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October 15, 2015

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA. 90012

Attention: Maria Espinosa, Legislative Assistant

**REQUEST FOR AUTHORIZATION TO NEGOTIATE
AND EXECUTE A CONTRACT WITH CBRE FOR PROJECT
MANAGEMENT SERVICES TO RELOCATE HCID TO 221 NORTH FIGUEROA PLAZA**

SUMMARY

The Department of General Services (GSD) requests that the Municipal Facilities Committee assign Floors 11-16 of the 221 North Figueroa Plaza Tower to the Housing and Community Investment Department (HCID) and that the City Council provide GSD with the authority to negotiate and execute a sole source contract with CBRE, Inc. for project management services for space planning, tenant improvements and relocation for the HCID project.

HCID is currently located in a leased office complex at the Garland building (1200 West 7th Street). HCID is scheduled to vacate the Garland building by February 28, 2016. The amount of space to be renovated for HCID at Figueroa Plaza totals 124,350 square feet and was formerly occupied by the LBBS law firm (Floors 11-14 and 16) and several City departments (15th floor) that vacated the building after the DaVinci Fire on December 8, 2014.

BACKGROUND

The Garland lease expires February 28, 2019, but includes an early termination right for the HCID space. This right was negotiated years ago so that the City could move HCID to Figueroa Plaza when space became available.

The City exercised such early termination option on or about June 22, 2014, and gave notice of its intent to vacate the HCID space by February 28, 2016. Subsequent to the exercise of this option, it became the subject of pending litigation between the City and the landlord.

Currently, negotiations are underway to resolve the litigation. At this time, February 28, 2016, remains the deadline for vacating the HCID space.

SCOPE OF WORK

Programming has been completed for HCID, and test fits and space plans are underway with an expected completion date of October 31. It is anticipated that HCID will require at least five and a half floors, if not a full six floors, to accommodate their operational needs. The General Contractor (Shangri-La) will bid out the project to sub-contractors from the completed construction drawings and develop costs for the City's review and approval prior to any work commencing. The City's contractor is already in place working on the building restoration and tenant improvements for Floors 2-8 at 221 N. Figueroa.

The City, with help from its construction management consultant, will identify opportunities for savings through careful review of the bids and value engineering where possible and appropriate. For this reason, firm cost estimates for this project are not yet available.

PROJECT COST

Based on the current projects underway at Figueroa Plaza for the 221 Tower and the 201 Restack Project, it is estimated that hard and soft construction costs for the tenant improvements, along with furniture, communications and moving costs, will run approximately \$98 to \$109 per square foot and includes a contingency of 10 percent.

In addition, common area renovation is still required on each floor and the LBBS floors require extensive demolition of interior walls as the majority of their floors are private offices and are not efficient or suitable for City needs and required space standards. Based on the estimates developed from Floors 2-8, the common area renovation cost is approximately \$20 per square foot, bringing the total cost of the project to an estimated \$129 per square foot and \$16 million.

SCHEDULE

CBRE has provided a draft schedule based on the City's request for a relocation date of February 28, 2016 (see attached).

The dates shown are only approximate dates at this time. As test fits, space plans and construction drawings are completed and presented to the General Contractor, they will immediately review the schedule and detail and make recommendations on how tasks might be combined to tighten the overall schedule.

PROJECT MANAGEMENT CONTRACT

For this HCID project, GSD proposes entering into a sole source agreement with CBRE similar to the one recently completed by LADBS for their renovation project in the 201 Tower. The proposed contract will provide the City with the same CBRE Fusion Team that restored the 221 Fig Plaza Tower after the DaVinci fire and completed the tenant improvement projects on Floors 2-8.

Sole Source Findings

- CBRE is already in place to best meet this critical deadline. Their team is already staged in the 221 Tower and familiar with the common area renovations required on the remaining floors. They have detailed knowledge of the building's infrastructure through the fire recovery efforts and have prototypes established for electrical, plumbing, lighting and other building systems that they can readily duplicate on the remaining floors.
- The City must proceed expeditiously to meet this aggressive schedule. Using the CBRE team to begin demolition and proceed with this project eliminates any delays otherwise resulting from another company having to step in;
- The City needs to move expeditiously to relocate the HCID to realize savings to the leasing account and begin financial recovery from the loss of the LBBS rent;
- CBRE, as the City's property manager at Figueroa Plaza, has acted responsibly and timely to the restoration and re-occupancy projects on site and is best positioned to meet this project deadline;
- All tenant improvement and relocation activities involve CBRE since they are the City's property manager at the Figueroa Plaza complex, they will coordinate building access, power, elevators and tenant communication; they have full access to the building infrastructure and having CBRE directly involved in project management expedite this HCID project.

FISCAL IMPACT

Costs for the entire project are estimated to be up to \$16 million, including 10% contingency costs. GSD will work with the CAO to identify funding for this project.

Based on continued negotiations, the City's insurance carrier, XL Catlin, has tentatively agreed to provide the City with \$6.2 million for the remaining work to be completed on the LBBS floors.

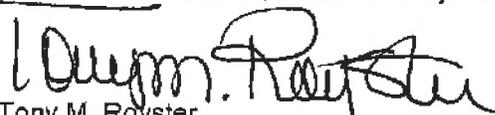
RECOMMENDATIONS

That the Municipal Facilities Committee,

1. Assign floors 11-16 at 221 North Figueroa Plaza to the HCID, with adjustments pending completion of final space plans; and

That the City Council subject to the approval of the Mayor,

1. Authorize the Department of General Services to negotiate and execute a sole source contract with CBRE for the HCID project which includes project management, space planning, tenant improvements and relocation of HCID staff in an amount not to exceed \$16 million subject to the availability of funding.


Tony M. Royster
General Manager

