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CALIFORNIA

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

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ERIC GARCETTI
MAYOR

November 13, 2015

Council File: 14-1174-S2
Council District No.: 7
Contact Persons & Extensions:
Meg Barclay (213) 744-9340

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

**COMMITTEE TRANSMITTAL: REQUEST APPROVAL TO REALLOCATE \$90,000 IN
CRA/LA EXCESS BOND PROCEEDS FROM THE PACOIMA/PANORAMA CITY
REDEVELOPMENT PROJECT AREA FOR CONSULTANT SERVICES**

The General Manager of Economic and Workforce Development Department (EWDD) requests your referral of 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 (Fuentes – Price) dated 9-22-15 as CF 14-117-S2, Adopted by Council on 10-30-15, relating to the allocation of \$90,000 in CRA/LA non-housing Excess Bond Proceeds (EBP) available to Council District (CD) 7 from the Pacoima/Panorama City Redevelopment Project Area. The Motion directs that the identified funds be used towards contracting with the Valley Economic Development Center (VEDC) 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 adopted by City Council on October 29, 2014 (CF 14-1174) and sufficient funds for this purpose are available from the CD7 portion of EBP in this Project Area.

RECOMMENDATIONS

The General Manager, EWDD, requests that the Bond Oversight Committee recommend that the Mayor and Council:

1. APPROVE \$90,000 in CRA-LA/DLA EBP funds available to CD 7 from the Pacoima/Panorama City Redevelopment Project Area be utilized towards a

contract with the Valley Economic Development Center (VEDC) to assist in 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 VEDC for this purpose, subject to Council District 7 review and approval;
3. AUTHORIZE the Controller, Subject to the availability of funds, to expend funds upon presentation of proper documentation and demand of the General Manager, EWDD or designee pursuant to this contract; and
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/DLA 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 (CF 14-1174). Said transfer has been deposited with the Office of the Controller.

BACKGROUND

Pursuant to the dissolution of the former Community Redevelopment Agency (CRA) 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 to the former CRA. 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.

CD 7 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

The CD 7 portion of EBP from the Pacoima/Panorama City Redevelopment Project Area amounts to \$10,215,250. CD 7's EBP consist of \$8,878,527 in tax-exempt bond proceeds, and \$1,336,723 in taxable bond proceeds in one project area. These funds are detailed below:

CRA Project Area	CD 7's Percentage Share of Project Area EBP	Tax-Exempt Bond Proceeds	Taxable Bond Proceeds	Total Bond Proceeds in Project Area
Pacoima/Panorama City	59 %	\$8,878,527	\$1,336,723	\$10,215,250
TOTAL		\$8,878,527	\$1,336,723	\$10,215,250

Approved bond spending within the Pacoima/Panorama City Redevelopment Project Area project area totals \$17,313,983. This Redevelopment Project Area spans Council Districts 2, 6 and 7. The bond spending plan does not break down proposed bond spending on potential projects by Council District. Expenditures for the entire area are estimated as follows along with the potential projects identified for each project area:

CRA Project Area	Estimated Expenditures				Total Project Area Spending
	Infrastructure	Community Facilities	Affordable Housing	Business Assistance	
Pacoima/Panorama City	\$10,000,000	\$2,448,351	\$2,600,000	\$2,265,632	\$17,313,983
TOTAL	\$10,000,000	\$2,448,351	\$2,600,000	\$2,265,632	\$17,313,983

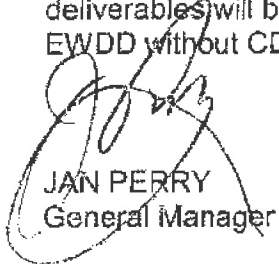
ANALYSIS AND RECOMMENDATIONS

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 7’s portion of EBP which may be expended on planning and evaluation is \$200,508. CD 7’s motion, Adopted by Council on October 30, 2015, seeks to allocate \$90,000 of this amount for a contract with VEDC for the planning, review, and evaluation of projects in CD 7 that would benefit from creating public/private partnerships to further leverage resources to meet the economic development goals identified in the BEA and BSP.

EWDD has consulted with CD 7 staff regarding the Motion, and the anticipated scope of work for the three-phase 12-month contract includes:

- Research and data collection:
 - Research economic models with similar objectives and their legal structures; and
 - Identify potential partners;
- Plan framework:
 - Present preliminary framework and key objectives;
 - Work with Bond Agreement staff and other agencies on approval of plan framework; and
 - Draft and present implementation plan;
- Implementation:
 - Roll out implementation plan;
 - Identify implementation schedule; and
 - Present plan to stakeholders as requested.

EWDD recommends that \$90,000 in CRA/LA EBP be allocated for the purposes outlined in the Motion. EWDD will develop the contract in coordination with CD7 and all deliverables will be submitted to CD 7 with a copy to EWDD. Invoices will not be paid by EWDD without CD 7 review and approval.



JAN PERRY
General Manager

JP:SH:MB:RBV

ATTACHMENT: Motion (Fuentes - Price)


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.

In an effort to further the projects, programs, and activities identified in the Bond Expenditure Agreement and Bond Spending Plan, Council District 7 is seeking the assistance of Valley Economic Development Center (VEDC) to making strategic investments in public infrastructure and economic development designed to catalyze private investment to improve the local economy, create new revenue to the City and local taxing entities, and enhance the quality of life of its residents. Founded in 1976, VEDC is a vital source of capital for small business loans and micro-financing. VEDC's goal is to create and sustain jobs and small businesses in the communities it serves and has earned a reputation for helping small businesses unable to qualify for traditional bank financing. VEDC has a long history of serving the communities of Pacoima and Panorama City and would be instrumental in creating public/private partnerships that would leverage resources to maximize returns on investments. Council District 7 is aimed on making large project investments on infrastructure that is relevant to key City development goals and serves to catalyze desired private investment.

I THEREFORE MOVE that Excess Bond Proceeds available to Council District 7 in an amount not to exceed \$90,000 from the Pacoima/Panorama City Redevelopment Project Area be utilized to contract Valley Economic Development Center (VEDC) to assist in creating public/private partnerships that would leverage resources to further the economic development goals identified in the Bond Expenditure Agreement and Bond Spending Plan.

I FURTHER MOVE that the General Manager, or designee, of the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Council District 7, and any other applicable City department provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate Excess Bond Proceeds in an amount not to exceed \$90,000 towards contracting VEDC to assist in the implementation of the projects, programs, and activities identified in the Bond Expenditure Agreement and Bond Spending Plan for the Pacoima/Panorama City Redevelopment Project Area.

PRESENTED BY


Felipe Fuentes
Councilmember, 7th District

SECONDED BY