

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

CAO W.A. #0111-31341-0000
C.F. 14-1174-S11
Council District 8

Date: August 11, 2016

To: The Council

From: Miguel A. Santana, City Administrative Officer
Chair, CRA/LA Bond Oversight Committee

Subject: **TRANSMITTAL – REPORT FROM THE EWDD TO APPROPRIATE \$30,000 IN CRA-LA EXCESS BOND PROCEEDS FROM THE CRENSHAW/SLAUSON REDEVELOPMENT PROJECT AREA WITHIN COUNCIL DISTRICT 8 FOR CONSULTANT SERVICES**

At the CRA/LA Bond Oversight Committee (BOC) meeting on July 28, 2016, the Committee considered the attached report from the Economic and Workforce Development Department (EWDD) and adopted the recommendations. The recommendations, as adopted by the BOC, and now forwarded for Mayor and Council consideration below are:

That the Council, subject to the approval of the Mayor:

1. APPROVE \$30,000 in CRA/LA EBP funds available to CD 8 from the Crenshaw/Slauson Redevelopment Project Area (Series A) be utilized towards a contract with the Los Angeles Economic Development Corporation (LAEDC) to assist with the implementation of projects, programs and activities identified in the Bond Spending Plan for this Project Area;
2. AUTHORIZE the General Manager, EWDD, or designee, to negotiate and execute a contract with LAEDC for this purpose subject to a Charter Section 1022 determination;
3. AUTHORIZE the EWDD to expend funds up to \$30,000 within CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D, Account 22L9DT, titled "Crenshaw/Slauson (Taxable)" upon presentation of proper documentation and demand of the General Manager, EWDD, or designee, pursuant to this contract;
4. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the Bond Oversight Committee, and authorize the Controller to implement these instructions.

FISCAL IMPACT

There is no impact on the City's General Fund from the proposed allocation of CRA-LA Excess Bond Proceeds. The CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D is funded solely from the transfer of approximately \$84.1 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (CF 14-1174). Said transfer has been deposited with the Office of the Controller.

Attachment

MAS:SMR:15170004

JAN PERRY
GENERAL MANAGER

City of Los Angeles
CALIFORNIA

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017



ERIC GARCETTI
MAYOR

July 28, 2016

Council File: 14-1174-S11
Council District No.: 8
Contact Persons & Extensions:
Meg Barclay: (213) 744-9340

CRA/LA Bond Oversight Committee
c/o Stephanie Magnien Rockwell
Office of the City Administrative Officer
Room 1500, City Hall East

COMMITTEE TRANSMITTAL: REQUEST COMMITTEE REVIEW AND RECOMMENDATION TO COUNCIL TO APPROPRIATE \$30,000 IN CRA/LA EXCESS BOND PROCEEDS FROM THE CRENSHAW/ SLAUSON REDEVELOPMENT PROJECT AREA FOR CONSULTANT SERVICES

The General Manager of the Economic and Workforce Development Department (EWDD) requests your review, approval and processing of the recommendations in this transmittal to the appropriate Council Committee(s) and the City Council for their review and consideration.

SUMMARY

Transmitted herewith for your review, approval and further processing are recommendations pursuant to Motion (Harris-Dawson – Huizar) dated June 24, 2016 as adopted by Council on July 1, 2016 (C.F. 14-1174-S11). This Motion requests an allocation of \$30,000 in CRA/LA non-housing Excess Bond Proceeds (EBP) available to Council District (CD) 8 from the Crenshaw/Slauson Redevelopment Project Area towards contracting with Los Angeles Economic Development Corporation (LAEDC) to assist in the implementation of projects, programs and activities identified in the Bond Spending Plan for this Project Area. This use of funds is allowed by the Bond Spending Plan as adopted by City Council on October 29, 2014 (C.F. 14-1174). Sufficient funds for this eligible activity are available from the CD 8 portion of the EBP in this Project Area.

RECOMMENDATIONS

The General Manager, EWDD, requests that the Bond Oversight Committee review, approve and process the following recommendations for Council approval:

1. APPROVE \$30,000 in CRA/LA EBP funds available to CD 8 from the Crenshaw/Slauson Redevelopment Project Area (Series A) be utilized towards a contract with the LAEDC to assist with the implementation of projects, programs and activities identified in the Bond Spending Plan for this Project Area;
2. AUTHORIZE the General Manager, EWDD, or designee, to negotiate and execute a contract with LAEDC for this purpose subject to a Charter Section 1022 determination;
3. AUTHORIZE the EWDD to expend funds up to \$30,000 within CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D, Account 22L9DT, titled "Crenshaw/Slauson (Taxable)" upon presentation of proper documentation and demand of the General Manager, EWDD, or designee, pursuant to this contract.
4. AUTHORIZE the General Manager, EWDD, or designee, to prepare Controller instructions and/or make technical adjustments that may be required and are consistent with this action, subject to the approval of the Bond Oversight Committee, and authorize the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund from the proposed allocation of CRA/LA Excess Bond Proceeds. The CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D is funded solely from the transfer of approximately \$84.1 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (C.F. 14-1174). Said transfer has been deposited with the Office of the Controller.

BACKGROUND

Pursuant to the dissolution of the former Community Redevelopment Agency of the City of Los Angeles on February 1, 2012, CRA/LA, a Designated Local Authority (CRA/LA) was established on February 3, 2012 to serve as the successor agency. AB 1484, which passed the State legislature on June 27, 2012, permits eligible successor agencies to use unobligated pre-2011 tax allocation bond proceeds (Excess Bond Proceeds) for new obligations, as long as the funds are used in a manner consistent with the original bond covenants.

To that end, the City of Los Angeles (City) executed a Bond Expenditure Agreement (BEA) with CRA/LA in January 2015 which authorized the transfer of approximately \$84.1 million in EBP from the CRA/LA to the City. The \$84.1 million was generated by 26 bond issues of which 7 were tax exempt (\$41.4 million), and 19 were taxable (\$42.6 million). The EBP is to be spent on bond eligible purposes that are of maximum benefit to the City, and the Affected Taxing Entities including the County, School District, and Community College District. The EBP contains provisions for 16% in taxable EBP to be expended on staff administration and project evaluation costs.

The City Council also adopted a Bond Spending Plan (BSP) which was created by the offices of the Mayor, City Administrative Officer, Chief Legislative Analyst, EWDD, Housing and Community Investment Department (HCID), and Bureau of Engineering

(BOE) to implement the BEA. The BSP delineates each redevelopment project area's available EBP broken down by their taxable or tax-exempt origin; and outlines permissible investments by project, program and activity per project area as follows:

1. Public Infrastructure – Capital improvements to roadways, utility infrastructure, streetscapes and sidewalks;
2. Community Facilities/Open Space – Land acquisition, new construction and improvements to schools, libraries, community centers, parks, public plazas, museums, theaters;
3. Affordable Housing Projects – Land acquisition, new construction, rehabilitation of existing buildings, and preservation of affordability covenants; and
4. Business Assistance and Catalytic Commercial Development – Establishment and investment in Business Districts to create jobs, façade programs, technical assistance to small businesses, development of underutilized/contaminated sites to address blight, develop catalytic projects to attract private investment, and rehabilitation of historic/commercial buildings.

Additionally, potential projects, including high priority investments, are identified per project area.

The City will use the EBP for redevelopment purposes for which the bonds were sold and consistent with the applicable bond covenants as set forth in the bond documents, BEA, applicable provisions of the Community Redevelopment Law and Redevelopment Plans, and the BSP. The BSP allows the City to transfer funds between projects, programs and activities as long as the funds remain within the Redevelopment Project Area from which the EBP are derived.

CD 8 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

CD 8 is entitled to \$2,976,754 in Excess Bond Proceeds over five project areas: Broadway/Manchester, Crenshaw/Slauson, Hoover, Normandie 5 and Western/Slauson. CD 8's EBP consists of zero tax-exempt bond proceeds, and \$2,976,754 in taxable bond proceeds from all five project areas. The details are reflected below:

CRA Project Area	CD 8's Percentage Share of Project Area EBP	Tax-Exempt Bond Proceeds	Taxable Bond Proceeds	Total Bond Proceeds in Project Area
Broadway/Manchester	45%	\$ 0	\$ 134,739	\$ 134,739
Crenshaw/Slauson	100%	\$ 0	\$1,626,682	\$1,626,682
Hoover	13%	\$ 0	\$ 15,608	\$ 15,608
Normandie 5	95%	\$ 0	\$1,076,071	\$1,076,071
Western/Slauson	100%	\$ 0	\$ 123,654	\$ 123,654
TOTAL			\$2,976,754	\$2,976,754

The approved bond spending within project areas containing portions of CD 8 totals \$3,302,527. The proposed bond spending within each redevelopment area does not

provide a breakdown per Council District. The projects, programs and activities are broken down as follows along with the potential projects identified for each project area:

CRA Project Area	Infrastructure	Community Facilities	Affordable Housing	Business Assistance	Total Project Area Spending
Broadway/Manchester	\$ 0	\$ 0	\$ 0	\$ 299,421	\$ 299,421
Crenshaw/Slauson	\$1,000,000	\$ 0	\$ 0	\$ 626,682	\$1,626,682
Hoover	\$ 0	\$ 0	\$ 0	\$ 120,064	\$ 120,064
Normandie 5	\$ 700,000	\$ 0	\$ 0	\$ 432,706	\$1,132,706
Western/Slauson	\$ 0	\$50,000	\$ 0	\$ 73,654	\$ 123,654
TOTAL	\$1,700,000	\$50,000	\$ 0	\$1,552,527	\$3,302,527

ANALYSIS AND RECOMMENDATIONS

Per the Bond Expenditure Agreement, no more than fifteen percent (15%) of the taxable bond proceeds may be expended on planning activities related to the prioritization and/or evaluation of potential projects. Therefore, CD 8's portion of initial EBP which may be expended on planning and evaluation is \$446,513. CD 8's Motion, adopted by Council on July 1, 2016, seeks to allocate \$30,000 of this amount for a contract with LAEDC for economic development and real estate analyses along Crenshaw Boulevard between 48th and 60th Streets to determine the greatest needs that would meet the economic development goals identified in the BEA and BSP.

As stated in the Motion, Crenshaw Boulevard is a major commercial corridor along the western portion of South Los Angeles. It is home to many small businesses and experiences high volumes of vehicular, pedestrian and bicycle traffic. With the opening of the Crenshaw/LAX Transit Project, the communities along the Crenshaw corridor are poised for an unprecedented level of economic development. It is important for the City to identify both the short and long term needs of the corridor to ensure that the boulevard continues to thrive. EWDD has consulted with CD 8 staff regarding the Motion, and the anticipated scope of work for the six-month contract includes:

- Study the regional and station-specific potential for development(s) on Crenshaw Blvd. between 52nd Street and 60th Street;
- Develop specific strategies related to the types and intensities of uses that are appropriate along this portion of Crenshaw Blvd. to help the City gauge the short-and-long-term demand for a transit oriented development (TOD) in order to better align station area plans with market realities and dynamics; and
- Assist the City in optimizing future development opportunities around this portion of Crenshaw Blvd. to create a sustainable and vibrant urban experience.

EWDD will develop, in consultation with CD 8, a sole source contract with LAEDC subject to a determination pursuant to Charter Section 1022 that this work cannot otherwise be performed by a City employee possessing the appropriate expertise. EWDD will consult with CD 8 to ensure that LAEDC's work performance meet with their requirements. EWDD will report work accomplishments and funds expended in our

monthly Bond Oversight Committee reports, as well as EWDD's quarterly and semi-annual reports to CRA/LA.

The CAO has reviewed the original bond documents, and finds that the proposed use of excess bond proceeds, as presented, is consistent with those covenants. EWDD concurs with the use of \$30,000 in taxable bond proceeds (Crenshaw/Slauson, Taxable Series A) for this purpose. It is recommended that \$30,000 in CRA/LA EBP be appropriated for the purpose outlined in the Motion.



JAN PERRY
General Manager

JP:SH:MB:MMS:RBV

Attachment: Motion (Harris-Dawson – Huizar)

TO CITY CLERK FOR PLACEMENT ON NEXT
REGULAR COUNCIL AGENDA TO BE POSTED #57

MOTION

In accordance with policies adopted by Council (C.F. 14-1174) related to the CRA/LA Bond Expenditure Agreement and Bond Spending Plan, any proposal to expend CRA/LA Excess Bond Proceeds shall be initiated by Council Motion. Proposals will be reviewed by the CRA/LA Bond Oversight Committee, Economic Development Committee, and any other applicable committee with final recommendations presented to the Council and Mayor for final consideration and approval.

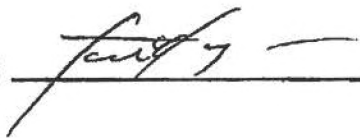
Crenshaw Boulevard is a major commercial corridor along the western portion of South Los Angeles. It is home to many small businesses and experiences high volumes of vehicular, pedestrian, and bicycle traffic. With the opening of the Crenshaw/LAX Transit Project, the communities along the Crenshaw corridor are poised for an unprecedented level of economic development. It is important for the City to invest in both the short and long term needs of the corridor to ensure that the boulevard continues to thrive.

I THEREFORE MOVE that taxable CRA/LA Excess Bond Proceeds available to Council District Eight in an amount not to exceed \$30,000 from the Crenshaw/Slauson Redevelopment Project Area be utilized in part to conduct economic development analyses and real estate analyses along Crenshaw Boulevard between 48th and 60th Streets by the Los Angeles Economic Development Corporation (LAEDC);

I FURTHER MOVE that the Council find that the services to be performed by the LAEDC are for the performance of professional, scientific, expert, technical, or other special services of a temporary and occasional character for which competitive bidding is not practicable or advantageous and that the work can be performed more economically or feasibly by independent contractors than by City employees; and

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Council District Eight, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee within 10 days to allocate taxable CRA/LA Excess Bond Proceeds in an amount not to exceed \$30,000 for the purpose of implementing economic development analyses, real estate analysis, urban design analysis, and public art along Crenshaw Boulevard between 48th and 60th Streets along the same corridor as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Crenshaw/Slauson Redevelopment Project Area.

PRESENTED BY: 
Marqueece Harris-Dawson
Councilmember, 8th District

SECONDED BY: 

ORIGINAL

JUN 24 2016 