

REPORT OF THE CHIEF LEGISLATIVE ANALYST

November 10, 2011

TO: Honorable Members of the Housing, Community
and Economic Development Committee

FROM: Gerry F. Miller *gfm* Assignment No.: 11-10-0907
Chief Legislative Analyst Council File No.: 10-0540-S3

CRA – Amendment to Memorandum of Understanding (MOU) with Los Angeles Department of Water and Power (LADWP) for potential development of a Park in the La Kretz Campus

SUMMARY

CRA/LA requests authority to amend the MOU with LADWP to include a 0.5 acre park in the plan for the La Kretz Innovation Campus, a 3.2 acre private-owned center for cleantech research, development and commercialization. CRA/LA reports that the park is estimated to cost \$2.5 million and with its location in the Arts District of the Central Industrial Project Area, will provide much needed public open space in an area that has seen a recent increase in residents. Even though the park will be located on the campus of the La Kretz Innovation Campus, the public will have access to it and will not be used solely by the Innovation Campus. Included in the Innovation Campus is the CRA/LA sponsored cleantech incubator, which is designed to help cleantech entrepreneurs develop, grow, and expand to other parts of the City. There is no fiscal impact to the General Fund inasmuch no funds are required for this action. CRA/LA will report to the Council if and when funds are needed and states that the proposed action is subject to the Court's Stay.

The park is expected to be funded with Proposition 84 grant (Statewide Park Development and Community Revitalization Program) funds. If these grants funds are not realized, CRA/LA has committed to identify an alternate source of funds, which has yet to be identified. We recommend that CRA/LA report to Council if and when Proposition 84 grant funds are awarded.

The proposed park is currently in the planning and development phase. The same architecture firm that was selected to design the Innovation Campus is also including conceptual designs for the park. CRA/LA reports that a community outreach program was implemented to obtain feedback from the community regarding desired features.

The Agency further requests that the Council acknowledge and understand that the Supreme Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of Assembly Bills x1-26 and x1-27, but allowed other provisions to be implemented, such as the prohibition on new contracts and amendments to existing contracts. Specifically, the Agency may not, with the exception of existing "enforceable

obligations,” take any action to incur new debt, transfer any assets or undertake any new obligations, unless and until the Agency is legally authorized to act as determined by the Court. The Agency states that the MOU Amendment is subject to the Court stay, inasmuch as the MOU amendment is not an “enforceable obligation.” In light of these circumstances, the City Council may approve certain specified actions as described in this report on the condition that the Agency will not execute agreements or amendments to agreements or take any actions thereto until the Court has decided the case on the merits or otherwise restored the contracting authority of redevelopment agencies. The Court ruling on the legal challenge to the legislation is anticipated by January 15, 2012.

RECOMMENDATIONS

That the City Council:

1. Subject to the conditions of the California Supreme Court’s stay and the provisions of Assembly Bill xl-26 and Assembly Bill xl-27 that are not subject to the stay, authorize the Chief Executive Officer of the Community Redevelopment Agency to negotiate and execute an Amendment to the May 21, 2010 MOU between CRA/LA and LADWP to include the planning, design, and construction of a 0.5 acre park project within the La Kretz Innovation Campus, and a Public Access Agreement for use of said 0.5 acre park subject to necessary preconditions and findings;
2. Instruct CRA/LA to report to Council if and when Proposition 84 grant funds are awarded and to identify alternate funding sources if Proposition 84 grant funds are not awarded to the Arts District Park;
3. Take any such actions and execute any such documents as may be reasonably necessary to implement the recommendations above, subject to review and approval of the City Attorney as to form;
4. Acknowledge and understand that the Court in the case entitled California Redevelopment Association v. Matosantos stayed certain portions of Assembly Bill xl-26 and xl-27. The Agency may not, with the exception of existing “enforceable obligations,” take any action to incur new debt, transfer any assets or undertake any new obligations, unless and until the Agency is legally authorized to act, subject to the conditions of the California Supreme Court’s stay and the provisions of Assembly Bill xl-26 and Assembly Bill xl-27 that are not subject to the stay. The Court has indicated that it will issue a ruling by January 15, 2012.


ENVIRONMENTAL REVIEW

CRA/LA reports that the proposed park is currently in the planning and development phase. As a result, the project is statutorily exempt from Environmental Quality Act (CEQA). CRA/LA and LADWP reserve the right to not complete the proposed park if

they later determine that: 1) is not exempt from CEQA; 2) has not undergone CEQA review; and, 3) requires preparation of a mitigated negative declaration, environmental impact report (EIR), and supplemental or subsequent EIR

FISCAL IMPACT

There is no impact to the General Fund as a result of this action inasmuch as this is an amendment to the LADWP MOU. If funds are required at a future time, CRA/LA will require approval from Council.



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