

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 7, 2018

CAO File No. 0111-31341-0000  
Council File No. 14-1174- S21  
Council District: 3

To: The Council

From: Richard H. Llewellyn, Jr., Chair of the CRA/LA Bond Oversight Committee

Subject: **BOND OVERSIGHT COMMITTEE TRANSMITTAL: REQUEST REVIEW AND RECOMMENDATION THAT COUNCIL AND MAYOR, AS REQUIRED, TO: 1) AUTHORIZE THE RELEASE OF A REQUEST FOR PROPOSALS AND THE SELECTION OF A LIST OF QUALIFIED OPERATORS FOR USE CITYWIDE TO DEVELOP AND IMPLEMENT FAÇADE IMPROVEMENT PROGRAM; 2) AUTHORIZE THE SELECTION OF AN OPERATOR FOR THE IMPLEMENTATION OF A COMMERCIAL FAÇADE IMPROVEMENT PROGRAM (PROGRAM) WITHIN THE CENTRAL BUSINESS DISTRICTS OF RESEDA AND CANOGA PARK; AND 3) APPROPRIATE UP TO \$1,500,000 IN CRA/LA NON-HOUSING EXCESS BOND PROCEEDS FROM THE RESEDA/CANOGA PARK PROJECT AREA (TAXABLE 2010 SERIES D) TO DEVELOP AND IMPLEMENT PROGRAM**

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### RECOMMENDATIONS

That the Council, subject to approval by the Mayor,

1. AUTHORIZE the Economic Workforce Development Department (EWDD) to be the implementing department, and to prepare and release a Request for Proposals (RFP) for a commercial façade improvement program operator;
2. AUTHORIZE the EWDD to select and establish a list of qualified operators to be considered for potential commercial façade improvement activities on a Citywide basis;
3. AUTHORIZE the EWDD to select an operator to implement Program in the Reseda/Canoga Park Redevelopment Project Area (Project Area) within Council District 3 (CD 3);
4. AUTHORIZE the EWDD to be the Project and Construction Manager overseeing the contracting, wage labor compliance and performance of the selected operator(s);
5. DIRECT the EWDD to report on its work accomplishments and fund expenditures to the Office of the City Administrator Officer (CAO) on a quarterly basis;
6. AUTHORIZE the EWDD to negotiate and execute agreements and all related documents as required with the selected operator(s) to effectuate Program;

7. AUTHORIZE the EWDD to, subject to the availability of funds, expend funds up to \$1,500,000 to include project management and construction management costs from the EBP Fund No. 57D, Account 22L9PT, Reseda/Canoga Park, Taxable 2010 Series D, for transactions related to the Program; and
8. 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 CAO, and authorize the Controller to implement these instructions.

## SUMMARY

At its meeting on May 31, 2018, the Community Redevelopment Agency of Los Angeles (CRA/LA) Bond Oversight Committee (BOC) approved the recommendations in the attached EWDD report, and made amendments to the EWDD Analysis, the Community Benefit statement and the CAO Covenant Review sections. Adoption of the below referenced revisions and recommendations would authorize the EWDD to oversee \$1,500,000 in CRA/LA Excess Non-Housing Bond Proceeds from the Reseda/Canoga Park Project Area (Taxable Series 2010 D) for Commercial Façade Improvement Program within the Central Business District of Reseda and Canoga Park.

## EWDD ANALYSIS

The committee amended the EWDD Analysis to read as follows:

In reference to the second paragraph of the EWDD Analysis, under the Costs for Project and Construction Management Table, this section should read as follows:

*In consultation with CD 3, EWDD will develop a contract with the successful operator 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 report the operator's work accomplishments and funds expended to EWDD on a quarterly basis for presentation to the Bond Oversight Committee and Mayor.*

In reference to the Financial Assistance section of the report, this section should read as follows:

*The program will provide financial assistance to small business owners in the form of a forgivable and/or repayable loan. The successful applicant will consult with EWDD to determine the most cost-effective, appropriate combination of forgivable and/or repayable loans to be used. EWDD will consult with CD 3 to develop the overall design of the loan program.*

*The program will award an amount up to \$75,000 per business applicant who meets all of the consideration criteria. The criteria for determining an amount includes: the approved scope of work, architectural design, square footage, and/or building façade linear feet. The*

*final amount appropriated to each property will be determined at the discretion of the operator in consultation with EWDD.*

In reference to the Terms and Conditions section of the report, this section should read as follows:

*Loans may only be used to pay for the costs of labor, materials and services necessary to carry out the improvements for which the loan is approved. The term will be up to 10 years, depending on the total loan amount extended. If the applicant maintains the property and meets the conditions of the compliance contract, the loan may be forgiven in incremental amounts annually. The final loan forgiveness and/or repayment requirement will be determined by EWDD and the contractor.*

### **COMMUNITY BENEFIT**

The committee instructed the EWDD to amend the Community Benefits section of the report to reflect the original directive as agreed upon in the Bond Expenditure Agreement by and between the City of Los Angeles and the CRA/LA. The amended language should read as follows:

*The expenditures set forth in this report will provide community benefits in the Reseda/Canoga Park Project Area which will benefit the affected taxing entities by improving the public right-of-way to promote economic development, improve safety, and enhance the appearance of buildings along the commercial corridor. The construction of public infrastructure improvements will allow for greater social equity by making a positive impact to the built environment while complementing other community development efforts. Safety will be enhanced for school children, pedestrians and bicyclists in general. Enhanced connectivity and improved access along the commercial corridor will promote the public peace, health, safety, and public welfare in an effort to increase economic vitality for property owners and improve the overall quality of life for the area's residents.*

### **CAO COVENANT REVIEW**

The committee discussed the covenant review process and determined that this section should be amended to:

*The CAO has completed its review of the original bond documents and covenants, and has found that the proposed use of excess bond proceeds, as presented, is consistent with those covenants.*

### **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 Bonds Proceeds Fund No. 57 is funded solely from transfers of approximately \$86 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (C.F. 14-1174). Said Transfers have been deposited with the Office of the Controller.

*RHL:SJC:15180118*

*Attachment – EWDD report dated May 25, 2018*

**CITY OF LOS ANGELES**

CALIFORNIA

ERIC GARCETTI  
MAYORJAN PERRY  
GENERAL MANAGER**ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT**1200 W. 7TH STREET  
LOS ANGELES, CA 90017

May 25, 2018

Council File: 14-1174-S21  
Council District No.: 3  
Contact Persons & Extensions:  
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Office of the City Administrative Officer  
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**BOND OVERSIGHT COMMITTEE TRANSMITTAL: REQUEST REVIEW AND RECOMMENDATION THAT COUNCIL AND MAYOR, AS REQUIRED, TO: 1) AUTHORIZE THE RELEASE OF A REQUEST FOR PROPOSALS AND THE SELECTION OF A LIST OF QUALIFIED OPERATORS FOR USE CITYWIDE TO DEVELOP AND IMPLEMENT FAÇADE IMPROVEMENT PROGRAM; 2) AUTHORIZE THE SELECTION OF AN OPERATOR FOR THE IMPLEMENTATION OF A COMMERCIAL FAÇADE IMPROVEMENT PROGRAM (PROGRAM) WITHIN THE CENTRAL BUSINESS DISTRICTS OF RESEDA AND CANOGA PARK; AND 3) APPROPRIATE UP TO \$1,500,000 IN CRA/LA NON-HOUSING EXCESS BOND PROCEEDS FROM THE RESEDA/CANOGA PARK PROJECT AREA TAXABLE BOND PROCEEDS (2010 SERIES D) TO DEVELOP AND IMPLEMENT PROGRAM.**

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 City Council for their review and consideration.

**RECOMMENDATIONS**

The General Manager of EWDD, or designee, requests that the Bond Oversight Committee recommend that the City Council, subject to the approval of the Mayor as required:

1. AUTHORIZE the EWDD to be the implementing department, and to prepare and release a Request For Proposals (RFP) for a commercial façade improvement program operator;
2. AUTHORIZE the EWDD to select and establish a list of qualified operators to be considered for potential commercial façade improvement activities on a Citywide basis;
3. AUTHORIZE the EWDD to select an operator to implement Program in the

Reseda/Canoga Park Redevelopment Project Area (Project Area) within Council District 3;

4. AUTHORIZE the EWDD to be the Project and Construction Manager overseeing the contracting, wage labor compliance and performance of the selected operator(s);
5. DIRECT the EWDD to report on its work accomplishments and fund expenditures to the Office of the City Administrator Officer (CAO) on a quarterly basis;
6. AUTHORIZE the EWDD to negotiate and execute agreements and all related documents as required with the selected operator(s) to effectuate Program;
7. AUTHORIZE the EWDD to, subject to the availability of funds, expend funds up to \$1,500,000 to include project management and construction management costs from the EBP Fund No. 57D, Account 22L9PT, Reseda/Canoga Park, Taxable 2010 Series D, for transactions related to the Program; and
8. 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 CAO, and authorize the Controller to implement these instructions.

#### **BACKGROUND/SUMMARY**

Transmitted herewith for your review, approval, and further processing are recommendations pursuant to a CD 3 Motion (Blumenfield-Price) which was adopted by Council on June 14, 2017 (CF 14-1174-S21).

This Motion seeks to appropriate up to \$1,500,000 in taxable EBP available to CD 3 from the Project Area to develop and implement a Commercial Façade Improvement Program (Program) within the central business districts of Reseda and Canoga Park. Small business assistance through commercial façade improvement is identified as a potential project in the Bond Spending Plan (BSP) for this Project Area. The proposed use of funds is permissible under the BSP adopted by City Council on October 29, 2014 (CF 14-1174), and sufficient funds for this purpose are available from CD 3's portion of EBP in this Project Area.

The City currently does not have designated staff who possesses either the expertise or funding to design, implement and complete a cost-effective Program. Therefore, a RFP to select a list of experienced and qualified operators is necessary to carry out the intent of CD 3's Motion. It is further determined that due to other façade improvement needs in the City, that this list, established through the RFP, be made available on a Citywide basis.

The original taxable and tax-exempt EBP in Project Area available to CD 3 was \$20,984,713. However, after the taxable administrative appropriation of 16%, or \$1,977,634, there remained a combined \$19,007,079 in the Project Area available to

CD 3. Council Districts 3 and 12 recently effectuated an exchange of AB 1290 (CD 3) for all of CD 12's available EBP in the Reseda Canoga Park Project Area. The exchange diverted an additional \$2,098,471 (\$862,450 tax-exempt, and \$1,236,021 taxable) EBP into CD 3 before the 16%, or \$197,763, taxable administrative appropriations. CD 3 now controls 99% of the Reseda/ Canoga Park Project Area with a net new EBP of \$20,907,787. This Motion's proposed \$1,500,000 in taxable EBP, along with 8 other Motions approved with taxable and tax-exempt appropriations, will leave CD 3 with \$1,852,839 taxable, and \$2,706,947 tax-exempt EBP, for a total remaining EBP of \$4,559,787 in the Project Area.

### **EWDD ANALYSIS**

EWDD has met and consulted with CD 3 regarding the Motion and the anticipated design, parameters, scope of work and timeline of the Program which are described in details below. The EWDD will serve as the lead department overseeing the preparation and release of the RFP, recommendation for the selection of operator(s), contract development and execution. It will also serve as the Program Manager to monitor operator's performance, and Construction Manager to ensure labor compliance through completion of Program. The estimated cost for EWDD staff (0.50 full-time equivalent) to perform this task is as follows:

<b>Costs for Project and Construction Management</b>		
Direct	\$	128,104
Indirect	\$	27,008
<b>Total</b>	<b>\$</b>	<b>155,112</b>

In consultation with CD 3, EWDD will develop a contract with the successful operator 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 tender the operator's work performance to CD 3 to ensure the deliverables meet with the Council Office's requirements before disbursements on invoices are made. EWDD will report operator's work accomplishments and funds expended to the Office of the City Administrative Officer on a quarterly basis for presentation to the Bond Oversight Committee and Mayor.

### **Commercial Façade Improvement Program**

#### Purpose

The Commercial Façade Improvement Program is designed to help improve the physical appearance of individual businesses and commercial buildings along the main commercial corridors in the Project Area. The Program is consistent with the economic revitalization goals of CD 3's "Reseda Rising" initiative to reinvest in the community, and help Reseda attain its former glory as a center for entertainment and small businesses. By improving storefront façades on Reseda's major commercial corridors, the Program seeks to encourage small business growth, attract investment, and ultimately reduce vacancy rates.

### Eligibility Criteria

Building owners and commercial tenants (with consent from property owners) can apply for the Program's financial assistance if they are:

- a. Located within the former CRA Reseda/Canoga Park Redevelopment Project Area, and have a façade with frontage on Sherman Way between Glade and De Soto Avenues, or between Wilbur and Lindley Avenues, or on Reseda Blvd. between Saticoy Street and the north side of Kittridge Street;
- b. A commercial (retail and wholesale) and/or service establishment; and
- c. Not a franchise business, bank, savings or loan association, gas or automobile service station, used car lot, or government facility.

There is no maximum number of façades that may be improved. The Program is anticipated to renovate between 10 to 30 façades based upon available funds after 10-15% in project management costs.

### Financial Assistance

The program will provide financial assistance to small business owners in the form of a forgivable and/or repayable loan. The successful applicant will consult with EWDD and CD 3 to determine the most cost-effective, appropriate combination of forgivable and/or repayable loans to be used.

The program will award an amount up to \$75,000 per business applicant who meets all of the consideration criteria. The criteria for determining an amount includes: the approved scope of work, architectural design, square footage, and/or building façade linear feet. The final amount appropriated to each property will be determined at the discretion of the operator in consultation with EWDD and CD 3.

### Terms and Conditions

Loans may only be used to pay for the costs of labor, materials and services necessary to carry out the improvements for which the loan is approved. The term will be up to 10 years, depending on the total loan amount extended. If the applicant maintains the property and meets the conditions of the compliance contract, the loan may be forgiven in incremental amounts annually. The final loan forgiveness and/or repayment requirements will be determined by EWDD, CD 3 and the contractor.

### Maintenance Requirements

A maintenance easement or restrictive covenant (Covenant) will be recorded against the property with the County of Los Angeles Recorder. The Covenant will require the Program participant to keep and maintain the property and improvements, including but not limited to: removing graffiti, maintaining façade in good working order and aesthetics, and keeping the sidewalks free from litter or debris for 10 years. The recorded Covenant, which is secured by a lien encumbering the property, will bind the owner and any future owners and tenants. The City reserves the right to recover funds if

the improvements are altered, removed, destroyed, or not maintained within the term. Annual inspections will be conducted by the contractor, and/or a City department engaged to do this work, and/or the City's Department of Building and Safety.

#### Eligible improvement activities

Improvements must occur on eligible properties fronting Sherman Way or Reseda Blvd. A minimum of 90% of the construction budget must be spent on façade improvements fronting directly on Sherman Way or Reseda Blvd. A maximum of up to 10% of construction budget may be spent on rear façade improvements.

The eligible improvements include, but are not limited to: painting, windows/door improvements, sign replacements, awnings, lighting, security cameras, anti-graffiti film, removal of security bars/grates, parapets, or murals.

Ineligible activities include: new construction or additions, roof improvements, roof replacements, roof repair, landscaping, public rights-of-way, interior furnishings, business/personal property, equipment, supplies, interior window coverings, structural foundations, billboards, roof signs, or temporary signs, fencing, routine maintenance, trash/mechanical enclosures, parking, improvements that abut an alleyway and any activities that may compromise the character defining features of a historic structure or resources as defined by the Secretary of Interior's Standards for Treatment of Historic Resources.

#### Duration

The Program and implementation will last through December 2024, based on funding availability. However, monitoring and enforcement of the Covenant agreement will continue throughout the term of the loan.

#### Scope of Work for Operator

In addition to administering the façade program and managing the loans, the successful operator(s) will be required to conduct outreach and marketing to the business community to gain prospective applicants, and provide technical design assistance. All design work must be compliant with any applicable Community Design Overlays (CDOs) or other design standards set for the area, including the Sherman Way Conceptual Plan.

#### Scoring Criteria for Selecting Operator

The EWDD's panel will evaluate responses to the RFP by using the following criteria:

1. Capability and availability of the contractor's project team to provide the scope of services, and the team's technical expertise and experience as it relates to the scope of the Program as demonstrated by the solicitation response, especially in regards to leading and managing;
2. Contractor/Project Manager's experience, qualifications of available staff, and availability;

3. Value offered to the City considering their cost in comparison to professional capabilities and experience of the project team;
4. Experience leading efforts of a similar or related nature; and
5. Consultant/project team's knowledge of City facilities, procedures, and practices.

#### Prevailing Wage Compliance

All construction work and labor conducted for the façade program will be subject to prevailing wage requirements. EWDD will review all contracts to ensure wage compliance. EWDD will also monitor labor compliance during construction phase.

#### **COMMUNITY BENEFITS**

The Program aims to promote small business growth, attract new businesses, create new jobs, update and revitalize commercial areas, enhance and improve security, market businesses to new customers and passing traffic, improve aesthetics, and attract new consumer retail, restaurant and entertainment uses in the area.

#### **ENVIRONMENTAL REVIEW**

The Commercial Façade Improvement Program is categorically exempt from provisions of the California Environmental Quality Act (CEQA), pursuant to Section 15301(a) of the State CEQA Guidelines.

#### **CAO BOND COVENANT REVIEW**

The CAO has not completed its review of the original bond documents, and has not found that the proposed use of excess bond proceeds, as presented, is consistent with those covenants. The recommendation that up to \$1,500,000 in taxable EBP (Bond Series 2010-D) from the Reseda Canoga Park Project Area be appropriated for the purposes outlined in the Motion will be contingent upon receiving covenant clearance from the CAO.

#### **FISCAL IMPACT STATEMENT**

There is no impact on the City's General Fund from the proposed appropriation of EBP. The EBP Fund No. 57D is funded solely from transfers of approximately \$86 million in pre-2011 tax allocation bond proceeds from the CRA/LA to the City (C.F. 14-1174 & 14-1174-S36). Said Transfers have been deposited with the Office of the Controller.



JAN PERRY  
General Manager

JP:SH:DH:MMS:AAC

ATTACHMENT 1: Motion (Blumenfield-Price) C. F. 14-1174-S21

## MOTION

The communities of Reseda and Canoga Park contain historic central business districts that have, over the years, seen significant disinvestment. Through an exhaustive community-based process, a vision has been identified for the revitalization of the communities in the Reseda/Canoga Park Redevelopment Project Area. Councilmember Bob Blumenfeld has transformed this vision into the multi-front West Valley Improvement Plan initiative. This initiative is a ten-point plan of improvements and amenities throughout the area's commercial corridors; a reinvestment in these historic communities to help them attain their former glory as destinations for commerce, art, and culture.

The commercial corridors of Reseda and Canoga Park, especially along Sherman Way and Reseda Boulevard, contain highly active business districts that are home to a broad variety of small businesses. These corridors experience a high volume of bus, car, bicycle and pedestrian traffic on a daily basis and commercial development has been steadily increasing over the years through both public and private investment. In order to attract and retain existing retail and commercial businesses, it is important to continue to invest in the community to ensure continued economic growth. As part of this effort, the Economic and Workforce Development Department is working closely with Council District Three staff to establish a Commercial Façade Improvement Program along the commercial corridors of Reseda and Canoga Park. The goal is to provide local business tenants and property owners with the necessary financing to improve the appearance of their storefronts and buildings similar to a program once operated by the former Community Redevelopment Agency of the City of Los Angeles.

The use of taxable CRA/LA Excess Bond Proceeds towards business assistance and catalytic commercial development is identified as an eligible expense in the Bond Expenditure Agreement and Bond Spending Plan. Additionally, the establishment of a small business assistance program in the Reseda/Canoga Park Redevelopment Project Area that includes a facade improvement program is specifically listed as a potential project in the Bond Spending Plan and should be funded accordingly.

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.

I THEREFORE MOVE that taxable Excess Bond Proceeds available to Council District Three in an amount not to exceed \$1,500,000 from the Reseda/Canoga Park Redevelopment Project Area be utilized by the Economic and Workforce Development Department to develop and implement a Commercial Façade Improvement Program within the central business districts of Reseda and Canoga Park; and

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate taxable Excess Bond Proceeds in an amount not to exceed \$1,500,000 to develop and implement a Commercial Façade Improvement Program for the central business districts of Reseda and Canoga Park in Council District Three as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Reseda/Canoga Park Redevelopment Project Area.

PRESENTED BY

  
 BOB BLUMENFELD  
 Councilmember, 3rd District

  
 SECONDED BY: