port, the Downtown Harbor, and numerous parks and public access improvements.

On January 28, 2015, Council directed the Harbor Department and the Economic and Workforce Development Department (EWDD) to retain a consultant to conduct a Real Estate and Market Feasibility Study for publicly owned sites in the area to evaluate potential redevelopment opportunities (C.F. 14-1330). EWDD requested bids from the list of Asset Management Strategic Planning prequalified consultants. A City evaluation panel reviewed the three proposals received and selected Economic and Planning Systems as the most responsive bidder.

The scope of work will produce a market feasibility overview outlining opportunities and constraints for residential and hospitality development on a number of publicly-owned properties near the San Pedro Waterfront. The properties include underused sites owned by the Harbor Department and the Department of Recreation and Parks, public parking lots owned by the City and County of Los Angeles and Caltrans, and the State-owned San Pedro Courthouse. These sites were identified in a charrette held in March 2015 by the Los Angeles Economic Development Corporation (LAEDC) and Council District 15, with participation from local stakeholders and experts in real estate, architecture, planning, law, and government policy, to identify opportunities to revitalize and develop the waterfront.

The scope will additionally include base site plan drawings and elevations for eight of the sites. The scope should take approximately four months to complete, and the total cost of the contract will be \$100,000. CAO contractual services funds will fund up to \$50,000. The remaining funds will be provided by the Harbor Department under separate cover (C.F. #14-1330-S1).

The resulting market study will provide critical information and professional expertise about how the City can best use these public assets to enhance the San Pedro waterfront area. The study will inform the City's evaluation of the properties' development potential. CAO's Asset Management Strategic Planning (AMSP) unit will coordinate the City's evaluation of the properties' development potential with EWDD, the Chief Legislative Analyst, and other City departments as needed, and will prepare a report with recommendations for consideration by the Municipal Facilities Committee, in alignment with the AMSP Property Evaluation Framework currently under consideration in by the Council (C.F. #12-1549-S3).

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Instruct the Controller to:
 - a.) Transfer \$50,000 from the City Administrative Officer, Fund 100/10, Contractual Services, Account 3040 to the Economic and Workforce Development Department, Fund 45L to fund the San Pedro Waterfront Real Estate and Market Feasibility Study.
 - b.) Establish new account, 22M906, titled "San Pedro Waterfront Real Estate & Market Feasibility Study-CAO", within the Miscellaneous Fund No. 45L and appropriate \$50,000.
2. Authorize the CAO to make technical corrections as necessary to implement Mayor and Council intentions.

FISCAL IMPACT STATEMENT

There is no additional impact on the General Fund as a result of adoption of this report. The market study is expected to cost approximately \$100,000, to be funded with General Fund monies as budgeted for this purpose in the contractual services budget of the City Administrative Officer, and also with budgeted funds provided by the Los Angeles Harbor Department.

Attachment A: Request for Bids

CITY OF LOS ANGELES

CALIFORNIA

JAN PERRY
GENERAL MANAGER



ERIC GARCETTI
MAYOR

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
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REQUEST FOR BIDS – REVISED 5/11/15 LOS ANGELES WATERFRONT & DOWNTOWN SAN PEDRO RESIDENTIAL AND HOSPITALITY PUBLIC SITES MARKET FEASIBILITY STUDY

The City of Los Angeles' Economic and Workforce Development Department (EWDD) in partnership with the Harbor Department, City Council District 15 and the Mayor's Office of Economic Development seeks proposals from qualified firms interested in providing Economic/Planning/Real Estate Advisory Services for evaluating the market potential of residential and hospitality-related development along the Los Angeles Waterfront and Downtown San Pedro.

At its meeting on January 28, 2015, the Los Angeles City Council adopted the actions listed under Council File No. 14-1330. Action number three (3) directed EWDD and the Harbor Department to retain a consultant to conduct a real estate and market analysis to evaluate opportunities and constraints of residential development on Harbor Department, City of Los Angeles, and other publicly-owned properties around the Los Angeles Waterfront. In addition, the City Council actions requested an evaluation of the feasibility of constructing residential on state tidelands and recommendations for further action.

On March 17, 2015, the Legislative Analyst's Office (LAO) for the State of California issued "California's High Housing Costs: Causes and Consequences." This report details why California's home prices and rents are higher than anywhere else in the nation. One explanation concluded that "not enough housing exists in the state's major coastal communities to accommodate all of the households that want to live there," thus driving up home prices and rents. The LAO recommends that the Legislature "change policies to facilitate significantly more private home and apartment building in California's coastal urban communities," which may open the door for modifications to the State's current restrictions regarding residential development on tideland's property.

On March 26, 2015, the Los Angeles Economic Development Corporation (LAEDC) held a charrette focused on revitalization and development opportunities along the LA Waterfront. This charrette included participation from local real estate development, architecture, design, planning, legal, policy and government experts. The consensus from the day-long discussion was that there were genuine opportunities to stimulate catalytic residential and hospitality-related development on publicly-owned parcels controlled by the Harbor Department and the City of Los Angeles. The results of this discussion has led the City to the expand this study to include the hospitality market along with the residential market for the LA Waterfront and Downtown San Pedro.

SCOPE OF WORK

The intent of this study is to provide a market feasibility overview outlining opportunities and constraints for hospitality development (hotels, resorts), for-sale residential development (single-family residences, condominiums, townhomes) and rental housing development in the area for a wide-spectrum of income levels—affordable, workforce, market-rate and luxury along LA Waterfront and in downtown San Pedro. The goal of the study is to provide a roadmap outlining constraints and opportunities for residential development and hospitality-related services on publicly-owned sites located along the LA Waterfront which could provide a positive impact on the local housing supply while simultaneously stimulating the local economy. The study shall provide an overall market analysis for the areas under consideration as well as site-specific analysis for the properties listed below. Site specific analysis shall provide detail on development options and constraints for each site. Development scenarios may include uses outside of residential and hospitality. Discussion of constraints should look at both physical and economic feasibility in the current market and projected future market.

The following publicly-owned properties along the Los Angeles Waterfront and in Downtown San Pedro shall be given site-specific analysis:

Harbor Department (Los Angeles Waterfront)

- Outer Harbor (3011 Miner Street, Berth 46, San Pedro, CA 90731)
- Cabrillo Marina Way/Parking Lots (2293 Miner Street, San Pedro, CA 90731)
- Warehouse #1
- LA Waterfront Parking Lots located between the Vincent Thomas Bridge on the North, and the Cabrillo Marina/Outer Harbor on the South
- Cabrillo Beach Youth Watersports Center (3000 Shoshonean Road, San Pedro, CA 90731)

Harbor Department (Wilmington/Harry Bridges)

- 100-140 N. Avalon, Wilmington, CA
- 137-147 N. Avalon, Wilmington, CA
- 203-221 N. Avalon, Wilmington, CA
- 200 N. Avalon, Wilmington, CA

Department of Recreation and Parks

- Cabrillo Marine Aquarium (3720 Stephen M. White Drive, San Pedro, CA 90731)
- Los Angeles Maritime Museum
- Berth 84 (at 6th Street and Harbor Boulevard) San Pedro CA 90731

City of Los Angeles (Downtown San Pedro)

- 7th and Beacon San Pedro Municipal Building Visitor Parking Lot (160 W. 7th Street, San Pedro, CA 90731)
- Parking Lot 641 (462 W. 9th Street, San Pedro, CA 90731)
- Parking Lot 684 (460 W. 7th Street, San Pedro, CA 90731)

County of Los Angeles (Downtown San Pedro)

- Los Angeles County Health Clinic and Parking Lot (122 W. 8th Street, San Pedro, CA 90731)

State of California (Downtown San Pedro)

- San Pedro Courthouse (505 S. Centre Street, San Pedro, CA 90731)
- Caltrans Park and Ride Lot (401-515 N Beacon Street, San Pedro, CA 90731)

As necessary to perform the market and site feasibility study, the project deliverables may include, but are not limited to the following tasks:

1. Conduct analysis of the sites identified, taking into account the site's size, topography, view corridors, location opportunities/constraints, and any specific locational and market characteristics through area site visits and relevant project area maps and data.
2. Conduct market assessment that researches current and proposed residential, commercial and Harbor Department development activities in immediate area and competitive markets.
3. Interview Council District 15, Mayor's Office of Economic Development and Harbor Department staff, as well as community stakeholders to solicit their feedback on possible development approaches.
4. Conduct land use analysis and due diligence for each identified site, including zoning, historic designations (if any), State Tidelands, City Charter, as well as the current and proposed planning policies in San Pedro such as the San Pedro Community Plan Update to determine legally permissible uses.
5. Based on all of the above considerations, identify feasible product types and provide an analysis of development potential for each site.
6. Prepare limited conceptual site plans and massing analysis to determine potential density or mix of use for each site.

EWDD, the Harbor Department and Council District 15 have established a tentative timeline schedule of three (3) months for the completion of this study. The consultant will deliver various drafts and a final concise report containing an executive summary, main report and supporting appendices as the final product. EWDD, the Harbor Department, Council District 15, and they Mayor's Office of Economic Development shall work closely with the selected team during various stages of the study and provide comments to the draft prior to its finalization.

At the culmination of the study, the Consultant may be requested to make presentations of the conclusions and recommended strategies to the City Council and Harbor Board of Commissioners. It is expected that the amount of the study shall not exceed \$60,000. If proposals anticipate exceeding \$60,000, the proposal shall categorize the costs with a base proposal for \$60,000 and a menu of add on costs above \$60,000.

SCHEDULE

The EWDD and Harbor Department would like to engage a consultant by early June 2015 and have the work begin immediately thereafter. Initial findings on the overall market studies and site specific analysis should be available by the middle of July 2015 and a final report available by August 30, 2015. Please indicate in your response whether you will be able to meet or exceed this timeframe. If not, please provide an alternative timeframe and milestones for consideration. The report is anticipated to be presented to the Harbor Commission and City Council when completed.

SUBMITTAL

Please submit a Cover Letter, Proposal Cost, name and resume of the principal(s) who will be providing the analysis and report, description of approach to the Scope of Work and a Schedule for starting and completing the Scope of Work. Samples of any similar reports can be provided but are not required. Submittals should be emailed to the attention of Jenny Scanlin, Assistant General Manager, Economic and Workforce Development Department, **by Wednesday, May 20, at noon**. If you have any questions about the proposed scope, please contact Ms. Scanlin at (213) 744-9723 or by e-mail at jenny.scanlin@lacity.org.