


T R A N S M I T T A L

To: Council	DATE 01/29/18	COUNCIL FILE NO. 14-1174-S31
From: CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 3	

At its meeting on January 25, 2018, the Community Redevelopment Agency of Los Angeles (CRA/LA) Bond Oversight Committee approved recommendations in the attached Economic and Workforce Development Department (EWDD) report, which is hereby transmitted to Council for consideration. Adoption of the report recommendations would authorize EWDD to utilize up to \$4,000,000 in CRA/LA Excess Bond Proceeds available to Council District 3 within the Reseda/Canoga Park Redevelopment Project Area. The funds will be utilized by the Department of General Services, acting on behalf of the Department of Recreation and Parks, to acquire real property located at 18128 and 18210 West Sherman Way, Los Angeles, CA 91335.

Fiscal Impact Statement: Approval of the recommendations in this report will have no impact on the General Fund. The CRA/LA Excess Non-Housing Bond 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 (C.F. 14-1174).


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

RHL:JVW:BA:15180063

Attachment

CITY OF LOS ANGELES
CALIFORNIA

JAN PERRY
GENERAL MANAGER



ERIC GARCETTI
MAYOR

**ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT**

1200 W. 7TH STREET
LOS ANGELES, CA 90017

January 23, 2018

Council File: 14-1174-S31
(See also 17-0832)
Council District No.: 3
Contact Persons & Extensions:
Daisi 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,
APPROPRIATE UP TO \$4,000,000 IN CRA/LA EXCESS NON-HOUSING BOND
PROCEEDS FROM THE RESEDA/CANOGA PARK PROJECT AREA (2003
TAXABLE SERIES B AND 2006 TAXABLE SERIES C) FOR THE RESEDA SKATE
FACILITY PROPERTY ACQUISITION PROJECT**

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

RECOMMENDATIONS

The General Manager, EWDD, requests that the Bond Oversight Committee recommend that the Council, subject to the approval of the Mayor as required:

1. APPROVE up to \$4,000,000 in taxable CRA/LA Excess Non-Housing Bond Proceeds available to Council District 3 from the portion of the Reseda/Canoga Park Redevelopment Project Area within the District. The funds will be utilized by the General Services Department, acting on behalf of the Department of Recreation and Parks, to acquire real property located at 18128 and 18210 West Sherman Way, Los Angeles, CA 91335;

2. AUTHORIZE the Department of Recreation and Parks to be the implementing department, and to expend funds up to \$4,000,000 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series for transactions related to the Reseda Skate Facility Property Acquisition Project upon presentation of proper documentation and demand by the General Managers of the Department of Recreation and Parks or EWDD, or their designees;
3. AUTHORIZE the Controller, subject to the availability of funds and a City-executed purchase and sale agreement between the City of Los Angeles and the CRA/LA, a Designated Local Authority, no later than December 31, 2019, to provide the Department of Recreation and Parks with access up to the earnest amount necessary to deposit into escrow from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series, to process transactions related to the Reseda Skate Facility Property Acquisition Project;
4. AUTHORIZE the Controller, subject to the availability of funds and a fully-executed purchase and sale agreement between the City of Los Angeles and the CRA/LA, a Designated Local Authority, no later than December 31, 2019, to provide the Department of Recreation and Parks with access up to \$4,000,000 inclusive of previously withdrawn earnest deposits from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9PT Reseda/Canoga Park Taxable Series, to process transactions related to the Reseda Skate Facility Property Acquisition Project;
5. AUTHORIZE the President and Secretary of the Board of Recreation and Parks Commissioners to negotiate and execute an agreement and all related documents with the CRA/LA, A Local Designated Authority, no later than December 31, 2019, pursuant to notice from the Mayor that the purchase of the property from CRA/LA has received all required approvals from the CRA/LA Governing Board, CRA/LA Oversight Board and the State Department of Finance; and upon completion and approval of all conditions adopted in the Board of Recreation and Parks Commissioners' report dated January 17, 2018;
6. AUTHORIZE the Department of Recreation and Parks to accept and/or authorize the transfer of up to \$4,000,000 in Taxable CRA/LA Excess Non-Housing Bond Proceeds to fund the acquisition to the appropriate City Department accounts or escrow company account in order to carry out the intent of this transmittal subject to confirmation from the General Services Department that any lien or title issues have been cleared and resolved prior to the closing of escrow;
7. DIRECT the Department of Recreation and Parks to report on its work accomplishments and fund expenditures to the City Administrative Officer and EWDD on a quarterly basis; and
8. AUTHORIZE the 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 3 Motion (Blumenfield–Harris–Dawson) which was adopted by Council on December 8, 2017 (C.F. 14-1174-S31).

The Motion seeks to appropriate up to \$4,000,000 in taxable and tax-exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) in the Reseda/Canoga Park Redevelopment Project Area (Project Area) within CD 3 to acquire real property located at 18128 and 18210 W. Sherman Way, Los Angeles, CA 91335. The General Services Department (GSD) will acquire the subject property from CRA/LA, A Designated Local Authority (CRA/LA) for the benefit of the Department of Recreation and Parks (RAP) towards development of the Reseda Skate Facility. The proposed use of funds, i.e. Business Assistance and Catalytic Commercial Developments, is an approved funding category within the Bond Spending Plan (BSP) adopted by City Council (C.F. 14-1174); and sufficient funds for this purpose are available from CD 3's portion of EBP in this Project Area.

CD 3 has EBP in only one (1) Project Area – The Reseda/Canoga Park Earthquake Disaster Assistance Project. Its 90% share of the Reseda/Canoga Park Project Area EBP translated into an original amount of \$20,984,713 consisting of \$12,360,216 in taxable EBP and \$8,624,497 in Tax-exempt EBP. However, after the mandated 16%, or \$1,977,635, in taxable EBP for administration, the net taxable EBP became \$10,382,581. Combined with the tax exempt EBP, there were \$19,007,078 EBP available to CD 3 at onset.

An available balance of \$4,074,078, consisting of \$2,629,581 in taxable EBP, and \$1,444,497 in tax-exempt EBP, will remain in the Reseda/Canoga Park Project Area for CD 3 after the recommendations in this transmittal are adopted by Council and the Mayor's Office.

BACKGROUND

CD 3's attached Motion, adopted by Council on December 8, 2017, seeks to appropriate up to \$4,000,000 in taxable and tax-exempt EBP available to Council District 3 to acquire real property from the CRA/LA to develop the Reseda Ice Skating and Roller Rink Facility (Facility). Leveraging Prop K funds to install a regional ice/roller skating rink to provide further connectivity to the community and commercial area is identified in the Bond Spending Plan (BSP) as a potential project for this Project Area.

EWDD ANALYSIS

The property being considered for acquisition is listed under CRA/LA Asset ID #241 Reseda Town Center. The property is currently held under an Option Agreement between the City of Los Angeles (City) and CRA/LA (City contract number C-125180 C.F. 14-0425) effective March 1, 2015. The extended option term will expire on March

2, 2018. EWDD will facilitate the purchase by City through GSD for the benefit of RAP. The proposed property will be used to develop the Reseda Ice Skating and Roller Rink Facility (Facility) which may involve the City's partnership with a private operating entity. The Facility will be a City-owned facility whose design will be managed by the Bureau of Engineering with final design approval by the Board of Recreation and Parks Commissioners.

The cost to acquire the optioned property from CRA/LA is \$6,845,000. Prop K funds required for the site acquisition are expected to be in place to complete City's acquisition. Total project development budget is estimated to be \$26,000,000.

The RAP will report its acquisition status and funds expended to the CAO and EWDD on a quarterly basis.

CD 3 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

The original motion stipulated the use of both taxable and tax-exempt proceeds to finance this project. This became problematic to the operating agreement since the operator must satisfy IRS' "Safe Harbor" provisions stipulated in Section 2.2 of the proposed Tax-Exempt 2010E Tax Certificate. Therefore, it was determined that it was feasible to use only taxable bond proceeds for this project.

Below is a summary of the nine (9) Council adopted and proposed project motions in CD 3:

Summary of CD 3 CRA/LA EBP Motions			
Council File No.	Project Name	Taxable	Tax-Exempt
BOC/Council Approved			
14-1174-S5	Reseda Town Center Consultant	\$ 103,000	\$ -
Pending			
14-1174-S20	DOT Parking Study	\$ 150,000	\$ -
14-1174-S21	Commercial Façade Program	\$ 1,500,000	\$ -
14-1174-S22	Commercial R.E. Acquisition	\$ 2,000,000	\$ -
14-1174-S23	Sherman Way Streetscape	\$ -	\$ 800,000
14-1174-S24	Sherman Way Conceptual Plan	\$ -	\$ 2,990,000
14-1174-S25	Madrid Theatre	\$ -	\$ 2,990,000
14-1174-S26	LACC Graffiti Abatement	\$ -	\$ 400,000
Current Motion			
14-1174-S31	Reseda Skate Facility	\$ 4,000,000	
Total 9 Motion Requests		\$ 7,753,000	\$ 7,180,000
Original Excess Bond Proceeds		\$10,382,581	\$ 8,624,497
Remaining Excess Bond Proceeds		\$2,629,581	\$ 1,444,497

COMMUNITY BENEFITS

The Reseda Skate Facility will serve as a catalyst for the residential and business community and boost commercial activities along the corridor, reactivate the boulevard, enhance pedestrian environment, create new jobs and provide a safe, new facility and

physical activities for City youth.

ENVIRONMENTAL REVIEW

The recommended action is purchase of property located within the Reseda/Canoga Park Redevelopment Project Area using taxable CRA/LA Excess Non-Housing Bond Proceeds. The Project currently qualifies for a California Environmental Quality Act (CEQA) exemption as an acquisition of land for a future park development. In addition, it qualifies as an urban in-fill development having met the following conditions:

1. It will be located within City limits on a site no larger than 5 acres that is substantially surrounded by urban uses;
2. It will be consistent with the City General Plan designation and policies as well as zoning regulations;
3. It does not have any value as habitat for endangered, rare or threatened species;
4. It will not have any significant environmental effects to traffic, noise, air quality or water quality based on the results of various related technical studies; and
5. It will be adequately served by all required utilities and public services.

The Board of Recreation and Parks Commissioners determined on January 17, 2018 that the Project is categorically exempt from the provisions of CEQA pursuant to Article 19, Sections 15325 and 15332 of the State CEQA guidelines.

CAO BOND COVENANT REVIEW

The CAO has completed its review of the original bond documents, and found that the proposed use of excess bond proceeds, as presented, is consistent with those covenants. It is therefore recommended that up to \$4,000,000 in Taxable Excess Non-Housing Bond Proceeds (2003 Series B and 2006 Series C) from the Reseda/Canoga Park Project Area be appropriated for the purpose outlined in the Motion.

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.



JAN PERRY
General Manager

JP:MDC:SH:DH:MMS:AAC

ATTACHMENT: Motion (Blumenfield-Harris-Dawson) C. F. 11-1174-S31

MOTION

On December 16, 2014 (C.F. 14-0425), the City Council authorized the Mayor, or designee, to execute Option Agreements related to the transfer of 10 real property interests held by CRA/LA, A Designated Local Authority ("CRA/LA") classified as "Property Retained for Future Development" ("Future Development") under the Long Range Property Management Plan approved by the State Department of Finance. CRA/LA is the successor agency to the former Community Redevelopment Agency of the City of Los Angeles. AB1484 (Blumenfield) affords an opportunity for successor agencies to retain certain assets for future development to fulfill redevelopment objectives within the redevelopment plans and five-year implementation plans. CRA/LA does not have the capacity to carry out new development activity so the City has been provided the opportunity to take on this effort. The Option Agreements allow the City to market and develop the 10 Future Development sites in a manner that is consistent with the redevelopment objectives and best serves the needs of the City and affected taxing entities. The Option Agreements were fully executed on January 9, 2015, and the properties are now under the control of the City with the exception of two properties that were returned to the CRA/LA.

Among the eight Future Development sites is real property located at 18210 and 18128 West Sherman Way (APN 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903). The site, commonly referred to as Reseda Town Center, was initially proposed for development as a regional retail center by the former redevelopment agency. It consists of two vacant properties totaling approximately 92,790 square feet that are separated by two privately-owned properties along the southerly portion of Sherman Way between Lindley Avenue and Etiwanda Avenue and lies within the Reseda/Canoga Park Redevelopment Project Area in Council District Three.

Councilmember Blumenfield and the community have long envisioned developing a skate facility in the community of Reseda. The Proposition K ballot measure (Prop K) requires a specific project (S23) to be constructed and provides funding for the acquisition and construction of an ice hockey and roller blading facility. The Reseda Town Center site provides an opportunity to fulfill the Prop K obligation for a skate facility that includes both components in a manner that is in compliance with the Prop K requirements. The Bureau of Engineering has prepared a conceptual plan that places the roller rink and ice rink on one of the properties and ancillary parking on the other property. The cost of acquisition and construction of the Reseda Skate Facility has been estimated at \$25.8 million and the amount of Prop K funding currently available is \$7 million. Other funding sources proposed for the project are being sought to complete the estimated budget including the use of CRA/LA Excess Bond Proceeds, funds provided through a partnership with the LA Kings and the Municipal Improvements Corporation of Los Angeles (MICLA).


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 and tax-exempt CRA/LA Excess Bond Proceeds towards the acquisition and development of the Reseda Skate Facility is identified as an eligible expense in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that taxable and tax-exempt CRA/LA Excess Bond Proceeds available to Council District Three in an amount not to exceed \$4,000,000 from the Reseda/Canoga Park Redevelopment Project Area be utilized by the Economic and Workforce Development Department to acquire real property located at 18210 and 18128 West Sherman Way (APN 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903) from CRA/LA, A Designated Local Authority, in an effort to facilitate development of the Reseda Skate Facility.

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate taxable and tax-exempt CRA/LA Excess Bond Proceeds in an amount not to exceed \$4,000,000 to acquire real property located at 18210 and 18128 West Sherman Way (APN 2125-036-900; 2125-036-901; 2125-036-902; 2125-036-903) from CRA/LA, A Designated Local Authority, and facilitate the development of the Reseda Skate Facility as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Reseda/Canoga Park Redevelopment Project Area.



PRESENTED BY


BOB BLUMENFIELD
Councilmember, 3rd District

SECONDED BY

