



Agenda Report

DATE: October 25, 2021

TO: Honorable Mayor and City Council

FROM: Planning & Community Development Department

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

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed amendments to the Development Agreement do not involve in 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 as outlined in Attachment B; and Direct the City Attorney to prepare an amended Development Agreement for City Council consideration at a subsequent meeting.

EXECUTIVE SUMMARY:

On February 8, 2021, the City Council received a report (Attachment A, City Council Agenda Report, 2-8-21) from the City Manager that focused on Section 10. L. of the Development Agreement (DA). This section of the DA includes requirements relating to local hire and local contracting. At the meeting, the Applicant and City Council acknowledged that the project had fallen short of the goals set forth in the DA. In response, the City Council directed staff to: negotiate changes to Development Agreement No. 30469 to modify targets and minimum standards related to local hire, local contracts, and local procurement; seek reimbursement of City expenses; and to ensure a minimum percentage of investment by the developer occurs in the form of local jobs and materials, apprenticeship programs, and direct financial investment.

Since the February meeting, staff has engaged the Applicant in regular meetings to work towards the Council's directed actions. As indicated by the Applicant's letter (Attachment B, LPC Letter dated July 30, 2021), proposed amendments to DA would result in the

establishment of a Project Labor Agreement including local hire, a local utilization plan and a high school training program.

BACKGROUND:

On April 27, 2015, The City Council certified a Final Environmental Impact Report and conducted the first reading of Development Agreement No. 30469 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 this winter.

While the Applicant has been found to be in compliance with the terms of the existing DA, it has fallen short of the goals set forth in the DA regarding local hire and local contracting, but has made changes to improve local hire, as indicated below, and proposes additional changes to the Development Agreement to further strengthen local hiring opportunities.

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. 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.

Several important **components** of Section 10.L. are 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 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.** *When this project was presented to the City Council on February 8, 2021, it was reported that there were **112** workers from Pasadena. As of the most current Local Utilization Report, **228** resident workers had been hired for the project. (Attachment C, Local Utilization Report, July 2021).*
 - b. **Goal of 20% of contracting opportunities to Pasadena-based businesses.** *In staff's last report it was identified that the applicant had engaged with local businesses resulting in contracts totaling \$14,282,996.00, or 7% of the total. Since the last report, a slight increase of approximately \$300K has been reported, resulting in a current total of \$14,558,113 in local purchases. (Attachment C).*
2. **PPF will explore opportunities for mentoring and apprenticeships for participants so that the project will serve as a training ground and springboard for future employment and contracting opportunities.** *The applicant has partnered with Flintridge Center to take advantage of their construction pre-apprenticeship program. In February 2021, 18 workers had been hired from the Flintridge Center Program. Since then, the applicant has nearly doubled the total number of apprentices, bringing the total to **30**.*
3. **PPF agrees to make a good-faith effort to engage Local Businesses to obtain at least 15% of the building materials required to construct the buildings, provided that these materials are readily available and comparably priced to the same materials available elsewhere.** *In February 2021, the applicant had reported purchases of \$6,741,624 of materials from local businesses. Since then, there has been a significant increase in local spending – the current total is \$10,729,309 (Attachment C).*

Changes to Local Hire Program:

As indicated in the February report, 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. 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. Also as provided in the February report,

the applicant has since hired Mr. Ron Mathews to assist with the local hire and the City has hired Mr. Prentice Deadrick to serve as liaison between the City and the applicant on local hire and procurement matters.

When the DA agreement was signed, PPF had retained Clarence Broussard as the Local Utilization Consultant. Mr. Broussard was well known locally having worked on several City and School District construction projects for more than a decade. Mr. Broussard became sick and pass before project construction started. During the first 18 months of the project PPF did not have a local utilization consultant with local utilization experience in construction working on the project. In February 2020 Ron Matthews (former associate with Clarence Broussard) was introduced to Lincoln Properties Company and retained to assist with the local utilization effort. Ron Matthews immediately introduced a draft Local Utilization Plan that provided strategies for bidding and vetting sub-contractors and laborers and implemented well known compliance protocols in the construction industry. Two months later the city hired Prentice Deadrick, (former Assistant City Manager that initially put together the team of Broussard and Matthews in the late 1990s) to monitor the local efforts and connect city residents and businesses to the project. At the time Messrs. Matthews and Deadrick were brought to the project Labor was at 3%, sub-contracting was 3% and vending was 3%, and this data could not be verified through standard construction software. Since May of 2020 Labor is now at 7%, Sub-contracting 7% and vending 11%. Construction software (LCP Tracker) has been utilized to verify accurate reporting of all local utilization being reported. The increased numbers presented above reflect the positive impact that Mr. Deadrick and Mr. Matthews have had on the project.

PROPOSED CHANGES TO DEVELOPMENT AGREEMENT:

Staff has met with the applicant on a regular basis since Council's direction in February of 2021. Staff had focused its discussion in three areas:

1. What can be for the rest of Phase 1;
2. Job training opportunities – now and in Phase 2; and
3. Project Labor Agreement or Community Benefits Plan.

As indicated in Attachment B, the applicant is proposing a Project Labor Agreement that would include the following elements:

Amended Local Hire Goal of 30%

- 30% of all construction labor hours from three tiers:
 - Tier 1: Residents of zip codes which overlap the cities of Pasadena and Altadena; Veterans and individuals who have successfully completed the Building Trades Multi-Craft Core Curriculum Pre-Apprentice Program, regardless of residency;
 - Tier 2: Residents within a 10 mile radius from Pasadena City Hall;

- Tier 3: Residents within the remainder of Los Angeles County

Staff's Response: A Project Labor Agreement would be a beneficial amendment to the DA as it will provide for additional clarity and enforcement abilities compared to the existing DA. Additional negotiation is needed to ensure the greatest opportunity for local residents.

Phase 1 High School Training Program

The Applicant is partnering with Mentoring and Partnership for Youth Development (MPYD) to support hands-on jobs experiences for students at John Muir High School and recently funded MPDY \$25,000 to support the purchase of new computers for the program.

Staff's Response: Additional details about the MPYD partnership are needed, however, it appears that this could offer a unique opportunity for local students. At minimum, such a program should be included in both Phase 1 and Phase 2. Additional negotiation with the Applicant is needed.

RECOMMENDED ACTION:

Staff's recommendation is for the City Council to direct the City Manager to continue 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 (4):

Attachment A – CC Agenda Report February 8, 2021
Attachment B – LPC Letter dated July 30, 2021
Attachment C – Local Utilization Report
Attachment D – List of Hours and Wages