

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the appropriation of \$30,000 in Community Redevelopment Agency of Los Angeles (CRA/LA) excess bond proceeds (EBP) from the Crenshaw/Slauson Redevelopment Project Area for consultant services.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE the utilization of \$30,000 in CRA/LA EBP funds available to Council District Eight from the Crenshaw/Slauson Redevelopment Project Area (Series A) to 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, Economic and Workforce Development Department (EWDD), or designee, to negotiate and execute a contract with LAEDC for the purpose as detailed above in Recommendation No. 1 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 No. 22L9DT, titled Crenshaw/Slauson (Taxable) upon presentation of proper documentation and demand of the General Manager, EWDD, or designee, pursuant to the contract described above in Recommendation No. 2.
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 CRA/LA Bond Oversight Committee; and AUTHORIZE the Controller to implement these instructions.

Fiscal Impact Statement: The CRA/LA Bond Oversight Committee reports that there is no impact on the City's General Fund from the proposed allocation of CRA/LA EBP. 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 (Council File No. 14-1174). Said transfer has been deposited with the Office of the Controller.

Community Impact Statement: None submitted.

Summary:

On September 13, 2016, your Committee considered an August 11, 2016 CRA/LA Bond Oversight Committee report relative to the appropriation of \$30,000 in CRA/LA EBP from the Crenshaw/Slauson Redevelopment Project Area for consultant services. According to the CRA/LA Bond Oversight Committee, pursuant to the dissolution of the former Community Redevelopment Agency- Los Angeles of Los Angeles on February 1, 2012, 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 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 seven 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 percent in taxable EBP to be expended on staff administration and project evaluation costs. 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, and Bureau of Engineering 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:

- a. Public Infrastructure- Capital improvements to roadways, utility infrastructure, streetscapes and sidewalks
- b. Community Facilities/Open Space- Land acquisition, new construction and improvements to schools, libraries, community centers, parks, public plazas, museums, theaters
- c. Affordable Housing Projects- Land acquisition, new construction, rehabilitation of existing buildings, and preservation of affordability covenants
- d. Business Assistance and Catalytic Commercial Development- Establishment and investment in Business Districts to create jobs, facade 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.

Council District Eight is entitled to \$2,976,754 in EBP over five project areas: Broadway/Manchester, Crenshaw/Slauson, Hoover, Normandie 5 and Western/ Slauson. Council District Eight's EBP consists of zero tax-exempt bond proceeds, and \$2,976,754 in taxable bond proceeds from all five project areas. Per the Bond Expenditure Agreement, no more than fifteen percent of the taxable bond proceeds may be expended on planning activities related to the prioritization and/or evaluation of potential projects. Therefore, Council District Eight's portion of initial EBP which may be expended on planning and evaluation is \$446,513.

Council District Eight seeks to allocate \$30,000 of this amount for a contract with LAEDC for

economic development and real estate analysis 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. The EWDD will develop, in consultation with Council District Eight, a sole source contract with LAEDC subject to a determination pursuant to Charter Section 1022. The EWDD will consult with Council District Eight to ensure that LAEDC's work performance meet with their requirements. The EWDD will report work accomplishments and funds expended in our monthly Bond Oversight Committee reports, as well as EWDD's quarterly and semiannual reports to CRA/LA.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the August 11, 2016 CRA/LA Bond Oversight Committee report and detailed above. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	YES
HARRIS-DAWSON:	YES
KREKORIAN:	YES
O'FARRELL:	YES

ARL
9/13/16

-NOT OFFICIAL UNTIL COUNCIL ACTS-