

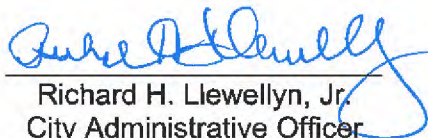
0111-31341-0125

**TRANSMITTAL**

TO Council	DATE 09-19-19	COUNCIL FILE NO. 14-1174-S25
FROM CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 3	

At its regular meeting on August 29, 2019, the CRA/LA Bond Oversight Committee amended the recommendations in the original Economic and Workforce Development Department (EWDD) report to include various changes and instructed staff to submit a revised original report with updated environmental language. Council approval of the revised report recommendations attached would authorize the appropriation of up to \$175,000 in CRA/LA Excess Non-Housing Bond Proceeds from the Reseda-Canoga Park Redevelopment Project Area (Taxable Series 2010-D) for the Madrid Theater Cultural Arts Hub 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

RHL:YC/JVW:nsh15200027  
Attachment – September 4, 2019 EWDD Report – Madrid Theater Cultural Arts Hub Project

# CITY OF LOS ANGELES

CALIFORNIA

JOHN L. REAMER, JR.  
INTERIM GENERAL MANAGER



ERIC GARCETTI  
MAYOR

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET  
LOS ANGELES, CA 90017

September 4, 2019

Council File: 14-1174-S25  
Council District No.: 3  
Contact Person & Extension:  
Daysi Hernandez: (213) 744-9340

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, ALLOCATE UP TO \$175,000 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE RESEDA/CANOGA PARK REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2010-D) FOR THE MADRID THEATRE CANOGA PARK CULTURAL ARTS HUB 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 the Madrid Theatre Canoga Park Cultural Arts Hub 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 \$175,000 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 the Madrid Theatre Canoga Park Cultural Arts Hub Project (Project);

3. AUTHORIZE the Department of Cultural Affairs (DCA) to be the implementing department for activities related to Project;
4. AUTHORIZE the Department of General Services (GSD) to issue a Request For Bid and purchase order, and acquire the capital equipment on behalf of DCA;
5. AUTHORIZE the Controller, subject to the conditions below and availability of funds and a duly executed and encumbered contract and/or purchase order, to expend up to \$175,000 from the EBP Fund No. 57D, Reseda/Canoga Park Account No. 22L9PT Taxable Series 2010-D, for activities related to Project upon presentation of proper documentation by GSD and DCA, and satisfactory review and approval of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
6. AUTHORIZE DCA to perform limited preliminary planning as may be necessary to conduct the environmental review for Project from the above-noted funds appropriated to Project;
7. DIRECT DCA 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. The Department of Public Works, Bureau of Engineering (BOE) has completed the preliminary planning documents and environmental review documents; and
  - b. 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;
8. INSTRUCT DCA to expend the EBP allocation no later than September 30, 2024;
9. DIRECT DCA to transmit copies of all contracts and/or purchase orders related to Project to EWDD;
10. DIRECT DCA to report on its work accomplishments to 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 an amending CD 3 Motion (Blumenfield-Ryu) which was adopted by Council on July 2, 2019 (CF 14-1174-S25).

This Amending Motion seeks to appropriate up to \$175,000 in taxable EBP available to CD 3 from Project Area to acquire a new state-of-the-art concert level grand piano for use by the Madrid Theatre (Theatre) as part of Project. Project was not listed as a potential project in the Bond Spending Plan (BSP) that was adopted by Council on June 24, 2015 (C.F. 14-1174). City's request to amend the BSP to include Project as a potential project in Project Area's BSP was approved by CRA/LA's Governing and Oversight Boards on September 6, 2018 and September 24, 2018 respectively, followed by the State Department of Finance on October 26, 2018. Sufficient funds for this purpose are available from CD 3's portion EBP 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% (\$1,977,634) taxable EBP for bond administration, there remained a combined \$19,007,079 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 \$20,907,787. This request's proposed \$175,000 in taxable EBP, along with fourteen (14) pending and Council adopted motions, will completely deplete CD 3's taxable and tax-exempt EBP in Project Area.

## **EWDD ANALYSIS**

EWDD consulted with CD 3, DCA and GSD regarding Project. DCA will serve as the lead department, and will identify an appropriate state-of-the-art concert level piano. DCA will submit a requisition including the make, model, manufacturer's name, part number and quote to GSD. GSD will issue a Request For Bid, followed by a one-time purchase order. The purchase will be 100% funded by taxable EBP for up to \$175,000.

The piano acquisition is an integral part of the Phase I tenant improvement project that Council adopted on March 26, 2019 (C.F. 14-1174-S25). As such, the purchase will not occur until after the anticipated Phase I completion in early 2021.

Deliverables and/or activity reports showing percentages of completion must accompany DCA's original signed invoices, which shall be submitted to EWDD for review. Disbursements will be authorized pursuant to receipt and satisfactory review by EWDD to ensure compliance with bond covenants and the terms and conditions of the BEA and BSP, and that expenditures adhere to the approved spending categories and amounts outlined in this transmittal.

DCA will report on its acquisition status to CAO, and fund expenditures to EWDD, on a quarterly and as-needed basis for their respective reports to the BOC, Mayor and CRA/LA.

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

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, improving a critical community facility center, and supporting the viability of adjoining commercial districts and residential neighborhoods. Not only will the piano ensure that the current needs of the Theatre are met, it will also serve to improve the marketability and attraction of the Theatre to users, guests and potential venue promoters.

The Project seeks to reactivate the Theatre and promote investments in catalytic commercial developments in the surrounding area which will allow for greater social equity by making a positive impact on the built environment while complementing other community development efforts. The Project aims to improve goods and services, create new jobs, attract patrons, enhance the cultural experience, 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. Enhanced connectivity along the commercial corridor will benefit school-age children, pedestrians, and bicyclists in general, 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 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 appropriation 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, Project will not occur until the City has complied with CEQA (including the preparation and consideration of an environmental review document, if needed), and until the City 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, DCA'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; and (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. This process is intended to ensure compliance with CEQA by evaluating and considering the environmental impacts before deciding whether to proceed with Project. If the City 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 the City with evaluating whether Project will potentially impact the environment when it considers whether to approve Project.

#### **CAO BOND 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 EBP. The 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 L. REAMER, JR.  
Interim General Manager

JLR:SH:DH:MMS:JL

- ATTACHMENTS:   1. Motion (Blumenfield-Ryu) C. F. 14-1174-S25  
                      2. Amending Motion (Blumenfield-Ryu) C.F. 14-1174-S25

## MOTION

The communities of Reseda and Canoga Park contain historic central business districts that have, over the years, seen significant disinvestment. The former Community Redevelopment Agency of the City of Los Angeles established the Reseda/Canoga Park Redevelopment Project Area covering portions of Reseda, Winnetka, and Canoga Park to provide for and facilitate the repair, restoration, demolition and/or replacement of property, areas, or facilities damaged as a result of the 1994 Northridge Earthquake. Through an exhaustive community-based process, a vision has been identified for the revitalization of the communities in the Reseda/Canoga Park Redevelopment Project Area. Councilmember Bob Blumenfeld has transformed this vision into the multi-front West Valley Improvement Plan initiative. This initiative is a ten-point plan of improvements and amenities throughout the area's commercial corridors; a reinvestment in these historic communities to help them attain their former glory as destinations for commerce, art, and culture.

Located in the heart of Canoga Park, the Madrid Theatre is a 440-seat professional-level performing arts facility recognized as the West Valley's premier performance venue. The Madrid Theatre is dedicated to artistic excellence and committed to supporting the artistic experience of this vital community. Professionally managed by the Department of Cultural Affairs, the Madrid Theatre works in close partnership with dynamic arts organization to bring world-class art and entertainment to our community. The former Community Redevelopment Agency of the City of Los Angeles acted as the City's agent in acquiring the Madrid Theater and made large investments in its rehabilitation. The property currently finds itself in need of additional investment to help leverage non-City funds for activities necessary to reactivate the space and there is also an effort to acquire additional commercial space to create a Madrid Theater Cultural District. A Madrid Theater Cultural District area would provide physical space for rehearsal and recording studios and space for an arts-oriented non-profit incubator to attract arts-oriented vendors, artists, and organizations in this newly created area.

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 capital improvements to public facilities and taxable CRA/LA Excess Bond Proceeds towards Business Assistance and Catalytic Commercial Development are generally an eligible use of these funds. Providing business assistance through facade improvements, tenant improvements, capital purchases, and other qualifying grants or loans is directly identified as an eligible expenditure in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that tax-exempt and taxable CRA/LA Excess Bond Proceeds available to Council District 3 in an amount not to exceed \$2,990,000 from the Reseda/Canoga Park Redevelopment Project Area be utilized to leverage non-City funding to reactivate the Madrid Theater in Canoga Park along with investment in catalytic commercial development in the surrounding area that support the creation of the Madrid Theater Cultural District as described above.




Bob Blumenfeld



I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Department of Cultural Affairs, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate tax-exempt and taxable CRA/LA Excess Bond Proceeds in an amount not to exceed \$2,990,000 to leverage non-City funding to reactivate the Madrid Theater in Canoga Park along with investment in catalytic commercial development in the surrounding area that support the creation of the Madrid Theater Cultural District as described above and as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Reseda/Canoga Park Redevelopment Project Area.

PRESENTED BY

  
BOB BLUMENFIELD  
Councilmember, 3<sup>rd</sup> District

SECONDED BY:



MOTION ECONOMIC DEVELOPMENT

On March 26, 2019, the City Council took various actions related to the Madrid Theater Improvement Project (Project) located at 21622 Sherman Way, Canoga Park, CA 91303, and within the Reseda/Canoga Park Redevelopment Project Area of Council District 3 (C.F. 14-1174-S25). The Project will use up to \$2.99 million in CRA/LA Excess Non-Housing Bond Proceeds to implement various tenant improvements to the Madrid Theater including: 1) alteration to the stage area to allow for the storage of the resident piano; 2) renovation of the lobby area to increase the size of the ticketing office and concessions; 3) replacement of the manual marquee with a new state-of-the-art electronic digital marquee; 4) installation of audio, visual, lighting, film and equipment upgrades; and 5) general capital improvements.


In addition to the above mentioned improvements, the Madrid Theater is in need of a new state-of-the-art concert level grand piano. A state-of-the-art concert level grand piano will not only ensure that current needs of the Madrid Theater are met but it may also serve to improve the marketability and attraction of the Theater to users and guests. Continued investment in the Madrid Theater is in line with the goals and objectives set forth as part of the Madrid Theater Cultural Hub which seeks to reactivate the Madrid Theater and promote investment in catalytic commercial development in the surrounding area.

Funds are available to Council District 3 through taxable CRA/LA Excess Bond Proceeds from the Reseda/Canoga Park Redevelopment Project Area that can assist in the purchase and installation of a concert level grand piano in the Madrid Theater. 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 capital improvements and equipment 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.

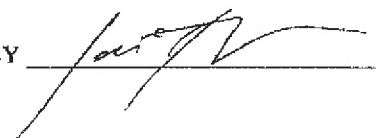
I THEREFORE MOVE that the Council instruct the Economic and Workforce Development Department (EWDD), with the assistance of the City Administrative Officer, Chief Legislative Analyst, Department of Cultural Affairs (DCA), General Services Department, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate \$175,000 in taxable CRA/LA Excess Bond Proceeds available to Council District 3 for capital improvements and equipment to the Madrid Theater 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 \$175,000 in taxable CRA/LA Excess Bond Proceeds available to Council District 3 from the Reseda/Canoga Park Redevelopment Project Area to be utilized by DCA for capital improvements and equipment related to the Madrid Theater as part of the Madrid Theater Cultural Hub upon approval of the forthcoming report from EWDD.

PRESENTED BY

  
BOB BLUMENFELD  
Councilmember 3<sup>rd</sup> District

SECONDED BY



  
JUN 13 2019