

0111-31341-0019

TRANSMITTAL

To: Council	DATE 11-18-16	COUNCIL FILE NO. 14-1174-S17
From: CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 1	

At its meeting of November 17, 2016, the CRA/LA Bond Oversight Committee (BOC) adopted the recommendations of the attached Economic Workforce Development Department (EWDD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize the Bureau of Engineering to execute an agreement with third party consultants for an amount not to exceed \$200,000 in CRA/LA Excess Bond Proceeds available to Council District 1 for technical reports for the Westlake Theater.

Fiscal Impact Statement: There is no General Fund impact from the proposed allocation of CRA/LA Excess Bond Proceeds.



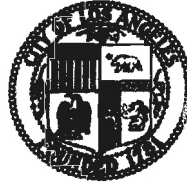
Miguel A. Santana
City Administrative Officer
Chair, CRA/LA Bond Oversight Committee

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CALIFORNIA

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017



ERIC GARCETTI
MAYOR

November 14, 2016

Council File: 14-1174-S17
Council District No.: 1
Contact Persons & Extensions:
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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 \$200,000 IN CRA/LA NON-
HOUSING EXCESS BOND PROCEEDS FROM THE WESTLAKE RECOVERY
PROJECT AREA (TAXABLE SERIES "B") FOR THIRD PARTY TECHNICAL
REPORTS RELATED TO THE WESTLAKE THEATER**

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 (Cedillo – Englander) dated October 11, 2016 (C.F. 14-1174-S17), and adopted by Council on October 18, 2016. This Motion proposes to reallocate \$200,000 in CRA/LA taxable Non-Housing Excess Bond Proceeds (EBP) available to Council District (CD) 1 from the Westlake Recovery Project Area (Project Area) for planning as allowed by the Bond Spending Plan (BSP). The proposed use of funds is permissible under the BSP which was adopted by City Council on October 29, 2014 (C.F. 14-1174). Sufficient funds are available from CD 1's share of EBP in this Project Area for this purpose.

RECOMMENDATIONS

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

1. APPROVE \$200,000 in CRA/LA taxable Excess Non-Housing Bond Proceeds available to Council District 1 from the Westlake Project Area within the Council District to be utilized towards third party technical reports for the Westlake Theater;
2. AUTHORIZE Controller to:
 - a. Establish a new inter fund Account No. 22N682 titled Engineering Special Fund within CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D;
 - b. Transfer appropriation within CRA-LA Excess Non-Housing Bond Proceeds Fund No. as follows:

From:		
<u>Account</u>	<u>Name</u>	<u>Amount</u>
22L9ST	Westlake Taxable	\$200,000
To:		
<u>Account</u>	<u>Name</u>	<u>Amount</u>
22N682	Engineering Special Fund	\$200,000
 - c. Transfer appropriation of \$200,000 from newly established account 22N682, titled Engineering Special Fund, CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D/22, to Engineering Special Services Fund No. 682/50, Account No. XXXXX, titled Westlake Theater;
3. AUTHORIZE the General Manager of EWDD, or designee, subject to the availability of funds, to expend up to \$200,000 upon presentation of proper documentation; and
4. AUTHORIZE the General Manager of 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 appropriation of CRA/LA EBP. The CRA/LA Excess Non-Housing Excess 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.

INTRODUCTION

Pursuant to the dissolution of the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) on February 1, 2012, CRA/LA, a Designated Local Authority (CRA/DLA) was established on February 3, 2012 to serve as the successor agency. AB 1484 which passed subsequently permits the use of unobligated pre-2011 CRA/LA tax allocation bond proceeds, or Excess Bond Proceeds (EBP), for new obligations, as long as the funds are used in a manner consistent with the original bond covenants. CRA/DLA executed a Bond Expenditure Agreement (BEA) with the City, and transferred \$84.1 million in EBP to the City in February 2015 for redevelopment purposes for which

the bonds were sold, and are consistent with the applicable bond covenants as set forth in the bond documents, the BEA, the Bond Spending Plan (BSP), applicable provisions of the Community Redevelopment Law and Redevelopment Plans.

CD1 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

The CD 1 share of Excess Bond Proceeds from the five (5) Redevelopment Project Areas totals \$9,124,761. These areas are: Adelante Eastside, Pico Union 1, Pico Union 2, Westlake Recovery and Wilshire Center/Koreatown. The CD 1 EBP consist of \$247,357 in tax-exempt bond proceeds in two projects areas, and \$8,877,404 in taxable bond proceeds in all five project areas. These funds are detailed below:

CRA Project Area	CD 1's Percentage of Project Area EBP	Tax-Exempt Bond Proceeds	Taxable Bond Proceeds	Total Bond Proceeds in Project Area
Adelante Eastside	2 %	\$ 94,262	\$ 37,222	\$ 131,484
Pico Union 1	100 %		\$ 485,816	\$ 485,816
Pico Union 2	100 %		\$3,739,238	\$3,739,238
Westlake Recovery	87 %		\$3,973,267	\$3,973,267
Wilshire Koreatown	8.24 %	\$153,095	\$ 641,861	\$ 794,956
TOTAL		\$247,357	\$8,877,404	\$9,124,761

CD 1's Motion seeks to appropriate an amount not to exceed \$200,000 from taxable EBP in the Westlake Recovery Redevelopment Project Area. The current available balance of \$3,973,267 in that category is sufficient to cover CD 1's request.

As illustrated below, the approved bond spending within CD 1's five (5) project areas totals \$25,013,793. 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 the identified project areas:

Project Areas Containing Portions of CD1	Estimated Investments				Total Project Area Spending
	Infrastructure	Community Facilities	Affordable Housing	Business Assistance	
Adelante Eastside	\$ 2,800,000	\$1,913,116		\$1,861,120	\$6,574,236
Pico Union 1				\$ 485,816	\$ 485,816
Pico Union 2	\$ 739,238		\$1,000,000	\$2,000,000	\$3,739,238
Westlake Recovery	\$ 800,000	\$ 766,974		\$3,000,000	\$4,566,974
Wilshire/Koreatown		\$6,647,529	\$1,000,000	\$2,000,000	\$9,647,529
TOTAL	\$4,339,238	\$ 9,327,619	\$2,000,000	\$9,346,936	\$25,013,793

The Westlake Recovery Project Area (Taxable Series B) dedicated \$667,267 towards Community Facilities, and \$2,610,000 for Business Assistance. CD 1's Motion request falls within either/both eligible bond spending activity.

ANALYSIS AND RECOMMENDATIONS

The Westlake Theater, located at 634-642 S. Alvarado Street in the Westlake

community, operated as a first-run movie theater from 1926 until the 1980s when it was sold and later converted into an indoor swap meet. In order to protect some of its historic elements, the building was declared a Los Angeles Historic-Cultural Monument in September 1991. The property was subsequently purchased by the City's former redevelopment agency in 2008 with the intention of preserving its historic importance and its function as an entertainment venue. In January 2015, the City entered into an Option Agreement with the successor CRA/LA – A Designated Local Authority to purchase the Westlake Theater (C.F. 14-0425) in recognition of its historic significance and development potential.

The Westlake community is an evolving neighborhood that has experienced significant redevelopment including an \$80 million expansion of the Good Samaritan Hospital, a \$1.7 million investment in pedestrian infrastructure improvements, a \$2 million upgrade to the MacArthur Park, and several other community investments.

The City is in the process of soliciting development proposals for the Westlake Theater along with four additional parcels on Westlake Avenue owned by the Housing and Community Investment Department. In order to assess the current condition of the Westlake Theater, it is necessary for the City to obtain third party technical analyses which focus on assessing the structural state of the building, identifying any environmental issues that may exist, and providing insight on how the building may be adaptively re-used to provide financial and community serving benefits to the City. The information obtained will be beneficial in the preparation of a future Request for Proposals, and enhance the quality of responses received from the development community.

The Bureau of Engineering (BOE) will select consultants from their pre-approved list of on-call contractors. The entire study will take between 6 to 9 months to complete. The costs are \$100,000 for both the Environmental Phase One Site Assessment and the Historical Structure Evaluation/ Archaeological Survey and \$100,000 for the Adaptive Re-use report. The Scope of Work for each of the three Motion components are as follows:

1. Environmental Phase One Site Assessment:

Complete a Phase I Environmental Site Assessment on the Westlake Theater property following the current American Society for Testing and Materials (ASTM) standard practice for Environmental Site Assessments. The report should satisfy the requirements of all appropriate inquiry for CERCLA liability protection. In conformance with ASTM standard practice, report use limitations, if any, shall be included.

In the event additional asbestos and lead based paint or additional surveys are needed, BOE will include review of the existing reports and any additional tasks to the consultant's Scope of Work where warranted.

2. Historical Structure Evaluation/ Archaeological Survey:

Prepare a cultural resources evaluation report for the Westlake Recovery Project Area in compliance with cultural resource requirements under the California

Environmental Quality Act (CEQA). The work will be conducted by qualified staff and shall include the following:

- Phase I Archaeological Survey;
- Historic structure evaluations to identify resources eligible for the California Register and/or local register;
- Identification of potential impacts to historic (including archaeological) resources, if any;
- Identification of contributing features if deemed eligible and feasible based upon reasonable assumptions and available access;
- Recommend, as appropriate, protection of such resources;
- Written technical report including all sources consulted, findings, and recommendations;
- California Resources Agency Department of Parks and Recreation 523 forms (DPR523s) shall be included, if applicable; and
- Report use limitations, if any, shall be included.

3. Adaptive Re-Use:

Update the 2008 "Westlake Theatre Rehabilitation Programming Report" which was prepared by FSY Architects. The report provided an assessment of the then condition of the 1926 historic facility which included: Building history; description; code compliance; historic restoration; systems upgrade; hazardous material abatement; deferred maintenance repairs; structural systems and damage; Adaptive Re-Use; and cost estimates. It is necessary to assess the current condition since the building has experienced further deterioration and damage. Additionally, the building codes, site conditions, and adjacent neighborhoods have changed significantly since 2008.

EWDD will consult with CD 1 to ensure that BOE's work performance meets with their requirements. CAO will report work accomplishments, and EWDD will report fund expenditures in our monthly status reports to the Bond Oversight Committee, as well as EWDD's quarterly and semi-annual reports to the Mayor and CRA/LA.

The CAO has conducted a review of 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 \$200,000 in taxable bond proceeds (Westlake, Taxable Series B) for this purpose. It is recommended that \$200,000 in CRA/LA EBP be appropriated for the purpose outlined in the Motion.

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/DLA) 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.

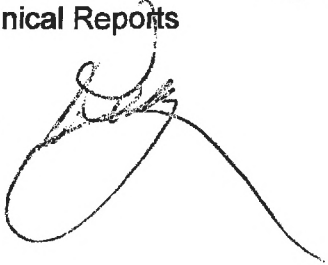
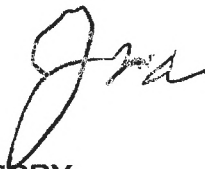
To that end, the City of Los Angeles (City) executed a Bond Expenditure Agreement (BEA) with CRA/LA in January 2015 which authorized the transfer of approximately \$84.1 million in EBP from the CRA/LA to the City. The \$84.1M was generated by 26 bond issues of which 7 were tax exempt (\$41.4 million), 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 does contain provisions for 16% of 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.



JAN PERRY
General Manager

JP:SH:MMS:RBV

Attachment: Motion (Cedillo – Englander)