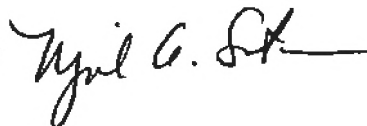


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCECAO W.A. #0111-31341-0000
C.F. 14-1174-S8
Council District 13

Date: June 3, 2016

To: The Council

From: Miguel A. Santana, City Administrative Officer
Chair, CRA/LA Bond Oversight CommitteeSubject: **TRANSMITTAL – REPORT FROM THE EWDD TO APPROPRIATE \$1,871,370 IN CRA-LA/DLA EXCESS BOND PROCEEDS FROM THE EAST HOLLYWOOD/BEVERLY-NORMANDIE REDEVELOPMENT PROJECT AREA WITHIN COUNCIL DISTRICT 13 FOR IMPROVEMENTS OF COMMUNITY FACILITIES**

At the CRA/LA Bond Oversight Committee (BOC) meeting on May 26, 2016, the Committee considered the attached report from the Economic and Workforce Development Department (EWDD) and adopted the recommendations with amendments. The amended recommendations, as adopted by the BOC, and now forwarded for Mayor and Council consideration below are:

That the Council, subject to the approval of the Mayor:

1. APPROVE \$1,871,370 in CRA/LA Excess Bond Proceeds available to Council District 13 from the East Hollywood/Beverly-Normandie Redevelopment Project Area within the district be utilized to rehabilitate the Barnsdall Park community facilities;
2. AUTHORIZE EWDD to transfer \$1,871,370 from CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account 22L9NT - East Hollywood/Beverly-Normandie, and appropriate \$1,871,370 to Fund 869 - Project Restore Trust Fund, Department 40 Account No. 400395, Residence A;
3. AUTHORIZE GSD to expend funds not to exceed \$1,871,370 from Fund 869 - Project Restore Trust Fund, Department 40 Account No. 400395, Residence A, for the improvement to the Barnsdall Park community facilities which are located in the Promise Zone as identified in the Bond Spending Plan for this Project Area;
4. AUTHORIZE Project Restore to perform project management for the phase one restoration activities identified for Residence A; and
5. AUTHORIZE Controller:
 - a. Establish a new inter fund account 22M869 titled Project Restore Trust Fund within CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D.

- b. Transfer appropriations within CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D as follows:

From:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
22L9ET	East Hollywood/Beverly Normandie	\$1,871,370

To:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
22M869	Project Restore Trust Fund	\$1,871,370

- c. Transfer appropriation of \$1,871,370 from newly established account 22M869, titled Project Restore Trust Fund, CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Department 22 to Project Restore Trust Fund No. 869, Department 40, Account No. 400395, Residence A.
6. 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 Office of the City Administrative Officer (CAO) and authorize the Controller to implement these instructions.

FISCAL IMPACT

There is no impact on the City's General Fund from the proposed allocation of CRA-LA/DLA 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 CRA/LA to the City (CF 14-1174). Said transfer has been deposited with the Office of the Controller.

Attachment

MAS:SMR:15160022

JAN PERRY
GENERAL MANAGER

City of Los Angeles
CALIFORNIA



ERIC GARCETTI
MAYOR

Item No. 4

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

May 26, 2015

Council File: 14-1174-S8
Council District No.: 13
Contact Persons & Extensions:
Meg Barclay: (213) 744-9340

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

**COMMITTEE TRANSMITTAL: REQUEST APPROVAL TO APPROPRIATE
\$1,871,370 IN CRA/LA EXCESS BOND PROCEEDS FROM THE EAST
HOLLYWOOD/ BEVERLY-NORMANDIE REDEVELOPMENT PROJECT AREA FOR
IMPROVEMENTS OF COMMUNITY FACILITIES**

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 (O'Farrell – Price) dated April 15, 2016 (CF 14-1174-S8), adopted by Council on April, 22, 2016. This Motion proposes to appropriate \$1,896,988 in Community Redevelopment Agency of the City of Los Angeles non-housing Excess Bond Proceeds (EBP) available to Council District (CD) 13 from the East Hollywood/Beverly-Normandie Redevelopment Project Area (Project Area) for public improvements projects within the Promise Zone as allowed by the Bond Spending Plan for this Project Area. The proposed use of funds is permissible under the Bond Spending Plan (BSP) adopted by City Council on October 29, 2014 (CF 14-1174); and sufficient funds for this purpose are available from CD 13's portion of EBP in this Project Area. However, \$25,618 in EBP had already been appropriated for City's administrative costs (CF 14-1174-S3), resulting in a final eligible amount of \$1,871,370.

RECOMMENDATIONS

The General Manager, EWDD, requests that the Mayor and City Council:

1. APPROVE \$1,871,370 in CRA/LA Excess Bond Proceeds available to Council District 13 from the East Hollywood/Beverly-Normandie Redevelopment Project Area within the district be utilized to rehabilitate the Barnsdall Park community facilities, pending CAO determination that this use of funds is consistent with the redevelopment purposes for which the bonds were sold; is consistent with the applicable bond covenants as set forth in the bond documents, Bond Expenditure Agreement, applicable provisions of the Community Redevelopment Law and Redevelopment Plans, and the BSP;
2. AUTHORIZE EWDD to transfer \$1,871,370 from CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account 22L9NT - East Hollywood/Beverly-Normandie, and appropriate \$1,871,370 to Fund 869 - Project Restore Trust Fund, Department 40 Account No. 400395, Residence A;
3. AUTHORIZE GSD to expend funds not to exceed \$1,871,370 from Fund 869 - Project Restore Trust Fund, Department 40 Account No. 400395, Residence A, for the improvement to the Barnsdall Park community facilities which are located in the Promise Zone as identified in the Bond Spending Plan for this Project Area;
4. AUTHORIZE Project Restore to perform project management for the phase one restoration activities identified for Residence A; and
5. AUTHORIZE Controller:
 - a. Establish a new inter fund account 22M869 titled Project Restore Trust Fund within CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D.
 - b. Transfer appropriations within CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D as follows:

From:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
22L9ET	East Hollywood/Beverly Normandie	\$1,871,370

To:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
22M869	Project Restore Trust Fund	\$1,871,370

- c. Transfer appropriation of \$1,871,370 from newly established account 22M869, titled Project Restore Trust Fund, CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Department 22 to Project Restore Trust Fund No. 869, Department 40, Account No. 400395, Residence A.

6. 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 Office of the City Administrative Officer (CAO) and authorize the Controller to implement these instructions.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund from the proposed appropriation of CRA/LA 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 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. 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 13 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

CD 13 is entitled to \$10,339,129 in Excess Bond Proceeds over 4 project areas: East Hollywood/Beverly-Normandie, Hollywood, Westlake Recovery, and Wilshire Center/Koreatown. CD 13's EBP consist of \$6,150,061 in tax-exempt bond proceeds in 3 projects areas, and \$4,189,069 in taxable bond proceeds in all 4 project areas. The details are reflected below:

CRA Project Area	CD 13's Percentage Share of Project Area EBP	Tax-Exempt Bond Proceeds	Taxable Bond Proceeds	Total Bond Proceeds in Project Area
East Hollywood/Beverly-Normandie	59 %	\$ 618,662	\$1,278,326	\$ 1,896,988
Hollywood	89 %	\$5,287,635	\$1,295,043	\$ 6,582,679
Westlake Recovery	13 %		\$ 593,707	\$ 593,707
Wilshire Center/Koreatown	13.2 %	\$ 273,764	\$1,021,992	\$ 1,265,756
TOTAL		\$6,150,061	\$4,189,069	\$10,339,129

The approved bond spending within CD 13's five project areas total \$25,013,793. The proposed bond spending within each redevelopment area does not provide a breakdown per Council District(s). The projects, programs and activities are broken down as follows along the identified project areas:

CRA Project Area	Infrastructure	Community Facilities	Affordable Housing	Business Assistance	Total Project Area Spending
East Hollywood/Beverly-Normandie	\$ 500,000	\$ 500,000		\$2,215,234	\$3,215,234
Hollywood	\$3,894,259	\$1,500,000	\$1,000,000	\$1,455,105	\$7,849,364
Westlake Recovery	\$ 800,000	\$ 766,974		\$3,000,000	\$4,566,974
Wilshire Center/Koreatown		\$6,647,529	\$1,000,000	\$2,000,000	\$9,647,529
TOTAL	\$4,339,238	\$9,327,619	\$2,000,000	\$9,346,936	\$25,013,793

ANALYSIS AND RECOMMENDATIONS

In 1926, Aline Barnsdall donated the Park and its structures designed by Frank Lloyd Wright to the City of Los Angeles to serve as a center of Art and Culture. Barnsdall envisioned the donation of the property would foster the arts and encourage education opportunities for young artists. In 2015, the City, through Project Restore, completed the seismic retrofit and restoration of the world renowned Hollyhock House, a vital component of Barnsdall Art Park. Since reopening, it has welcomed thousands of visitors from around the world, promoting this public park as a cultural tourism destination. To further enhance this experience, and realize Ms. Barnsdall's dreams of opening the campus up to the public for arts educational opportunities, the City needs to now address the seismic and restoration issues facing Residence A, a secondary structure within the Park. Once complete, Residence A will further add to the role of the campus in making the area safer, improving educational opportunities and promoting a more sustainable and livable community in the East Hollywood portion of the Promise Zone.

The City of Los Angeles is one of only three cities in the nation to receive the Promise Zone designation. The Los Angeles Promise Zone covers the central Los Angeles neighborhoods of Hollywood, East Hollywood, Koreatown, Pico-Union and Westlake. The goals of the Promise zone are to foster good jobs and healthy businesses, make our neighborhoods safe, improve education opportunities, and promote more sustainable and livable communities. Barnsdall Art Park is a cultural tourism and education destination in the heart of the East Hollywood portion of the Promise Zone.

CD 13's motion (Motion), adopted on April 22, 2016, seeks to invest the maximum EBP available to Council District 13 towards public improvement projects within the Promise Zone as identified in the Bond Spending Plan for this Project Area. The East Hollywood/ Beverly-Normandie project area originally contained \$1,896,988 in EBP that was targeted for CD 13. However, \$25,618 has previously been appropriated to cover the EBP program planning and reporting expenditures; thus, \$1,871,370 of EBP is available to address the seismic and restoration issues facing Residence A. Bureau of Engineering's (BOE) administrative cost estimate of \$500,000.00 for this project is covered under BOE's General Fund annual salary appropriation.

EWDD has consulted with CD 13 and Project Restore staff regarding the Motion, and the anticipated scope of work. The anticipated work to be performed in the restoration of Residence A is as follows:

Building Structure – this will include performing soil test; foundation and wall inspection; strength test and repair; seismic analysis and strengthening; framing repair and strengthening; overhang structure repair; and wall, roof, eave and floor framing.

Building Envelope Repair – Repair/replace of roofing, drainage system, exterior plaster, windows, and doors; and moisture protection around the building.

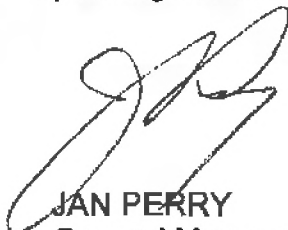
Building Function Systems – Targeted repair of electrical, mechanical, plumbing and sewage systems.

Restoration Phase One – Basic restoration on targeted areas.

Project Cost for Residence A Restoration - Phase 1		
Work Area	Estimate	Source of Funds
Building Structure	\$721,370	CRA/LA EBP
Building Envelope Repair	\$750,000	CRA/LA EBP
Building Function Systems	\$150,000	CRA/LA EBP
Restoration Phase One	\$100,000	CRA/LA EBP
Consultant Engineering, test, Permit & Reports Fees	\$150,000	CRA/LA EBP
Total Costs	\$1,871,370	

General Services Department (GSD) will be the prime contractor for seismic and renovation work. When necessary, specialty sub-contractors will be hired for work that cannot be handled by GSD. Bureau of Engineering's (BOE) administrative cost is included in the City's salary estimate of \$500,000.00 from the City's General Fund. GSD's administrative fees are included within the construction hard cost. BOE's Architectural Division will perform project design and construction administration. Project Restore will be responsible for most of the project management. Project Restore will report quarterly to EWDD regarding work accomplished and EBP funds expended for EWDD's quarterly and semi-annual reports to CRA/LA.

At the time of this report the CAO is reviewing this use of tax exempt (East Hollywood/Bev-Norm, Series A and B) proceeds for compliance with all intents and covenants outlined in the BSP, BEA, bond covenants and applicable Community Redevelopment laws. This review is expected to be complete in time for Bond Oversight Committee consideration of this matter. As such, we recommend that \$1,871,370 in CRA/LA EBP be appropriated for the purposes outlined in the Motion, pending the outcome of the CAO's review.



JAN PERRY
General Manager

JP:SH:MB:MMS:RBV

ATTACHMENT: Motion (O'Farrell – Price)