

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

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Date: November 24, 2014

To: The Honorable Members of the City Council

From: Sharon M. Tso, Chief Legislative Analyst *SM Tso*Miguel A. Santana, City Administrative Officer *MAS*Gary Lee Moore, PE, ENV SP, City Engineer *Gary Lee Moore*Subject: **LOS ANGELES STREET CIVIC CENTER BUILDING (PARKER CENTER SITE) AND CERTIFICATION OF THE FINAL ENVIRONMENTAL IMPACT REPORT – C.F. NO. 09-2723****SUMMARY**

Our Offices recommend that the City Council certify the Bureau of Engineering (BOE) Final Environmental Impact Report and approve the preferred alternative of a 753,730 square foot building for the Los Angeles Civic Center Building. This action will approve a project in concept and allow our Offices to conduct further planning and financial analysis on replacing Parker Center. Further, adoption of this report will instruct our Offices to report back with this comprehensive analysis before the Council issues a notice to proceed on the project.

In June 2006, the Council directed the Chief Legislative Analyst (CLA), BOE, Department of General Services (GSD), and the City Administrative Officer (CAO), to report on the feasibility of demolishing Parker Center and of constructing a City facility in its place. This action was in anticipation of the scheduled completion of the Police Administration Building (C.F. 06-0360). Since 2006, when the Council first provided direction for the necessary Environmental Impact Report (EIR) and as recently as FY 2012-13, when the Council and Mayor provided additional funding to complete the EIR process, BOE has worked under the oversight of the Municipal Facilities Committee (MFC) to complete the Draft EIR, Final EIR and community outreach as required by the EIR process.

The BOE completed the Draft EIR on September 5, 2013 (Transmittal 1), conducted community outreach and published the Final EIR on June 12, 2014 (Transmittal 2). The Final EIR addresses the public comments from the various review periods, identifies a recommended alternative, contains the mitigation measures proposed and presents a Mitigation Monitoring Plan. In addition, the Findings of Fact and Statement of Overriding Considerations (Transmittal 3) address the factors that resulted in the selection of the preferred alternative. At its March 2014 meeting, the MFC concurred with the designation of Alternative B3 as the City's preferred alternative and approved a schedule to finalize the EIR process. Council consideration of the range of alternatives and adoption of the recommended preferred alternative for construction of a 753,730 square foot Los Angeles Civic Center Building to be located at 150 North Los Angeles Street, also known as the Parker Center Site, is now requested.

The four project alternatives studied in the Final EIR are as follows:

1. Alternative A1 – No Project - the annual maintenance cost for a vacant building is estimated to be in the range of \$80,000 to \$100,000.
2. Alternative B1 – \$215 million - minimal demolition - rehabilitation (seismic retrofit) of the existing facility resulting in 319,048 gross square feet of space and 137 parking spaces.
3. Alternative B2 – \$325 million - partial demolition and renovation with 522,255 gross square feet of facilities and 328 parking spaces.
4. Alternative B3 – \$475 million - demolition of the existing facility with recordation, then replacement with a new 753,730 gross square feet building and 1,173 parking spaces.

It should be noted that Council approval of the EIR with Alternative B3 at this time would simply approve a project in concept and reserve the City's ability to construct a new building at some point in the future up to 753,730 square feet; it does not obligate the City to actually move forward with that particular alternative. Upon Council approval of the Final EIR and the conceptual project, staff will then complete a comprehensive financial analysis to determine financial options for implementation of the project and report back for City Council prior to implementation of the project. Council retains the discretion, upon reporting back, or at any time prior to demolition of Parker Center, to modify the project by opting to instead implement Alternative B1 or B2.

Additionally, while the Parker Center building was found to be eligible for State and National historic resource designation, no designations existed at the start of the process. However, due to its eligibility and in anticipation of any such designations, the BOE did an extensive EIR and community outreach, and studied several possible alternatives for the site. The various alternatives are discussed later in this report. Although a letter was received from the Los Angeles Conservancy that stated a preference for either Alternative B1 or Alternative B2 and expressed their concern for maintaining the property as an historic resource, the majority of the community comments received were in favor of the construction of the New Los Angeles Civic Center Building project.

Background

The need for City-owned office space is evident within the downtown area. This need was highlighted in the Council adopted City of Los Angeles 2009 Strategic Real Estate Plan (C.F. 10-0168) which laid out a 10-20 year long-term vision with the following primary real estate recommendations:

1. Reduce reliance on leased office space;
2. Locate City departments by function;
3. Construct a new Civic Center Office building to house City staff; and
4. Revitalize the L.A. Mall.

Since adoption of the strategic plan in 2010, the City reduced its lease expenses by 17 percent through Fiscal Year (FY) 2013-14 and relocated staff from many departments primarily to the City-owned Figueroa Plaza Towers and the Public Works Building. Including the two aforementioned buildings, there are approximately 5,400 City employees from 18 departments occupying 1.6 million square feet of office space in more than 12 separate facilities within the downtown vicinity that could be relocated to a new City-owned facility within the immediate Civic Center area (Transmittal 4). For FY 2014-15, the City will spend approximately \$34 million: \$14 million on lease costs and \$20 million on debt service costs to house these employees. Some of these funds could be used to offset the costs of a new centralized City-owned facility.

Upon approval of the Final EIR, staff will conduct a comprehensive financial analysis of the preferred alternative to identify and make recommendations concerning financing options for the project.

Environmental Impact Review Process and Funding

In June 2006, the Council directed the CLA, BOE, GSD and CAO to report on the feasibility of demolishing the Parker Center building on Los Angeles Street and constructing a new City office building in its place in order to consolidate and house City staff from various City departments (C.F. 06-0360). Staff was directed to explore the various options for redevelopment of Parker Center and to report back with a timeline, cost estimates, as well as a list of City departments that could potentially be relocated to the proposed new facility.

In November 2009, the Mayor and Council provided \$1 million in Capital Improvement Expenditure Program (CIEP) funding for an EIR, the first step in the redevelopment process (C.F. 09-2723). However, the EIR work was delayed pending relocation of the last remaining occupants of Parker Center to other sites in January 2013. In FY 2012-13 (C.F. 13-0600) the Mayor and Council provided an additional \$1 million in MICLA funding to continue the EIR process, for a total of \$2 million available to perform this work.

In December 2009, BOE hired a consultant, IBI Group, to perform the EIR work. A Notice of Preparation (NOP) was issued on May 8, 2012 and, subsequently, a Community Scoping Meeting was held on May 22, 2012 at the Little Tokyo Branch Library. In response to this NOP, the City received input from the neighboring community that was later incorporated in the Draft EIR for public review. The Draft EIR was completed in August 2013 and released to the public on September 5, 2013. After a 45-day review, several additional comments were received from individuals in the neighboring community, public agencies and one from a non-profit organization, the Los Angeles Conservancy. A Community Meeting was held to present the Draft EIR findings to the Public on October 15, 2013 at the Little Tokyo Branch Library. The review period ended on October 21, 2013. BOE conducted the community outreach as required by the EIR process and under the oversight of the MFC.

Project Alternatives

The four primary alternatives identified to be studied for the EIR are as follows:

- **Alternative A1** – No Project - the annual maintenance cost is estimated to be in the range of \$80,000 to \$100,000. This alternative assumes that there would not be any new buildings and that the existing Parker Center Building would remain unimproved and vacant. The building is not retrofitted and is a seismic hazard. The fire safety system in the building is outdated and there are no sprinklers to address potential fires within the facility. The building has been completely vacant since January 2013 and will likely become a nuisance for unwanted activities and urban wildlife. The City's annual maintenance cost for this option will increase as the building ages and is kept vacant.
- **Alternative B1** – \$215 million - minimal demolition - rehabilitation (seismic retrofit) of the existing facility resulting in 319,048 gross square feet of space and 137 parking spaces. This alternative includes seismic retrofitting, fire safety improvements, and upgrades to ensure

energy efficiency. Americans with Disabilities upgrades would be implemented. This alternative could allow for the co-location of up to 1,595 employees.

- **Alternative B2** – \$325 million - partial demolition and renovation with 522,255 gross square feet of facilities and 328 parking spaces. This alternative includes rehabilitation of a majority of the Parker Center building as well as demolition of the Parker Center jail which would be replaced with an expansion building. The expansion building would have a maximum height of 200 feet. This Alternative could allow for the co-location of up to 2,611 employees.
- **Alternative B3** – \$475 million - demolition of the existing facility with recordation, then replacement with a new 753,730 gross square foot building and 1,173 parking spaces. This alternative would include office and commercial space and a child care facility. Demolition of the Parker Center building would enable construction of one or two buildings with a direct connection to City Hall East, pedestrian connection between City Hall to the west, and the Little Tokyo neighborhood to the east and south. The new building would have a maximum height of 450 feet. This alternative could allow for the co-location of up to 3,768 employees.

At its March 2014 meeting, the MFC concurred with the designation of Alternative B3 (a new 753,730 square foot facility) as the City's preferred alternative and approved a schedule to finalize the EIR process.

Advantages of Alternative B3:

The BOE has recommended Alternative B3 for construction of a new City-owned office building of 753,730 square feet because it will significantly reduce the City's current reliance on leased office space and will create substantial additional parking within the civic center area. Approval of the preferred alternative will also create synergies from the co-location of essential and support City services:

- **Centralization/co-location of services** – The City has approximately 5,400 employees from 18 different departments currently occupying spaces in 12 separate facilities in and around the downtown area. The new building will allow centralization of services and the opportunity to co-locate priority business functions near City Hall. This will result in the sharing of administrative resources; reduced staffing; reduced transportation (DASH), fleet usage and travel time between locations; and increased time on the job and more productivity.
- **Reduced lease costs and debt costs** – The City is projected to spend \$14 million on lease expense and \$20 million for debt costs for the facilities housing the 5,400 employees in FY 2014-15. This new building will provide an opportunity for shared costs with special funded and revenue generating departments such as Building and Safety, Economic Workforce Development, Housing and Community Investment, Sanitation, Pensions and LACERS. The new building will also provide the opportunity to repurpose the annual debt costs currently paid on the Figueroa Plaza and the Public Works Building, depending on which operations are placed in the new building and whether or not the City decides to keep or sell any of the buildings.
- **Innovation and Technology** – A new sustainable building will improve productivity and allow the opportunity for compliance with Mayor initiatives and Council directives for Silver Leadership in Energy and Environmental Design (LEED) designed-buildings. The City will also be able to

install energy-efficient fixtures, and implement the use of virtual offices, hoteling workstations, conferencing, and other innovative, technologically driven recommendations that reduce current space usage.

- **Connectivity** - The Parker Center Site is a prominent location in the Los Angeles Civic Center area. The new building could provide a new image for the Civic Center, using creative design, as is happening with the construction of a \$400 million Federal Courthouse at the southwest corner of First Street and Broadway and connect the northwestern civic center (Ahmanson Center, Grand Park, City Hall) to the southeastern civic center (City Hall East, Tinker Toy parking structure, and the "Go for Broke Monument"). Connectivity to Union Station and the Regional Connector now under construction at Alameda and First may also be enhanced.
- **Commercial Space** – The new building could provide commercial/retail space, services for City employees and the surrounding community, and an additional source of revenue for the City.

Addressing Public Comment Concerns

The Final EIR addresses the public comments from the various review periods, identifies a recommended alternative, contains the mitigation measures proposed and develops a Mitigation Monitoring Plan. In addition, the Findings of Fact and Statement of Overriding Considerations (Transmittal 3) address the factors that resulted in the selection of the preferred alternative.

The LA Conservancy has promoted Alternatives B1 and B2 as their preference for development on the site. In its correspondence they cited five reasons for their preference:

- That the "Parker Center is a significant historic and cultural resource".
- That the "Final EIR should evaluate a preservation alternative that avoids major impacts on cultural resources while achieving most of the project objectives".
- That "Rehabilitating the Parker Center building is acknowledged as the environmentally superior alternative and can be achieved by meeting the project's sustainability goals and green building objectives".
- That "the feasible alternatives to demolition are provided within the DEIR".
- That "Alternatives B1 and B2 substantially lessen the impact on historic resources while achieving most project objectives".

With respect to the above concerns, the designated alternative as the City's preferred option, Alternative B3, achieves the following:

- Where feasible, portions of the Parker Center building and site fabric will be harvested, preserved and displayed at the site.
- The City will document historically significant areas of the Parker Center building according to the Historic American Building Survey (HABS) and Historic American Landscape (HALS). The HABS/HALS documentation shall be deposited with the Library of Congress, Los Angeles Public Library, Los Angeles Conservancy, and the Los Angeles Police History Museum within a month of its completion.
- Based on the HABS/ HALS documentation, the City will create a display interpreting the building's significance and displaying it in the public spaces of the new building within a month of the issuance of the Certificate of Occupancy.
- The City will complete the documentation of Parker Center according to HABS/HALS guidelines before demolition takes place.

- The City will incorporate Parker Center's original public arts pieces, "Theme Mural of Los Angeles" and "Family Group," into the design and setting of the new building.

Conclusion

It is requested that the Council certify the Final EIR and approve the preferred Alternative B3 in concept to build the highest capacity building to house City staff. This will provide the most flexible option for the site. Alternative B3 has the most impact and mitigated measures as compared with all of the other identified options.

Once the Council certifies the Final EIR and approves the conceptual project, staff will conduct a comprehensive financial analysis of the preferred alternative as well as any other alternatives requested by the Council which will illustrate the financial impact of each option, the best physical and financial fit, financing and cost sharing options, return on investments analysis as well as operational and cost-savings measures related to staffing for the project. Staff will report back with a comprehensive analysis and request Council approval of a financial plan and notice to proceed before any demolition work begins.

FISCAL IMPACT STATEMENT

There are available funds within the EIR budget to conduct the comprehensive financial analysis. As a result, there is no fiscal impact as a result of these recommendations or approval of the report.

RECOMMENDATIONS

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

1. Review and consider the EIR, which finds that the project will have significant environmental impacts.
2. Certify that:
 - a. The EIR was completed in compliance with the California Environmental Quality Act (CEQA);
 - b. The City Council reviewed and considered the information contained in the Final EIR dated June 2014 prior to approving the project (Transmittal 2);
 - c. The Final EIR reflects and expresses the City's independent judgment and analysis; and
 - d. The documents constituting the record of proceedings in this matter are in the custody of the City Clerk and in the files of the Department of Public Works, Bureau of Engineering (BOE).
3. Adopt the Findings of Fact and Statement of Overriding Considerations dated June 2014 (Transmittal 3).
4. Approve Alternative B3 – demolition of the existing facility with recordation, then replacement with a new 753,730 gross square feet building and 1,173 parking spaces as described in the EIR, with the understanding that no demolition work will begin until the financial analysis is approved by Council and a notice to proceed is authorized by subsequent Council action.

5. Adopt the mitigation monitoring plan contained in the Final EIR.
6. Instruct the Los Angeles Civic Center Building Working Group of BOE, CLA and CAO to report back on a financial analysis for the project to the Council.
7. Instruct the Chief Legislative Analyst and City Administrative Officer to make technical corrections, as necessary, to those transactions included in this report to implement the Mayor and Council's intent.

Attachments

Transmittal 1 - Draft EIR, dated August 2013.

Transmittal 2 - Final EIR (including Mitigation Monitoring Plan), dated June 2014.

Transmittal 3 - Findings of Fact and Statement of Overriding Considerations, dated June 2014.

Transmittal 4 - Space Need Analysis

cc:

Honorable Councilmember Gilbert Cedillo, Council District 1
Honorable Councilmember Paul Krekorian, Council District 2
Honorable Councilmember Bob Blumenfield, Council District 3
Honorable Councilmember Tom LaBonge, Council District 4
Honorable Councilmember Paul Koretz, Council District 5
Honorable Councilmember Nury Martinez, Council District 6
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