

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 3, 2015

CAO File No. 0120-17302-0517
Council File No. 14-0360 & 11-0932
Council District: Citywide

To: The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Request from the Housing Authority of the City of Los Angeles (HACLA) dated August 24, 2015

Subject: **HOUSING AUTHORITY OF THE CITY OF LOS ANGELES – REQUESTED CHANGE IN THE USE OF FUNDS FOR MINOR FACILITIES IMPROVEMENTS AND A UTILITY SYSTEM EVALUATION**

SUMMARY

In a memo dated August 24, 2015, the Housing Authority of the City of Los Angeles (HACLA) requests two changes for the use of previously-approved Payment in lieu of Taxes (PILOT) funds (C.F. Nos. 14-0360 and 11-0932). No additional funding is being requested. On May 27, 2015, the Council authorized the use of \$1,000,000 in PILOT funds (C.F. No. 14-0360) for the transition of recreation programs from the Department of Recreation and Parks (RAP) to private non-profit service providers at four public housing sites; Jordan Downs, Nickerson Gardens, Imperial Courts, and Ramona Gardens. Part of the transition process includes minor facility improvements, such as interior touch-up painting and Americans with Disabilities Act of 1990 (ADA) compliance for public counters. However, the Council approval did not explicitly authorize the minor improvements work. In addition, there are nine sites where RAP services have or are planned to transition to private non-profit services providers. HACLA requests that additional language be approved to include the minor facility improvements in order to allow for the work to be completed. This Office concurs with HACLA's request for a technical adjustment to expand the scope of work.

On June 29, 2012, the Council approved the use of \$14.2 million in PILOT funds for various projects, including \$2.4 million for Public Housing Capital Projects (C.F. No. 11-0932). Within the amount for Public Housing Capital Projects there was \$300,000 approved for target Paint and Lead Abatement at Gonzaque Village. Subsequent to the Council approval, the scope of the project expanded to include the entire Gonzaque Village development as well as the adjacent Avalon Village development. This expansion increased the projected project cost to approximately \$1.6 million.

Since there are insufficient PILOT funds to fund the entire project, HACLA has shifted the cost of the project to the 2015 Capital Grant Fund. HACLA requests that the \$300,000 in PILOT funds previously approved for Paint and Lead Abatement now be authorized for a Utility System

Evaluation at public housing sites. A Utility System Evaluation will be a comprehensive evaluation of all utility systems (water, gas and electric) that will enable HACLA to rank developments where infrastructure needs are most acute, and earmark future Capital Grants Fund for highest priority projects. This Office concurs with HACLA's request to change the use of a portion of PILOT funds for a Utility System Evaluation.

RECOMMENDATIONS

That the Council:

1. Authorize the Housing Authority of the City of Los Angeles (HACLA) to use \$1,000,000 in Payment in lieu of Taxes (PILOT) funds for the transition of recreation programs from the Department of Recreation and Parks to non-profit service providers, including related minor facilities improvements, at various Public Housing sites; and,
2. Authorize HACLA to use \$300,000 in PILOT funds for a Utility System Evaluation at various Public Housing sites.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The approval of these recommendations will clarify the scope of work for \$1,000,000 in PILOT funds for the transition of recreational programs from the Department of Recreation and Parks to non-profit service providers as well as revise the use of \$300,000 in PILOT funds from Paint and Lead Abatement to a Utility System Evaluation at various public housing sites. The recommendations of this report are in compliance with the City's Financial Policies in that one time funds provided by HACLA would be provided for one-time expenditures associated with these purposes.

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