


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 4, 2020

TO: Honorable Members of the Economic Development Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No. 16-0968
Assignment No. 20-01-0032

SUBJECT: Extension of Exclusive Negotiation Agreement Regarding Development of the Lincoln Heights Jail

SUMMARY

On May 24, 2018, the City entered into an Exclusive Negotiation Agreement (ENA) with Lincoln Property Company and Fifteen Group (Developer) regarding the development of the Lincoln Heights Jail. During the course of negotiations, City and Developer have engaged regularly regarding development plans for the Lincoln Heights Jail, as well as the Developer's concurrent project being developed across the street at 400 Avenue 19. The ENA is set to expire on May 23, 2020.

Due to the complexity of the project, activities related to environmental cleanup of existing building conditions have caused the development of the Lincoln Heights Jail to fall behind the original schedule. In order to fully conform with the current environmental code and make the building habitable, more time will be required to allow for testing and cleanup during negotiations with the Developer. Therefore, our Office recommends that Council instruct the Chief Legislative Analyst and request the City Attorney to negotiate and execute an amendment to the ENA with the Developer for an additional 12-month term with one 12-month extension at the option of the City. In addition, due to the need to relocate the Los Angeles Department of Transportation (LADOT) yard located at the property, our Office recommends that Council instruct the LADOT and the General Services Department provide a status update and time frame for the relocation of the LADOT yard located at 401 North Avenue 19.

RECOMMENDATIONS

That the City Council,

1. Authorize the Chief Legislative Analyst and request the City Attorney to negotiate and execute an amendment to the Exclusive Negotiation Agreement (ENA) with Lincoln Property Company and Fifteen Group (Developer) to develop the Lincoln Heights Jail for an additional 12-month term with one 12-month extension at the option of the City, which should incorporate requirements that the proposed project provide the City with community benefits.
2. Instruct the LADOT and the General Services Department provide a status update and time frame for the relocation of the LADOT yard located at 401 North Avenue 19.

DISCUSSION

On September 20, 2016, Council approved a Motion (Cedillo-Price, et al.) instructing the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO) to take various actions related to the adaptive reuse of the Lincoln Heights Jail, located at 401 Avenue 19, in Council District 1 (Site). On March 16, 2017, a Request for Proposals (RFP) was issued seeking a development team to undertake the adaptive reuse of the Site. The City scoring panel for the RFP selected Lincoln Property Company as the preferred developer for this project.

On November 8, 2017, Council took action to instruct the CLA and City Attorney, with the assistance of the CAO and Economic and Workforce Development Department (EWDD), to negotiate and execute an Exclusive Negotiation Agreement (ENA) with the Developer for a term of 12 months with one 12-month extension at the option of the City, which should incorporate requirements that the proposed project provide the City with community benefits.

On May 24, 2018, the City and Developer entered in an ENA for a term of 12 months, which was subsequently extended for an additional 12 months. Subsequent to the execution of the ENA, the City and Developer have engaged regularly regarding development plans for the Lincoln Heights Jail, as well as the Developer's concurrent project being developed across the street at 400 Avenue 19. The ENA is set to expire on May 23, 2020.

Environmental Cleanup Considerations

In the CLA's Report of October 20, 2017, in which the results of the RFP were reported to Council, the Lincoln Heights Jail property was noted to require considerable investment to bring it up to current code, as the two wings of the Jail were constructed in 1931 and 1949, respectively, and the building has not been modernized. The Jail has been subject to vandalism, fallen into disrepair, and will require removal of hazardous materials in order to make the building habitable.

Since the ENA was executed, the City has been working with the EPA, County Fire, State Water Resources Control Board, and California High-Speed Rail Authority to conduct an evaluation of hazardous materials at the site. On January 15, 2020, the EPA approved grant funding for a Phase II environmental assessment in order to perform additional required testing at the Jail.

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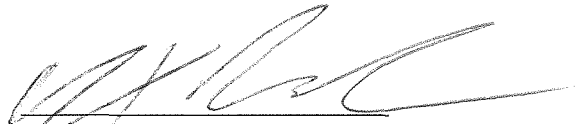
DOT Relocation from 401 Avenue 19

On October 24, 2017, Council instructed the Bureau of Engineering, with the assistance of the Los Angeles Department of Transportation (LADOT), CAO, and CLA, to report on efforts taken to relocate the LADOT yard located at 401 North Avenue 19, and include in said report fiscal impacts, costs for tenant improvements, potential funding sources and timeline, and a list of potential relocation sites.

On January 17, 2020, CAO staff indicated that LADOT is in the process of relocating all services currently located on 401 Avenue 19 to locations off-site of the property. We recommend that LADOT and the General Services Department provide a status report and time frame for the relocation in the near future.

FISCAL IMPACT

There is no fiscal impact associated with this action.



Alex Whitehead
Analyst