

CRA/LA Bond Oversight Committee

Item Number 2 Committee Transmittal: Report Back on the EWDD Proposed Staffing and Budget Plan to Administer and Manage the CRA/LA and City of Los Angeles' Bond Expenditure Agreement and Bond Spending Plan

1. Rescind recommendations 1, 2, 3 and 4 on Page 2 of the Committee Transmittal (dated 7/24/15) and replace with the following recommendations to appropriate one year's administrative funding:
 1. APPROVE the Economic and Workforce Development Department's Proposed Budget (Attachment A) to manage the CRA/LA Bond Portfolio for FY 2015-2016.
 2. AUTHORIZE the Controller to:
 - a. Appropriate up to \$744,000 for the EWDD Bond Oversight Administration using funds from each taxable Excess Bond Fund into the account for staffing and related consultant services described in Section 4.7(ii) of the Bond Expenditure Agreement; and
 - b. Appropriate up to \$110,474 for the CAO Bond Oversight Administration described in Section 4.3 of the Bond Expenditure Agreement using funds from each taxable Excess Bond Fund into appropriate accounts for staffing and related costs;
 3. APPROVE the administrative amounts for each project identified in Recommendation 4 below, inasmuch as only one year's administrative funding is requested at this time;
 4. AUTHORIZE the Controller to:
 - a) Establish new accounts and transfer appropriations within the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D as follows:

Acct. No.	Account Name	Amount from 1% for Bond Administration	Amount From 15% for Planning and Evaluation	Total
From:				
22L9AT	Adelante Eastside Taxable	\$4,822	\$ 32,475	\$37,297
22L9BT	Beacon Street Taxable	\$217	\$ 1,461	\$1,678
22L9CT	Broadway/Manchester Taxable	\$776	\$ 5,225	\$6,000
22L9DT	Crenshaw/Slauson Taxable	\$4,215	\$ 28,384	\$32,599
22L9ET	East Hollywood/Beverly-Normandie Taxable	\$5,614	\$ 37,807	\$43,420
22L9FT	Hollywood Taxable	\$3,770	\$ 25,391	\$29,161
22L9GT	Hoover Taxable	\$311	\$ 2,095	\$2,406

22L9HT	Laurel Canyon Taxable	\$2,374	\$ 15,988	\$18,362
22L9IT	Monterey Hills Taxable	\$131	\$ 879	\$1,010
22L9JT	Normandie 5 Taxable	\$2,935	\$ 19,765	\$22,700
22L9LT	Pacific Corridor Taxable	\$85	\$ 569	\$654
22L9MT	Pacoima/Panorama City Taxable	\$5,870	\$ 39,534	\$45,404
22L9NT	Pico Union 1 Taxable	\$1,259	\$ 8,477	\$9,736
22L9OT	Pico Union 2 Taxable	\$9,688	\$ 65,247	\$74,935
22L9PT	Reseda/Canoga Park Taxable	\$35,583	\$ 239,640	\$275,224
22L9QT	Watts Taxable	\$489	\$ 3,293	\$3,782
22L9RT	Western/Slauson Taxable	\$320	\$ 2,158	\$2,478
22L9ST	Westlake Taxable	\$11,833	\$ 79,690	\$91,523
22L9TT	Wilshire Center/Koreatown Taxable	\$20,183	\$ 135,922	\$156,105
Total		\$110,474	\$ 744,000	854,474
To:				
22M122	EWDD			590,748
22M299	Related Cost - EWDD			153,252
22M110	CAO			77,877
22M299	CAO Related Cost			32,597
Total				854,474

b) Increase appropriations within Fund 100/22 as follows for EWDD's staff and contractual services costs:

Account No.	Account Name	Amount
001010	Salaries-General	377,961
001070	Salaries-As Needed	1,686
001090	Overtime	61
002120	Printing and Binding	161
002130	Travel	234
003040	Contractual Services	169,337
003310	Transportation	272
006010	Office and Admin	3,002
006020	Operating Supplies	3
006030	Lease	38,029
Total		590,748

c) Increase appropriations within Fund 100/10 as follows for CAO's staff costs:

Account No.	Account Name	Amount
001010	Salaries-General	110,474
Total		110,474

2. REPLACE Attachment A with the revised EWDD Excess Bond Proceeds Proposed Expenditures (dated 7/29/15).
3. INSTRUCT EWDD to include the status of funds for Bond Administration and Planning by project area in each semi-annual report to the Bond Oversight Committee and in each transmittal regarding proposed Excess Bond Proceeds expenditures.

**FY 2015-16 EWDD
CRA/LA Excess Bond Proceeds
Proposed Expenditures**

**FY 2015-16 EWDD
CRA/LA Excess Bond Proceeds
Proposed Direct Full Time Equivalents**

As of 7/29/2015

Account Number	Account Description	FY 2015-16 PROJECTED TOTAL COST	Classification	Admin	
				FTE	Salary
1010	Salaries, General	377,961	1 Clerk Typist (Economic Development or ED)	0.10	5,252
1070	Salaries, As-Needed	1,686	2 Industrial and Commercial Finance Officer I (ED)	0.87	110,702
1090	Salaries, Overtime	61	3 Management Analyst II (ED)	1.00	93,602
	Subtotal:	379,708	4 Senior Management Analyst II (Contracts)	0.02	2,725
2120	Printing and Binding	161	5 Management Analyst II (Contracts)	0.05	4,680
2130	Travel	234	6 Principal Accountant II (Fiscal)	0.15	16,964
3040	Contractual Services	169,338	7 Accounting Clerk II (Fiscal)	0.25	16,718
3310	Transportation	272	8 Management Analyst II (Fiscal)	0.25	23,401
3340	Utilities	-	9 Fiscal Systems Specialist II (Fiscal)	0.05	6,916
6010	Office and Admin	3,002	10 Other: ED, Contracts and Fiscal Management	0.23	28,263
6020	Operating Supplies	3	11 Other: Executive Management, Payroll, Technology	0.61	68,739
6030	Lease	38,029	12		
	Subtotal:	211,040	13		
	Related Costs: Salaries, General (CAP 37 Fringe 40.5%)	153,074		3.58	377,961
	Related Costs: Salaries, General (CAP 37 Central 13.85%)	-			
	Related Costs: Salaries, As-Needed (CAP 37 Fringe + Central: 10.52%)	177			
	Subtotal:	153,252			
FY 2015-16 TOTAL GASP & DIRECT EXPENDITURES (FUND 100):		744,000			

CITY OF LOS ANGELES
CALIFORNIA

JAN PERRY
GENERAL MANAGER



ERIC GARGETTI
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

July 24, 2015

Council File: 14-1174
Council District Nos: Various
Contact Person and Phone:
Jenny Scanlin, (213) 744-9723

CRA/LA Bond Oversight Committee
c/o Ramon Soto
Office of the City Administrative Officer
Room 900 City Hall East

**COMMITTEE TRANSMITTAL: REPORT BACK TO THE CRA/LA BOND OVERSIGHT
COMMITTEE ON THE ECONOMIC AND WORKFORCE DEVELOPMENT
DEPARTMENT'S PROPOSED STAFFING AND BUDGET PLAN TO ADMINISTER AND
MANAGE THE CRA/LA AND CITY OF LOS ANGELES' BOND EXPENDITURE
AGREEMENT AND BOND SPENDING PLAN**

SUMMARY

The Economic and Workforce Development Department recommends the following staffing functions and budget which will be required for the department to manage the CRA/LA Bonds and their associated projects per the Council adopted Framework and the Bond Expenditure Agreement (CF14-1174) between the City of Los Angeles ("City") and CRA/LA, a Designated Local Authority ("CRA/LA"). The overall budget the City can allocate from the CRA/LA Bonds for administration and planning is limited under the Bond Expenditure Plan to 16% of the taxable Excess Bond Proceeds or approximately \$6.8 million over a ten year period and \$682,207 annually if spread equally during the term. However, with the majority administration and planning work for EWDD taking place in Years 1-5, the department proposes to adjust use of this limited fund during the ten-year period to maintain enough reserve to ensure other related administrative costs attributed to the CAO can also be covered, starting with a first year budget of \$744,828 and a proposed ten-year budget of \$5.4 million.

RECOMMENDATIONS

1. **APPROVE** the Economic and Workforce Development Department's Proposed Budget (Attachment A) to manage the CRA/LA Bond Portfolio for FY2015-2016 and projected for FY2017 through FY2020;

2. AUTHORIZE the Controller to appropriate up to \$5.4 million for the EWDD Bond Oversight Administration using funds in a pro rata manner from each taxable Excess Bond Fund into the account for staffing and related consultant services;
3. APPROVE the administrative amounts for each project identified in the Summary of Excess Bond Proceeds with Administrative Limit (Attachment B);
4. AUTHORIZE the Controller:
 - a) Establish new accounts and transfer appropriations within the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D as follows:

Acct. No.	Account Name	Amount
From:		
22L9AT	Adelante Eastside Taxable	297,779
22L9BT	Beacon Street Taxable	13,400
22L9CT	Broadway/Manchester Taxable	47,907
22L9DT	Crenshaw/Slauson Taxable	260,269
22L9ET	East Hollywood/Beverly-Normandie Taxable	346,665
22L9FT	Hollywood Taxable	232,817
22L9GT	Hoover Taxable	19,210
22L9HT	Laurel Canyon Taxable	146,600
22L9IT	Monterey Hills Taxable	8,060
22L9JT	Normandie 5 Taxable	181,233
22L9LT	Pacific Corridor Taxable	5,220
22L9MT	Pacoima/Panorama City Taxable	352,501
22L9NT	Pico Union 1 Taxable	77,731
22L9OT	Pico Union 2 Taxable	598,278
22L9PT	Reseda/Canoga Park Taxable	2,197,372
22L9QT	Watts Taxable	30,199
22L9RT	Western/Slauson Taxable	19,785
22L9ST	Westlake Taxable	730,716
22L9TT	Wilshire Center/Koreatown Taxable	1,246,332
Total		6,822,074
To:		
22M122	EWDD	618,675
22M299	Related Cost - EWDD	126,153
22M621	Reserved for City Oversight	1,422,075
22M622	Reserved for EWDD Oversight	4,655,171
Total		6,822,074

- b) Increase appropriations within Fund 100/22 as follows:

Account No.	Account Name	Amount
001010	Salaries-General	231,912
001070	Salaries-As Needed	1,036
001090	Overtime	37
003040	Contractual Services	385,690
Total		618,675

5. AUTHORIZE the Economic and Workforce Development Department to prepare Controller instructions and/or make any technical adjustments that may be required and are consistent with these actions, subject to approval of the City Administrative Officer and AUTHORIZE the Controller to implement these instructions; and
6. DIRECT the Economic and Workforce Development Department to report to the Bond Oversight Committee at least sixty days prior to the end of the 2015-2016 Fiscal Year on the department's administrative expenditures and implementation of its staffing plan, including any recommendations for revisions and a multi-year budget for future fiscal years.

FISCAL IMPACT

There is no General Fund impact to the City of Los Angeles since the recommended actions utilize \$5,400,000 of the Excess Bond Proceeds over ten years, or less than 15% of the taxable Excess Bond Proceeds, from the CRA/LA Bonds staying within the limitations of the Bond Expenditure Plan's restrictions on use and maintaining a balance of available funds.

BACKGROUND

The work EWDD has been tasked with under the CRA/LA Bond Administration Framework adopted by Council on July 1, 2015 (CF14-1174) includes accounting, budget evaluation, project management, contracting, reporting and monitoring. To accomplish this workload, EWDD will draw on the expertise of staff in its Administrative Services, Financial Management, and Information Technology Divisions with the Economic Development Division (EDD) coordinating the overall programmatic and operational effort. Since the proposed work and funding source are time-limited and EWDD has existing position authorities at levels that would adequately function to manage the proposed workload, the department will not require any new position authorities for this effort. However, funding is being proposed to backfill the salaries of existing positions that will be repurposed to work on this CRA/LA Bond Program.

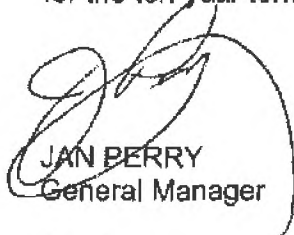
The responsibilities for this work in EWDD will be spread across multiple positions, allowing for efficiencies in effort; resulting in approximately 2-3 total full-time equivalents billed to the CRA/LA Bonds. Within EDD, the CRA/LA Bond administration and planning will be overseen by staff with current expertise and experience running conduit bond programs. EWDD proposes to utilize an existing Industrial and Commercial Finance Officer ("ICFO") to oversee the program with the assistance of additional staff in the Management Analyst and other existing classifications. Any vacant position utilized for this Program will be prioritized for recruitment with an expectation to fill by the second quarter of the current fiscal year.

As projects move to implementation, EWDD may utilize additional staff to manage scopes of work, budgets, outreach and contracts as well as apply for additional grants to supplement and leverage the CRA/LA Bonds. These positions will either bill to the balance of administrative funds available or directly to the project in compliance with the Bond Expenditure Agreement. EWDD's proposed budget anticipates the utilization of limited

consultant services, on an as needed basis, to assist in any program audits, planning, grant solicitation, project evaluation or preparation for expenditure, including California Environmental Quality Act (CEQA) review.

The proposed budget includes salary, general administration and consultant costs. The budget has been developed to anticipate the administrative and planning services required to activate the CRA/LA Bond Spending Plan and meet the City's fiscal and reporting duties in the Bond Expenditure Agreement over the next five years. EWDD is requesting flexibility in its approach to staffing these planning and administrative functions and intends to return to the Bond Oversight Committee in the fourth quarter of the first year of implementation with an analysis on the effectiveness of this staffing plan and recommend any proposed changes to be implemented for the remainder of the initial five-year term.

Consistent with Generally Accepted Accounting Principles, the EWDD proposes to spread its administrative and planning costs as a percentage charge to each taxable Excess Bond Fund equally and recommends segregating these funds within an account for each project as indicated on the attached Summary of Excess Bond Proceeds with Administrative Limit (Attachment B). Segregating the accounts and uniformly applying the administrative limit across all projects will ensure adequate availability of funds to cover administrative costs for the ten-year term.



JAN BERRY
General Manager

JP:JS

Attachment A: EWDD Excess Bond Proceeds Proposed Expenditures
Attachment B: Summary of Excess Bond Proceeds with Administrative Limit

EWDD EXCESS BOND PROCEEDS PROPOSED EXPENDITURES

Expenditures	Excess Bond Proceeds Year 1	Excess Bond Proceeds Years 2-5	Excess Bond Proceeds Years 5-10	Total Excess Bond Proceeds 10 Years
Salaries	\$ 232,985	\$ 931,940	\$ 524,216	\$ 1,689,141
Expense	\$ 385,690	\$ 1,542,758	\$ 867,801	\$ 2,796,249
Related Costs	\$ 126,153	\$ 504,612	\$ 283,844	\$ 914,609
TOTAL PROJECTED EXPENDITURES	\$ 744,828	\$ 2,979,310	\$ 1,675,861	\$ 5,399,999

SUMMARY OF EXCESS BOND PROCEEDS WITH ADMINISTRATIVE LIMIT

	Total	Tax-Exempt	Taxable	Admin Limit (16%)
1 Adelante Eastside	\$ 6,574,236	\$ 4,713,116	\$ 1,861,120	\$ 297,779
2 Beacon St	83,753		83,753	13,400
3 Broadway/Manchester	299,421		299,421	47,907
4 Crenshaw/Slauson	1,626,682		1,626,682	260,269
5 East Hollywood	3,215,234	1,048,579	2,166,655	346,665
6 Hollywood	7,396,268	5,941,163	1,455,105	232,817
7 Hoover	120,064		120,064	19,210
8 Laurel Canyon	916,250		916,250	146,600
9 Monterey Hills	50,376		50,376	8,060
10 Normandie 5	1,132,706		1,132,706	181,233
11 North Hollywood	3,241,994	3,241,994	-	-
12 Pacific Corridors	32,622		32,622	5,220
13 Picoima / Pan. City	17,313,983	15,048,351	2,265,632	362,501
14 Pico Union 1	485,816		485,816	77,731
15 Pico Union 2	3,739,238		3,739,238	598,278
16 Reseda / Canoga Park	23,316,348	9,582,775	13,733,573	2,197,372
17 Watts	188,746		188,746	30,199
18 Western/Slauson	123,654		123,654	19,785
19 Westlake	4,566,974		4,566,974	730,716
20 Wilshire Ctr/Koreatown	9,647,529	1,857,954	7,789,575	1,246,332
TOTAL	\$ 64,071,894	\$ 41,433,931	\$ 42,637,962	\$ 6,822,074

Note: Section 4.7 of the Bond Expenditure Agreement limits the use and expenditures of Excess Bond Proceeds for the purpose of administration for employees and consultants. No more than one percent of taxable Excess Bond Proceeds shall be used for bond administration and no more than fifteen percent of taxable bond proceeds shall be used for planning, compliance review, evaluation of additional revenue sources and bond preparation reports.