

CATEGORICAL EXEMPTION and ECONOMIC DEVELOPMENT and ARTS, ENTERTAINMENT, PARKS AND RIVER COMMITTEES' REPORT relative to authorizing the utilization of up to \$4,000,000 in Community Redevelopment Agency Los Angeles (CRA/LA) Excess Bond Proceeds to acquire real property located at 181828 and 18210 West Sherman Way for the construction of the Reseda Skate Facility and approval of proposed project conceptual and financing plans.

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

1. FIND that the proposed project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Article 19, Sections 15325 and 15332 of the State CEQA Guidelines; and, DIRECT the appropriate entity to file a Notice of Exemption.
2. CONCUR with the actions taken on January 17, 2018 by the Board of Recreation and Park Commissioners (Board; Board Report No. 18-014); and, AUTHORIZE acquisition of real property located at 18128 and 18210 West Sherman Way (APNs 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903) for construction of the Reseda Skate Facility.
3. APPROVE the utilization of up to \$4,000,000 in taxable and tax-exempt CRA/LA Excess Non-Housing Bond Proceeds available to Council District Three (CD3) from the portion of the Reseda/Canoga Park Redevelopment Project Area within CD3, with the use of tax-exempt bond proceeds subject to City Attorney confirmation that any operations agreement for the Reseda Ice Rink is consistent with CRA/LA Bond Covenants; and that said funds will be utilized by the Department of General Services, acting on behalf of the Department of Recreation and Parks (RAP), to acquire real property located at 18128 and 18210 West Sherman Way, Los Angeles, CA 91335 (APNs 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903).
4. AUTHORIZE the President and Secretary, Board, to negotiate and execute an agreement and all related documents with the CRA/LA, A Local Designated Authority, no later than December 31, 2019, pursuant to notice from the Mayor that the purchase of the property from the CRA/LA has received all required approvals from the CRA/LA Governing Board, CRA/LA Oversight Board, and State Department of Finance; and, upon approval of all conditions adopted in the January 17, 2018 Board report, attached to the Council file.
5. APPROVE the proposed project conceptual and project financing plans as detailed in the January 26, 2018 joint Municipal Facilities Committee (MFC) and LA for Kids Steering Committee (LAFKSC) report, attached to the Council file.
6. AUTHORIZE the RAP to:
 - a. Be the implementing Department and to expend funds up the \$4,000,000 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series and Fund No. 57D, Account No. 22L9PN Reseda/Canoga Park Tax-Exempt Series for transaction related to the Reseda Skate Facility Property Acquisition Project upon presentation of proper documentation and

demand by the General Managers, RAP or Economic and Workforce Development Department (EWDD), or their designees.

- b. Accept and/or authorize the transfer of up to \$4,000,000 in Taxable and tax-exempt CRA/LA Excess Non-Housing Bond Proceeds to fund the acquisition to the appropriate City Department accounts or escrow company account in order to carry out the intent of the recommendations as detailed in the January 29, 2018 CRA/LA Bond Oversight Committee report, attached to the Council file.
7. DIRECT the RAP to report on its work accomplishments and fund expenditures to the City Administrative Officer (CAO) and EWDD on a quarterly basis.
8. AUTHORIZE the MFC to provide Controller instructions to utilize the designated project funding sources on an as-needed basis to acquire the site and fund project design and construction costs, including the transfer to project funds into an escrow account for site acquisition.
9. 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 CAO; and, AUTHORIZE the Controller to implement these instructions.
10. INSTRUCT the Bureau of Engineering to implement the project design phase on behalf of the RAP following the completion of site acquisition for the subject facility.
11. DIRECT the MFC to provide quarterly updates to the appropriate oversight Committees on the status of project implementation, including any significant changes that impact that impact the project timeline, estimated costs or financing plan.
12. FIND that the proposed project conceptual plan for the Reseda Skate Facility, as detailed in the January 26, 2018 joint MFC and LAFKSC report, attached to the Council file, conforms with the Proposition K specified project scope as reflected in the 1997 Proposition K Ballot Measure that established the program- Reseda Skate Facility (Project ID: S23) - Acquisition and Construction of Ice Hockey and Roller Blading Facility.
13. APPROVE the use of Proposition K funds totaling \$13,705,000, which consists of specified funds (\$4,000,000), program interest and inflation monies (\$2,943,600), and specified funding to be programmed in future years (\$6,761,400), to fund the acquisition and development of the Reseda Skate Facility Project.
14. AUTHORIZE the award of \$1,850,569 in 2017-18 Proposition K inflation funds for the project acquisition phase; and, AUTHORIZE the appropriate entity or entities to take the necessary actions to reflect the inflation award as part of the adopted 2017-18 Proposition K Five Year Plan and related documents.
15. AUTHORIZE the Controller to:
 - a. Transfer \$1,850,569 in Proposition K inflation funds from Fund No. 43K, Department 10, Account 10P800- *INFLATION* to a new account within Fund No. 43K,

Department 10, Account TBD, Account Title *INF - Reseda Skate Facility*.

- b. Provide, subject to the availability of funds and a City-executed purchase and sale agreement between the City of Los Angeles and the CRA/LA, a Designated Local Authority, no later than December 31, 2019 the RAP with access up to the earnest amount necessary to deposit into escrow from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series and Fund No. 57D, Account No. 22L9PN Reseda/Canoga Park Tax-Exempt Series, to process transactions related to the Reseda Skate Facility Property Acquisition Project.
 - c. Provide, subject to the availability of funds and a fully-executed purchase and sale agreement between the City of Los Angeles and the CRA/LA, a Designated Local Authority, no later than December 31, 2019 the RAP with access up to \$4,000,000 inclusive of previously withdrawn earnest deposits from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series and Fund No. 57D, Account No. 22L9PN Reseda/Canoga Park Tax-Exempt Series, to process transactions related to the Reseda Skate Facility Property Acquisition Project.
16. REQUEST the Mayor to exercise the City's Option to acquire the subject the property, pursuant to the terms and procedures identified in the Option Agreement (Contract No. C-125180) with the CRA/LA, a Designated Local Authority and successor agency to the former CRA/LA.
17. AUTHORIZE the CAO to make technical corrections to the transactions authorized in the above recommendations, as needed to implement the Mayor and Council's intentions.

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

Community Impact Statement: None submitted.

Summary:

On February 13, 2017, the Economic Development Committee (EDC) considered a January 23, 2018 CRA Bond Oversight Committee and January 26, 2018 Joint MFC/LAFKSC reports relative to authorizing the utilization of up to \$4,000,000 in CRA/LA Excess Bond Proceeds to acquire real property located at 181828 and 18210 West Sherman Way for the construction of the Reseda Skate Facility and approval of proposed project conceptual and financing plans. According to the MFC/LAFKSC, on August 18, 2017, Council adopted a Motion (Blumenfield - Harris-Dawson; Council File No. 17-0832) instructing the RAP, with the assistance of the Bureau of Engineering (BOE) and other involved departments to proceed with the acquisition of a CRA/LA property located at 18210 Sherman Way and to prepare a financing plan for the development of an ice and roller rink facility at the property, which is located in Reseda. A

working group team was formed to coordinate functions needed to implement Council's instructions, consisting of staff from CD3, the Mayor, CAO, Chief Legislative Analyst, and City Attorney, the EWDD, RAP, BOE, and GSD.

The property proposed for acquisition consists of four parcels (APN Nos. 2125-036-900, 2125-036-901, 2125-036-902, and 2125-036-903) that are currently owned by the CRA/LA, a Designated Local Authority and successor agency to the former Community Redevelopment Agency of the City of Los Angeles (the current owner is referred to herein as "CRA/LA"). Prior to the adoption of the Motion, the City had already entered into an Option Agreement (Property Retained for Future Development) with the CRA/LA to acquire the property. Under this Option Agreement (Contract No. C-125180), the City has the exclusive right to exercise its option to acquire the property. However, the City must provide due notice, in writing, to the CRA/LA by March 2, 2018, that the City wishes to exercise the option to acquire. Any extension of this deadline would require approval by the CRA/LA Governing Board.

On January 17, 2018, the Board authorized the RAP to proceed with the acquisition of the property for park purposes (Report No. 18-014). The RAP Board action includes various requests for the GSD to implement the property acquisition on behalf of RAP. The Board also approved the proposed conceptual plan for the project to locate the roller hockey rink and the ice skating rink on the 18210 Sherman Way parcel and locate the parking lot on the 18128 Sherman Way parcel. The detailed conceptual plan for the Reseda Skate Facility Project is provided as an attachment to the joint MFC/LAFKSC report, attached to the Council file.

According to the EWDD, the property being considered for acquisition is listed under CRA/LA Asset ID #241 Reseda Town Center. The property is currently held under an Option Agreement between the City and CRA/LA (Contract number C-125180; Council File NO. 14-0425) that became effective March 1, 2015. The extended option term will expire on March 2, 2018. The EWDD will facilitate the purchase by City through GSD for the benefit of RAP. The proposed property will be used to develop the Reseda Ice Skating and Roller Rink Facility (Facility) which may involve the City's partnership with a private operating entity. The Facility will be a City-owned facility whose design will be managed by the BOE with final design approval by the Board. The cost to acquire the optioned property from CRA/LA is \$6,845,000. Prop K funds required for the site acquisition are expected to be in place to complete City's acquisition. Total project development budget is estimated to be \$26,000,000. The RAP will report its acquisition status and funds expended to the CAO and EWDD on a quarterly basis.

Finally, the original motion stipulated the use of both taxable and tax-exempt proceeds to finance this project. This became problematic to the operating agreement since the operator must satisfy IRS' "Safe Harbor" provisions stipulated in Section 2.2 of the proposed Tax-Exempt 2010E Tax Certificate. Therefore, it was determined that it was feasible to use only taxable bond proceeds for this project.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in both the CRA/LA Bond Oversight Committee and joint MFC/LAFKSC reports and detailed in the above recommendations. Subsequently, on February 14, 2018, the Arts, Entertainment, Parks, and River Committee considered this matter and after consideration and having provided an opportunity for public comment, moved to concur with the EDC. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE



MEMBER VOTE

PRICE: YES

BUSCAINO: ABSENT

HUIZAR: YES

ARTS, ENTERTAINMENT, PARKS, AND RIVER COMMITTEE



MEMBER VOTE

O'FARRELL: YES

RYU: YES

PRICE: YES

ARL

2/14/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-