


0111-31341-0135

TRANSMITTAL

TO Council	DATE 10-01-19	COUNCIL FILE NO. 14-1174-S22
FROM CRA/LA Bond Oversight Committee		COUNCIL DISTRICT 3

At its regular meeting on September 26, 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 \$175,417 in CRA/LA Excess Non-Housing Bond Proceeds, plus earned interest from the Reseda-Canoga Park Redevelopment Project Area (Taxable Series 2003-B, 2006-C and 2010-D) for the Canoga Park Stage Arts Lab 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 transfers totaling approximately \$88.4 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

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

Item 5

JOHN L. REAMER, JR.
INTERIM GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

September 26, 2019

Council File No.: 14-1174-S22

Council District No.: 3

Contact Person & Extension:

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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 \$175,417 IN TAXABLE CRA/LA EXCESS NON-HOUSING BOND PROCEEDS PLUS EARNED TAXABLE INTEREST FROM THE RESEDA/CANOGA PARK REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2003-B, 2006-C AND 2010-D) FOR THE CANOGA PARK STAGE ARTS LAB 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 (BOC) 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 Project pending the completion, review and consideration of planning and environmental documents related to the Canoga Park Stage Arts Lab Project (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 \$175,417 plus earned interest (Interest) in taxable CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District (CD) 3 from the Reseda/Canoga Park Redevelopment Project Area (Project Area) to be utilized for Project;
3. AUTHORIZE the Department of Public Works, Bureau of Engineering (BOE) to be the implementing department for activities related to Project;
4. REQUEST the Board of Public Works (BPW) to approve, negotiate and execute contracting documents and/or amendments as required with contractor(s) (Contractor) to effectuate Project subject to the approval of City Attorney as to form;
5. AUTHORIZE the Controller, subject to the requirements below and availability of funds and a duly executed and encumbered contract, to expend up to \$175,417 from EBP Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series 2003-B, 2006-C and 2010-D, and up to 260,047 in Interest from EBP Fund No. 57D, Account No. 22S9PT Reseda/Canoga Park Taxable Series 2003-B, 2006-C and 2010-D for activities related to Project upon presentation of proper documentation by BOE, and satisfactory review and approval of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
6. AUTHORIZE BOE to perform limited preliminary planning as may be necessary to conduct the environmental review for Project from the above-noted funds allocated to Project;
7. DIRECT BOE to withhold expending, or committing to expend, any of the remainder of the above-noted funds allocated to Project until all of the following have occurred:
 - a. BOE has completed the preliminary planning documents and environmental review documents;
 - b. The City has complied with the requirements of CEQA with respect to Project, including obtaining any necessary CEQA clearances; and
 - c. BPW has considered and approved Project for expenditure of the remaining funds;
8. DIRECT BOE to transmit copies of all executed contract(s) under Project to EWDD;
9. DIRECT BOE to expend the CRA/LA EBP allocation no later than September 30, 2024;
10. DIRECT BOE 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

11. 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 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 3 Motion (Blumenfield-Bonin) (Attachment 1) which was adopted by Council on August 30, 2019 (C.F. 14-1174-S22).

The Motion originally sought \$435,464 in tax-exempt EBP for DCA to implement building improvements to real property located at 7242 Owensmouth Avenue, Canoga Park, California 81303 (Property). It was later modified to \$175,417 in taxable EBP plus taxable Interest in Project Area within CD 3 for BOE to effectuate Project.

Property formerly operated as the West Valley Playhouse. The West Valley Playhouse Small Business Assistance Project facilitated the City's acquisition of Property in December 2018 as part of the Madrid Theater Cultural Hub (C.F 14-1174-S22). Its goal is to preserve the arts and small businesses who use the art space, and provide additional rehearsal space for other City-operated theatres.

The Madrid Theater Cultural Hub was not listed as a potential project in the Bond Spending Plan (BSP) as required to qualify for EBP consideration. The City's request to amend the BEA to add the Madrid Theatre Canoga Park Cultural Arts Hub as a project to the BSP in Project Area was approved by CRA/LA's Oversight and Governing Boards, followed by the State Department of Finance on October 26, 2018. The proposed use of funds is thus permissible under the BSP adopted by City Council on October 29, 2014 (CF 14-1174), and sufficient funds for this purpose are available from CD 3's portion of EBP and Interest in Project Area.

The original taxable and tax-exempt EBP in Project Area available to CD 3 was \$20,984,713. After deducting the 16% (\$1,977,635) taxable EBP for bond administration, there remained a combined \$19,007,078 EBP in Project Area for CD 3. CD 3 also traded their AB 1290 funds for CD 12's EBP. This trade provided an additional \$2,098,471 (\$1,236,021 taxable, and \$860,450 tax-exempt) to CD 3; and increased its taxable administrative allocation by \$197,763. CD 3 now controls 99% of Project Area with a total net EBP of \$20,907,786. This Motion's proposed \$175,417 in taxable EBP, along with fourteen (14) pending and Council adopted motions, will completely deplete CD 3 taxable and tax-exempt EBP in Project Area.

EWDD ANALYSIS

The BOC team met with CD 3 and BOE regarding Project. BOE will be the lead department, and will oversee the selection of design and construction contractor(s) of building improvements at Property. The scope of work entails:

1. Hazardous materials abatement
2. Structural analysis
3. Mechanical, electrical, American with Disabilities Act and life safety upgrades

The total Project cost estimates is \$435,900 which will be fully funded by the EBP and Interest. Breakdown of the estimated cost is as follows:

Estimated Taxable EBP Costs

Project Management	\$ 12,600
Geotech	\$ 2,800
Building and Safety Permit	\$ 4,200
Public Works Permit	\$ 700
Planning and Filing Fees	\$ 800
Printing	\$ 3,000
Design	\$ 33,600
Construction	<u>\$378,200</u>
Total Estimated Taxable EBP Costs	\$435,900

Design will begin upon Council adoption of Project and completion of CEQA due diligence. Implementation schedule from design, bid and award, construction to close out is approximately 3 years. Completion is targeted for November 2022.

EBP funding encumbrance and allocation must be fully expended no later than September 30, 2024. Deliverables and/or activity reports showing percentages of completion must accompany BOE's original signed off invoices to be submitted to EWDD. Disbursements will be authorized pursuant to receipt and satisfactory review by EWDD to ensure compliance with bond covenants and BEA, and that the approved spending categories and amounts adhere to those outlined in this transmittal.

BOE will report on its work accomplishments to CAO, and fund expenditures to EWDD, on a quarterly and as-needed basis for their respective reporting to the BOC, Mayor and CRA/LA.

BENEFITS TO THE AFFECTED TAXING ENTITIES

The expenditures set forth in this report will provide community benefits in Project Area which will benefit the affected taxing entities by revitalizing the arts community in Project Area. Capital improvements to the City-owned Canoga Park Stage Arts Lab aim to improve goods and services, create new jobs, attract patrons, enhance the cultural experience, incubate new cultural experiences, and enliven the neighborhood which will promote economic development to complement the Madrid Theater Cultural Hub. The Madrid Theater Cultural Hub will provide art spaces for a diversified performance arts community with a targeted focus on families and youth. The economic growth will make a positive impact while complementing other community development efforts. Enhanced connectivity along the commercial corridor will benefit school-age children, artists, stakeholders, promote public peace, health, safety, and public welfare in an effort to increase economic vitality for property owners and improve the overall quality of life and creative economy for the area's residents.

ENVIRONMENTAL REVIEW

The City of Los Angeles Housing and Community Investment Department provided the following analysis:

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

Accordingly, after preparing preliminary planning and environmental documents, BOE’s expenditure of the remainder of the funds will not occur until all of the following have occurred: (1) BOE has completed the preliminary planning and environmental review documents; (2) the City has complied with the requirements of CEQA with respect to Project, including obtaining any necessary CEQA clearances prior to final consideration and approval of Project by BPW; (3) and 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 Project. If BPW ultimately determines not to proceed with Project, the remaining funds will not be used on Project.

Also, consistent with CEQA Guidelines Section 15378(b)(5), preparing preliminary planning and environmental documents 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 does not commit the City to completing Project. Rather, such documents merely facilitate assisting BPW with evaluating whether Project will potentially impact the environment when it considers whether to approve the Project.

CAO COVENANT REVIEW

The CAO has completed its review of the original bond documents, covenants and BSP, and has found that the proposed use of EBP, as presented, is consistent with those documents.

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 \$88.4 million in pre-2011 tax allocation bond proceeds from CRA/LA to the City (C.F. 14-1174, 14-1174-S36 and 14-1174-S78). Said Transfers have been deposited with the Office of the Controller.



JOHN D. REAMER, JR.
Interim General Manager

JLR:SH:DH:MMS:JL:AY

ATTACHMENT: Motion (Blumenfield-Bonin) C. F. 11-1174-S22

MOTION ECONOMIC DEVELOPMENT

On November 6, 2018, Council approved various actions related to the acquisition of real property located at 7242 Owensmouth Avenue, Canoga Park, CA 91303 (Property) (C.F. 14-1174-S22). The Property, formerly referred to as the West Valley Playhouse, is a small commercial space dedicated to the theatrical arts that will be used in conjunction with the neighboring Madrid Theater to help form the Madrid Theater Cultural Hub. The Madrid Theater Cultural Hub will be aimed at providing aid to small theater groups and local retail businesses.

The City closed escrow on December 24, 2018, and the Property is now under the jurisdiction of the General Services Department (GSD). The Department of Cultural Affairs (DCA) will operate, manage, and maintain the Property so Council action is needed to authorize the transfer of jurisdiction from GSD to DCA along with allocation of funding to address various building improvements needed to bring the property up to standard.


Funds are available to Council District 3 through tax-exempt CRA/LA Excess Bond Proceeds from the Reseda/Canoga Park Redevelopment Project Area that can assist in the implementation of building improvements to the Property. 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 building improvements related to the Madrid Theater Cultural Hub in the Reseda/Canoga Park Redevelopment Project Area is an eligible expense identified in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that Council authorize the transfer of jurisdiction of City-owned real property located at 7242 Owensmouth Avenue, Canoga Park, CA 91303 (Property), from the General Services Department (GSD) to the Department of Cultural Affairs (DCA) including the preparation and execution of any documentation needed to effectuate the transfer.

I FURTHER MOVE that the Council instruct the Economic and Workforce Development Department (EWDD), with the assistance of the City Administrative Officer, Chief Legislative Analyst, DCA, GSD, and any other applicable City department, to provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate \$435,464 in tax-exempt CRA/LA Excess Bond Proceeds available to Council District 3 for building improvement to the Property as part of the Madrid Theater Cultural Hub identified in the Bond Expenditure Agreement and Bond Spending Plan for the Reseda/Canoga Park Redevelopment Project Area.

I FURTHER MOVE that the Council authorize the expenditure of \$435,464 in tax-exempt CRA/LA Excess Bond Proceeds available to Council District 3 from the Reseda/Canoga Park Redevelopment Project Area to be utilized by DCA for building improvements to the Property identified as part of the Madrid Theater Cultural Hub contingent upon Council's approval of the forthcoming EWDD report.

PRESENTED BY:


BOB BLUMENFELD
Councilmember, 3rd District

SECONDED BY:



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