DATE: July 28, 2016
TIME: 1:00 p.m.
LOCATION: Kenneth Hahn Hall of Administration, Room 830

AGENDA

Members of the Public may address the Operations Cluster on any agenda item by submitting a written request prior to the meeting. Three (3) minutes are allowed for each item.

1. Call to order – James Blunt / Gevork Simdjian

   A) Board Memo – BOARD MOTION OF MARCH 22, 2016 AGENDA ITEM NO. 13 - EXPANDING THE PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM
   ISD/TTC – Dave Chittenden and Joseph Kelly or designee(s)

   B) Board Letter – PRE-CONSTRUCTION RELATED CONTRACT PUBLIC BUILDINGS CORE SERVICE AREA PROPOSED RANCHO LOS AMIGOS SOUTH CAMPUS PROJECT CITY OF DOWNEY ESTABLISH CAPITAL PROJECT AWARD SUPPLEMENTAL CONSULTANT AGREEMENT; SPECS. 7405; CAPITAL PROJECT NO. 69765
   DPW – Vince Yu or designee

2. Public Comment

CLOSED SESSION

CS-1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Subdivision (a) of Government Code section 54956.9)

   Manuel Cruz v. County of Los Angeles, et al.; BC567 276

   Department: Internal Services Department

3. Adjournment
To: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: Dave Chittenden  
Chief Deputy Director  
Joseph Kelly  
Treasurer and Tax Collector

BOARD MOTION OF MARCH 22, 2016 AGENDA ITEM NO. 13 - EXPANDING THE PROPERTY ASSESSED CLEAN ENERGY (PACE) PROGRAM

On March 22, 2016, your Board directed the Internal Services Department (ISD), in coordination with the Treasurer and Tax Collector (TTC) and County Counsel, to:

1. Report back on a process that will allow for the expansion of the County of Los Angeles (County) PACE Program to include other administrators if they agree to meet the terms and conditions of the County’s PACE Program, which include a commitment to not engage in separate programs with individual cities, and adopt the County’s legal framework for assessment bonds;

2. Immediately outreach to cities throughout the County to convey the importance of developing a coordinated, Countywide PACE Program that optimizes consumer protections including the development of a Countywide PACE Program and support for the Residential PACE Industry Standards;

3. Encourage the use of existing energy efficiency incentives (including Energy Upgrade California) in conjunction with the County PACE Program; and

4. Report to the Board of Supervisors in writing within 60 days with a proposed action plan for accomplishing the above.
Background

The County officially launched the residential PACE financial program on May 28, 2015 in 86 participating cities and County unincorporated areas. Program participation in year one exceeded the County’s original projections. As we reported to your Board in our May 12, 2016 memorandum, the County’s two PACE Program Administrators had approved 15,300 projects totaling $364 million.

Given year one’s volume, anticipated growth, and infusion of other PACE program administrators into the marketplace, the County has identified the need for its constituents to have consistent and uniform PACE standards for all PACE program administrators.

1. A process to expand the County PACE Program.

To expand the County PACE Program to include other program administrators, minimize consumer confusion, and ensure consistency in the provision of PACE Program services, ISD recommends: (i) amending the contracts with the County’s current PACE Program Administrators (Renovate America and Renewable Funding) to add additional program requirements, including additional consumer protections, and (ii) developing a Request for Statements of Qualifications (RFSQ) to execute Master Agreements with vendors that meet minimum requirements and agree to provide PACE Program administration services while adhering to the County’s terms and conditions. ISD will negotiate with both existing contractors to either continue with the current contracts or qualify them for a Master Agreement, as discussed below.

Several PACE program administrators operating in the State have collaborated on the development of industry standards for residential PACE consumer protection policies. The consumer protection policies articulate guidelines in fourteen different areas. We have performed a comparative review of the consumer protection policies to the terms and conditions of the County’s two current contracts with the PACE Program Administrators and found that the County’s terms and conditions meet or exceed the guidelines.

ISD also recommends soliciting for additional PACE program administrators via an RFSQ to provide the flexibility of adding vendors that can provide the required services. The RFSQ will be open and continuous, allowing vendors to qualify and be awarded Master Agreements through the term of the RFSQ. ISD will develop minimum requirements and a qualification process that will help ensure that PACE program administrators adhere to County terms and conditions. To qualify for a Master Agreement, vendors will be required to meet minimum requirements and qualifications in the RFSQ, including:
1. Agreeing to the terms and conditions of the County PACE Program.
2. Agreeing to not engage in separate programs with individual cities.
3. Adopting the County’s AB-811 legal framework for the issuance of assessment bonds.

Some cities within the County are participating in the County PACE Program, but also entered into separate contractual relationships with PACE program administrators outside of the County PACE Program. After meeting with one representative city, the City of Los Angeles, we learned that its primary motive for entering into non-County PACE program administrator contracts was to take advantage of seismic retrofits, an eligible improvement that the County’s Program does not currently provide.

When your Board approved the establishment of the County’s PACE program in May 2010 pursuant to the legal framework authorized by AB 811, the types of projects eligible for PACE financing were limited to energy and water efficiency improvements. Since the establishment of the PACE Program in 2010, several legislative changes have expanded the types of projects eligible for PACE financing under the AB 811 legal structure, including:

- Seismic strengthening improvements
- Electric vehicle (EV) charging infrastructure improvements
- Leasehold or possessory interests in public property

ISD and the TTC have not identified any reason why seismic retrofits, EV charging infrastructure and leasehold or possessory interests improvements should continue to be excluded from the County PACE Program. By not offering these projects as eligible improvements in the County PACE Program, we are concerned that incorporated cities will be incentivized to enter into separate contractual relationships with program administrators outside of the County PACE Program.

If the County can offer seismic retrofit improvements, The City of Los Angeles is receptive to exploring how it could join the County PACE Program to take advantage of our substantial administrative and compliance infrastructure. Accordingly, ISD and the TTC are recommending that your Board consider revising the County PACE Program to include these improvements by formally instructing ISD and the TTC to take all administrative actions necessary to implement this recommendation.

2. Outreach to cities to convey the importance of developing a coordinated Countywide PACE Program.

ISD works very closely with cities and the Councils of Governments (COGs) within the County, all of whom report that numerous PACE program administrators continually
approach their elected officials and executives about signing up with their respective PACE programs. To address this issue, these cities and COGs have repeatedly voiced the need for PACE centralization and standardization.

Once your Board instructs ISD and the TTC how to proceed with the PACE Program recommendations discussed in this report, we will communicate all developments to the cities and COGs and formally seek their support for consolidation under the County PACE Program.

3. Encourage the use of existing energy efficiency incentives through the County PACE Program.

Energy Upgrade California (EUC) is a State-sponsored incentive program which encourages comprehensive upgrades in single family residences. ISD administers that program within the County and provides marketing and outreach, incentives administration, and contractor training and support. Since EUC is funded by utility ratepayers, it includes standards to ensure that funding is used in a cost-effective manner and within regulatory requirements adopted by the California Public Utilities Commission (CPUC).

PACE projects far exceed the number of EUC projects in the County and the State. As the administrator of both PACE and EUC, the County is in a unique position to “align” the objectives of both programs.

ISD has developed a proposal for streamlining the EUC incentive application process and incorporating it into the PACE process, and has presented it to the two County PACE Program Administrators. The proposal overview has been submitted to the CPUC as part of a County program to help mitigate potential energy and natural gas shortages this year due to the Aliso Canyon Gas Storage Site situation; and the proposal will be submitted to the CPUC this fall as part of the SoCalREN program filing for 2017 and beyond. In the interim, ISD is working with both of its County PACE Program Administrators to implement marketing and education about the current EUC incentive.

**Conclusion**

We recommend that your Board consider revising the County PACE Program to include the following improvements permitted under State statute.

- Seismic strengthening improvements
- Electric vehicle (EV) charging infrastructure improvements
- Leasehold or possessory interests in public property
If your Board wishes to revise the County PACE Program to include these types of projects as eligible improvements, ISD and the TTC will take all necessary administrative actions to implement this recommendation. We can then release a RFSQ to allow PACE program administrators that meet the County’s requirements to become part of a Master Agreement of PACE Program Administrators. We would also then be able to continue our outreach to the City of Los Angeles to identify options through which it would participate under the County PACE Program to offer seismic improvements. Finally, we would initiate a formal communication outreach to all cities informing them of these significant, and we believe, positive, developments in the administration of the PACE Program in the County of Los Angeles.

Should you have any questions, please contact Dave Chittenden (323) 267-2103, or via email dchittenden@isd.lacounty.gov. You may also contact Joseph Kelly at (213) 974-2101, or via email at jkelly@ttc.lacounty.gov.

DC:JK:EBG:

C: ISD Board Deputies
  Chief Executive Officer
  Chief Operating Officer
  County Counsel
  Executive Officer, Board of Supervisors
  City of Los Angeles
August 9, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

CONSTRUCTION RELATED CONTRACT
PROPOSED RANCHO LOS AMIGOS SOUTH CAMPUS PROJECT
CITY OF DOWNEY
ESTABLISH CAPITAL PROJECT
APPROVE AN APPROPRIATION ADJUSTMENT
AWARD SUPPLEMENTAL CONSULTANT AGREEMENT;
SPECS. 7405; CAPITAL PROJECT NO. 69765
(SUPERVISORIAL DISTRICT 4)
(4-VOTES)

SUBJECT

Approval of the recommended actions will establish the proposed Rancho Los Amigos South Campus project; approve an appropriation adjustment; authorize the Department of Public Works to execute a supplemental agreement with M. Arthur Gensler Jr. and Associates, Inc., to provide architectural/engineering scoping documents and design-build support services; and authorize the Director of Public Works or her designee to proceed with preparation of design-build scoping documents.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the authorization of preliminary survey and feasibility testing activities at the Rancho Los Amigos South Campus site are exempt from the California Environmental Quality Act under Sections 15304, 15306 and 15262 of the State CEQA Guidelines and that the remaining recommended activities do not constitute a project under Section 15378(b)(4) and (5) and 15061(b)(3) of the State CEQA Guidelines for the reasons stated in this letter and in the record of the proposed activities.

2. Establish the proposed Rancho Los Amigos South Campus project, Capital Project No. 69765 and approve an appropriation adjustment (Attachment B)
transferring $17 million from Provisional Financial Uses to Capital Project No. 69765.

3. Authorize the Director of Public Works or her designee to proceed with preparation of design-build scoping documents, an Environmental Impact Report, and pre-development activities for the proposed Rancho Los Amigos South Campus project utilizing Board-approved as-needed consultants in the total amount of $5,250,000.

4. Authorize the Director of Public Works or her designee to execute a Supplemental Agreement to Agreement PW 13940 with the Executive Campus Planner, M. Arthur Gensler Jr. and Associates, Inc., to provide architectural/engineering scoping documents and design-build support services for the proposed Rancho Los Amigos South Campus project in the amount of $4,000,000 not-to-exceed fee, and establish the effective date following Board approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended actions will find that the recommended survey and hazardous materials testing and other site investigation activities are categorically and statutorily exempt from the California Environmental Quality Act and that the other recommended actions do not constitute a project under CEQA; establish the proposed Rancho Los Amigos South Campus project; approve an appropriation adjustment; authorize the execution of an Agreement with the Executive Campus Planner, M. Arthur Gensler Jr. and Associates, Inc. to provide the architectural/engineering scoping documents and design-build support services for the proposed RLASC project; authorize the Director of Public Works or her designee to proceed with preparation of design-build scoping documents; preparation of an EIR and conduct hazardous materials testing, survey and site investigations.

It is anticipated that the proposed project would be delivered utilizing a design-build delivery methodology. Public Works will return to the Board for authorizations to: certify the EIR, approve the total project budget, and to certify an EIR along with any necessary findings under CEQA. The information derived from the proposed site investigation efforts for feasibility and planning will provide the design-builder with sufficient information to better understand existing site conditions.
Background

On November 18, 2014, the Board approved a motion by Supervisor Knabe, directing the preparation of a feasibility analysis and preliminary space plan for the properties at 9150 Imperial Highway in Downey, 1100 North Eastern Avenue in Los Angeles, and the RLASC in Downey, including cost information and any options that are cost-effective and consistent with the Facility Location Policy. Specifically, the report was to include the following:

a) Feasibility of consolidating administrative offices of the Internal Services Department including the relocation of the Office of Education, located in the adjacent property at 9300 Imperial Highway to the RLASC;

b) Feasibility of relocating Probation Headquarters to 1100 North Eastern Avenue, Los Angeles;

c) Other cost-effective options for relocating County Departments currently in leased facilities to the RLASC; and

d) A RLASC Space Plan consistent with the City of Downey’s Specific Plan and the planned transit-oriented development around the future transit station.

Public Works contracted with Gensler to perform the feasibility analysis and space plan, and provide a cost-benefit analysis in response to this Board motion. The results of the analysis are as follows:

- The ISD administrative offices located at 9150 Imperial Highway and 1100 North Eastern Avenue can be consolidated and relocated to RLASC into a proposed new ISD building of approximately 315,000 square feet. The feasibility study also proposes to provide a shared parking structure for ISD and Probation to accommodate the required staff parking needs. The vacated existing ISD Headquarters building located at 1100 North Eastern Avenue would then be used to consolidate Sheriff’s Department administrative functions that are currently located in leased spaces at 12440 East Imperial Highway, Norwalk. Any required tenant improvements associated with this move will be addressed by the Sheriff’s Department independently of this project.

- Los Angeles County Office of Education has invested in significant tenant improvements in recent years at their current properties, and has indicated that it is not interested in relocating to the RLASC at this time.
Probation Headquarters currently located at 9150 East Imperial Highway cannot feasibly be accommodated at the current ISD Headquarters building located at 1100 North Eastern Avenue. The program required for the Probation Department is nearly double the square footage available in the existing ISD building. Therefore, an alternate location at RLASC is proposed for a new Probation Headquarters building of approximately 168,000 square feet. A shared parking structure for Probation and ISD is proposed to accommodate the required staff parking needs.

Additional needs were identified during the feasibility study that are relevant to the proposed RLASC project. These proposed items are in addition to the original Board motion.

After ISD and Probation vacate the existing County-owned facility located at 9150 East Imperial Highway, this facility would be sold and the proceeds from the sale would assist in offsetting the capital costs of the proposed project. The City of Downey has expressed interest in potentially developing this property according to their city specific plan.

The Sheriff’s Department submitted a Space Request Evaluation (SRE) for a consolidated crime laboratory building of approximately 53,000 square feet due to inadequacies and insufficient infrastructure in their current facilities located at 7717 Golondrinas Street, Downey, 11707 S. Alameda Street, Lynwood, and 1427 West Covina Boulevard, West Covina. The SRE for the proposed consolidation of three crime laboratory facilities was reviewed and approved by Chief Executive Office in August 2015 and available space was identified at RLASC to house the proposed program. A surface parking lot to accommodate the required staff parking needs for this facility is also proposed.

The current space of the crime laboratory at RLASC would be vacated by the Sheriff’s Department and be available for expansion of the adjacent Public Health’s laboratory functions. The Department of Public Health (Public Health) has identified the need for additional space at the existing Public Health Laboratory. Modular trailers are being utilized at the site and the facility lacks certain amenities that are needed for effective long-term operation. In addition, the Board of Supervisors approved a Board motion by Supervisor Antonovich to report back on the cost and feasibility of establishing one location for consolidated lab services, including the veterinary public health, environmental health, and the environmental toxicology laboratory (ETL) which was transferred from the Agricultural Commissioner/Weights and Measures (AC/WM) in May.
2015. Public Health is working with the Public Works to complete this assessment. Any required tenant improvements to the existing facility associated with this proposed move would be addressed by the Department of Public Health independent of this project.

- During meetings with the City of Downey to review the proposed project, the City expressed a desire for the County to include a much needed soccer center as part of the planning and design process for the RLASC. The proposed soccer center would provide multiple soccer fields with night time lighting, restrooms, a concession stand, equipment storage room and a surface parking lot for community use. The City offered to operate and maintain the proposed soccer center at their expense. Revenues generated from the concession stand would be used by the City of Downey to offset their operating and maintenance expenses. A new memorandum of understanding would need to be executed with the City of Downey to provide the ongoing maintenance and operations of the proposed soccer center. Public Works will return to the Board to seek authorization to enter into this agreement in a subsequent Board action along with appropriate environmental documentation and findings.

- The proposed project under consideration would also include the demolition of existing abandoned buildings and utility tunnels on site, site grading, construction of access roads, common infrastructure and utilities, landscaped and hardscaped areas, and site furnishings and signage.

CEO and Public Works will validate all of the above feasibility and space planning information as part of a programming and program validation phase prior to proceeding with scoping documents. If, at the end of the programming and program validation phase, it is determined that additional square footage or project components are required for any of the included tenant departments, we will return to the Board to adjust the project scope.

**Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness/Fiscal Sustainability (Goal 1), Community Support and Responsiveness (Goal 2), and Integrated Service Delivery (Goal 3). In this case, the County is supporting these goals by planning to replace County facilities that have exceeded their useful lives and can no longer be supported or maintained. The new replacement facilities will enhance operational efficiency in or near the community services.
FISCAL IMPACT/FINANCING

The total estimated budget for the pre-design activities is $9,250,000, which includes Gensler’s supplemental agreement to provide programming validation and prepare the architectural/engineering scoping documents in the amount of $4,000,000, preparation of an EIR in the amount of approximately $1,000,000, proposed topographic survey and hazardous material testing and other site investigations described herein in the amount of $1,500,000, and County project management and project controls services in the amount of $2,750,000.

Gensler has agreed to provide the programming validation, architectural/engineering scoping documents, and design-build support services for a $4,000,000 total not-to-exceed fee, for the proposed project. The negotiated fee for this work has been reviewed by Public Works and is considered reasonable for the scope of work.

It is currently estimated that the total project cost for the proposed ISD Headquarters buildings, Probation Headquarters building, Sheriff’s Department Crime Laboratory Building, soccer center and associated common infrastructure and utilities would be approximately $441 million (see Attachment A). Funds from Supervisorial District 4 in the amount of $49.2 million have been provided to offset the proposed project cost should the Board decide to approve the project, and certify the EIR along with the necessary findings under CEQA. Fourth District net County cost in the amount of $32.2 million is available in the Capital Projects/Refurbishments Budget, Capital Project No. 69765. Approval of the attached appropriation adjustment (Attachment B) will authorize the transfer of $17 million from the Provisional Financial Uses to Capital Project No. 69765 for a total of $49.2 million.

We recommend sale of 9150 East Imperial Highway, Downey and use the proceeds to offset project costs. CEO Real Estate Division estimates the value of this real estate to range between $12 to $15 million. We anticipate the remainder of project costs (estimated at $392 million) would be funded initially with commercial paper proceeds, following the expenditure of the available net County cost appropriated to the project, and ultimately redeemed through the issuance of long term bonds. The use of commercial paper is anticipated to begin following completion of predevelopment in Fiscal 2017-18, at which point interest and program costs would begin to accrue. The CEO will coordinate with Treasurer and Tax Collector on the timing and structure of the long term financing prior to requesting authorization from the Board. However, for reference, a long-term financing of $392 million in project costs would result in an annual debt service payment in the range of $27.5 million. Approximately $2.6 million would be available to offset debt service costs from lease cancellation with the
remainder ($25.6 million) representing the annual net County cost impact to the County. Based on the project schedule, we anticipate the first year of debt service would become due in Fiscal 2021-22, following completion of the new facilities. We will update the Board on debt service estimates when we return to the Board.

Public Works will return to the Board for authorizations to: solicit a design-build agreement for the project; approve the total project budget; award the design-build agreement; award a project specific Project Management/Construction Management agreement; award a project specific project controls agreement; award a Construction Inspection and Deputy Inspection/Materials Testing agreement; and to certify an EIR along with any necessary findings under CEQA.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

A standard consultant services agreement will be used that contains terms and conditions supporting the Board's ordinances, policies, and programs, including, but not limited to, the County's Greater Avenues for Independence and General Relief Opportunities for Work Programs, Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Contractor Employee Jury Service Program, and the Los Angeles County's Child Support Compliance Program.

The proposed Project is subject to the Board’s Civic Art Policy revised on December 15, 2009. We will return to the Board at a later date to identify the Civic Art Fund allocation for the proposed Project after the total project budget has been established.

**ENVIRONMENTAL DOCUMENTATION**

The recommended action to authorize preliminary survey work, hazardous materials testing and other preliminary site investigation for feasibility and planning are categorically exempt under Sections 15304 and 15306 of the State CEQA Guidelines and Classes 4 and 6 of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G because the activities involve basic data collection, research and resource evaluation as information gathering or part of a study leading to an action which the Board has not yet approved, adopted or funded and includes minor alterations of land. The proposed testing and other feasibility related activities are also statutorily exempt under Section 15262 of the State CEQA Guidelines because the activities involve feasibility and planning studies for possible future actions which the Board has not yet approved, adopted or funded and for which the County has considered environmental factors. The recommended activities will not involve the removal of trees, are not located in an environmentally sensitive area, there are no cumulative impacts, or unusual circumstances, and there would be no substantial
adverse changes in the significance of historical resources or other limiting factors that would make the exemption inapplicable based on the record of the proposed activities.

The remaining recommended actions are not considered a project under CEQA because they are excluded from the definition of a project under CEQA. The activities are administrative activities of government and the establishment of a government funding mechanism which will not result in physical changes to the environment or reasonably foreseeable indirect changes to the environment pursuant to Sections 15378(b)(4) and (5) and Section 15061(c) of the State CEQA Guidelines.

By authorizing the recommended actions, the County is not approving or committing to the development of any project under CEQA. County, as lead agency, may modify or decide not to proceed with any project for any reason. Nothing precludes County from rejecting any proposed project, or from weighing the economic, legal, social, technological, or other benefits of a proposed project against its unavoidable environmental risks when determining whether to grant approval.

Aside from the preliminary site testing and feasibility activities recommended herein, no activity which would constitute a project under CEQA will be commenced unless the Board takes further action to consider appropriate environmental documentation and make appropriate findings pursuant to CEQA in connection with approval of a project.

Upon the Board’s approval of the proposed project, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 15062 of the State CEQA Guidelines.

**CONTRACTING PROCESS**

In November 2006, the Board awarded and authorized an agreement with Gensler to provide Executive Campus Planner services based on a qualifications-based selection competitive selection process. Those services are still ongoing. Provisions were included in the Request for Proposal that schematic design services, at a minimum, would be required from the Executive Campus Planner for each project that is part of the development of the campus. To date, Public works has executed $19,319,000 for design services associated with the Executive Campus Planner services. The recommended $4,000,000 agreement for these services is within the scope of the RFP and the resulting agreement with Gensler.

A standard consultant services contract for scoping services, in the form previously approved by County Counsel, will be used. The standard Board-directed clauses that
provide for contract termination, renegotiation, and hiring qualified displaced County employees will be included in the contract.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current County services or projects during the performance of the recommended actions.

**CONCLUSION**

Please return one adopted copy of this letter to the Chief Executive Office and the Department of Public Works, Project Management Division II.

Respectfully submitted,

SACHI A. HAMAI  GAIL FARBER
Chief Executive Officer  Director of Public Works

GF:ME:ec

Enclosure

c:  Arts Commission  Auditor-Controller
       Chief Executive Office (Capital Programs Division)
       County Counsel  Executive Office
       Internal Services Department
       Probation Department  Sheriff’s Department