



Agenda Report

February 8, 2021

TO: Honorable Mayor and City Council

FROM: Planning & Community Development Department

SUBJECT: CONSIDERATION OF AMENDMENTS TO DEVELOPMENT AGREEMENT NO. 30469, PLANNED DEVELOPMENT NO. 34, 100 WEST WALNUT (LINCOLN/PARSONS PROJECT, PROJECT PROPERTY LOCATED AT 10 WEST WALNUT AVE)

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed amendments to the Development Agreement do not involve physical changes to the environment and, if adopted, are therefore exempt from the requirements of CEQA pursuant to Section 15061(b)(3).
2. Direct The City Manager to negotiate amendments to the Development Agreement pursuant to PMC 17.66.080 (A) consistent with the topics identified in this report; and
3. Direct the City Attorney to prepare an amended Development Agreement within 60 days for City Council consideration of the terms to which the parties agree at a subsequent meeting.

EXECUTIVE SUMMARY:

On April 27, 2015, The City Council certified a Final Environmental Impact Report and conducted the first reading of Development Agreement No. 30469 (Attachment 1, Development Agreement) in conjunction with PD 34 – 100 West Walnut Planned Development ("PD"). The PD and Development Agreement memorialize the approval of a two-phased development, with Phase 1 consisting of up to 475 residential units, 15,000 square feet for ground floor retail uses, up to 210,000 square feet of office uses and up to 2,500 square feet of restaurant uses. Phase 2 would consist of up to 402,000 square feet of commercial uses. The Development Agreement sets forth the applicable rules for development of the property and provides for certain obligations on the part of the applicant. Phase 1 of the project is anticipated to be completed in early spring.

On November 5, 2020, a public hearing was conducted pursuant to Pasadena Municipal Code (PMC) Section 17.66.070 and Section 23 of Development Agreement No. 30469.

The hearing was conducted to determine whether the applicant has complied in good faith with the terms and conditions of the development agreement. Following the hearing, a determination letter was issued on December 17, 2020 (Attachment 2, Determination Letter). The Determination Letter found that the applicant has complied with the terms and conditions of the Development Agreement. However, it indicated that compliance has produced less than optimal results with respect to Section 10.L, (regarding Local Hire and Procurement) and recommended that the Development Agreement be amended to result in greater community benefits.

SECTION 10.L.:

The City recognized that the project would cost nearly \$300M to construct and, through the inclusion of Section 10.L, expected that the applicant would spend some of that money on local labor, local contractors and local supplies. To achieve this end, certain requirements were agreed to by the applicant, including developing and implementing a local hire program, developing an outreach and advertising campaign regarding the local hire program, and establishing apprenticeship and mentor opportunities. Goals were agreed to, which quantified a specified percentage of local workers, local contractors and local supplies.

As a result of the Development Agreement, Pasadena based businesses were engaged in contracts totaling \$14,282,996 and \$6,741,624 was spent on materials and supplies from Pasadena based businesses. In addition, 112 local employees have been hired to work on the project. Absent the local hire and procurement program required by the Development Agreement, it is unlikely that the approximate \$20M worth of contracting and supplies identified above would have gone to Pasadena based businesses.

Each of the **components** of Section 10.L. is listed below:

1. **PPF agrees to implement a local hire initiative that will give priority hiring consideration to local workers and businesses.** *The applicant did implement a local hire initiative. The local hire initiative, as indicated in Attachment B, Sections 3 and 4), was multi-faceted and appears to have provided for priority hiring consideration to local residents and businesses.*
 - a. **Goal of directing 20% of building construction related jobs to Pasadena residents.** *Despite the implementation of a local hire initiative, the applicant failed to reach the goal identified in the contract. There are 1,926 workers that have been hired for the construction project of which 112 are from Pasadena. Instead of the 20% local workforce goal envisioned by the condition, only 6% of the workers hired for the construction project are from Pasadena (Attachment B, Section 6).*

of building materials has been identified as \$82,374,790. To date, the applicant has purchased \$6,741,624 of materials from local businesses, or 8% of the total.

The applicant had originally hired Mr. Clarence Broussard to assist with local hiring and local contract procurement for his expertise as a local utilization consultant. Previously Mr. Broussard worked on the Rose Bowl, built the Jackie and Mack Robinson Memorial, and advocated for hiring the disadvantaged. He passed away on February 21, 2019. The applicant then retained Construction Services Group (who was working with Mr. Broussard on outreach), a Pasadena-based consultant to engage in community outreach, and to follow-up on each of the hundreds of local residents who have sought work opportunities.

Upon a review of the lack of progress for local hire and procurement, the applicant hired Mr. Ron Mathews in February 2020 to supplement the work of Construction Services Group. Mr. Mathews is a Pasadena-based construction expert with a track record of connecting residents and small businesses to contracting opportunities.

In April of 2020, the City hired Mr. Prentice Deadrick to assist and serve as liaison between the City and the applicant on local hire and procurement matters. Mr. Deadrick owns and operates a project management company specializing in construction, public administration consulting, public education consulting, non-profit management, strategic planning and community outreach. Prior to that, Mr. Deadrick served in various positions, including Assistant City Manager for the City of Pasadena until 2002.

Mr. Mathews and Mr. Deadrick came to the project when it was well underway and the local hiring and procurement numbers have increased significantly compared to efforts prior to their involvement.

Although the applicant instituted a local hire and procurement program, it woefully underachieved reaching the stated goals for local hire of workers, local hire for businesses and purchase of local materials.

OPPORTUNITIES TO IMPROVE THE DEVELOPMENT AGREEMENT

A Development Agreement is required to be approved by *both* the Applicant and the City. In an effort to comply with the spirit of Condition 10.L, the City Manager should negotiate with the Applicant to amend the Development Agreement as follows:

1. Revise the language in Section 10.L to require a *minimum* percentage of local hire and local contracting or develop an alternative approach to maximizing investment in community hiring and contracting opportunities to apply to Phase 2;
2. Create a new condition requiring the applicant to partner with a local non-profit and labor unions to develop and maintain a comprehensive apprenticeship program for Pasadena residents including skills training and job placement;
3. Create a new condition requiring a direct financial contribution to local non-profits, community organizations, or City capital improvements to partially off-set the failure to meet agreed upon goals for local hire and procurement;

RECOMMENDED ACTION

Staff's recommendation is to direct the City Manager to negotiate amendments to the Development Agreement consistent with the changes identified above. In addition to the recommended action, the City Council may:

1. Choose not to make any amendments to the Development Agreement; or
2. Direct the City Manager to consider other options for amending the Development Agreement.

FISCAL IMPACT:

There is no impact to the City's General Fund associated with the proposed amendments to the Development Agreement.

Respectfully submitted,



DAVID M. REYES
Director of Planning & Community
Development Department

Approved by:



STEVE MERMELL
City Manager

Attachments (2):

- Attachment A – Development Agreement No.30469
Attachment B – Determination Letter dated December 17, 2020