

WA# 0111-31341-0074

**TRANSMITTAL**

To: Council	DATE 02-01-19	COUNCIL FILE NO. 14-1174-S63
From: CRA/LA Bond Oversight Committee		COUNCIL DISTRICT 7

At its meeting of January 31, 2019, the CRA/LA Bond Oversight Committee approved recommendations in the attached Economic and Workforce Development Department (EWDD) report and instructed staff to transmit to Council for consideration. Council approval of the report recommendations would authorize the appropriation of up to \$3,300,000 in CRA/LA Excess Non-Housing Taxable Bond Proceeds from the Pacoima/Panorama City Redevelopment Project Area Tax-Exempt Series 2009-D to acquire commercial property located at 13460 Van Nuys Boulevard for a culinary arts program and business incubator project.

Fiscal Impact Statement: There is no impact on the City's General Fund from the proposed appropriation. The CRA/LA Excess Non-Housing Bonds Proceeds Fund No. 57D is funded solely from two transfers totaling 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.



Richard H. Llewellyn, Jr.  
City Administrative Officer  
Chair, CRA/LA Bond Oversight Committee

RHL:JVW/ay15190077

Attachment

**CITY OF LOS ANGELES**

CALIFORNIA

JOHN L. REAMER, JR.  
INTERIM GENERAL MANAGERERIC GARCETTI  
MAYOR**ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT**1200 W. 7TH STREET  
LOS ANGELES, CA 90017

January 25, 2019

Council File:14-1174-S63

See also 18-1177

Council District No.: 7

Contact Persons &amp; Extensions:

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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, APPROPRIATE UP TO \$3,300,000 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE PACOIMA/PANORAMA CITY REDEVELOPMENT PROJECT AREA TAX-EXEMPT SERIES 2009-D TO ACQUIRE COMMERCIAL PROPERTY LOCATED AT 13460 VAN NUYS BOULEVARD FOR A CULINARY ARTS PROGRAM AND BUSINESS INCUBATOR PROJECT**

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

**RECOMMENDATIONS**

The Interim 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. FIND that the Culinary Arts Program and Business Incubator with accompanying City/government services Project (Project) is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Class 1 (Existing Facilities) and Article III, Class 1 (1) (Existing Facilities – alterations with negligible or no expansion of use beyond previously existing) of the City of Los Angeles CEQA Guidelines. Subsequent CEQA review will be required if there is a change or expansion of the uses as described;

2. APPROVE up to \$3,300,000 in Tax-Exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District 7 (CD 7) from the Pacoima/Panorama City Redevelopment Project Area (Project Area) be utilized to acquire commercial property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (Property) for the purpose of Project;
3. AUTHORIZE the Department of General Services (GSD) to negotiate and execute with the owner of the Property (Seller) a Purchase and Sale Agreement (PSA) and all related transactional documents as needed;
4. DIRECT GSD to transmit copies of all duly executed agreement(s) related to Project to EWDD;
5. DIRECT GSD to submit any agreements arising from tenants leasing space to the City Administrative Officer (CAO) for review to ensure continued compliance with bond covenants;
6. AUTHORIZE the Controller, upon receipt of a duly executed PSA between City and Property Seller no later than September 30, 2019, to expend up to the final purchase price and related closing costs not to exceed \$3,300,000 from the EBP Fund No. 57D, Pacoima/Panorama City Account No. 22L9MN Tax-Exempt Series 2009-D, upon presentation of proper documentation from GSD and satisfactory review by the EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
7. AUTHORIZE the Controller to transfer up to \$3,300,000 from the EBP Fund No. 57D, Account No. 22L9MN, Pacoima/Panorama City Tax-Exempt Series 2009-D to a third party escrow company upon receipt of appropriate transfer instructions from GSD and/or EWDD;
8. DIRECT GSD to report on its work accomplishments to the Office of the City Administrative Officer (CAO), and fund expenditures to the EWDD, on a quarterly and as-needed basis; and
9. AUTHORIZE the Interim 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 7 Motion (Rodriguez-Ryu) which was adopted by Council on December 11, 2018 (C.F. 14-1174-S63). This Motion seeks to appropriate tax-exempt EBP in an amount not to exceed the purchase price and associated costs for GSD to acquire Property.

GSD has estimated the cost of acquisition and associated closing costs to be \$3,300,000. This transmittal recommends that up to \$3,300,000 in tax-exempt EBP in the Project Area within CD 7 be appropriated to GSD to acquire the Property for a culinary arts program and business incubator. ConnectEDLA, which invests in capital projects associated with the Los Angeles Community College District (LACCD) programs for business incubation and business services, is listed as a potential project in the Project Area's Bond Spending Plan (BSP) that was adopted by Council on June 24, 2015 (C.F. 14-1174). The City will partner with ConnectEDLA to carry out the Project. Sufficient City funds for the Project are available from CD 7's portion of EBP in this Project Area.

The original taxable and tax-exempt EBP in the Pacoima/Panorama City Project Area available to CD 7 was \$10,001,374 net of the mandatory (\$213,876) taxable EBP admin set aside. This transmittal's proposed \$3,300,000 in tax-exempt EBP appropriation, along with 4 approved projects, will leave CD 7 with an estimated \$642,847 in taxable, and \$4,187,418 in tax-exempt EBP for an ending available balance of \$4,830,266 for CD 7 in the Project Area.

#### **EWDD ANALYSIS**

The EWDD has met and consulted with CD 7, GSD, CAO and Chief Legislative Analyst (CLA) regarding the Project and its processing timeline. GSD will serve as the lead department overseeing the negotiation and completion of the Property acquisition. GSD will have jurisdiction over the Property until directed otherwise by Council action.

The Property is a three-story commercial building measuring approximately 20,309 square feet situated on a 25,275 square foot corner lot. It is currently vacant. The estimated cost to acquire Property is \$3,200,000 plus \$100,000 in closing costs. The acquisition price of \$3,200,000 has been negotiated by GSD, to be followed by the execution of a PSA between City and Seller upon BOC and Council approvals. Funding for the PSA must be encumbered no later than September 30, 2019 with EBP appropriation fully expended no later than September 30, 2024.

The escrow period will be approximately 45 days from the effective date of the PSA, which is the date City Clerk attests the document.

GSD will report on its acquisition progress to the CAO, and funds expended to the EWDD, on a quarterly and as-needed basis for their respective reports to the BOC and Mayor.

#### **BENEFITS TO THE AFFECTED TAXING ENTITY**

The expenditures set forth in this report will provide community benefits in the Pacoima/Panorama Project Area which will benefit the affected taxing entities by expanding the educational and business development opportunities along the Van Nuys Boulevard corridor and surrounding areas through capital purchase and potential tenant improvements. The Property acquisition aims to create a community space to provide

related business development services. Housing relevant LACCD classes, such as Mission College's Culinary Art's Institute programs, in this community space will localize access to practical, quality, hands-on training that opens doors to more job opportunities. Technical assistance and business incubation programs domiciled at this Property will connect budding restaurateurs to the resources they need to turn their concept into a reality. With the East San Fernando Valley Transit Corridor (Metro light rail) coming soon to Van Nuys Boulevard, the acquisition and development of this Property will make a positive economic impact by maintaining a key real estate as a community-serving asset, and empowering Valley entrepreneurs to springboard their careers and businesses in their own communities.

## **ENVIRONMENTAL REVIEW**

Phase I and Phase II reports on the Property have been reviewed by the Department of Public Works, Bureau of Engineering (BOE), including a Satisfaction Letter provided by the Los Angeles Regional Water Quality Control Board (Board). The Board concluded that based on its review of the available documentation, recent soil and soil vapor data collected at the Property, no additional investigation is required. Additionally, BOE reviewed a Hazardous Building Materials Inspection Report for Asbestos and Lead Based Paint. Based thereon, BOE concluded that all of the painted surfaces at the Property are intact and there are no indications of any coatings that would require treatment. No potential lead hazards were identified by BOE and as such no sampling was required. Asbestos was found in the roof mastic at the roof penetrations and patches which were deemed non-friable and in good condition on approximately 200 square feet of area.

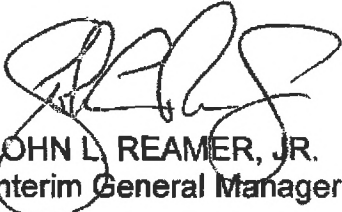
Project is exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Class 1 (Existing Facilities) and Article III, Class 1 (1) (Existing Facilities – alterations with negligible or no expansion of use beyond previously existing) of the City of Los Angeles CEQA Guidelines. Subsequent CEQA review will be required if there is a change or expansion of the uses as described.

## **CAO COVENANT REVIEW**

The CAO has completed its review of the original bond documents and covenants, and has found that the proposed use of excess bond proceeds, including using tax-exempt EBP to acquire Property, 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 EBP 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 and 14-1174-S36). Said transfers have been deposited with the Office of the Controller.



JOHN L. REAMER, JR.  
Interim General Manager

JLR:SH:DH:MMS

ATTACHMENT: Motion (Rodriguez-Ryu) C. F. 14-1174-S63

For Council, December 12, 2018

MOTION

Community facilities serve an integral function of municipal government by providing a means of delivering public services to residents and business owners within their community. In Pacoima, there is a need to expand on community facilities that not only serve a government purpose, but also provide an expanded array of educational and training services for the community. Real property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (APN's 2620-011-005 & 2620-011-023) is available for sale and would be suitable for government use. The property is currently improved with a three-story commercial building, approximately 20,309 square feet in size on a 25,275 square foot corner lot. Acquisition of this property would help promote government services in the community and drive community development by stimulating both public and private investment. Strategic investments in public infrastructure, community facilities, and economic development designed to catalyze both public and private investment improve the local economy, create new revenue to the City and other local taxing entities, and enhance the quality of life of its residents. The addition of a new community facility could provide an array of public services such as employment services, permitting services, and business incubator services. Potential tenants could include the Employment Development Department, an Economic and Workforce Development Department WorkSource Center, Los Angeles County Health Department, and space for private partners to assist in the business incubator component of the facility. A community preparation kitchen/business incubator/permitting center focused around the restaurant sector has been identified as an important resource for workforce development that could be included in this property. There is also the potential for a partnership with Mission College and their culinary program to provide education and training services in the Pacoima community.

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. The use of tax-exempt CRA/LA Excess Bond Proceeds towards the acquisition of commercial property for government use purposes and establishment of a culinary art program and business incubator is identified as an eligible expenditure in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that tax-exempt CRA/LA Excess Bond Proceeds available to Council District 7 in an amount not to exceed purchase price and associated costs from the Pacoima Panorama City Redevelopment Project Area be utilized by the General Services Department to acquire commercial property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (APN's 2620-011-005 & 2620-011-023) for the purpose of expanding government services and establishing a culinary arts program in the community.

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, General Services Department, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate tax-exempt CRA/LA Excess Bond Proceeds in an amount not to exceed purchase price and associated costs from the Pacoima/Panorama City Redevelopment Project Area be utilized to acquire commercial property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (APN's 2620-011-005 & 2620-011-023) for use by local government to provide public services and establish a culinary arts program and business incubator as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Pacoima/Panorama City Redevelopment Project Area.

PRESENTED BY Monica Y Rodriguez  
 MONICA RODRIGUEZ  
 Councilwoman, 7<sup>th</sup> District

SECONDED BY [Signature]

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