

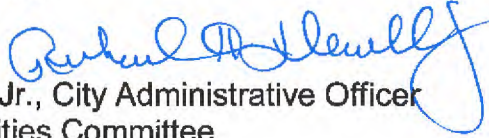
CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-05568-0001
Council File No. 18-0555
Council District 1

Date: April 19, 2019

To: Los Angeles City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer
Chair, Municipal Facilities Committee



Subject: **TRANSMITTAL – RECOMMENDATIONS FOR AUTHORIZATIONS RELATED TO THE CLEAN WATER CAMPUS AT 303 N. SAN FERNANDO ROAD**

At its Special Meeting on April 17, 2019, the Municipal Facilities Committee considered a report from the Bureau of Sanitation dated April 12, 2019 on the Clean Water Campus, amended the recommendations as reflected in this transmittal, and instructed staff to transmit to Council for approval.

RECOMMENDATIONS

1. Authorize the Bureau of Sanitation (LASAN) and request City Attorney, with assistance from the City Administrative Officer, Chief Legislative Analyst, Bureau of Engineering and other relevant departments (collectively, "Clean Water Campus Working Group"), to engage with Goodwill Southern California (Goodwill) to develop a non-binding term sheet with fiscal impact for joint use of the City owned Humboldt site located in Council District 1 at 303 North San Fernando Road (APNs 5447-007-900 and 5447-007-901) and the adjacent Goodwill site (APN 5447-007-009) with the following goals:
 - a. construction of a Clean Water Campus Building on the Humboldt site for LASAN to accommodate at least 169,000 square feet above-grade office space;
 - b. utilization of a portion of the Humboldt site and the adjacent Goodwill site for use by Goodwill to construct a new building to replace their facility located at 342 North San Fernando Road along with the construction of approximately 800 parking spaces;
 - c. realization of community benefits from Goodwill's new building and Goodwill's intent for revitalization of their vacated facility located at 342 North San Fernando Road to include affordable housing; and,
 - d. inclusion of community benefits from the new Clean Water Campus Building.
2. Instruct the Clean Water Campus Working group to work with the Goodwill Developer to assess the feasibility of providing up to 200 parking spaces at the Clean Water Campus

for the Lincoln Heights Jail Project, subject to funding provided by the Lincoln Heights Jail Project Developer.

3. Instruct LASAN to provide regular updates to the Municipal Facilities Committee (MFC) during the development and finalization of the above non-binding term sheet between the City and Goodwill.

Fiscal Impact: There is no anticipated fiscal impact to LASAN or to the City from proceeding with negotiations with Goodwill. The costs of consultants and staff to support the Goodwill negotiations are included in the existing LASAN approved budgets. LASAN will update the Board of Public Works on the anticipated availability payment from the Goodwill proposal and LASAN budget impact for the partnership in future status reports, once those costs are known.

Attachment – April 12, 2019 LASAN MFC Report

RHL:YC/JVW/blm 15190111

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: April 12, 2019

To: The City Council

From: Enrique C. Zaldivar, P.E.
Director and General Manager
LA Sanitation and Environment

Subject: **UPDATE TO COUNCIL MOTION 18-0555 ON STATUS OF THE CLEAN
WATER CAMPUS BUILDING WITH GOODWILL AND REQUEST FOR
VARIOUS AUTHORIZATIONS**



Aerial View of Project Site Location

RECOMMENDATIONS

1. Authorize the Bureau of Sanitation (LASAN) and City Attorney, with assistance from the City Administrative Officer, Chief Legislative Analyst, Bureau of Engineering and other relevant departments to engage with Goodwill Southern California (Goodwill) to proceed into negotiations for the design, legal and financial documentation (Phase 3 described below) with fiscal impact regarding the joint use of the Humboldt Site located at 303 North San Fernando Road in Council District 1, which is composed of City owned parcels 5447-007-900 and 5447-007-901 and Goodwill owned parcel 5447-007-009.
2. Approve the attached proposed deal structure and risk profile as a general guideline to City staff in the development of design, legal and financial documentation (Phase 3 described below).
3. Direct LASAN to provide project status updates to the MFC on negotiations with Goodwill and when an agreement with a fixed price proposal is reached.

4. Approval of LASAN's intended use of the City owned site located at 303 North San Fernando Road in Council District 1 to construct a Clean Water Campus Building to accommodate 480 staff with approximately 169,000 square feet above-grade office space, 600 parking spaces for exclusive use by LASAN, and include a number of community benefits to serve as a showcase of LASAN's objectives to the public.

EXECUTIVE SUMMARY:

This report is in response to Motion 18-0555 to update the City Council on the status of negotiations and the analysis of a partnership between LASAN and Goodwill for the CWC Building. The analysis completed to date demonstrates (1) LASAN has a need for a new facility with sufficient parking, and (2) the City's desire to revitalize the corridor in the northwest corner of the Lincoln Heights community can be achieved and expedited in a joint development with Goodwill. City Council's decision to proceed in accordance with the recommendations above will allow LASAN to negotiate with Goodwill to achieve further progress in the joint development effort.

BACKGROUND:

Currently, five of LASAN's twenty-two divisions are located at non-City owned location at 2714 Media Center Drive (the Media Center Building). This building is leased by LASAN and no longer meets the current or future parking or staffing needs of the department. Therefore, LASAN executives directed staff to evaluate replacing the Media Center Building. In December, 2015, LASAN hired Arcadis U.S., Inc. (Arcadis) as a technical consultant to conduct a workplace study. The conclusion of this work is that a new facility is needed to accommodate the staff and functions of LASAN. The rationale behind this is:

- **LASAN Growth:** staffing needs for the five LASAN divisions is growing from 314 staff in 2016, to approximately 350 currently, and a projected 480 staff in 2022. Staff growth cannot be accommodated in the Media Center building due to space restrictions.
- **Facility to meet the growth and needs of staff:** LASAN require additional space, technology; and facilities to efficiently meet the specialized LASAN services that cannot be accommodated at the Media Center Drive building. This was confirmed in Arcadis' Draft Workplace Strategy and Program of Requirements Recommendations Report dated June 29, 2016.

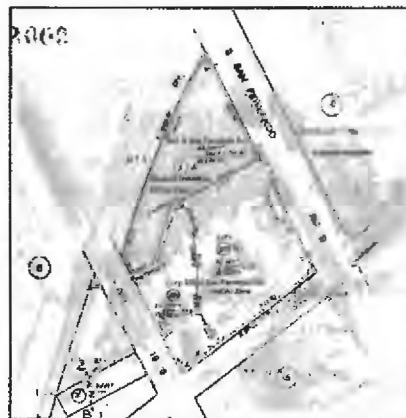
As early as 2012, LASAN along with City Staff evaluated potential options to address the staffing and facility needs of LASAN described above. The options evaluated, as articulated in the April 13, 2012 Board Report included

- 1) Re-negotiate new lease – lease terms in 2012 were re-negotiated. But Media Center no longer meets staffing needs
- 2) Relocate to another leased facility – would require costly tenant improvements
- 3) Evaluate build to suit at 303 Humboldt Ave – Moved forward as the viable option
- 4) Continue to lease Media Center with an option to buy – Media Center no longer meets staffing needs
- 5) Purchase new property if it financially made sense – no viable options were found due to financial constraints and proximity to freeways for easy access to the City to provide services

- 6) Use existing vacant City space to house LASAN Clean Water Program staff – separation of divisional staff would severely hamper day-to-day operations, and public accessibility objectives would not be met.

The new CWC Building (the Project) will be located at the LASAN owned parcel near the east bank of the Los Angeles River in the Lincoln Heights neighborhood (the Humboldt Site). The boundaries for the LASAN parcel (yellow line in Figure 1) are 19th Avenue to the east, San Fernando Road to the west, Humboldt Street to the south, and the parcel owned by Goodwill to the north (red line in Figure 1). The Humboldt site address is 303 North San Fernando Road in Council District 1, comprised of the City owned parcels (5447-007-900 and 5447-007-901); and Goodwill owned parcel 5447-007-009. The shape and size of the LASAN parcel and the Goodwill parcel is limiting to both parties in terms of their planned development.

Figure 1: LASAN Property Line (Yellow) and Goodwill Property Line (Red) at the Humboldt Site



The Humboldt Site is in a largely industrial area that has been targeted for redevelopment by the City. A number of factors led LASAN to evaluate the CWC Building at the Humboldt Site. The main drivers for the Project site selection are:

- **Mayor Objective to Revitalize of the LA River:** As articulated in Mayor Eric Garcetti's 2015 Sustainable City pLAN and again in Mayor Garcetti's 2018 2nd Annual Report, the City Council wishes to revitalize the LA River by repurposing parcels near the LA River. Development of the CWC Building at the Humboldt Site offers an opportunity for the City to act as an anchor tenant to facilitate the revitalization of the LA River in the Lincoln Heights neighborhood. The CWC Building location was also referenced in the LA River Revitalization Master Plan (Project No. 189 Lincoln Heights Riverfront Cultural Center and Project No. 185 Arroyo Seco Confluence Park) as an important link to connect public access to the LA River.
- **LASAN Goal - Equitable Workforce and Service Restoration:** As part of LASAN's 2017-2018 Strategic Plan, LASAN identified seven goals that aligned with Mayor Garcetti's Executive Directives. The Equitable Workforce and Service Restoration (Goal ED 15) is one of the seven goals LASAN targeted to improve "recruitment and retention efforts through creation of education, training, rotation and marketing programs." The CWC Building, as currently envisioned, will serve as a platform for LASAN to meet this goal by providing a modern, aesthetically valuable workspace

that includes training facilities, proximity to public transportation, and public outreach components.

- **Accessibility:** The Humboldt Site provides easy access to freeways and other public transportation to facilitate the mission of services of LASAN's staff.

In addition to the workplace study, Arcadis performed a site study, developed a program overview, and created an initial massing for the CWC Building as a standalone project entirely on the LASAN-owned parcel. The site study identified an existing sewer drop structure prevents construction of any structure on the south-east portion of the property.

Based on the site study and the workplace study conducted by Arcadis, it was determined the CWC Building could be built on the Humboldt Site. To meet the needs of LASAN, the CWC Building would need to be approximately 169,000 square feet above-grade office space, subgrade parking, and include a number of community benefits to serve as a showcase of LASAN's objectives to the public. But the LASAN parcel could not accommodate all of LASAN's parking needs of 600 spaces.

To address the parking concerns, Arcadis conducted a parking study in 2017 that included offsite parking, partnering with local land owners, and converting the North Central Yard property to accommodate additional parking. It was identified the North Central Yard property to be the likely viable option, but cost prohibitive.

To evaluate the optimal delivery method for the CWC Building, LASAN hired Project Finance Advisory Limited (PFAL) in February 2018 as their commercial and financial advisor.

On March 12, 2018, the City received an unsolicited offer from Goodwill, the adjacent property landowner, to deliver a turnkey project for the CWC Building and a Goodwill facility (the Goodwill Facility) on the combined LASAN and Goodwill parcels. The Goodwill Facility is intended to include Goodwill retail space, Goodwill office space, café, and a parking garage with approximately 750 spaces, of which 600 spaces are for LASAN's exclusive use. The combined project would enable LASAN to achieve 100% of its planned parking compared to a stand-alone project, partner with a local stakeholder to develop a unified community plan, and potentially expedite delivery of the CWC Building. The partnership would further enable Goodwill to revitalize their property across the street at 342 N. San Fernando Road to include affordable and workforce housing, green space, retail, and other commercial uses. However, Goodwill's revitalization of the property across the street is not anticipated to be part of the project under consideration. The jointly developed properties create an opportunity to set the standard for future development in the area and to ensure the CWC Building and Goodwill Facility will offer opportunities to connect the community's needs and foster circulation to and from adjacent developments (both existing and future).

Due to the shared interest of creating additional parking, fostering community revitalization and delivering affordable housing, the City Council passed a motion on June 13, 2018 directing LASAN to explore a partnership with Goodwill to deliver a joint project. In response to the Council Motion, LASAN, BOE and Goodwill initiated discussions to identify the needs of both parties, discuss potential alternatives and develop a draft plan for the City Council to consider.

PROJECT UPDATE:

Goodwill Partnership Options

Five potential partnering options were evaluated by LASAN and their advisors. The options included variations of LASAN leading the procurement for both facilities, a split procurement, and a sole source procurement with Goodwill delivering the entire project. Two viable options were identified after this evaluation process.

LASAN determined the preferred option to achieve the full parking needs for LASAN and to deliver a comprehensive community development plan is through a partnership utilizing both parcels. In preliminary talks with Goodwill, they have indicated that Goodwill is only willing to partner with LASAN and permit use of Goodwill's parcel through a sole source procurement. LASAN believes a sole source delivery option as proposed by Goodwill is in the best interest of LASAN because it is the only option that houses LASAN staff and a complete parking solution on a single site within the desired timelines. If the parties reach agreement, then LASAN will recommend a sole source contract to be awarded by the awarding authority. It should be noted that the City Attorney's Office has already provided advice that a sole-source contract with Goodwill may be justified.

A less attractive option is for LASAN to deliver the CWC Building on the LASAN parcel without a Goodwill partnership. While this is a viable option, it would significantly limit LASAN parking and the process to competitively procure the CWC Building is likely to take longer than the negotiated approach. This would put completion of the CWC Building beyond the expiration of the Media Center lease. Additionally, Goodwill would have to reconsider its development plans since the Goodwill parcel alone is not capable of sufficiently meeting Goodwill's program requirements.

The following table summarizes the pros and cons of the two viable options:

	Goodwill Partnership for Both the CWC Building and Goodwill Facility	LASAN Delivery of the CWC Building Only
Pros	<ul style="list-style-type: none">• Partnership with local stakeholder and holistic approach to neighborhood development• Achieves complete onsite parking solution for LASAN• May save time compared to LASAN procurement due to direct negotiation	<ul style="list-style-type: none">• Competitive design competition, drives price and design innovation• Contained to LASAN parcel, no need for land transfer or acquisition
Cons	<ul style="list-style-type: none">• Lack of competitive tension (design and cost) – a potential mitigation is for LASAN to establish an affordability ceiling that Goodwill must meet• Requires additional negotiation to ensure perpetual access and parking in Goodwill facility following 30 year lease – a potential mitigation	<ul style="list-style-type: none">• Parking limited to 309 spaces on site – a potential mitigation is the development of off-site parking• Does not facilitate partnership with local stakeholder and holistic approach to neighborhood development (design charrette indicated Goodwill cannot achieve their program without use of City

	is a perpetual easement and right of sale of easement <ul style="list-style-type: none"> Challenging but achievable timeline to meet Goodwill's financing requirements – a potential mitigation is establish monthly standing executive level meetings 	property) – no mitigation
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Currently, the partnership option with Goodwill is the preferred option to best meet the LASAN's objectives to provide earliest completion of the CWC Building, opportunity to leverage a creative parking solution, and provide external/community benefit along the corridor. This position is still subject to further negotiation of pricing and final terms with Goodwill.

Goodwill Partnership Considerations.

- NMTC financing – to secure this financing the transaction needs to reach financial close by the end of 2019 or early 2020. Without securing the NMTC, Goodwill is not able or willing to proceed with the joint partnership.
- Goodwill have indicated that in order for the Goodwill parcel to be used for the CWC Building, their developer team must develop the Projects.
- Goodwill has requested a stipend to proceed in design work, but no specific conditions were specified. This item is still subject to negotiations, and if agreed would likely be for compensation of work product in the event the City cancels the transaction prior to financial close.

LASAN Partnership Considerations

- Goodwill must comply with the standard provisions for City contracts (including prevailing wage and Business Inclusion Program)
- All LASAN program requirements, the CASP, and technical specifications must be met.
- The Project must meet LASAN's affordability and schedule constraints.

Master Site Planning

To better understand the needs of both parties, a design charrette was held on January 24, 2019. The purpose of the design charrette was to evaluate project scope, viable building/site configurations, and lot line adjustment requirements for a potential joint development of the two parcels. The design charrette led by BOE was attended by LASAN, Arcadis, CallisonRTKL, Goodwill, and Goodwill's architect, SRK Architects Incorporated.

The design charrette identified two key limitations. First a joint development on the two parcels can accommodate the 600 parking space requirement for LASAN and the Goodwill parking requirements, but no additional parking capacity is available for other development needs such as the Lincoln Heights Jail Project. Secondly, due to the configuration of the Goodwill parcel, Goodwill is not able to achieve the same level of its program requirements on the Goodwill parcel only. Without a partnership utilizing both the LASAN and Goodwill parcels, Goodwill would have to reconsider its redevelopment plans, and there is a risk the Goodwill parcel may remain undeveloped.

The design charrette identified three potential massing configurations for a joint development with Goodwill. A final massing and site plan is expected to be selected by the end of February 2019. The final selection of the site plan will enable Goodwill and LASAN to refine the project scope, develop indicative financial impact to LASAN and shape the requirements of a potential deal.

PROPOSED DRAFT PLAN AND SCHEDULE

Proposed Draft Plan

The Goodwill proposal is an unsolicited, sole source proposal to deliver the CWC Building and Goodwill Facility on both the Goodwill and LASAN parcels. To ensure a disciplined process that allows multiple decision points for the City, LASAN is proposing a five phased draft plan as follows.

1. **Information Request Brief ("IRB") Phase:** Confirm the qualifications of the Goodwill consortium, define the project scope, project site, develop a non-binding risk matrix with Goodwill, and identify the indicative financial impact to the City. This phase was executed in accordance with Council Motion 18-0555 and is near completion.
2. **First Approval Phase:** Current request of this Report for MFC, followed by City Council and Mayoral approval to move into the Design, Legal and Financial Phase (Phase 3).
3. **Design, Legal and Financial Phase:** If approved, LASAN to develop performance specifications, legal agreements and final proposal instructions. Goodwill to develop design, commercial and financial response.
4. **Second Approval Phase:** Following receipt of Goodwill Proposal, prepare report for City approval
5. **Financial Close Phase:** If approved, both parties execute agreements and financial conditions satisfied

Schedule Drivers and Schedule Description

Two main factors are driving the delivery schedule and draft plan schedule for the Goodwill partnership. They are:

1. Goodwill's desire to secure New Market Tax Credit financing by 2019 is driving the immediate schedule milestone dates to achieve financial close
2. LASAN's Media Center Building lease expiration date (2022) is driving the construction completion schedule

A high level schedule to reach financial close is provided below (subject to negotiations with Goodwill).

Milestone	Date
Information Request Brief ("IRB") Phase	February – March 2019
First Approval Phase	March – April 2019
Design, Legal and Financial Phase	May - November 2019

Second Approval Phase	November – December 2019
Financial Close Phase	Early 2020

PROPOSED DEAL STRUCTURE AND RISK PROFILE

The anticipated contract structure and risk matrix described in this section is contingent on City Council Approval.

Anticipated Contract Structure

Goodwill is proposing to finance the CWC Building with tax exempt debt using a 63-20 financing structure and finance the Goodwill Facility (including the LASAN parking) using the New Markets Tax Credit (NMTC) program.

A 63-20 financing structure is tax-exempt debt issued by a non-profit and is non-recourse to the City and LASAN. Under this structure, if not before, the ownership of the CWC Building will transfer to LASAN at the end of the term.

Goodwill will form two Non-Profit Corporations, one for the CWC Building and the other for the Goodwill Facility. This requires LASAN to execute two separate agreements with two Non-Profit Corporation counterparties. Transaction diagrams for the two structures is shown below.

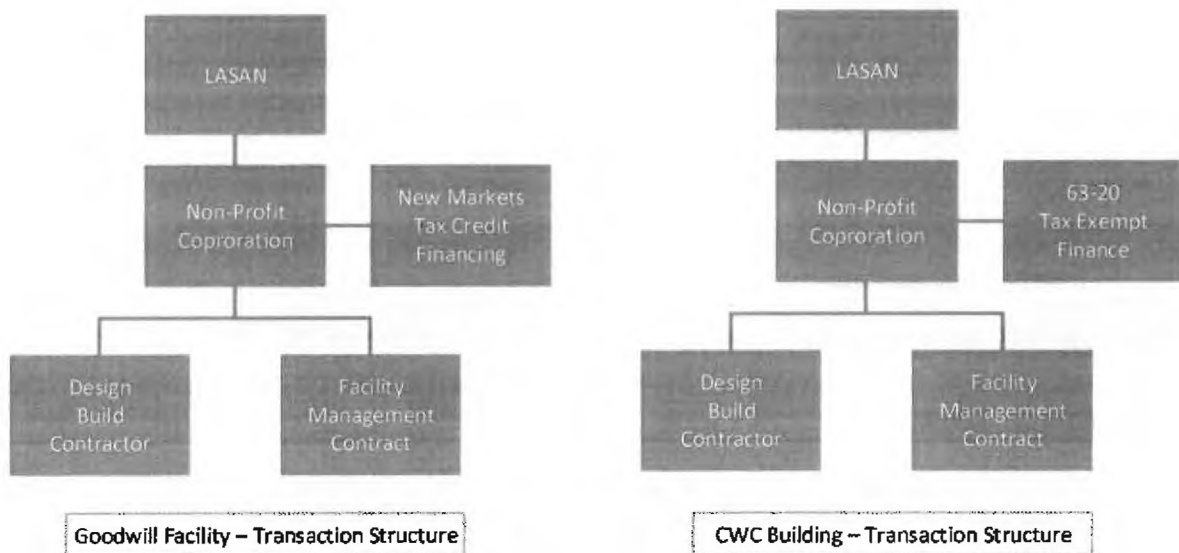


Figure 2: Anticipated Contract Structure Diagram

Anticipated Agreements and Structure of Lease Payments

The primary agreements LASAN will enter with each Non-Profit Corporation will be a master Ground Lease, CWC Building Lease, and a LASAN Parking Lease. The Agreements will articulate LASAN's requirements and obligate LASAN to make Base Rent payments (covering the capital, development fees and financing costs) and Performance Rent payments (for the facility management services) for the CWC Building and LASAN Parking, respectively. The term of agreements is expected to be 30 years.

LASAN will pay the lease payments from the Sewer Construction and Maintenance Fund. Previous financial analysis indicated risk transfer from alternative financing could offset the additional financing costs for the CWC Building. As part of the final approval of a Goodwill partnership, a similar analysis will be conducted.

Anticipated Risk Matrix

The objective is to structure the leases to substantially achieve the following risk profile to best protect City's interests:

- **Design:** LASAN responsible for performance specifications and BOE will support LASAN in approving the design developed by Goodwill.
- **Construction:** LASAN responsible for unforeseeable events, Goodwill responsible for construction to a fixed date and for a fixed price.
- **Financing:** Goodwill to procure cost effective financing (non-recourse to LASAN and City)
- **Price & Payment:** Base and Performance Rents will be fixed for the term of the Agreements at Financial Close.
- **Development Cost Responsibility:** Goodwill responsible for their development costs (recoverable as part of project economics when Financial Close is reached)
- **Insurance:** Goodwill responsible for obtaining and maintaining construction and operating period insurance.
- **Operations:** Goodwill will maintain and lifecycle the CWC and Parking Facilities for term of the leases. Performance will be monitored and deductions from the Performance Payment will be applied for unacceptable performance.
- **Force Majeure, Relief Events and Change in Law:** LASAN will be responsible for a pre-agreed list of uninsurable and force majeure events, all others responsibility of Goodwill.
- **Termination:** LASAN retains the right to terminate, but must pay outstanding debt.
- **Handback Condition:** Facilities must be returned to LASAN at end of lease term in good condition with no backlog maintenance.
- **Ownership:** Following the expiration of the leases, LASAN will own the CWC Building and have perpetual free access and use of LASAN Parking.

GOODWILL COMMUNITY BENEFIT DESCRIPTION

Goodwill is a non-profit, social enterprise organization whose mission is to support people with significant barriers to employment find a stable job. Goodwill is proposing the development of a joint campus to make more efficient use of space, create new sources of revenue for the Goodwill to support their mission, and open up additional land for affordable housing; which fulfills a critical need for the City of Los Angeles, all while fulfilling Goodwill's mission.

The new Goodwill Facility is anticipated to create 51 new FTE Goodwill jobs and will enable Goodwill to retain an additional 75 jobs. A new café that will employ Goodwill trainees and a brand-new retail store will add needed services that are lacking in the increasingly residential area.

Following the completion of the new CWC Building and Goodwill Facility, Goodwill plans to build 150 Permanent Supportive Housing (PSH) units and 50 Workforce Housing units on the existing Goodwill facilities at 342 N. San Fernando Road. Workforce housing is expected to be available to City employees and the PSH units will be targeted for low income Goodwill workers. This PSH and Workforce Housing units are not part of the proposed project with LASAN.

BUDGET AND PROJECT IMPLICATIONS:

- There is no unplanned fiscal impact to LASAN or to the City from proceeding with negotiations with Goodwill. The costs of consultants and staff to support the Goodwill negotiations will be paid from existing LASAN approved budgets.
- LASAN and their consultants plan to prepare Performance Specifications for the CWC Building and the LASAN Parking. In the event that negotiations with Goodwill do not reach a successful conclusion or the agreement with Goodwill is not approved by the Council these documents will be useable in an alternate procurement process.
- Goodwill has agreed to bear their own development costs and recover them as part of project costs at Financial Close.
- LASAN will update the Board of Public Works on the anticipated Goodwill proposal lease costs and LASAN budget impact for the partnership in further update reports.

Attachments: Clean Water Campus Executive Presentation - 5/16/2018 (Relevant information limited to LASAN programmatic requirements. Renderings and indicative design does not reflect the Goodwill proposal)

Board Report April 13, 2012 – Authorization to Negotiate and Execute Second Amendment to the Media Center Lease Agreement for the Extension of Current Lease for the Bureau of Sanitation Staff at the Media Technical Center

Clean Water Campus Executive Presentation

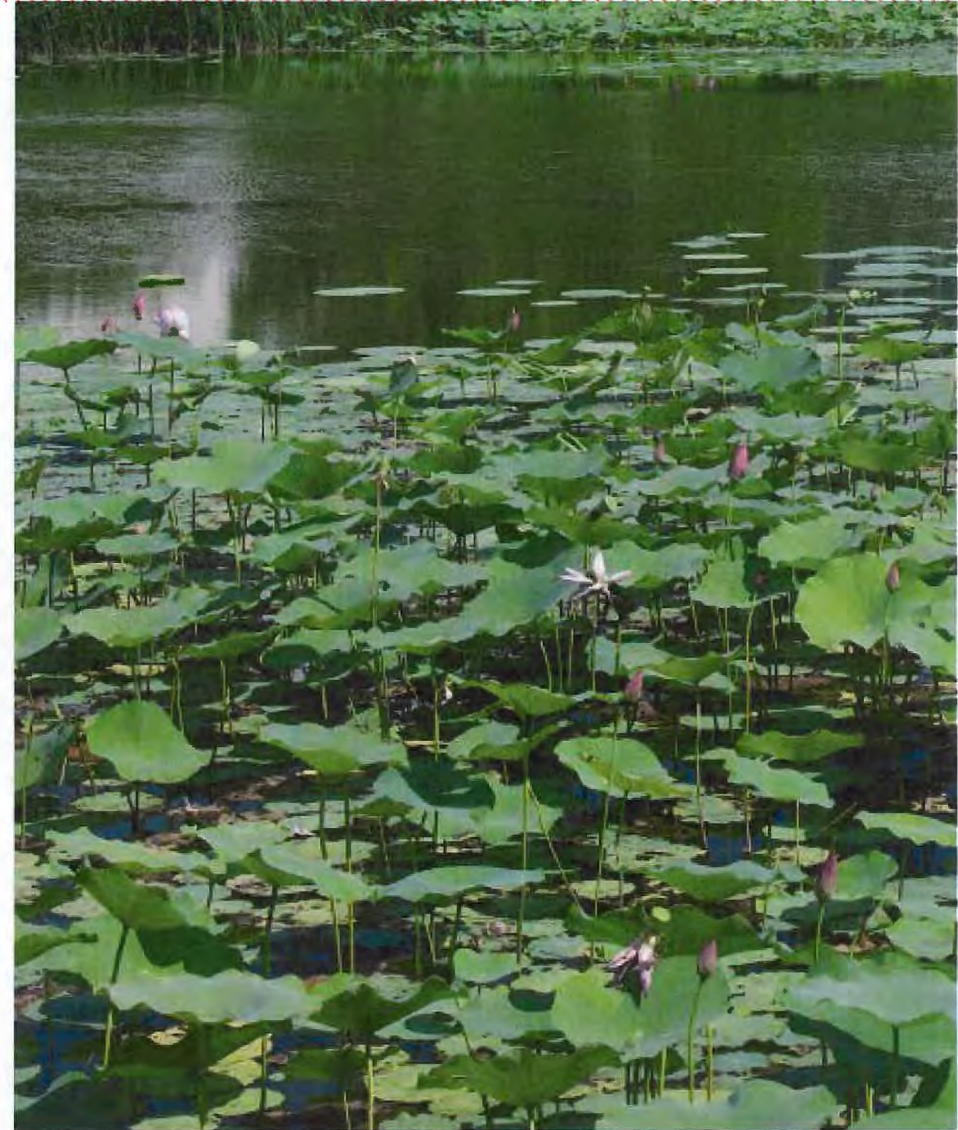
Los Angeles Bureau of Sanitation

5/16/2018



Agenda

- Introduction
- 2016 Workplace Requirements
 - Reference Data
 - Program Elements
 - Adjacencies
- 2018 Requirements Update
 - Program Overview
 - Site & Massing Study
 - Workplace Trends
 - Interior Planning & Visualization
- Cost Projections
- Next Steps



Timeline

Spring 2016 Workplace Requirements

1. Vision & Brand/Strategic Goal-Setting Session
2. Work Style Survey
3. Programming Interviews w/ each Department or Special function
4. Review of existing documents (headcounts, org charts, space plans, etc)
5. Site Tour and Work Place Observation (including Hyperion exhibit space)
6. Technology Assessment
7. Workplace Strategy Report



Spring 2018 Executive Update

1. Overview/Refresh
2. Revise: Site Plan / Parking / Building Massing
3. Revise: Program (Headcounts / GSD Standards)
4. Test-fit Space Planning (Ground & typical office floor)
5. Revise: Cost Projections
6. Revise: Program Report

2016 Workplace Requirements

CALLISON|TKL
A DESIGN CONSULTANCY OF ARCADIS

Reference Data

- Data Gathering
- Key Findings
- Workplace Elements
- Organizational Adjacencies



Investigation Approach

5 Division Interviews & Workspace Tours

59% Media Center Staff Survey Response Rate (178 of 302)

1 Technology Infrastructure Interview

1 Hyperion Site Tour (Learning Center & Labs)

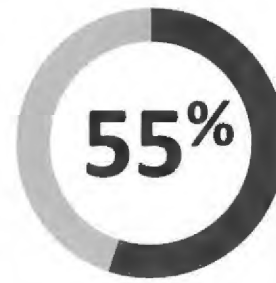
1 Desk Top Audit / Current Space Assessment

3 Key Findings

1 Individual Work & Collaboration



DESK BOUND
CONCENTRATIVE
WORK PREVAILS



OF ALL MTGS HAVE
 ≤ 6 PARTICIPANTS

2 Work Location & Special Spaces

3 Sustainability & Wellness

3 Key Findings

1 Individual Work & Collaboration

2 Special Spaces & Unique Needs

- Labs
- Ice Makers & Water Deionizers
- Equipment Storage & Wash Area
- Sample Collection/Storage
- Evidence Storage
- Cold Storage
- Cross contamination issues
- Chemical Storage
- Locker & Shower Facilities
- EOC (sim. To Hyperion)

IWMD & WPD to share lab facilities.

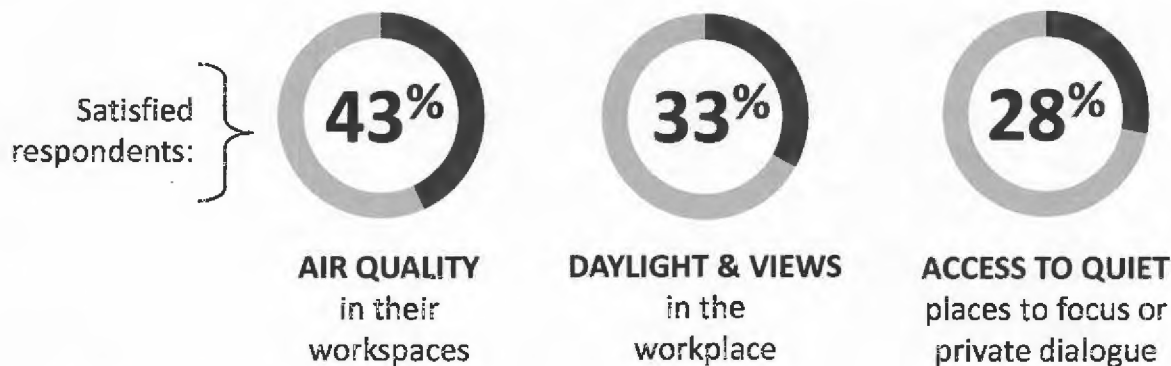
3 Sustainability & Wellness

3 Key Findings

1 Individual Work & Collaboration

2 Special Spaces & Unique Needs

3 Sustainability & Wellness



CALLISONRTKL
A DESIGN CONSULTANCY OF ARCADIS

for every
15%
INCREASE IN 
SATISFACTION
PRODUCTIVITY
 INCREASES
1-4%

Program Elements

Building Blocks for a New Workplace

A richer palette of workspaces designed
for function & purpose.



ENRICH



GREET



INNOVATE



MEET



SEAT



RETREAT



UPKEEP

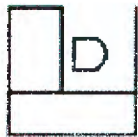
Individual – Open Workspaces

GSD Standards provided by City of Los Angeles

Job Category I

OS1A

Field Inspection
OS Work Station



6'x 6'

Job Category II

OS1B

Clerical & Sub-professional
OS Work Station

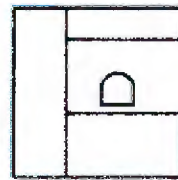


8'x 8'

Job Category III

OS2B

Engineering & Drafting
OS Work Station



8'x 8'

Job Category IV

OS2C

Admin Support
OS Work Station

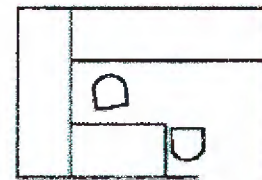


8'x 8'

Job Category V

OS3A

Supervisory – Prof & Admin
OS Work Station

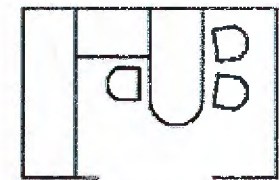


8'x 12'

Job Category VI

OS5A

Middle Management
OS Work Station



8'x 12'

OS1A -1
Field Inspection
OS Work Station



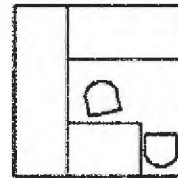
6'x 6'

OS3B
CAD Employees w/ drafting
table & 2 monitors
OS Work Station



8'x 12'

OS2A
Admin Support
OS Work Station



8'x 8'

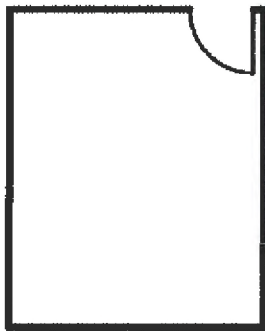
Limiting types & variations will improve efficiency & flexibility.

Individual – Enclosed Workspaces

GSD Standards provided by City of Los Angeles

Job Category VII

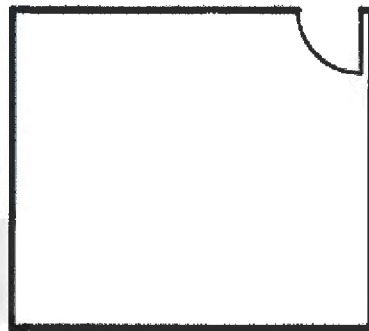
PO2
Management
Private Office



12'x 15'

Job Category VIII

PO3
Executive
Private Office



15'x 17'

An enclosed space within the workspace for private conversations, collaboration, and/or small team meetings.

SIZE

180 / 255 SF

LAYOUT CONSIDERATION

Located along the core within the workspace. Number of private offices should be defined by work function and dispersed between the neighborhoods.

FURNITURE

Primary work surface (adjustable height recommended). Work surface return with overheads. Ergonomic task chair and two (2) guest chairs

MATERIALS AND FINISHES

Full height glass partition with solid or glass sliding door. Solid, full height painted walls between offices, one wall painted with whiteboard paint. Carpet floors and acoustical ceiling tile ceilings.

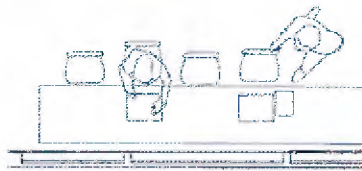
TECHNOLOGY

Power and data at work surface. Video and teleconference connections at the work surface

Ad-hoc & Collaborative Spaces

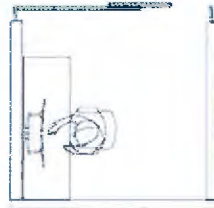
Activity Based Work Settings

FOCUS



TOUCHDOWN SPACES

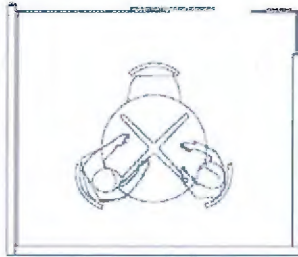
1 PERSON/SEAT | 3X3



QUIET ROOMS

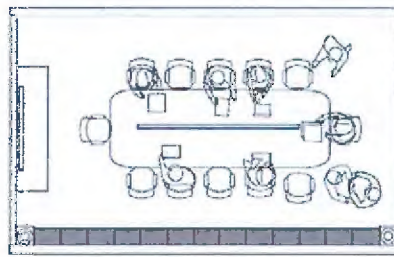
1 PERSON | 8X10

COLLABORATE



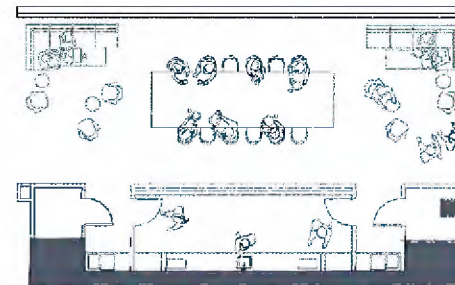
SMALL CONF/HUDDLE ROOMS

4-6 PPL | 10X12



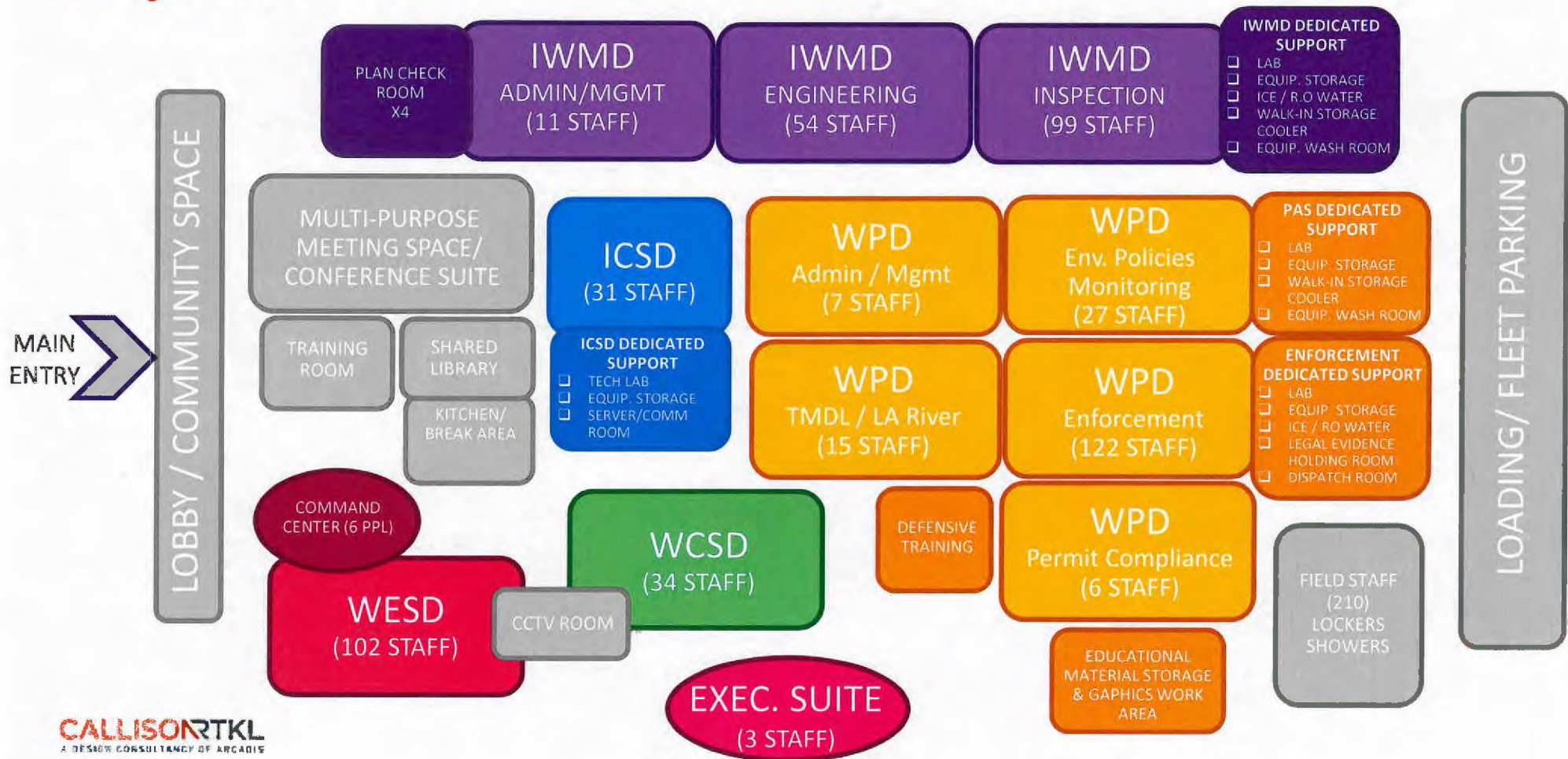
MED/LG/PROJECT ROOMS

8-10/14-16/20+ PPL



CAFÉ/LOUNGE/OPEN COLLABORATIVE SPACE

Adjacencies



2018 Update

Program Overview



Program Structure – Space Categories

PERSONNEL

Assigned seats based on GSD Standards:

- Private Offices
- Open Workstations

SUPPORT SPACE

Common Spaces that support workplace activities:

- Coffee Pantry
- Shared Collaborative / Teaming spaces
- Touchdown Seats
- Print / Copy Stations
- Document Collating
- Resource Library
- Storage
- Filing

SPECIAL SPACE

Special program spaces designed to accommodate unique mission driven needs:

- Cold Storage
- Labs
- Sample Storage

FACILITY SPACE

Spaces that support the campus including public facing spaces:

- Community/Multi-purpose Space
- Disaster Preparedness
- Lobby / Reception
- Fitness / Exercise Room
- Formal Conference Rooms
- Lunch / Break Room
- Showers / Lockers

Program Summary by Division

Program refinements are ongoing

LASAN:

	PERSONNEL		SUPPORT	SPECIALS	TOTAL
DIVISION	QTY	USF	USF	USF	USF
EXEC	3	800	1,360	0	2,160
ICSD	24	2,640	5,990	3,070	11,700
IWMD	164	16,819	10,308	1,610	28,737
WCSD	34	4,226	2,313	0	6,539
WESD	80	9,360	1,344	675	11,379
WPD	177	16,622	11,525	9,680	37,827
FSD			10,362	10,184	20,546
SUB-TOTALS	482	50,467	43,202	25,219	118,888
Building Gross SF (GSF)				1.25	148,610

Program Summary: Facility Space

DIVISION:

FSD Facility Support / Total Personnel

SUPPORT SPACE					
SPACE CODE	SPACE NAME	QTY	NSF	USF	TOTAL USF
CR05	Conference Room--Small (seats 15)	3	400	560	1,680
CR07	Conference Room--Medium (seats 20)	3	500	675	2,025
CR08	Conference Room--Large (seats 30)	2	800	1,080	2,160
CR09	Conference--Prefunction	1	300	420	420
GS01	Copy/Print Area (distributed)	16	80	112	1,792
GS03	Mail Distribution (distributed)	5	50	70	350
RE01	Coffee Pantry (distributed)	10	50	70	700
TD01	Hoteling / Touchdown Seats (distributed)	19	36	65	1,235
SUB-TOTAL SUPPORT SPACE					10,362

FACILITY SPACE					
SPACE CODE	SPACE NAME	QTY	NSF	USF	TOTAL USF
PU04	Community/Multi-Purpose Room	1	1,000	1,350	1,350
PU01	Lobby	1	400	560	560
RE03	Fitness / Exercise Room	1	1,000	1,350	1,350
RE04	Wellness/Mother's Room (distributed)	3	80	112	336
RE05	Lunch/Break Room	1	1,000	1,350	1,350
ST01	General Storage	5	160	224	1,120
SP01	Showers/Toilets (Men) Pop. 158	6	60	84	531
SP02	Showers/Toilets (Women) Pop. 52	5	60	84	437
SP03	Lockers (Men) Pop. 158	158	10	14	2,212
SP04	Lockers (Women) Pop. 52	52	10	14	728
GS06	Disaster Preparedness	1	150	210	210
SUB-TOTAL SPECIAL SPACE					10,184

DIVISION TOTAL					20,546
----------------	--	--	--	--	--------

Pending Program Revisions

DELETIONS = 4,816 USF

- WPD Emergency Response / Enforcement Training (SP-22)
- WPD Lab Spaces (SP-06, SP-13, SP-18, SP-21, SP-21, SP-25, SP-26)

BASEMENT ADDITION = 7,678 USF (reduced parking?)

- Men & Women's Shower / Locker Areas (SP-01, SP-02, SP-03, SP-04)
- ALL Lab Spaces (SP-06, SP-07, SP-08, SP-09) – IWMD & WPD to share

SPACE STANDARD ASSIGNMENT CHANGES = ????? USF

- LASAN is reviewing GSD Space Standard assignments

Massing Study

Project Summary

The proposed Clean Water Campus office building includes labs, community spaces and parking.

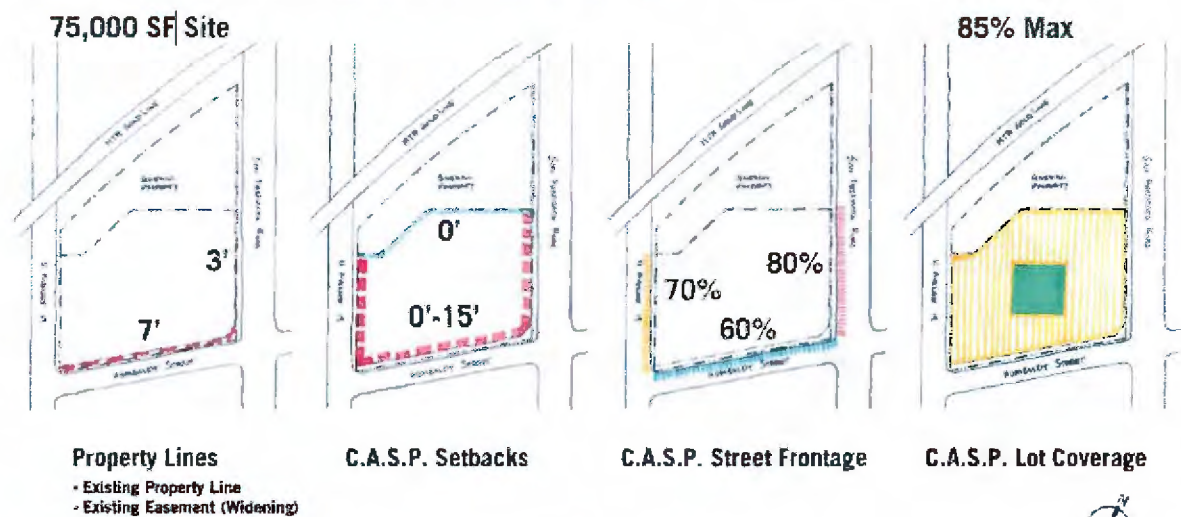
- **79,100 sq. ft. site**
- **Approx. 150,000 sq. ft. Office Building**
(5 levels @ approx. 30,000 sq. ft. each)
- **Surface & Subterranean Parking for 309 parking stalls**
(300 standard for 150,000 sq. ft. building)
 - Surface Parking = 65 stalls
 - Below Grade Parking = 244 stalls
 - 450 Requested by LASAN
 - 350 LASAN Employees
 - 100 Fleet Vehicles



Zoning Summary

- The current zoning is **MR2-1**, and the project is subject to the **Cornfield Arroyo Seco Specific Plan** ("CASP") and is in the Adaptive Reuse Incentive area.
- Base FAR = **3:1** // Max FAR = **4:1**
- The project is subject to a **max building height of 75'**

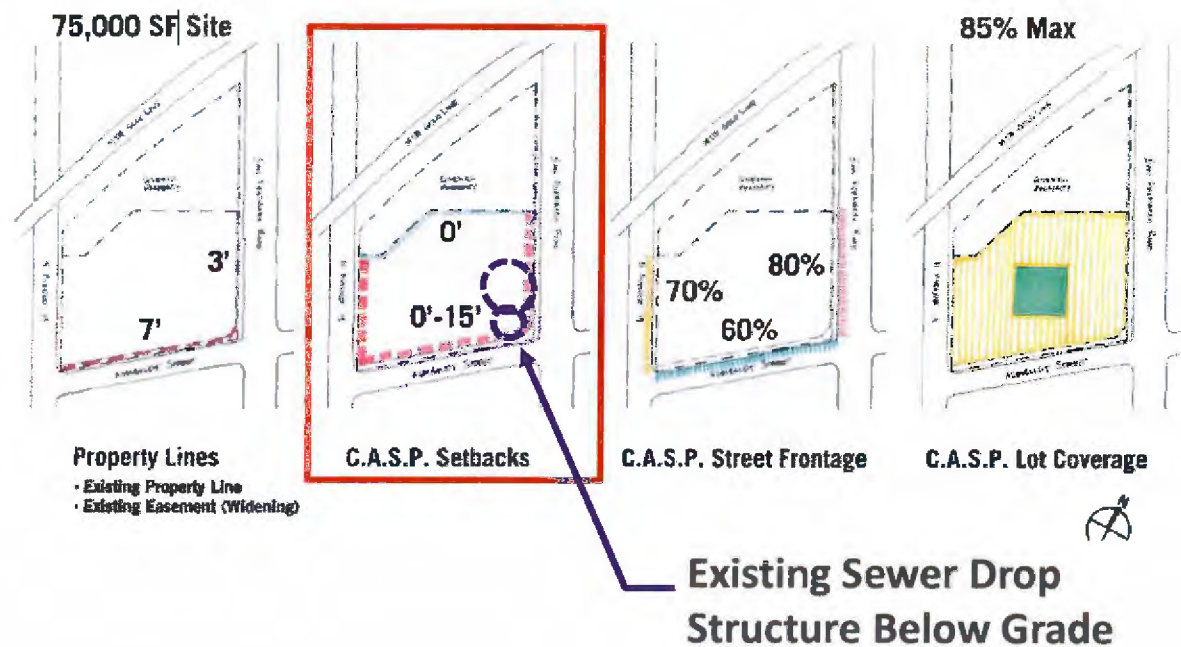
Zoning and land use constraints prescribed by the CASP



Zoning Summary

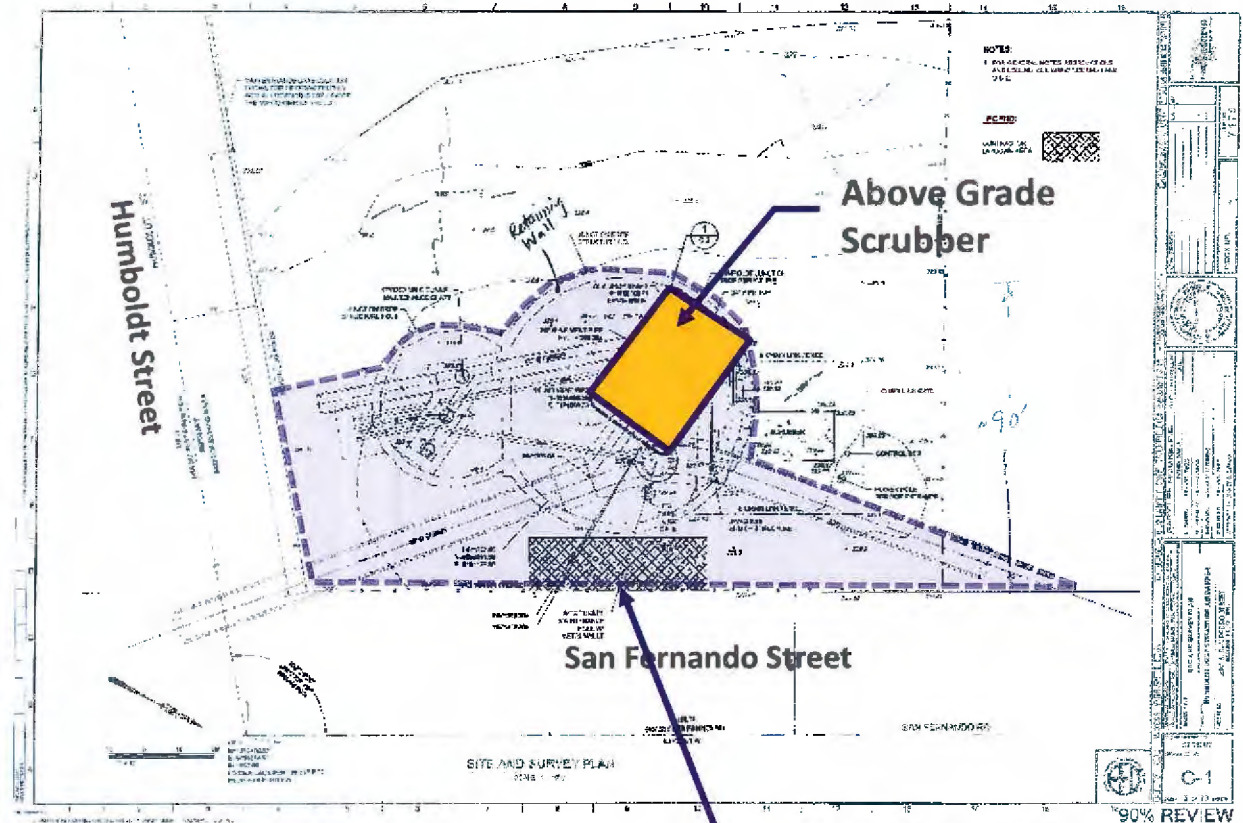
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- The project is subject to a **max building height of 75'**

Zoning and land use constraints prescribed by the CASP



Existing Conditions

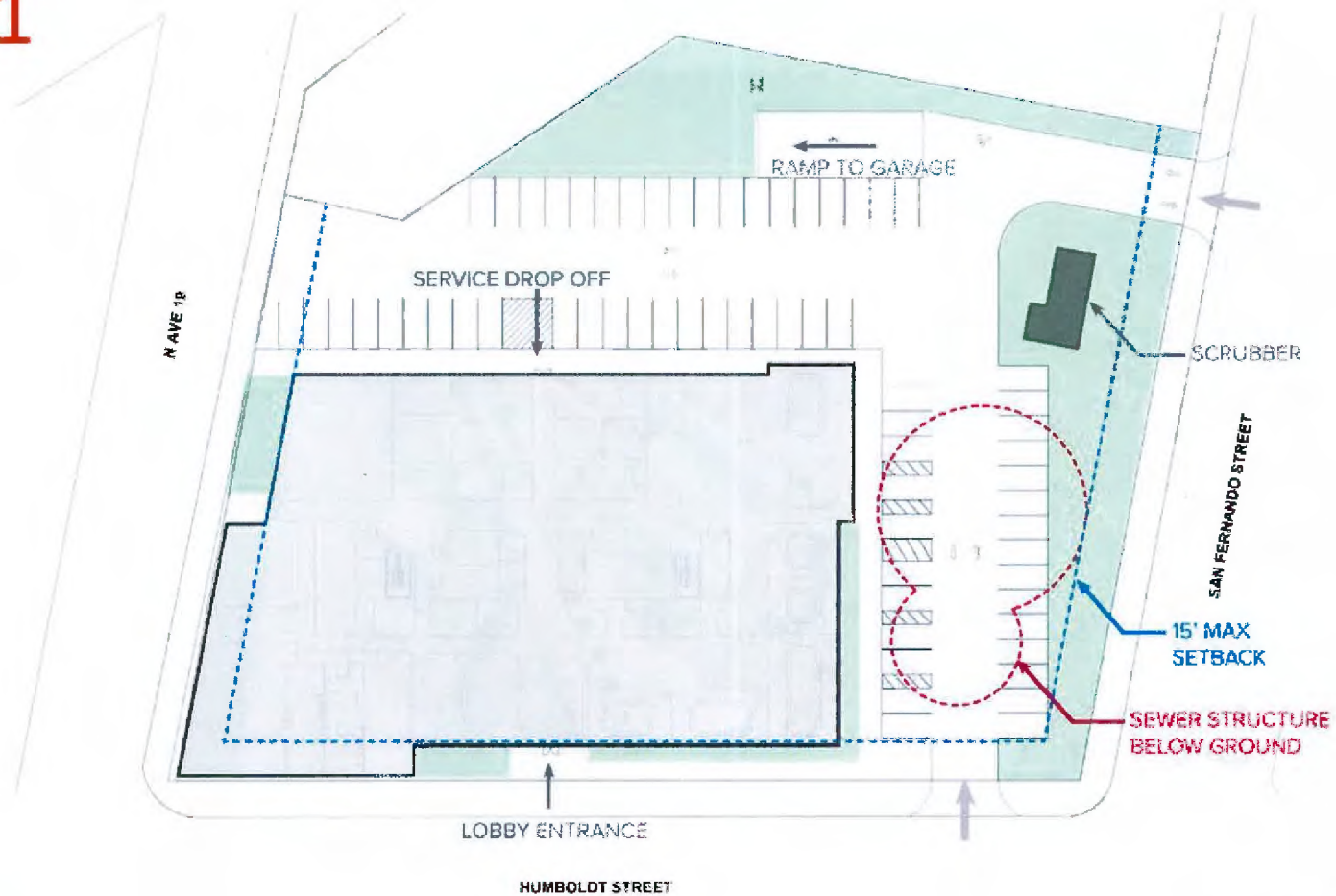
- **Sewer Drop Structure**
 - Avoid below ground construction.
- **Above-Grade Scrubber**
 - Can move 50' from current location



Site Plan

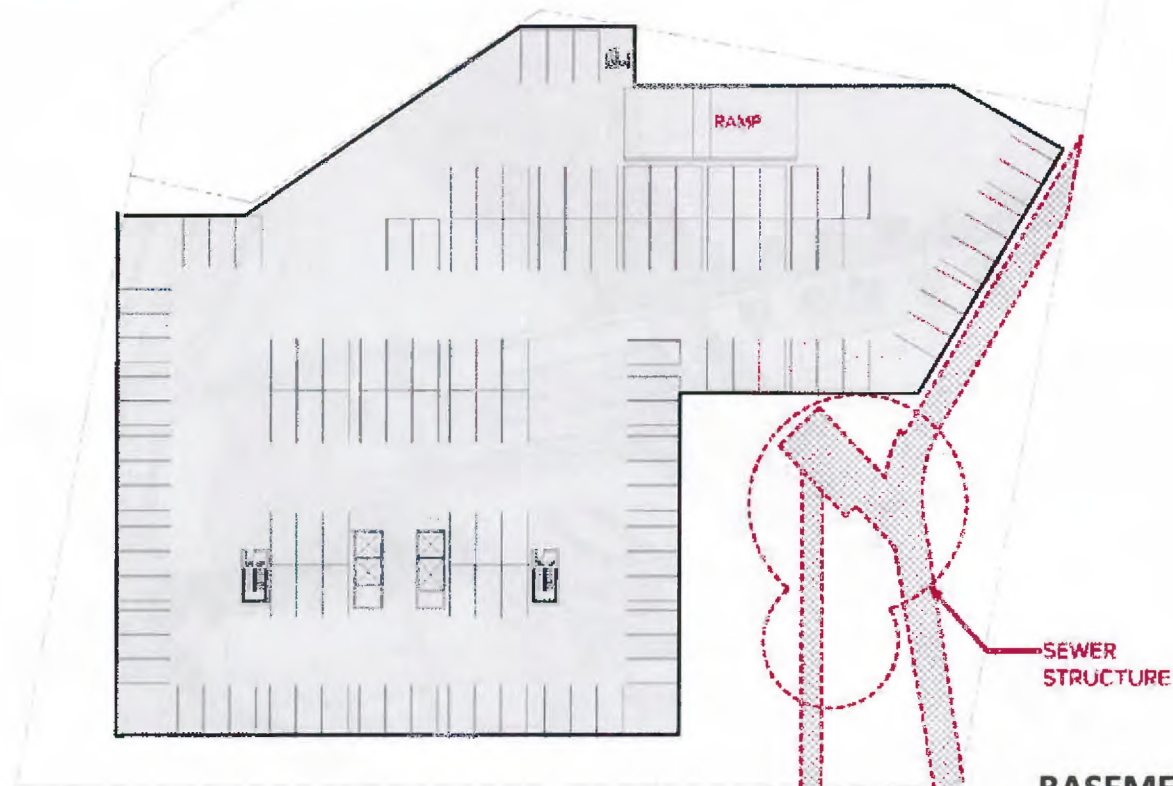


Level 1



SITE PLAN

Subterranean Parking



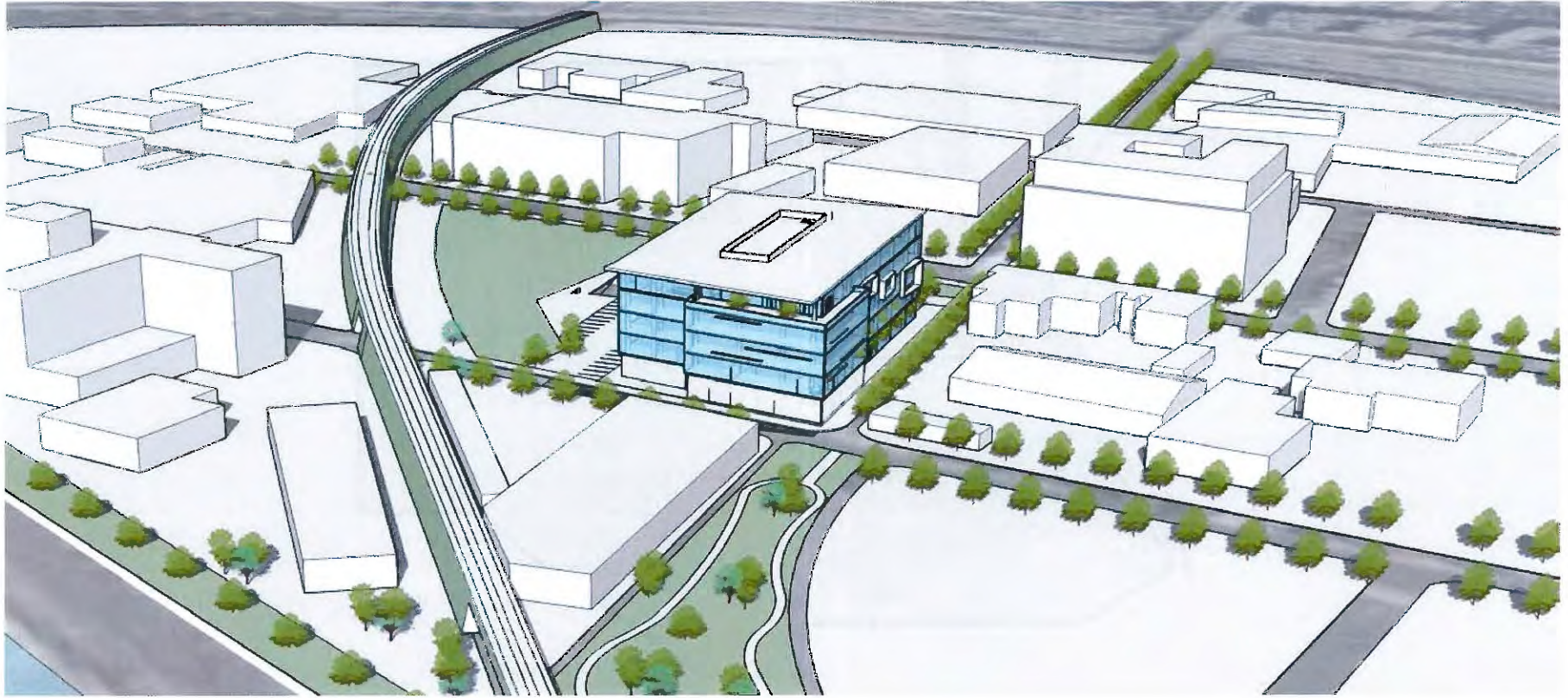
BASEMENT PLANS

BELOW GRADE = 244 SPACES

ABOVE GRADE = 65 SPACES

AREA= 105,962 SQ. FT.

Building Massing



Building Massing



Workplace Interior

Trends

The Evolving Workplace

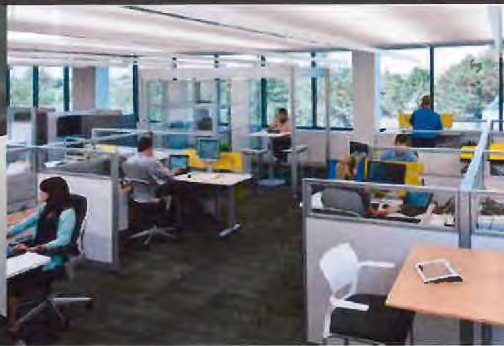
1950s



1980s



Today



Future



Similar to
Media Center
Work
Environment

Space Allocation

	MEDIAN SIZE	LASAN
Enclosed Offices	120 SF	180 SF
Open Plan Workstations	48 SF	36 / 64 / 96 SF (61 SF avg)

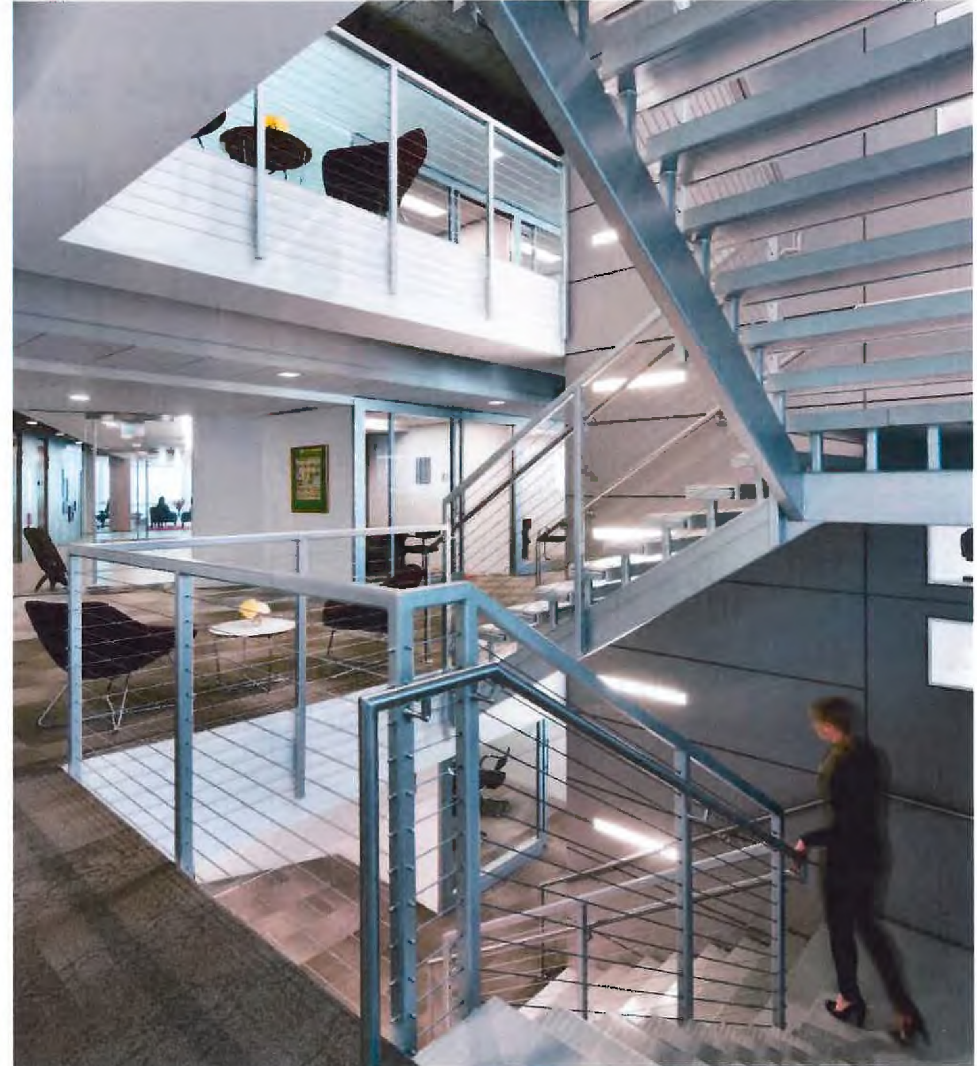


Less ME, More WE Space

Quality of Environment

Updating your workplace
standards could gain
9,445 NSF.....

Equates to an
interconnecting stair!



Planning for the Future

Defining **MOBILE WORK**

There is a difference between the definition and use of the terms 'telework' and 'mobile work'.



Plan for the transition to a performance-based culture:

- Mobility
- Virtual connectivity
- Collaboration

Fully Integrated Tech Approach

Invest time and energy early in the process to stay ahead of the curve:

- Building infrastructure
- Shared spaces
- Software solutions
- End user devices



Furniture Solutions Reign

Continued focus on providing flexible solutions:

- Ease/cost of change
- Shift in budgets
- Depreciation as business asset



Balancing Active & Quiet Zones

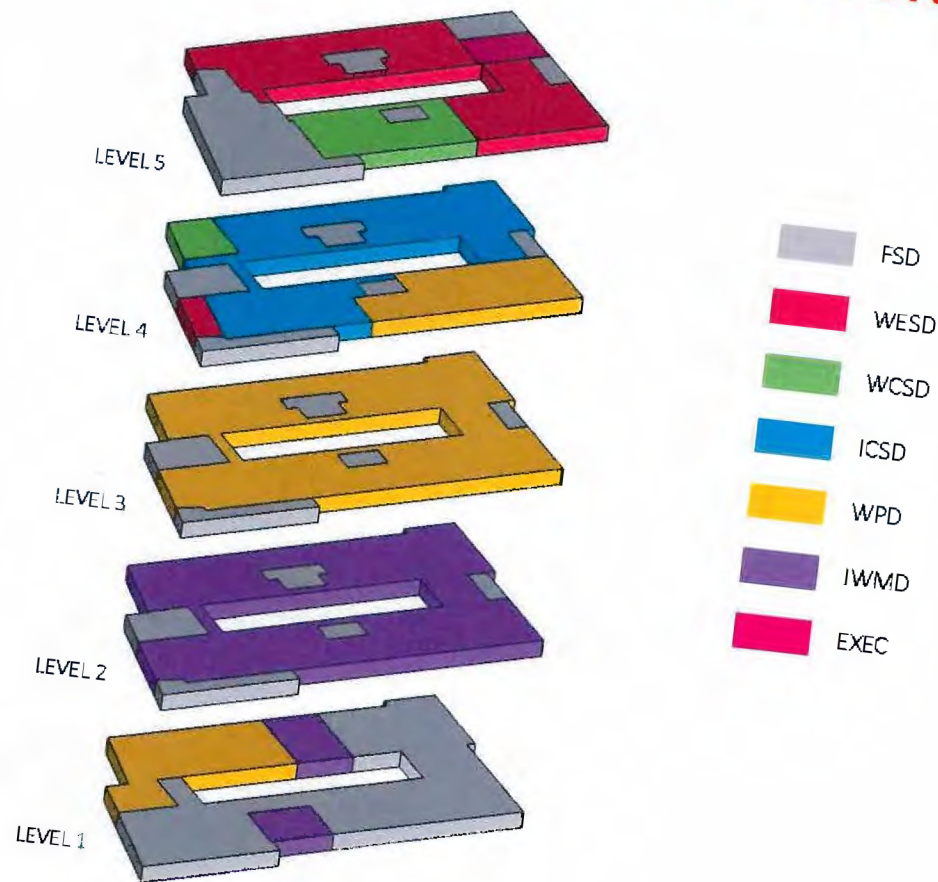


CALLISONRTKL
A DESIGN CONSULTANCY OF ARCADIS



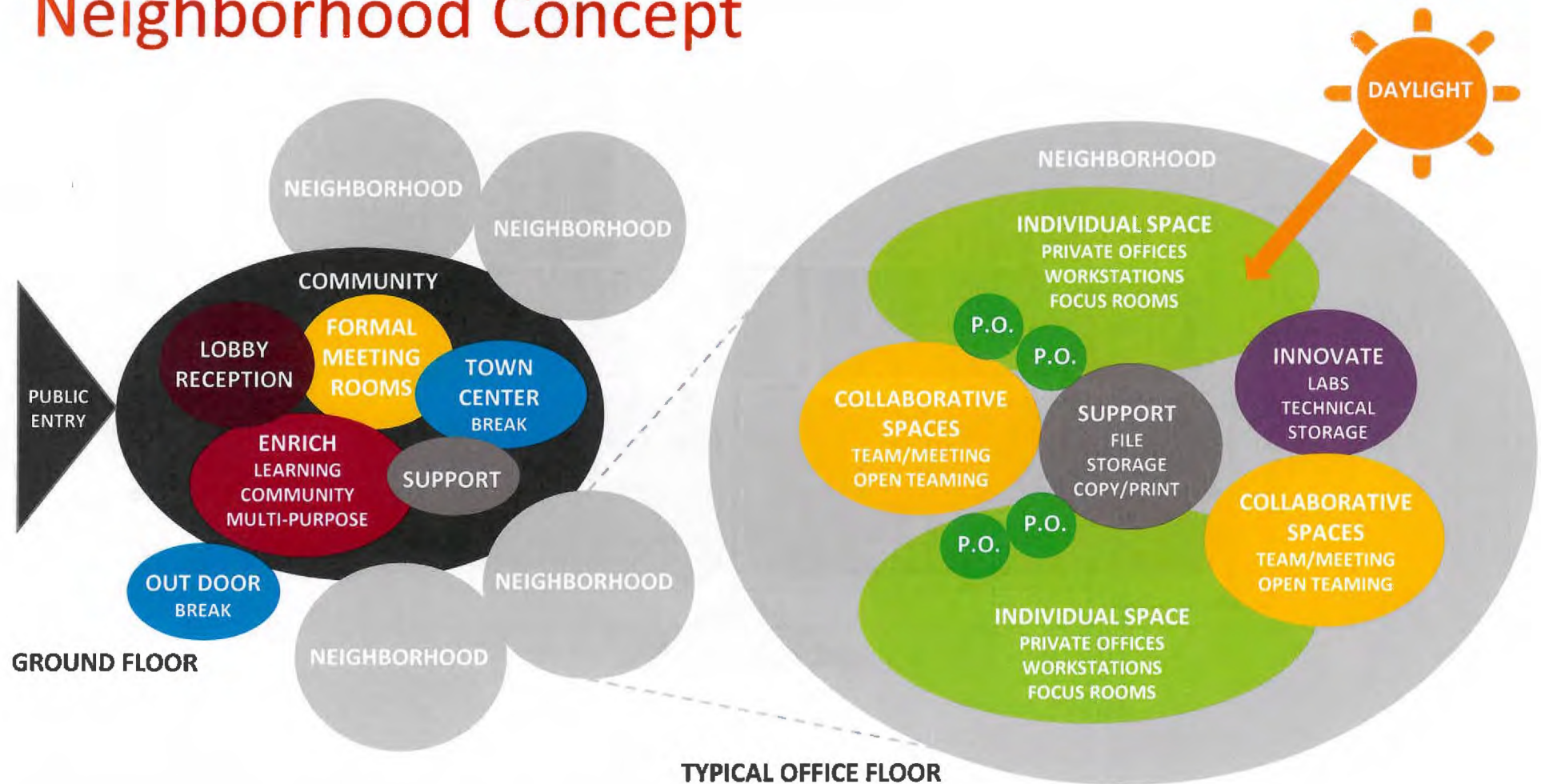
Planning Approach

Preliminary Block & Stack Concept

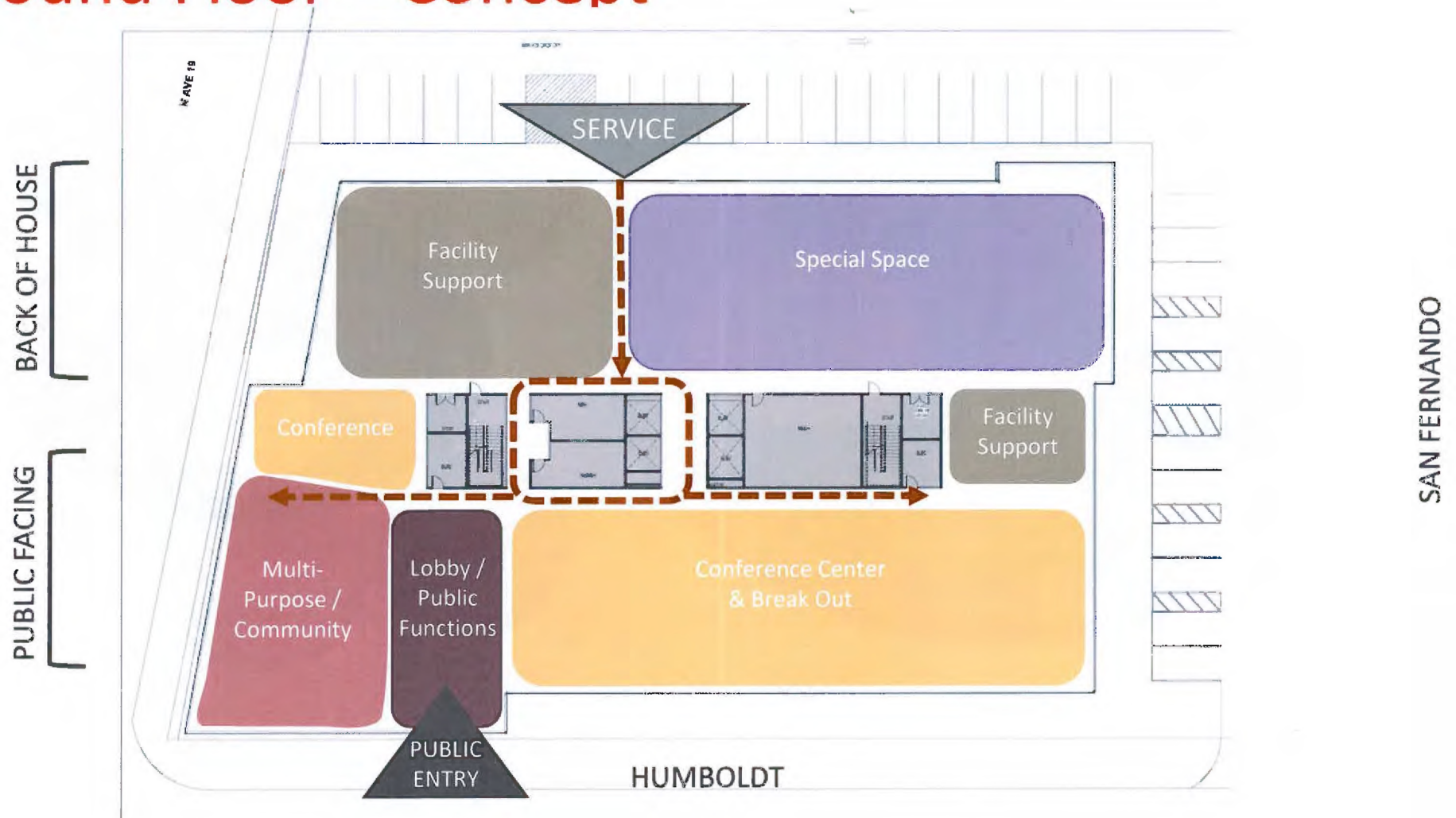


- “First Pass” block & stack
- Vertical program distribution
- Divisions span multiple floors

Neighborhood Concept



Ground Floor – Concept



2nd Floor – Preliminary Test-fit

ENRICH
 GREET
 INNOVATE
 MEET
 SEAT
 RETREAT
 UPKEEP

2nd FLOOR SUMMARY		
6	180 SF	Private Office
33	96 SF	Open Workstation
61	64 SF	Open Workstation
64	36 SF	Open Workstation
164		



Note: test-fits are indicative and do not represent final design

5th Floor – Preliminary Test-fit

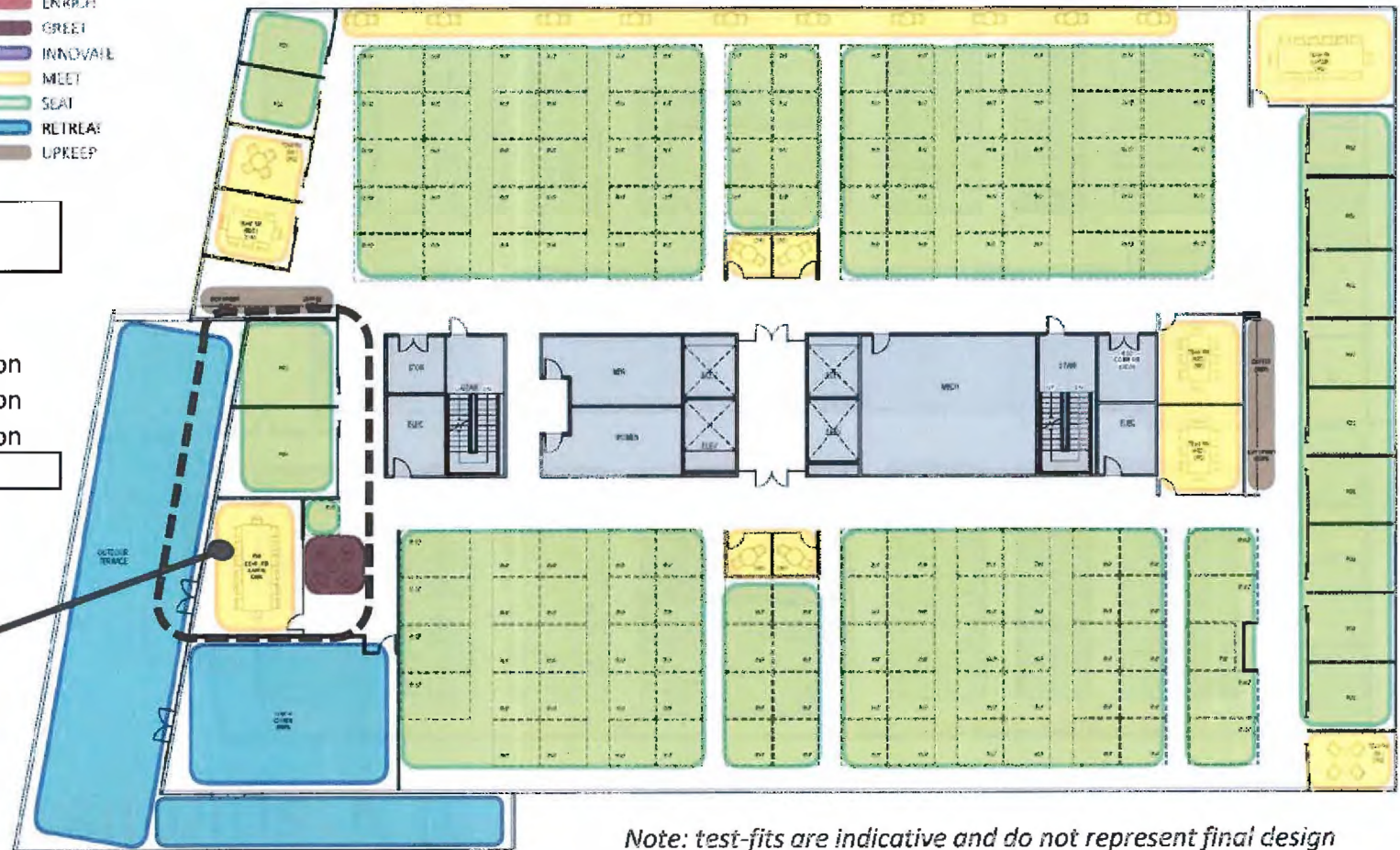
- ENRICH
- GREET
- INNOVATE
- MEET
- SEAT
- RELAX
- UPKEEP

5th FLOOR SUMMARY

2	250 SF	Private Office
11	180 SF	Private Office
23	96 SF	Open Workstation
113	64 SF	Open Workstation
0	36 SF	Open Workstation

149

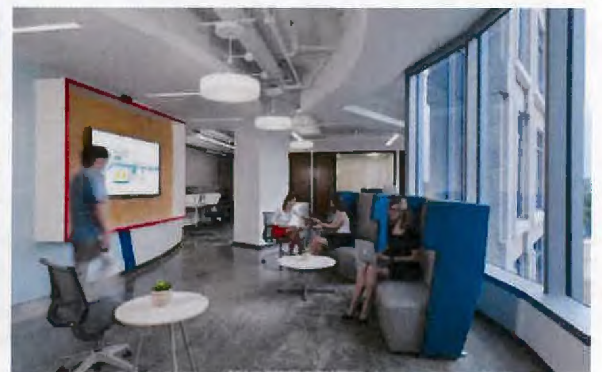
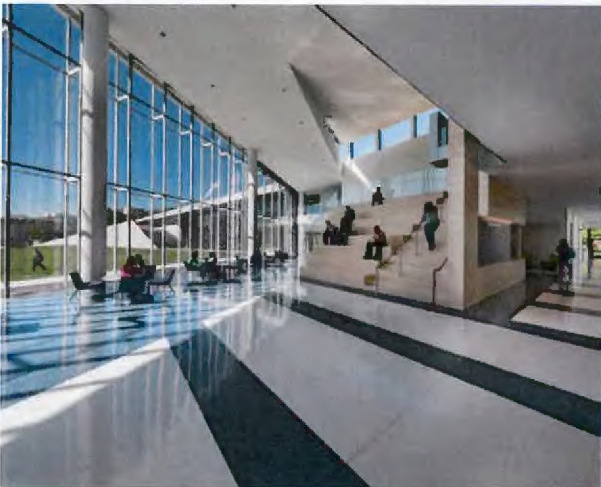
EXEC SUITE



Note: test-fits are indicative and do not represent final design

Potential Look & Feel

Sustainable materials, abundant daylight, diverse workspaces, inviting ambience



Cost

Opinion of Probable Cost

152,985 GSF Office Building/ 309 Stall Parking

TOTAL ESTIMATED COST: \$137 Million

- Office Building - \$75 Million
- Underground Parking - \$20 Million
- Ground Water and Soil Remediation - \$8 Million
- Soft Costs - \$34 million

Soft costs includes CM, Inspections, Staff Time, Art dedication fee, Environmental Documentation, owner held contingency, design fee, and other non-design or construction costs.

Open Issues

Decisions Needed

- **Net Zero Building**
- **Additional Amenities?**
- **Incorporate a Basement Level.....displaces parking?**
- **Modernize Workplace Standards?**
- **Interconnecting Stair...true “build to suit”?**
- **Additional Requirements?**

Discussion

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
BOARD REPORT NO. 1
APRIL 13, 2012

CD Nos. 13

AUTHORIZATION TO NEGOTIATE AND EXECUTE SECOND AMENDMENT TO THE MEDIA
CENTER LEASE AGREEMENT FOR THE EXTENSION OF CURRENT LEASE FOR THE
BUREAU OF SANITATION STAFF AT THE MEDIA TECHNICAL CENTER

RECOMMENDATION

1. Request and Authorize the Department of General Services (GSD), Asset Management Section to negotiate a five-year extension of the current lease for the Bureau of Sanitation (BOS) facility called the Media Technical Center (MTC) located at 2714 Media Center Drive, Los Angeles, California, 90065.
2. Forward the negotiated lease to Municipal Facility Committee (MFC) for consideration and execution by the Mayor and City Council.

TRANSMITTALS

1. Second Amendment to the Media Center Lease Agreement
2. Media Center Lease between Los Angeles Tech Center, LLC, and City of Los Angeles

DISCUSSION

In July 2002, the City entered into a ten (10) year lease agreement with Steve Weiss, Los Angeles MTC predecessor-in-interest for a 64,820 square foot facility (known as the Media Center) located at 2714 Media Center Drive, Los Angeles, California. This ten-year lease expires on September 30, 2012.

The MTC houses four divisions of the Bureau of Sanitation (BOS) with 272 authorized staff. The divisions that are currently occupying the Media Center comprise the BOS Clean Water Program. They are Wastewater Collection Systems Division (WCSD), Wastewater Engineering Services Division (WESD), Industrial Wastewater Management Division (IWMD), and Watershed Protection Division (WPD). The MTC was selected because it is centrally located and offers easy freeway access which allows the Clean Water Program staff to spend more time in the field performing primary duties rather than traveling.

Because of current real estate market, BOS staff performed a cost-benefit analysis that showed that there were potentially significant savings that could be realized if BOS pursued negotiations to restructure the current lease and begin negotiations for the new lease at the Media Center.

Page 2

Additionally, the current MTC Lease Agreement is triple net, which means that in addition to paying monthly rent, the City is responsible for paying all "pass through" costs. These costs include but are not limited to maintaining and repairing of the building structure and equipment housed in it as well as property taxes. The Lease Agreement also allows the landlord to raise the rent based on the Consumer Price Index every 30 months.

To this end, BOS has been working with the Municipal Facilities Committee (MFC), the Department of General Services (GSD), and Grubb & Ellis that is GSD's consultant to identify and explore all options that would obtain the best value for the City. Alternatives that have been vetted by BOS, GSD, and the MFC are:

1. Re-negotiate new lease terms with the intention of lowering the lease payments to current market level;
2. Study the feasibility of relocating to another leased facility that would suit BOS needs;
3. Evaluate build to suit at 303 Humboldt Avenue;
4. Continue to lease either the Media Center or another location with an option to buy;
5. Purchase a new property if it financially made sense, and
6. Use existing vacant City space to house the BOS Clean Water Program staff.

Relocation Options

BOS staff toured numerous facilities that were offered as lease possibilities. While all of these sites offered attractive per square foot rent prices, the majority needed major and costly tenant improvements since they were either warehouses that needed to be converted into office space or needed extensive renovation since they had been vacant for a long time. In addition, many of the potential relocation sites did not have adequate parking and/or public transit access for BOS customers and BOS staff.

BOS staff also toured existing space at various City facilities such as Piper Tech and Figueroa Plaza, but could not find a space large enough to accommodate all 4 divisions nor meet the Bureau's business and operational needs. In order to use existing City space, the Clean Water Program comprising WESD, WCSD, IWMD, and WPD would have to be separated. This would severely hamper the day-to-day operations of the Clean Water Program since its dynamic operating conditions require daily interaction to address the interwoven issues among these Divisions which increases efficiency and enhances public safety. These sister divisions also share administrative and information technology (IT) resources and if split, would need to duplicate the administrative and IT support in order to remain functional. None of the potential leases and existing City space have the same easy access to the major freeways that the MTC possesses.

Build-to-Suit Option

Prior to the MTC lease negotiations, BOS had been working with Council District One, the Planning Department, and the Bureau of Engineering to explore innovative ways to develop 303 Humboldt Avenue which is a property owned by BOS as part of the Cornfield Arroyo Seco Specific Plan. One of the ideas discussed was to develop this site as a build-to-suit with BOS being the anchor tenant. While this alternative is being developed, BOS would still need to house its staff at MTC for 5 to 10 years.

Purchase Option

In the process of finding alternative spaces to lease, BOS and GSD also looked into purchasing properties that met the Bureau's needs. Due to financial and other constraints real estate purchase was not feasible at this time.

Renegotiate Current Lease

Although the MTC landlord was initially unwilling to renegotiate the terms of the Media Center, he Steve Weiss eventually agreed to work with BOS and Grubb & Ellis. The result of these negotiations is a 5-year full service gross lease with an option to renew for another 5-year term. In addition to negotiating down the cost per square foot, the rent in the new lease remains flat over the 5-year term and does not allow rate increases. There are estimated savings of approximately \$1.3 Million over the 5-year lease duration.

The following chart summarizes these savings.

2714 MEDIA CENTER DRIVE, LOS ANGELES, CA	NEW LEASE TERMS	EXISTING LEASE TERMS
	\$1.95 psf/month, Flat Lease for 5-years	\$2.15 psf/month, with 3% annual increases for 5-years
Lease Commencement Date	October 1, 2012	October 1, 2012
Lease Expiration Date	September 30, 2017	September 30, 2017
Lease Type:	Gross	Gross
Start/Current Rent (psf/month)	\$1.95	\$2.15
Operating Expenses (psf/month)	\$0	\$0
Property Taxes (psf/month)	\$0	\$0
Initial/Renewal Gross Start Rent (psf/month)	\$1.95	\$2.15
Initial/Renewal Gross Start Rent (psf/year)	\$23.40	\$25.80

Annual Increases	0%	3%
Lease Term	60 months	60 months
Rentable Square Feet	64,820	64,820
Total Gross Occupancy Costs	\$7,583,940	\$8,878,765
Pretax Occupancy Costs per RSF	\$23.40	\$27.40
Total Occupancy Costs	\$7,583,940	\$8,878,765
Dollar Difference From New Lease Terms	N/A	\$1,294,825

Bureau of Sanitation
Board Report No. 1
April 13, 2012

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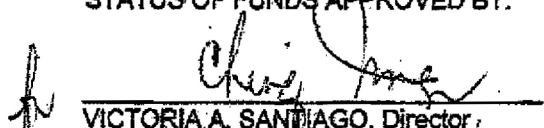
Status of Financing

There will be no impact on the General Fund. The funds for the Second Amendment will be provided by the Sewer Construction and Maintenance Fund, Fund 760, Account 50HO82

Respectfully Submitted


ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation

STATUS OF FUNDS APPROVED BY:


VICTORIA A. SANTIAGO, Director
Office of Accounting
4/6/12

Prepared By:
Ali Posit/Suzanne
Scheideker Cook
Telephone: (323) 342-6228