

TRANSMITTAL

To:
THE COUNCIL

Date: FEB 05 2013

From:
THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Mercedes Marquez) for

ANTONIO R. VILLARAIGOSA
Mayor

CITY OF LOS ANGELES

CALIFORNIA

GREGORY P. IRISH
INTERIM GENERAL MANAGER



ANTONIO R. VILLARAIGOSA
MAYOR

COMMUNITY DEVELOPMENT
DEPARTMENT

1200 W. SEVENTH STREET
LOS ANGELES, CA 90017

February 1, 2013

Council File Number: 10-1451
Council Districts: 1, 4, 13
Contact Persons & Ext:
Robert Sainz (213) 744-7396

The Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
Room 303, City Hall

Attention: Mandy Morales, Legislative Coordinator

COMMITTEE TRANSMITTAL: STATUS OF NORTHEAST LOS ANGELES COLLABORATIVE (NELA) – HOUSING AND URBAN DEVELOPMENT (HUD) SUSTAINABLE COMMUNITIES CHALLENGE GRANT (COUNCIL FILE 10-1451 DATED JUNE 29, 2012)

The General Manager of the Community Development Department (CDD) of the City of Los Angeles, respectfully requests that your office process this transmittal to the appropriate City Council Committee(s) and the Los Angeles City Council for consideration and approval.

RECOMMENDATIONS

The General Manager of the Community Development Department (CDD), or designee request that the Mayor and the City Council:

1. AUTHORIZE the General Manager, CDD, or designee to negotiate and execute agreements, on a sole-source basis with subcontractors identified in the Community Redevelopment Agency/Designated Local Authority (CRA/DLA) grant proposals and the Los Angeles Conservation Corp as follows:

No.	Name	Amount not to Exceed
1	Tierra West Advisors	\$326,988
2.	University of Southern California - Metamorphosis	\$834,500
3.	Occidental College	\$76,365
4.	Worker Education Resource Center (WERC)	\$50,000

5.	Los Angeles Economic Development Corporation (LAEDC)	\$60,000
6.	Department of Planning	\$320,000
7.	Los Angeles Conservation Corp	\$271,692
	Total	\$1,939,545

2. AUTHORIZE the Controller to:

- a. Establish new accounts and appropriate within Community Challenge Grant Fund No. 53W as follows:

Account	Title	Amount
22J168	Planning Department	\$155,061
22J622	CDD Costs	98,826
22J628	Planning Costs	164,939
22J623	Los Angeles Economic Development Corporation	60,000
22J624	Worker Education Resource Center	50,000
22J625	USC Metamorphosis Project	834,500
22J626	Occidental College: Urban and Environmental	76,365
22J628	Los Angeles Conservation Corps	271,692
22J629	Tierra West Advisors	326,988
	Total	\$2,038,371

- b. Appropriate \$155,061 to Fund No. 100/68 Account No. 1010 Salaries.

3. AUTHORIZE the Community Development Department to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with this action subject to the approval of the CAO and instruct the Controller to implement these instructions.
4. Should dollars be forthcoming from CRA/DLA via Recognized Obligation Payment Schedule (ROPS) IV, instruct the CDD to report back to City Council on proposed allocation of additional funding;

FISCAL IMPACT

The assignment of the HUD Challenge Grant will not have an impact on the General Fund. To the extent that the CDD, and the Planning Department use a portion of the funds for administrative and program cost recovery, the General Fund will realize revenue from associated related cost contributions.

BACKGROUND

On June 29, 2012, City Council, with Mayor concurrence - authorized the Community Development Department to accept the assignment of the \$2.25 million Sustainable Communities Challenge Grant (Grant) from the CRA/DLA Successor Agency; to enter into an agreement with the Department of Housing and Urban Development (HUD) for said funds; and to negotiate and execute agreement with NELA Collaborative Partners in

the amounts identified in CF No. 10-1451. All authorities granted were subject to: CRA/DLA Oversight Board and the California Department of Finance (DOF) approval of the transfer of the Grant to CDD, including \$263,367 in CRA/DLA funds; HUD approval of the re-assignment of the Grant to CDD, including a revised project scope of work; project budget and City-match proposal; the final revised budget to be approved by HUD not to exceed the available funding for the project, including the \$2.25 million Grant Funds and the CRA/DLA funds to be applied towards the match requirement. City Council also instructed the General Manager of CDD to report back to Mayor and Council upon HUD approval of the assignment of the Grant with the negotiated scope of work, budget, NELA Collaborative Project partners and the Project contracts that will be in the revised Project.

Grant Status

Effective September 26, 2012, HUD approved the assignment of the Grant to CDD and CDD has formally entered into a cooperative agreement with HUD in the amount of the \$2.25 million. The cooperative agreement with HUD approved the project scope of work; and the City-match and project budget were approved as proposed by the City. The time of performance for the project is 36-months, effective February 21, 2011. HUD however, has agreed in concept to extend the time of performance due to the grant suspension period. The CDD will submit a formal request for additional time in February 2013, as directed by HUD.

The following table provides a summary of budget submitted to HUD, including both Grant and City-match funding:

No.	Category	HUD Grant	City-Match	Total
1.	Personnel	\$171,496		\$171,496
2.	Fringe Benefits	\$72,224		\$72,224
3.	Supplies	\$5,064	\$2,000	\$7,064
4.	Travel	\$5,850	\$0	\$5,850
5.	Subcontracts/Consultants	\$1,939,545	\$1,420,000	\$3,359,545
6.	Other Direct Costs	\$48,475		\$48,475
7.	Indirect Costs	\$7,346	0	\$7,346
8	Total	\$2,250,000	\$1,422,000	\$3,672,000

CRA / DLA Match

On July 10, 2012, the State Oversight Board approved the assignment of the Grant including the transfer of \$263,367 for the completion of the Tierra West Advisors contract. The Board approval was contingent on a modification to the scope of work requiring the City to adopt an economic development strategy for the Northeast Los Angeles riverfront area to include a minimum of: 1) an action plan to carry-out the economic development strategy, 2) a timeframe or schedule for implementing the strategy with milestones and 3) a feasibility financing mechanism to pay for the strategy.

Subsequent to the Board approval, the transfer of funding was rejected by the State Department of Finance (DOF) in their review of Recognized Obligation Payment Schedule (ROPS) 3. The CRA/DLA challenge of the DOF ruling on their match contribution through the "Meet and Confer" process on November 28, 2012 was denied

by DOF in its December 21, 2012 letter. The CRA/DLA continues to work with DOF to restore CRA funding and has included \$267,367 in ROPS IV for approval and potential distribution on July 1, 2014.

The impact of the DOF determination is two-fold. First, the DOF determination reduces the CRA-match included by the CDD in the approved budget by \$263,367. The CRA match may be further decreased in an amount totaling \$606,000 should CRA expenditures prior to dissolution be also disallowed by the DOF. Secondly, the DOF action reduced funding available for the critical economic development and feasibility study of the proposed Riverfront District that will be completed by Tierra West Advisors, a consultant contracted by the CRA.

Due to the importance of completing this study in the early phase of the project, the CDD is proposing to reallocate a total of \$151,988 within existing HUD funding allocated for subcontractors to fund the economic development study as follows:

Contractor	Approved HUD Funding	Proposed HUD Funding Decrease	Proposed HUD Funding Increase	Proposed HUD Amount
Occidental College	\$150,000	\$73,635	\$0	\$76,365
WIB	\$125,000	\$65,000	\$0	\$60,000
CRA	\$13,353	\$13,353	\$0	\$0
Tierra West	\$175,000	\$0	\$151,988	\$326,988
Total		\$151,988	\$151,988	

The balance of the funding required to complete the NELA-RC economic development study may be funded through resources allocated by the Los Angeles Department of Water and Power to the Bureau of Engineering through a Cooperative Agreement (C-121629) which includes a task to "Develop an economic development strategy for implementing a riverfront district with recommendations regarding sustainable financing for long-term LA River revitalization" (2.1.4).

Upon completion of the Public Works contracting process, the project will be fully-funded and no further City and/or Community Development Block Grant funding will be required to complete economic study.



GREGORY P. IRISH
Interim General Manager

GI:RS:GR