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CRA File No. 9303  
Council District: 9  
Contact Person: Jenny Scanlin  
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Honorable Council of the City of Los Angeles  
John Ferraro Council Chamber  
200 N. Spring Street  
Room 340, City Hall  
Los Angeles, CA. 90012

**COUNCIL TRANSMITTAL:**

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on January 6, 2011, for City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

**VARIOUS ACTIONS RELATED TO:**

12TH STREET PUBLIC IMPROVEMENTS. TRANSFER OF FUNDS TO THE CITY OF LOS ANGELES BUREAU OF STREET SERVICES IN AN AMOUNT NOT TO EXCEED \$250,000 FOR THE CONSTRUCTION OF STORM DRAIN IMPROVEMENTS NEAR 12<sup>TH</sup> STREET AND CROCKER AVENUE IN THE CITY CENTER REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD 9)

**RECOMMENDATION**

That City Council approve(s) recommendation(s) on the attached Board Memorandum.

**ENVIRONMENTAL REVIEW**

The proposed construction of the Project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15301 (c) and (d) of the CRA/LA CEQA Guidelines.

**FISCAL IMPACT STATEMENT**

This action will amend the City Center FY2011 budget to transfer \$250,000 of City Center tax increment from budget line item Public Improvements (Objective CT3200) to budget line item Economic Development (Objective CT6990) to pay for improvements to the storm drain system.

Following approval of this item and transfer of funds, \$1,864,400 of \$2,769,400 will remain for the Public Improvement Budget Category. Sufficient funds are available to make any legally required State ERAF payment for FY2011. There is a positive impact on the City's General Fund as a result of this action.

  
Christine Essel, Chief Executive Officer



Page Two  
Council Transmittal

cc: Sharon Gin, Office of the City Clerk (Original & 3 Copies on 3-hole punch)  
Lisa Johnson Smith, Office of the CAO  
Ivania Sobalvarro, Office of the CLA  
Steve Ongele, Office of the Mayor  
Noreen Vincent, Office of the City Attorney



Page Three  
Council Transmittal

bcc: Sylvia Amaya  
Nenita Tan, Office of the City Controller  
Records (2 copies)  
Tim Chung  
Jenny Scanlin

MEMORANDUM

2

CT6990  
100615

**DATE:** JANUARY 6, 2011

**TO:** CRA/LA BOARD OF COMMISSIONERS

**FROM:** CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

**STAFF:** DAVID RICCITIELLO, REGIONAL ADMINISTRATOR  
JENNY SCANLIN, PROJECT MANAGER

**SUBJECT:** **12<sup>th</sup> Street Public Improvements.** Transfer of funds to the City of Los Angeles Bureau of Street Services in an amount not to exceed \$250,000 for the construction of storm drain improvements near 12<sup>th</sup> Street and Crocker Avenue in the City Center Redevelopment Project Area  
DOWNTOWN REGION (CD 9)

**RECOMMENDATION(S)**

That the CRA/LA Board of Commissioners, subject to City Council approval:

1. Adopt and request the City Council to adopt a Resolution under California Health and Safety Code Section 33445 finding: (i) the use of tax increment from the City Center Project Area not to exceed \$250,000 to pay for improvements to the storm drain system along 12<sup>th</sup> Street will eliminate blight in that project area; (ii) the proposed expenditure is the only reasonable means of financing the project; and (iii) that the construction of this public improvement is consistent with the Five Year Implementation Plan for the City Center Project Area;
2. Amend the City Center FY2011 budget to transfer \$250,000 of City Center tax increment from budget line item Public Improvement (Objective CT3200) to budget line Economic Development (Objective CT6990) to pay for the improvements to the storm drain system; and
3. Authorize the transfer of \$250,000 from the City Center Project Area to the City of Los Angeles Bureau of Street Services through an existing Cooperation Agreement (Contract No. 503526) to construct improvements to the storm drain system at 12<sup>th</sup> Street and Crocker Avenue in the City Center Project Area.

**SUMMARY**

The recommended action will authorize the expenditure of up to \$250,000 in tax increment financing for the construction of improvements to create a storm drain system on two blocks of 12<sup>th</sup> Street at Crocker Avenue, a prime location in the heart of the City of Los Angeles' Fashion District. Design and construction services on this project are being provided by the Department of Public Works Bureau of Street Services. The project consist of constructing approximately 700 feet of 18-inch to 21-inch storm drain and connecting it to the City's 48-inch diameter storm drain at Stanford Avenue. Proposed work will also include the construction of catch basins, lateral pipes, maintenance holes, junction structures and repairs to the existing curb, gutter and sidewalk. The funds expended by the CRA/LA will be matched by the City's Public Works Department to cover the total project cost of \$500,000.

## PREVIOUS ACTIONS

Initial Action

## DISCUSSION & BACKGROUND

### Location

Two blocks of 12<sup>th</sup> Street between San Pedro Street and Stanford Avenue (See Site Map, Attachment A).

### Description and Project Context

The proposed improvements consist of installation of catch basins and piping, along with repairs to curbs and gutters. The lack of storm drains on the affected two blocks of 12<sup>th</sup> Street has caused business shut downs, hindered pedestrian and vehicular traffic and created back-ups in the sewer system during rain storms. The project is in the heart of the wholesale businesses in the Downtown Fashion District, an area with huge daily pedestrian, truck and vehicular traffic volumes. The Fashion District is a major economic engine in Los Angeles and this lack of infrastructure has hindered the development of surrounding properties and blocked access to existing businesses. The intent of this recommendation is to quickly provide funding so that construction can begin in January 2011 and be completed before the heaviest part of the rainy season.

### Project History

Intense urbanization and densification throughout the City of Los Angeles over the past two decades, and particularly in Downtown Los Angeles, has placed an immense pressure on already taxed storm drain infrastructure that was designed to handle development capacity capped in the 1960's. Consequently, every rainy season, local flooding occurs throughout the City of Los Angeles but has exhibited itself most predominantly in Downtown Los Angeles. The businesses in the Fashion District have alerted the City for many years to the problems along 12<sup>th</sup> Street during the rainy season with constant flooding due to a complete lack of any storm drains along the street. This issue needs to be addressed in order to ensure that existing property owners are willing to continue investing in their properties and new business gains interest in our vital Downtown area. The Department of Public Works will use its "Urgent Necessity" on-call contractor list to construct the Project.

### Community Benefits

The proposed improvements will improve the quality of the urban environment, eliminate a current hazard, allow for an improved visitor/shopping experience, and enhance the likelihood of private investment in the growth and expansion of the Fashion District.

### Findings

Pursuant to Section 33445 of the California Redevelopment Law, the CRA/LA with the consent of the legislative body, may expend funds to pay for public improvements within or outside of a project area, if the legislative body can make certain findings. The attached resolution (Attachment B) makes the following findings:

Finding 1: Construction of the public improvements benefits the Project Area by helping to eliminate blight therein. The proposed project will assist in the elimination of blighting conditions including substandard and inadequate public infrastructure (e.g. antiquated or absent storm drain systems and streetscapes). The entire intersection of 12<sup>th</sup> Street and Crocker Avenue was identified in the Report to City Council dated April 23, 2002, in Exhibit 17, a map of public improvement deficiencies. Section C(5) of this Report discusses public improvement deficiencies and calls out the deterioration of curbs, gutters and sidewalks as well as lack of storm drains a condition that presents public safety concerns and contributes to poor visual impression of the area.

Finding 2: No other reasonable means of financing the improvements is available to the community. The City of Los Angeles continues to face budget shortfalls in FY2011 and there are no available funds in its General Fund to finance the proposed improvements. In FY2011-2012 the City will face a budget gap of \$318.5 million with potentially larger gaps occurring in subsequent years. The City is addressing the current City budget shortfall by both reducing the fund allocation for public infrastructure and delaying the implementation of public infrastructure improvements. The Stormwater Pollution Abatement Fund that normally supports the stormwater and flood protection programs is completely over-allocated and is currently focused on the storm drain system operation and maintenance such as catch basin cleaning. Right now there are more than 400 projects identified Citywide to address local flooding issues with a cost of more than one billion dollars. Unfortunately, lack of sufficient infrastructure funding has not allowed the City to keep up with the infrastructure need demand resulting from the fast pace of urban development. The City of Los Angeles has found \$250,000 in its emergency fund through the Public Works Department to assist in paying for these improvements, however, the full cost of the project is estimated to be \$500,000 and the project cannot be completed without CRA/LA assistance. Consequently, use of the CRA/LA's tax increment is the only reasonably available means for constructing the proposed improvements.

Finding 3: The public improvement is consistent with the Five Year Implementation Plan for the City Center Project Area. Section 407.2 of the City Center Redevelopment Plan discusses the improvements to be considered as part of the elimination of blight, including "sewers, storm drains, and water distribution systems." Exhibit 3 of the City Center Redevelopment Plan includes a list of commercial corridors prioritized for improvements and that list includes 12<sup>th</sup> Street. The 2<sup>nd</sup> Five Year Implementation Plan adopted for the City Center Project Area on November 1, 2007 proposes that the new Downtown Street Standards and Urban Design Guidelines be implemented at select streets/areas in order to beautify sidewalks and other public right-of-way areas and enhance the pedestrian experience in Downtown. Potential improvements include the installation of new curbs/gutters, greening, parkways, street trees, signage, entry statements, sewers, storm drains and other design elements such as lighting and street furniture. Possible areas included street segments in the Fashion District. This will help eliminate and prevent the recurrence of blight by meeting the Redevelopment Plan goals and objectives: 1, 2, 4, 5, 6, 7 and 12.

### **ECONOMIC IMPACT**

It is estimated that this Project will create two construction jobs and improve the physical conditions of the City of Los Angeles' Fashion District. Through the provision of public funds to improve the vitality of this commercial corridor's functionality, the proposed improvements will help to retain and attract new businesses and all for improved pedestrian and vehicular circulation. This Project is part of a larger revitalization plan for the Fashion District which includes façade improvements, alley improvements and redevelopment of strategic properties in the District.

**SOURCE OF FUNDS**

City Center Tax Increment

**PROGRAM AND BUDGET IMPACT**

This action will amend the City Center FY FY2011 budget to transfer \$250,000 of City Center tax increment from budget line item Public Improvements (Objective CT3200) to budget line item Economic Development (Objective CT6990) to pay for improvements to the storm drain system.

Following approval of this item and transfer of funds, \$1,864,400 of \$2,769,400 will remain for the Public Improvement Budget Category. Sufficient funds are available to make any legally required State ERAF payment for FY2011. There is a positive impact on the City's General Fund as a result of this action.

**ENVIRONMENTAL REVIEW**

The proposed construction of the Project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15301 (c) and (d) of the CRA/LA CEQA Guidelines.

**AUTHORITY GRANTED TO CEO OR DESIGNEE**

If the Budget Transfer and Transfer of Funds are approved, the CRA/LA Chief Executive Officer or designee would be authorized to take such actions as may be necessary to issue a work order under the Cooperation Agreement with the Bureau of Street Services to make the necessary public improvements.

Christine Essel  
Chief Executive Officer

By:



Calvin E. Hollis  
Chief Operating Officer  
Real Estate and Economic Development

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

**ATTACHMENTS**

Attachment A: Site Map  
Attachment B: Resolution  
Attachment C: Project Summary Report

# City Center

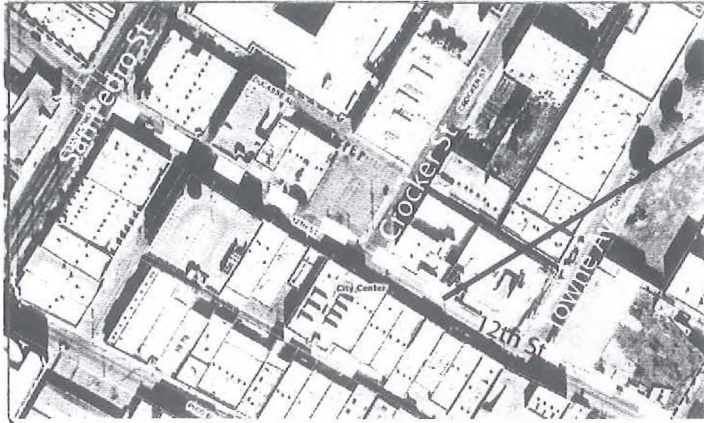
C R A / L A

Redevelopment  
Project

Parcel Line Base Map

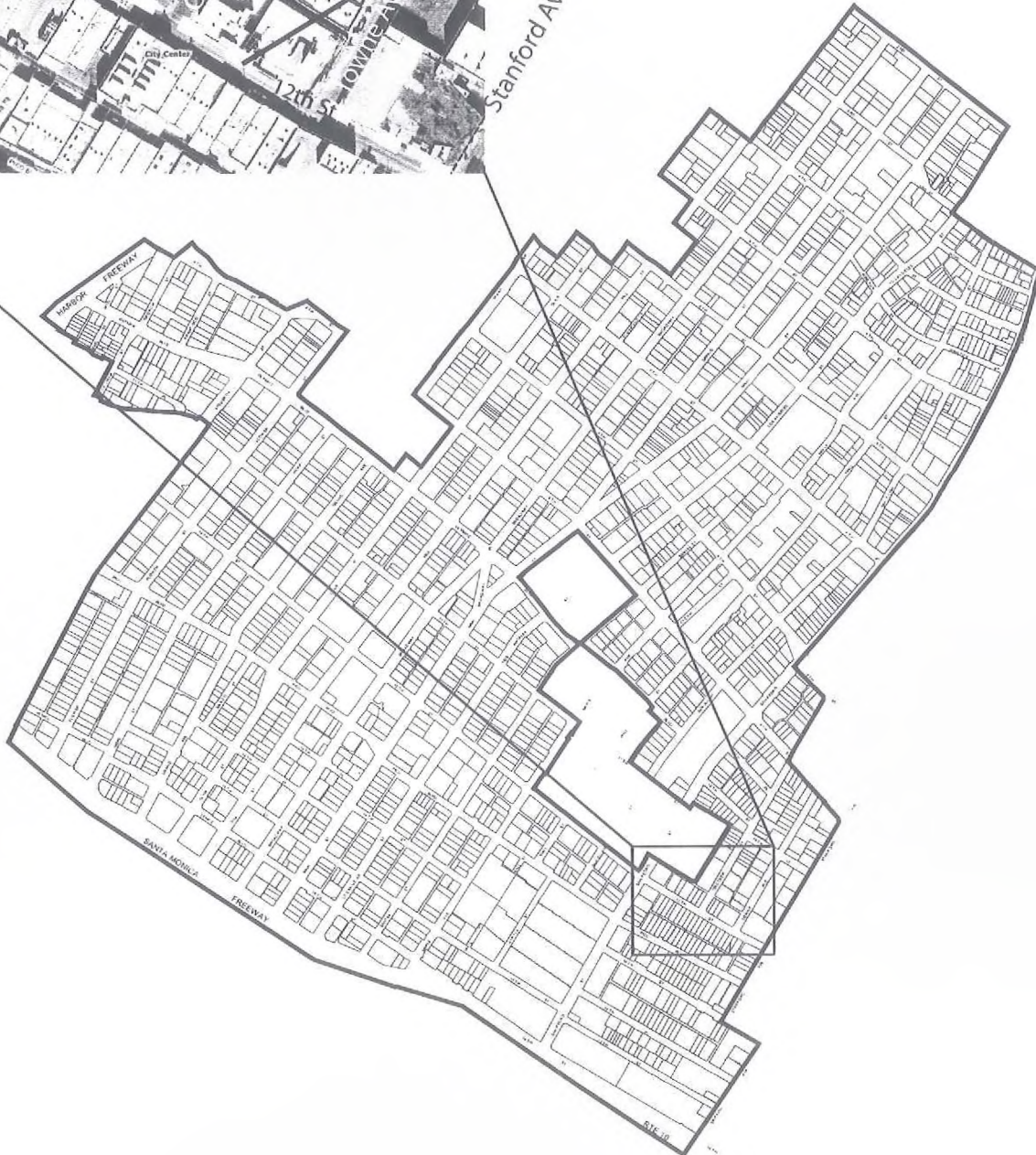
Community  
Redevelopment  
Agency

City  
of  
Los Angeles



Proposed  
Improvements

Stanford Ave



Legend

 Project Boundary



1 inch = 1,370 feet

PREPARED BY CRA GIS TEAM  
Kim Pitzer, Principal Planner, Michael Schuman, Director of IT (CRA)  
Marie Vanni, GIS Analyst (Engineering Systems)  
60310005





## ATTACHMENT B

Resolution No. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, PURSUANT TO SECTION 33445 OF THE CALIFORNIA REDEVELOPMENT LAW DETERMINING THAT, AMONG OTHER THINGS, THE STORM DRAIN IMPROVEMENTS ALONG 12TH STREET IN THE CITY CENTER PROJECT AREA IS OF BENEFIT TO THE PROJECT AREA.

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles, California (the "CRA/LA") is engaged in redevelopment and revitalization of the City Center Project Area pursuant to the adopted Redevelopment Plan for the City Center Project Area; and

WHEREAS, the entire intersection of 12<sup>th</sup> Street and Crocker Avenue was identified in the Report to City Council dated April 23, 2002, in Exhibit 17, a map of public improvement deficiencies. Section C(5) of this Report discusses public improvement deficiencies and calls out the deterioration of curbs, gutters and sidewalks as well as lack of storm drains a condition that presents public safety concerns and contributes to poor visual impression of the area; and

WHEREAS, Section 407.2 of the City Center Redevelopment Plan discusses the improvements to be considered as part of the elimination of blight, including "sewers, storm drains, and water distribution systems." Exhibit 3 of the City Center Redevelopment Plan includes a list of commercial corridors prioritized for improvements and that list includes 12<sup>th</sup> Street; and

WHEREAS, The 2<sup>nd</sup> Five Year Implementation Plan adopted for the City Center Project Area on November 1, 2007 proposes that the new Downtown Street Standards and Urban Design Guidelines be implemented at select streets/areas in order to beautify sidewalks and other public right-of-way areas and enhance the pedestrian experience in Downtown. Potential improvements include the installation of new curbs/gutters, greening, parkways, street trees, signage, entry statements, sewers, storm drains and other design elements such as lighting and street furniture. Possible areas included street segments in the Fashion District; and

WHEREAS the CRA/LA intends to fund a portion of the project from City Center Project Area tax increment funds; and

WHEREAS The City of Los Angeles continues to face budget shortfalls in FY2011 and there are no available funds in its General Fund to finance the proposed improvements. In FY2011-2012 the City will face a budget gap of \$318.5 million with potentially larger gaps occurring in subsequent years. The City is addressing the current City budget shortfall by both reducing the fund allocation for public infrastructure and delaying the implementation of public infrastructure improvements; and

WHEREAS, The Stormwater Pollution Abatement Fund that normally supports the stormwater and flood protection programs is completely over-allocated and is

currently focused on the storm drain system operation and maintenance such as catch basin cleaning; and

WHEREAS, The City of Los Angeles has found \$250,000 in its emergency fund through the Public Works Department to assist in paying for these improvements, however, the full cost of the project is estimated to be \$500,000 and the project cannot be completed without CRA/LA assistance; and

WHEREAS, Sections 33445 of the California Health and Safety Code requires the CRA/LA and City to make certain findings before CRA/LA funds may be used to pay for public improvements; and

WHEREAS, the Commissioners of the CRA/LA and the City Council of the City of Los Angeles, have reviewed and considered the facts and information with respect to the public improvements.

THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ANGELES AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DO HEREBY RESOLVE AS FOLLOWS:

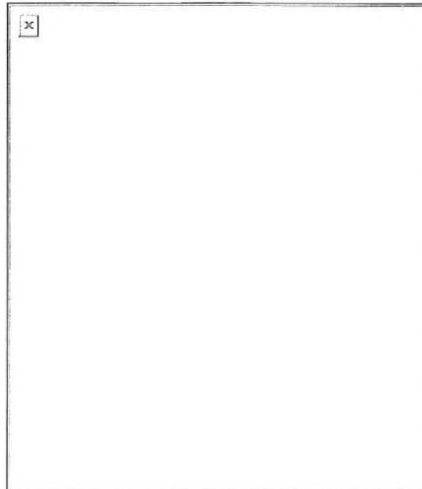
The City and the CRA/LA find, determine and resolve that based upon the information in the CRA/LA Board Memorandum and recitals, above: 1) the storm drain improvements along 12<sup>th</sup> Street between San Pedro Street and Stanford Avenue is of benefit to the City Center Project Area in that it will assist in eliminating one or more blighting conditions; 2) no other reasonable means of financing the public improvements consistent with the purpose of the redevelopment plan is available; and 3) the infrastructure improvements proposed are consistent with the Redevelopment Plan and the Five-Year Implementation Plan for the City Center Project Area.

ADOPTED BY THE CRA/LA: \_\_\_\_\_

ADOPTED BY THE CITY COUNCIL: \_\_\_\_\_



## DOWNTOWN REGION



Maps created by CRA/LA GIS Team

## STATISTICS AT A GLANCE

## Estimated Jobs Created:

Construction Jobs (est.): 2

Total Development Costs (TDC): \$500,000

CRA/LA Investment: \$250,000

CRA/LA Investment % of TDC: 50%

## CITY CENTER

## 12TH STREET PUBLIC IMPROVEMENTS

## Board Item Number:

Board Date: 1/6/2011

## Project Location

approximately 700 feet of 12th Street at the Crocker intersection

## Proposed CRA/LA Action

12th Street Public Improvements. Transfer of funds to the City of Los Angeles Bureau of Street Services in an amount not to exceed \$250,000 for the construction of storm drain improvements in the City Center Redevelopment Project Area

## Additional Information

N/A

## Elected Officials

## Project Description

improvements to create storm drain system along 12th Street at Crocker in the Fashion District.

## Project Type

Public Improvement

Construction Category: Infrastructure

## Project Features:

- Storm drains

## Developer / Participant(s)

## CRA/LA Project Staff

- David Riccitiello, Regional Administrator

## Project Activities

## Completed Activities:

## Scheduled Activities:

- Board Action, 01/06/11
- HCED Committee Approval, 01/12/11
- City Council Approval, 01/21/11
- Execute Agreement, 01/24/11
- Construction Start, 02/01/11
- Certificate of Completion, 04/29/11

## Agreement Type(s)

- Cooperation Agreement

## Terms of CRA/LA Investment:

## Sustainable Elements

- Stormwater Management

## Community Benefits

- Economic Revitalization
- Enhance Public Safety
- Enhance Walkability
- Enhanced Pedestrian Environment
- Improve Image of Area
- Improved Infrastructure

## Strategic Plan Goals Met

- 1.3.1 - Retain and grow employment in each region's key sectors (such as cleantech, bio-med, entertainment)...
- 1.4.1 - Invest \$15 million per year to upgrade strategic infrastructure that will spur economic growth, for...

## CRA/LA Policies Applied

- Construction Jobs Local Hiring Program
- Contractor / Service Worker Retention
- Contractor Responsibility
- Equal Benefits
- Prevailing Wage

## CRA/LA Policies Not Applied

## Not Applicable to the Project

- Housing Policy
- Public Art Policy
- Construction Careers & Project Stabilization
- Living Wage
- Labor Peace Agreement
- Child Care
- Sustainability Consultation Program (Part of CRA/LA Healthy Neighborhoods Policy)