

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 25, 2017

CAO File No. 0220-05395-0000

Council File No. 14-1604

Council District: 14

To: The Council

From: Richard H. Llewellyn, Jr., Chair of the Municipal Facilities Committee

Subject: **TRANSMITTAL FROM THE MUNICIPAL FACILITIES COMMITTEE OF BUREAU OF ENGINEERING REPORT ON THE FY 2017-18 PROGRAM MANAGEMENT AND STAFFING PLAN FOR THE PARKER CENTER DEMOLITION PHASE OF THE LOS ANGELES STREET CIVIC BUILDING PROJECT**

RECOMMENDATIONS

That the City Council, subject to approval by the Mayor;

1. Designate the Bureau of Engineering (BOE) as the Program Manager for the Los Angeles Street Civic Building (LASCB) Project;
2. Authorize by resolution authority, subject to position allocation by the Board of Civil Service Commissioners and paygrade determination by the Employee Relations Division, the following five full time equivalent (FTE) positions, to be employed by the departments indicated, as technical and support staff for the LASCB Project for the period July 1, 2017 through June 30, 2018:

<u>Department</u>	<u>No.</u>	<u>Class Code</u>	<u>Classification</u>
Bureau of Contract Administration	1	7294	Senior Construction Inspector
Bureau of Engineering	1	7246-3	Civil Engineering Associate III
Bureau of Engineering	1	9171-2	Senior Management Analyst II
Bureau of Engineering	1	9489	Principal Civil Engineer
Information Technology Agency	1	7610	Communications Engineer
Total	5		

3. Authorize the Controller to transfer cash from the Municipal Improvement Corporation of Los Angeles Commercial Paper, Fund No. 298 (MICLA CP), to reimburse the General Fund on an as-needed basis upon proper documentation from the departments upon approval of the Program Manager and the City Administrative Officer as follows:
 - a. Transfer up to \$106,380 to the Bureau of Contract Administration (BCA), Department 76, Fund No. 100, Account 001010, Salaries General;
 - b. Transfer up to \$317,065 to the BOE, Department 78, Fund No. 100, Account No. 001010, Salaries General;
 - c. Transfer up to \$127,556 to the Information Technology Agency (ITA), Department 32, Fund No. 100, Account No. 001010, Salaries General;

4. Instruct the BOE to absorb the remaining direct salary costs of \$105,565 for the Senior Management Analyst II (SMA II) position and to report back through the Financial Status Report if the department is unable to address the costs with savings by June 30, 2018; and
5. Authorize the City Administrative Officer to make technical corrections, as necessary, in order to implement Mayor and Council intentions.

SUMMARY

At its June 29, 2017 meeting, the Municipal Facilities Committee (MFC) considered the attached BOE report and after discussion, instructed staff to work to clarify the duties and funding and to transmit a final request for positions for the Parker Center demolition phase of the Los Angeles Street Civic Building project (LASCBC). The recommendations in this transmittal replaces the recommendations in the BOE report and reflect the final list of five necessary technical and administrative support positions for the BCA, BOE, and ITA to advance the project during Fiscal Year (FY) 2017-18.

BACKGROUND

On March 24, 2017, the City Council certified the Environmental Impact Report (EIR) and approved the City's Preferred Alternative - B3, construction of a 753,000 square foot office building which is intended to house a significant number of downtown City staff currently spread out and located in a variety of leased office space and outdated City-owned buildings. The LASCBC will be constructed on the site of the existing Parker Center after the demolition of that structure. Funding for the demolition phase of the project includes \$10 million in MICLA financing originally authorized in FY 2014-15 Adopted Budget and \$1 million authorized in FY 2012-13 Adopted Budget. Both amounts were reauthorized in FY 2016-17 as part of a CAO Report (C.F. 14-1604) and the Fourth Construction Projects Report (C.F. 16-1114-S3). These MICLA monies will be used during the demolition phase to develop program and performance specifications, demolition bridging documents, protection and transportation of the historic elements from the site, storage, financial analysis towards a project delivery option, actual demolition and for staffing to support this work. Below is the list of positions and the related direct salaries.

Dept	Class Code	Classification	No.	FY 2017-18 Salary	MICLA Eligible %	MICLA Eligible Amount	Ineligible MICLA Costs
BCA	7294	Senior Construction Inspector	1	\$106,380	100%	\$106,380	\$0
Subtotal BCA			1	\$106,380		\$106,380	
BOE	7246-3	Civil Engineering Associate III	1	\$117,283	100%	\$117,283	\$0
BOE	9171-2	Senior Management Analyst II	1	\$140,754	25%	\$35,189	\$105,565
BOE	9489	Principal Civil Engineer	1	\$164,593	100%	\$164,593	\$0
Subtotal BOE			3	\$422,630		\$317,065	
ITA	7610	Communications Engineer	1	\$127,556	100%	\$127,556	\$0
Subtotal ITA			1	\$127,556		\$127,556	
TOTALS			5	\$656,566		\$551,001	\$105,565

Labor costs (e.g. design, drawings, and inspection) directly connected to the construction and improvements of the real property may be financed by MICLA. Funding for the above positions during FY 2017-18 are eligible for financing except for the non-technical administrative duties of the Senior Management Analyst II position in the BOE. It is estimated that 25 percent or approximately \$35,189 in direct salary costs of the SMA II duties related to design and construction contracts are eligible work. To minimize any additional impact on the General Fund, only the direct salary costs are recommended for reimbursement from MICLA. At this time, and because it may be possible for the BOE to have fiscal year savings and absorb the projected ineligible 75 percent of costs or approximately \$105,565, no additional funding beyond what is MICLA eligible is recommended. The BOE should track the status of its funds and report through the monthly financial status reporting if the department is unable to absorb the costs. In addition to the request for the positions and funding, BOE also requested designation as the Project Manager for the LASCBS and to provide periodic reports on the project. The MFC concurred with these requests.

DEBT IMPACT STATEMENT

The use of MICLA financing in the amount of \$11 million is a General Fund obligation. The total estimated debt service is \$18.4 million, including the borrowing amount and interest of approximately \$7.4 million at a 5.5 percent interest rate. During the life of the bonds, the estimated average annual debt service is \$920,000 over 20 years.

Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future.

In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The City is currently at 4.29 percent. The issuance of the debt from this re-authorization will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for routine capital improvements is already included in the debt ratio.

FISCAL IMPACT STATEMENT

Funding of \$11 million in MICLA bonds is available to address demolition work and staffing for the LASCBS Project. Approval of the recommendations will result in a total cost of \$551,001 in MICLA bonds paid by the General Fund. There may be an additional impact on the General Fund of up to \$105,565 if the BOE is unable to absorb salary expenses for the SMA II position.

Attachment: June 29, 2017 BOE Report on Los Angeles Street Civic Building Project

RHL:JLVW:NRB:blm:15180017

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 29, 2017

To: Municipal Facilities Committee

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



Subject: **MUNICIPAL FACILITIES COMMITTEE MEETING, JUNE 29, 2017
PROGRAM MANAGEMENT AND STAFFING PLAN FOR THE PARKER
CENTER DEMOLITION AND THE NEW CIVIC ADMINISTRATION
BUILDING PROJECT**

Recommendations:

- ▶ That the **Municipal Facilities Committee (MFC)** designate the **Bureau of Engineering (BOE)** as the **Program Manager** for the **Civic Administration Building (CAB) Project**.
- ▶ That the **MFC** approve the **staffing plan of 5 full time equivalents (FTE's)** for the **2017 – 2018 Fiscal Year (FY)** for the project.
- ▶ That the **MFC** direct **BOE** to report back to the **Committee** with project updates.

* Updates are in bold text.

Councilmember Huizar, CD 14

PROJECT

CIVIC ADMINISTRATION BUILDING



150 North Los Angeles Street, Los Angeles, CA

1. Background

- ▶ **The Final Environmental Impact Report (FEIR) prepared by BOE was adopted by the City Council on March 24, 2017. The FEIR Preferred Option, Alternative B3, designates the construction of a 753,740 square foot, high rise municipal building with underground parking for 1,173 vehicles. This new facility is currently referred to as the Civic Administration Building (CAB).**

2. Project Scope

(see diagram on page 4 below)

- ▶ Demolition of Parker Center – BOE is utilizing consultant services, to provide demolition bridging documents, including plans and specifications. The demolition project will be publicly bid and awarded. The Contractor will complete the documents required to demolish the Parker Center facility and to harvest, protect and transport the historic elements from the site to a pre-determined secure storage location, before demolishing the building, (Consultant Contract No. 1).
- ▶ Financial Analysis – The City Administrative Officer is utilizing consultant services to complete a financial analysis to assess options for projects delivery, either a Public/Private Partnership or a traditional delivery which will include Design/Build (Consultant Contract No. 2).
- ▶ Programming – Concurrently, a new design consultant will be acquired through the Pre-Qualified On-Call Architectural Consultant List. This consultant will provide programming, performance specifications, and a final stacking plan for the new CAB (Consultant Contract No. 3).
- ▶ Civic Center Design Guideline - In addition, the new design consultant will be tasked to prepare a design guideline for the Civic Center Complex including land use recommendations and streetscape elements (Consultant Contract No. 3).
- ▶ Program, Performance Specifications and Final Stacking Plan - The program, performance specifications and the final stacking plan will be compiled into a request for proposals/qualifications (RFQ/RFP) package. Based on Council direction from the Financial Analysis, the recommended delivery mechanisms could include a Public/Private Partnership, Design/Build, or other methods. From the RFQ/RFP, the City will select a short list of teams to prepare proposals for the Project.

3. Budget

- ▶ The Mayor and Council provided \$1 million in CIEP funding in 2008-09 (CF No. 08-2475) for the EIR; and an additional \$1 million in MICLA funding was provided via the Fiscal Year 2012-13 Adopted Budget.

FUNDING:

CIEP	\$1,000,000
MICLA	\$1,000,000
Total Authorized Funding	\$2,000,000

Approximately \$1,000,000 has been spent to complete and certify the FEIR from the CIEP funds, leaving \$1,000,000.

- ▶ In addition, the City Council authorized \$10,000,000 of MICLA funds for the project on April 19, 2017 (CF 14-1604).
- ▶ Total funding at this time is \$11,000,000.

4. Estimated Cost

- ▶ Consultant Contract No. 1 is estimated at \$1,400,000.
- ▶ Consultant Contract No. 2 is estimated at \$300,000.
- ▶ Consultant Contract No. 3 is estimated at \$1,300,000.
- ▶ The Demolition of the facility is estimated at \$8,000,000.

5. Schedule

- ▶ The duration of the CAB Project is estimated to be five years.

6. Staffing Plan

- ▶ A staffing plan of 5 full time equivalents (FTE's) positions for Fiscal Year (FY) 2017-18 is being proposed. Additional staffing will be requested for future years.
- ▶ There will be two phases to the Project:

Phase 1 - Demolition/Financial Analysis/Programming, Specs, Final Stacking and Design Guidelines

Phase 2 - Design and Construction of the CAB.

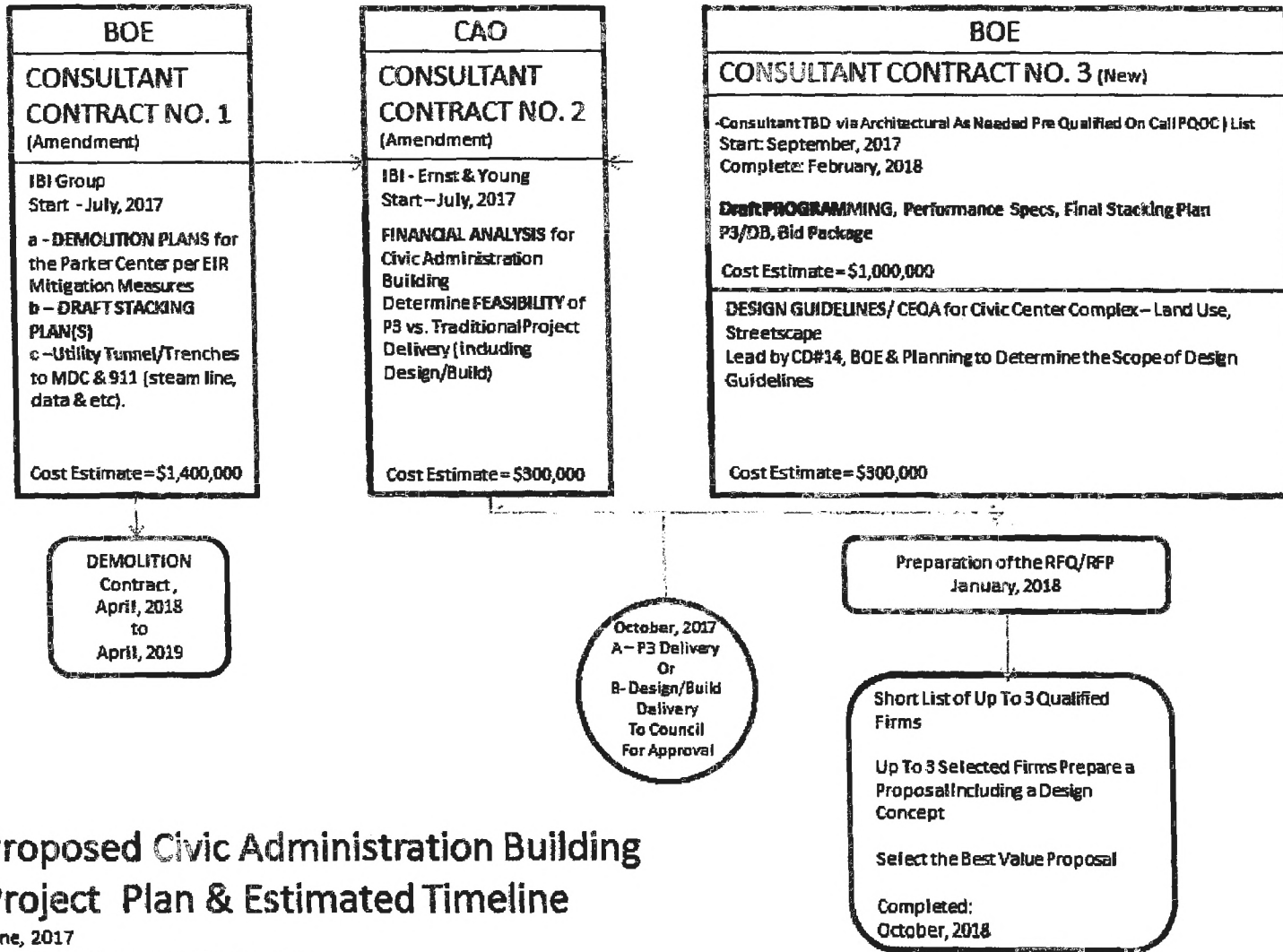
- ▶ **All positions are requested as Resolution Authorities.**
- ▶ **The estimated cost of the FY '17-'18 staffing plan is approximately \$700,000.**
- ▶ **The MFC will be asked to review and adjust staffing levels of the departments supporting the Project on an annual basis.**
- ▶ **The Proposed FY '17-'18 City Staffing Plan, full-time-equivalent (FTE) is as follows:**

CITY STAFFING PLAN - FY 17-18	
BOE	
Principal Civil Engineer	1
Senior Management Analyst II	1
Architectural Associate III	1
Sub Total (BOE)	3
(Other Departments)	
ITA	1
BCA, (6 months of funding for FY 17-18)	1
Sub Total (Other Departments)	2
TOTAL	5

MK\RB\PY:ab Q:\Admin\Typed Documents\2017\MFC Report Program Management and Staffing Plan for the Parker Ctr Demolition and the New Civic Administration Building 6-29-17

cc: Alma Guerrero, Mayor's Office
 Shmel Graham, Mayor's Office
 Paul Habib, CD #14
 Nate Hayward, CD #14
 Jacqueline Vernon Wagner, CAO
 Stephanie Magnien, CAO
 Korin Crawford, CAO
 Blair Miller, CAO
 Maria Cardenas, CAO
 Bemyce Hollins, CAO
 Ivania Sobalvarro, CLA
 John Wickham, CLA
 Cheryl Banares, CLA
 Valerie Melloff, GSD
 Melody McCormick, GSD

Gary Lee Moore, BOE
 Deborah Weintraub, BOE
 Antoinette Barrios, BOE
 Cynthia R. Jefferson, BOE
 Reza Bagherzadeh, BOE
 Paul Young, BOE
 Bernadette Hernandez, BOE



Proposed Civic Administration Building Project Plan & Estimated Timeline

June, 2017

Prepared by the Bureau of Engineering

HOLLY L. WOLCOTT
CITY CLERK

SHANNON D. HOPPE
EXECUTIVE OFFICER

City of Los Angeles
CALIFORNIA



ERIC GARCETTI
MAYOR

OFFICE OF THE
CITY CLERK

Council and Public Services Division

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BRIAN E. WALTERS
DIVISION CHIEF

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When making inquiries relative to
this matter, please refer to the
Council File No.: 14-1604

OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL

April 21, 2017

Council File No.: 14-1604
Council Meeting Date: April 19, 2017
Agenda Item No.: 35
Agenda Description: BUDGET AND FINANCE COMMITTEE REPORT relative to Municipal Improvement Corporation of Los Angeles financing in the amount of \$10,000,000 for the new Civil Center building.

Council Action: BUDGET AND FINANCE COMMITTEE REPORT - ADOPTED

Council Vote:

YES	BLUMENFIELD	YES	HARRIS-DAWSON	YES	O'FARRELL
YES	BONIN	ABSENT	HUIZAR	YES	PRICE
ABSENT	BUSCAINO	YES	KORETZ	YES	RYU
YES	CEDILLO	YES	KREKORIAN	YES	WESSON
YES	ENGLANDER	YES	MARTINEZ		

HOLLY L. WOLCOTT
CITY CLERK

Pursuant to Charter/Los Angeles Administrative Code Section(s): 341

FILE SENT TO MAYOR:	<input type="text" value="04/21/2017"/>
LAST DAY FOR MAYOR TO ACT:	<input type="text" value="05/01/2017"/>

x		
_____ APPROVED	_____ *DISAPPROVED	_____ *VETO

 _____ MAYOR	4/27/2017 _____ DATE SIGNED
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This form has been electronically signed and authorized by **eric garcetti**
AN EQUAL EMPLOYMENT OPPORTUNITY - AFFIRMATIVE ACTION EMPLOYER

BUDGET AND FINANCE COMMITTEE REPORT relative to Municipal Improvement Corporation of Los Angeles (MICLA) financing in the amount of \$10,000,000 for the new Civic Center building.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. REAPPROVE the use of \$10,000,000 in MICLA financing included in the Fiscal Year (FY) 2014-15 Adopted Budget for the new Civic Center building included in the Capital Improvement Expenditure Program.
2. INSTRUCT the City Administrative Officer (CAO) to contact FilmL.A., Inc. relative to notifying local film studios of the demolition of the existing Parker Center building in order to gauge their interest in financing and filming its demolition.

Fiscal Impact Statement: None submitted by the CAO. The Chief Legislative Analyst has not completed a financial analysis of this report.

Debt Impact Statement: The CAO reports that the issuance of MICLA Bonds is a General Fund obligation. The re-authorization to use MICLA financing for the new Civic Center building provided for in the FY 2014-15 Adopted Budget would cause the City to borrow approximately \$10,000,000 at a 5.5 percent interest rate. The total estimated debt service is \$16,740,000 which includes the borrowing amount and interest (\$6,740,000). During the life of the bonds, the estimated average annual debt service is \$837,000 over 20 years.

Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. The CAO advises that it cannot fully predict what interest rates will be in the future.

In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The City is currently at 4.12 percent. The issuance of the debt from this re-authorization will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for routine capital improvements is already included in the debt ratio.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on April 3, 2017, the Budget and Finance Committee considered a report from the CAO dated March 29, 2017, relative to reauthorization of \$10,000,000 in MICLA financing included in the FY 2014-15 Adopted Budget for the new Civic Center building. The CAO report, attached to the Council file, provides further details and information.

During discussion of the matter, the Committee Vice Chair requested that the CAO contact FilmL.A., Inc. relative to notifying local studios regarding the upcoming demolition of the Parker Center building (to make way for the new Civic Center building) and determine if there is any interest from the studios in possibly financing and filming the demolition.

After consideration, and after providing an opportunity for public comment, the Budget and Finance Committee approved the recommendation in the CAO report as amended to also instruct the CAO to contact FilmL.A., Inc. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

MEMBER	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
MARTINEZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW
4/5/17
FILE NO. 14-1604

-NOT OFFICIAL UNTIL COUNCIL ACTS-