


WA# 0111-31341-0100

**TRANSMITTAL**

To: Council	DATE 6/3/19	COUNCIL FILE NO. 14-1174-S66
From: CRA/LA Bond Oversight Committee		COUNCIL DISTRICT 1

At its meeting of May 30, 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 \$408,085 plus all earned interest in CRA/LA Excess Non-Housing Taxable Bond Proceeds from the Pico Union 1 Redevelopment Project Area (Taxable Series 2003-C) for the Union Avenue Garden Site Remediation 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:YC/JVW:nsh15190125

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

May 28, 2019

Council File: 14-1174-S66  
Council District No.: 1  
Contact Persons & Extensions:  
Daisy Hernandez: (213) 744-9340CRA/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 \$408,085 PLUS EARNED INTEREST IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE PICO UNION 1 REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2003-C) FOR THE UNION AVENUE COMMUNITY GARDEN SITE REMEDIATION 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 action of appropriating and withholding expenditure of funds for the Union Avenue Community Garden Site Remediation Project (Project), pending the completion, review and consideration of planning and environmental documents related to the Project, is not a project pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4) because it merely creates a funding mechanism or other government fiscal activity that does not commit the City to a project that may result in a potentially significant impact on the environment, and that preparing preliminary planning and environmental documents is not a project pursuant to CEQA Guidelines Section 15378(b)(5) because it is an administrative activity that will not result in physical changes in the environment;
2. APPROVE up to \$408,085 plus earned interest (Interest) in taxable CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District (CD) 1 from the Pico Union 1 Redevelopment Project Area (Project Area) to be utilized for the Project;

3. AUTHORIZE the Department of Public Works, Bureau of Sanitation (LASAN) to be the implementing department for activities related to the Project;
4. AUTHORIZE LASAN to effectuate the Project including, but not limited to, the initiation of a Task Order Solicitation (TOS) from its list of Pre-Qualified On Call Consultants, and select the necessary consultant (Consultant) to develop a plan to assess and implement the Project including, but not limited to, environmental assignments as needed to undertake all Project related activities;
5. AUTHORIZE LASAN to negotiate, prepare, and execute a TOS and all related documents between LASAN and Consultant for the Project no later than September 30, 2019;
6. AUTHORIZE the Controller, subject to the availability of funds and a duly executed and encumbered contract, to expend up to \$408,085 plus Interest from the EBP Fund No. 57D, Account 22L9NT Pico Union 1 Taxable Series 2003-C for activities related to the Project upon presentation of proper documentation by LASAN, and satisfactory review and approval of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
7. AUTHORIZE LASAN to perform limited preliminary planning as may be necessary to conduct the environmental review for the Project from the above-noted funds appropriated to the Project;
8. DIRECT LASAN to withhold expending, or committing to expend, any of the remainder of the above-noted funds appropriated to the Project until all of the following have occurred:
  - a. LASAN has completed the preliminary planning documents and environmental review documents;
  - b. The City has complied with the requirements of the California Environmental Quality Act (CEQA) with respect to the Project, including obtaining any necessary CEQA clearances; and
  - c. The Board of Public Works (BPW) has considered and approved the Project for expenditure of the remaining funds;
9. DIRECT LASAN to transmit copies of all executed contract(s) related to the Project to EWDD;
10. DIRECT LASAN to expend the EBP appropriation no later than September 30, 2024;
11. DIRECT LASAN to report on its work accomplishments to the Office of the City Administrative Officer (CAO), and fund expenditures to EWDD, on a quarterly and as-needed basis; and
12. 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 1 Motion (Cedillo-Buscaino) which was adopted by Council on April 12, 2019 (C. F. 14-1174-S66).

The Motion requests that all remaining taxable EBP including any Interest available to CD 1 from the Project Area be allocated to LASAN to perform public improvements needed for the Union Avenue Community Garden. Public Improvements, including investing in community facilities that will further the development of commercial areas, was 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 (C. F. 14-1174), and sufficient funds for this purpose are available from CD 1's portion of EBP in the Project Area.

The original EBP in the Project Area available to CD 1 was \$485,816. After deducting the 16% (\$77,731) administrative appropriation, there remained \$408,085 available to CD 1. This Motion's proposed \$408,085 in taxable EBP will exhaust all of CD 1's EBP in the Project Area.

## **EWDD ANALYSIS**

The Project site (Site), located at 1554 West 11<sup>th</sup> Place, Pico Union, is a 12,495 square-foot parcel of land that has several raised planters within a fenced area. It is used by local residents for recreational gardening, and is currently known as the Union Avenue Community Garden (Garden). The Site, currently owned by the CRA/LA, was approved for transfer to the City (C.F. 13-1482). A Phase I and Phase II environmental assessment were completed to examine soil conditions which found hazardous contaminants at Site. State dissolution laws prohibit the CRA/LA from participating in any environmental remediation; therefore, the City must take action to remediate the Site in order to provide for a safe and functional transfer, and to ensure the Garden remains in public domain.

The City will request a Right of Entry authorization from the CRA/LA. LASAN will initiate a TOS, and select a Consultant from its existing list of qualified consultants to perform the following tasks including, but not limited to:

1. Soil excavation with additional hot spot excavation in areas where lead and arsenic impacted soil is deeper;
2. Soil sampling and analysis to confirm that cleanup goals are achieved;
3. Characterize excavated soil for disposal in accordance with receiving facility requirements;
4. Backfill excavated areas with clean material
5. Transport excavated soil for disposal at the appropriate facility in accordance with applicable regulations; and
6. Coordinate with a State agency for regulatory oversight.

The \$408,085 taxable EBP available for the Project plus Interest is sufficient to cover the initial cost estimate of \$410,000. The estimated scope and budget are as follows:

1. Contractual Remediation \$310,000: Scope of work shall include, but is not limited to, soil excavation and removal of contaminated soil, confirmation sampling to ensure the successful removal of contaminants, off-site disposal at an appropriate disposal facility, backfill excavated areas with clean material etc.;
2. Consultant Oversight \$50,000: Services shall include, but are not limited to, entering into an agreement with a State agency for regulatory oversight, paying oversight fees, and coordination with a State agency; and
3. LASAN Project Management \$50,000: Shall include two (2) staff with no administrative or clerical charges.

The Project is expected to begin in Fall 2019, and will be completed in Fall 2021.

EWDD has met and consulted with CD 1 and LASAN regarding Project and scope of work. LASAN will be the implementing department and project manager who will oversee the Project. Upon approval by the Board of Public Works, LASAN will develop a contract with the Consultant no later than September 30, 2019, and will expend 100% of the EBP appropriation no later than September 30, 2024. The Consultant will be required to comply with the State's Prevailing Wage requirements.

Deliverables and/or activity reports showing percentages of completion must accompany LASAN's original signed off invoices which shall be submitted to EWDD. A maximum of four (4) disbursements will be authorized pursuant to receipt and satisfactory review by EWDD to ensure compliance with the approved spending categories and amounts outlined in this transmittal that have been deemed to be in accordance with the terms and conditions of the BEA.

LASAN will report on its work accomplishments to the Office of City Administrative Officer (CAO), and fund expenditures to the EWDD, on a quarterly and as-needed basis for their respective reports to the Bond Oversight Committee, Mayor and CRA/LA.

## **BENEFITS TO THE AFFECTED TAXING ENTITIES**

The Project will provide considerable community benefits by providing a much-needed green space in a densely populated area of Los Angeles which lacks parks and public outdoor gathering areas. In addition to providing a place for community members to tend plots, grow fruits, vegetables, plants and flowers, the Garden will host programs that directly engage children and seniors, host local schools and senior centers, and offer gardening workshops that serve the community. It is anticipated that a portion of the fruits and vegetables grown in the Garden will be delivered regularly to local senior centers.

## **ENVIRONMENTAL REVIEW**

On April 12, 2019, the Los Angeles City Council adopted a March 8, 2019 Motion introduced by CD 1 to explore the potential use of EBP and related actions for the Project. The City is the Project's lead agency for matters concerning CEQA. The recommendations in this report will allow the City to prepare limited preliminary plans for the Project, and to evaluate the environmental impacts of the Project, before it is ultimately considered for approval by the Board of Public Works (BPW). Aside from preliminary planning documents, no funds will be committed to the completion of the Project until the BPW considers the environmental impacts of the Project, and whether to approve the Project.

The recommended actions are not a project pursuant to CEQA. Consistent with State CEQA Guidelines Section 15378(b)(4), approving the allocation of funds for the Project and concurrently withholding any expenditure of those funds pending the completion, review, and consideration of planning and environmental documents related to the Project, and also pending the consideration of whether or not to approve the Project, is not itself a project. Such preliminary actions are only intended to create a funding mechanism or other government fiscal activity that does not commit to a project that may result in potentially significant impact on the environment. Instead, funds will be made available for the Project, similar to other regular government budgeting activities. As with other City budgeting procedures, no construction of the Project will occur until the City has complied with CEQA (including the preparation and consideration of an environmental review document, if needed), and until the BPW has ultimately reviewed and determined whether or not to approve moving forward with, and expending funds on, the Project.

Accordingly, after expending only funds necessary for preliminary planning and environmental document preparation, LASAN's expenditure of the remaining funds will not occur until all of the following have occurred: (1) LASAN has completed the preliminary planning and environmental review documents; (2) the City has complied with the requirements of CEQA with respect to the Project, including obtaining any necessary CEQA clearances prior to final consideration and approval of the Project by the BPW; and (3) the BPW has considered and approved the Project. This process is intended to ensure compliance with CEQA by evaluating and considering the environmental impacts before deciding whether to proceed with the Project. If the BPW ultimately decides not to proceed with the Project, the remaining funds will not be used on the Project.


Also, consistent with State CEQA Guidelines Section 15378(b)(5), preparing preliminary planning and environmental documents with or without using some of the funds is not a project pursuant to CEQA, because it is only an administrative activity that will not result in physical changes in the environment. Preparing such preliminary documents will not commit the City to completing the Project. Such documents merely assist the BPW in its evaluation of whether the Project will impact the environment when it considers whether to approve construction of the Project.

### **CAO BOND COVENANT REVIEW**

The CAO has completed its review of the original bond documents and covenants, and has found that the proposed use of taxable EBP, 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 EBP. The 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:JL

ATTACHMENT: Motion (Cedillo-Buscaino) C. F. 14-1174-S66

MOTION ECONOMIC DEVELOPMENT

On May 6, 2014, Council adopted actions related to the transfer of properties for government use from the former Community Redevelopment Agency of the City of Los Angeles (C.F. 13-1482). The State legislation that dissolved the former redevelopment agency established CRA/LA, A Designated Local Authority, as the Successor Entity charged with disposition of all real property assets of the former redevelopment agency. A total of 35 real property assets were identified for government use and approved for transfer to the City including a 12,495 square foot parcel in Council District 1 known as the Union Avenue Community Garden.

The Union Avenue Community Garden is located at 1554 W. 11<sup>th</sup> Place in Pico Union and contains several raised planters within a fenced area that are used by local residents for recreational gardening. As part of the City's due diligence to accept the property, a Phase I and Phase II Environmental Assessment Report was obtained to examine the site's soil conditions. Contaminants were found in the soil that should be removed if the City is to accept the property and continue using it as a community garden. State dissolution law does not allow Successor Entities to participate in any environmental remediation. Therefore, the City would need to remediate the site to provide for its transfer in a safe and functional manner. The Union Avenue Community Garden serves as an important asset to the Pico Union community and action is needed to ensure it remains in the public domain.

Funds are available to Council District 1 through taxable CRA/LA Excess Bond Proceeds from the Pico Union 1 Redevelopment Project Area that can assist in implementing public improvements to the Union Avenue Community Garden. 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 taxable CRA/LA Excess Bond Proceeds for public improvements in the Pico Union 1 Redevelopment Project Area is an eligible expense identified in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that the Economic and Workforce Development Department (EWDD), with the assistance of the City Administrative Officer, Chief Legislative Analyst, Department of Public Works, Bureau of Sanitation, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate all remaining taxable CRA/LA Excess Bond Proceeds, including any earned interest, from the Pico Union 1 Redevelopment Project Area for public improvements to the Union Avenue Community Garden as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Pico Union 1 Redevelopment Project Area.

I FURTHER MOVE that all remaining taxable CRA/LA Excess Bond Proceeds, including any earned interest, available to Council District 1 from the Pico Union 1 Redevelopment Project Area be utilized by the Department of Public Works, Bureau of Sanitation to perform public improvements needed for the Union Avenue Community Garden subject to Council's approval of the forthcoming EWDD report.

PRESENTED BY: Gil Cedillo  
GILBERT CEDILLO  
Councilmember, 1<sup>st</sup> District

SECONDED BY: Joe Brown

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