

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 7, 2018

CAO File No. 0111-31341-0000
Council File No. 14-1174- S29
Council District: 14

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 APPROPRIATE UP TO \$2,000,000 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE ADELANTE EASTSIDE PROJECT AREA (TAX EXEMPT 2009 SERIES D) FOR THE SIXTH STREET PARK, ARTS, RIVER, AND CONNECTIVITY IMPROVEMENTS PROJECT (PROJECT).**

RECOMMENDATIONS

That the Council, subject to approval by the Mayor,

1. APPROVE up to \$2,000,000 in CRA/LA Excess Non-Housing Bond Proceeds available to Council District 14 from the Adelante Eastside Redevelopment Project Area (Project Area) within the Council district to be utilized for the Sixth Street Park, Arts, Rivers, and Connectivity Improvements Project (Project);
2. AUTHORIZE the Bureau of Engineering (BOE) to be the implementing department, and to expend funds up to \$2,000,000 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 570, Account 22L9AN, Adelante Eastside, 2009 Tax-Exempt Series D, for transactions related to the Project upon proper documentation and satisfactory review by the EWDD;
3. INSTRUCT the BOE to report its work progress and funds expended on a quarterly basis to the Office of the City Administrative Officer (CAO);
4. AUTHORIZE the Controller, subject to the availability of funds, to give the Department of Public Works, Office of Accounting and BOE access to the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D to process transactions related to the Project; and
5. AUTHORIZE the General Manager of the Economic Workforce Development Department (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 Bureau of Engineering (BOE) to utilize up to \$2,000,000 in CRA/LA Excess Non-Housing Bond Proceeds from the Adelante Eastside Project Area (Tax Exempt 2009 Series D) for the Sixth Street Park, Arts, River, and Connectivity Improvement Project (Project).

EWDD ANALYSIS

The committee amended the final section of the EWDD Analysis on page four to read as follows:

BOE will report its work progress and funds expended on a quarterly basis to EWDD so that the information can be included in the regular reports to the BOC and Mayor. EWDD will facilitate disbursements to BOE based upon an approved Schedule of Values quantifying the percentage completion of the deliverables.

COMMUNITY BENEFIT

The committee instructed 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 Adelante Eastside 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 the existing open space. 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 to recreational space 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. 57D 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:15180120

Attachment – EWDD report dated May 25, 2018

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

JAN PERRY
GENERAL MANAGER

Item 9

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

May 25, 2018

Council File: 14-1174-S29
Council District No.: 14
Contact Persons & Extensions:
Daisy Hernandez: (213) 744-9340

CRA/LA Bond Oversight Committee
c/o Jacqueline Wagner
Office of the City Administrative Officer
Room 1500, City Hall East

BOND OVERSIGHT COMMITTEE TRANSMITTAL: REQUEST REVIEW AND RECOMMENDATION THAT COUNCIL AND MAYOR, AS REQUIRED, TO APPROPRIATE UP TO \$2,000,000 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE ADELANTE EASTSIDE PROJECT AREA (TAX EXEMPT 2009 SERIES D) FOR THE SIXTH STREET PARK, ARTS, RIVER, AND CONNECTIVITY IMPROVEMENTS PROJECT (PROJECT).

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

RECOMMENDATIONS

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

1. **APPROVE** up to \$2,000,000 in CRA/LA Excess Non-Housing Bond Proceeds available to Council District 14 from the Adelante Eastside Redevelopment Project Area (Project Area) within the Council district to be utilized for the Sixth Street Park, Arts, Rivers, and Connectivity Improvements Project (Project);
2. **AUTHORIZE** the Bureau of Engineering (BOE) to be the implementing department, and to expend funds up to \$2,000,000 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account 22L9AN, Adelante Eastside, 2009 Tax-Exempt Series D, for transactions related to the Project upon proper documentation and satisfactory review by the EWDD;
3. **INSTRUCT** the BOE to report its work progress and funds expended on a quarterly basis to the Office of the City Administrative Officer (CAO);

4. AUTHORIZE the Controller, subject to the availability of funds, to give the Department of Public Works, Office of Accounting and BOE access to the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D to process transactions related to the Project; and
5. 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

Transmitted herewith for your review, approval, and further processing are recommendations pursuant to a CD 14 Motion (Huizar-Harris-Dawson) which was adopted by Council on October 17, 2017 (CF 14-1174-S29).

This Motion (CF 14-1174-S29) seeks to appropriate up to \$2,000,000 from the CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District (CD) 14 from the Adelante Eastside Project Area (Project Area) for Public Infrastructures activities. The EBP will be utilized to supplement the existing construction budget for the Project by funding improvements such as a splash pad, restrooms, basketball courts, an additional soccer field, landscaping and other park amenities to complete the programmatic elements. The Project 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 14's portion of EBP in this Project Area.

The original taxable and tax-exempt EBP in the Project Area available to CD 14 was \$6,442,751 (\$4,618,854 Tax-Exempt, \$1,823,897 Taxable). However, after the taxable administrative appropriation of 16%, or \$291,824, there remained a net \$6,150,927 in the Adelante Project Area available to CD 14. This Motion's proposed \$2,000,000 tax-exempt appropriation, along with 5 other motions in various processing stages, will leave CD 14 with \$693,854 in tax-exempt, and \$387,073 in taxable, EBP in the Adelante Eastside Project Area for a total remaining balance of \$1,080,927.

BACKGROUND

CD 14's Motion seeks to invest \$2,000,000 in available tax-exempt EBP to supplement the existing construction budget for the Project on the 12-acre park below the Sixth Street Viaduct. The Sixth Street Viaduct Replacement Project is a \$482 million bridge replacement project that replaced the old Sixth Street Bridge with a new, state of the art, multimodal bridge. The BOE will lead the Project's construction. Pursuant to extensive outreach and public feedback, the community has asked for restrooms, a splash pad, basketball courts and soccer fields. Due to the size of the site, additional funding is needed to implement the programmatic elements that the community desires.

EWDD ANALYSIS

EWDD has consulted with CD 14 staff and BOE regarding the Motion, and the anticipated scope of work.

The total cost to develop the 12 acres is approximately \$29.3 million to be funded by the sources in Table 1:

| Table 1 – Funding Sources | |
|--------------------------------------|-----------------------|
| Funding Description | Funding Amount |
| Highway Bridge Program/Prop. 1B | \$ 2,192,548 |
| MICLA | \$ 16,650,000 |
| Proposition K | \$ 2,000,000 |
| Metropolis Grant | \$ 1,000,000 |
| Leonard Hill Grant | \$ 1,425,000 |
| Transfer of Floor Area Rights (TFAR) | \$ 1,000,000 |
| Future Quimby | \$ 3,000,000 |
| CRA/LA EBP | \$ 2,000,000 |
| TOTAL : | \$ 29,267,548 |

The Motion outlines a sample of programmatic elements for which the \$2,000,000 funding is to be used, including construction of a splash pad, restrooms, basketball courts, soccer fields, barbeque area as well as other improvements throughout the park. As the project progresses through design completion and construction cost estimation, additional use of the EBP may involve landscaping around these programmatic elements to include irrigation, fencing, pathways, pathway lighting, planting such as trees, vegetation, and other park amenities to provide for a fully functioning park.

Table 2 provides an itemized breakdown of the anticipated expenditures for the \$2,000,000 EBP. These estimates are subject to revisions once construction bids are received.

| Table 2 – Funding Uses | |
|---------------------------------|---------------------------|
| Uses Description | Expenditure Amount |
| Splash Pad | \$ 290,000 |
| Restrooms | \$ 530,000 |
| Basketball Court | \$ 100,000 |
| Soccer Fields | \$ 260,000 |
| Landscaping | \$ 720,000 |
| Project/Construction Management | \$ 100,000 |
| TOTAL : | \$ 2,000,000 |

The Project is currently in design phase by Tetra Tech, Inc., a pre-qualified, on-call consultant under the direction of BOE's Sixth Street Viaduct Division. BOE is responsible for project management and delivery of the Project.

Construction is expected to begin in the summer of 2019. Construction duration is approximately 2 years with an anticipated completion date of summer of 2021.

BOE will report its work progress and funds expended on a quarterly basis to the CAO so that the information can be included in the regular reports to the Bond Oversight Committee and Mayor. EWDD will facilitate disbursements to BOE based upon an approved Schedule of Values quantifying the percentage completion of the deliverables, and pursuant to CD 14's approval of the deliverables.

COMMUNITY BENEFITS

The EBP will provide funding towards construction of a 12-acre park under the new Sixth Street Viaduct. Addition of this sorely needed open space will immediately benefit the community adjacent to the Pico Gardens neighborhood.

ENVIRONMENTAL REVIEW

The recommended action is statutorily exempt from provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the State CEQA Guidelines.


The City of Los Angeles is the CEQA lead agency for the Sixth Street Park, Arts, Rivers, and Connectivity (PARC) Improvements Project. The Department of Public Works, Bureau of Engineering is currently in the process of preparing an Environmental Impact Report (EIR) for the Project (SCH #2017041045). Prior to approval of the proposed Project, City Council will need to certify that the final EIR for Project has been completed in compliance with CEQA.

CAO BOND COVENANT REVIEW

The CAO has completed its review of the original bond documents, and has found that the proposed use of excess bond proceeds, as presented, is consistent with those covenants. It is recommended that up to \$2,000,000 in tax-exempt (2009 Series D) bond proceeds from the Adelante Eastside Project Area be appropriated for the purposes as stated in the Motion.

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. 57D is funded solely from two 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.



JAN PERRY
General Manager

JP:SH:DH:MMS:AAC

ATTACHMENT: Motion (Huizar-Harris-Dawson) C. F. 11-1174-S29

ECONOMIC DEVELOPMENT

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.

The 6th Street Viaduct Replacement Project is a \$481 million bridge replacement project that replaced the old 6th Street Bridge with a new state of the art multimodal bridge. As part of the project, the Bureau of Engineering will be constructing the Sixth Street Park, Arts, River, & Connectivity (PARC) Improvements Project on the 12 acres below the viaduct.

The city has undergone an extensive outreach process with the public to solicit feedback as to what programmatic elements they would like to see in the PARC. Elements the community asked for included restrooms, a splash pad, basketball courts, and soccer fields. However, due to the size of the site, the current project budget does not provide enough funding to implement the program elements the community desires.

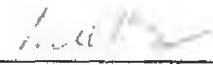
Additional funding is needed in order to deliver these much needed improvements. The Adelante Eastside Bond Expenditure Agreement and Bond Spending Plan specifically designates funding for 6th Street Bridge related improvements as an eligible expense. Sufficient funding is available in the Adelante Eastside Redevelopment Project Area to fund project elements in the PARC.

I THEREFORE MOVE that Excess Bond Proceeds available to Council District 14 in an amount not to exceed \$2,000,000 from the Adelante Eastside Redevelopment Project Area be utilized to supplement the existing construction budget for the PARC by funding improvements such as, but not limited to, a splash pad, restrooms, basketball courts, and an additional soccer field; and,

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Council District 14, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee within 10 days to allocate Excess Bond Proceeds in an amount not to exceed \$2,000,000 for programmatic elements for the new Sixth Street PARC under the new Sixth Street Viaduct as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Adelante Eastside Redevelopment Project Area.

PRESENTED BY

SEP 17



 JOSE HUIZAR
 Councilmember, 14th District

SECONDED BY