

TRANSMITTAL

To:
Council

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12-05-18

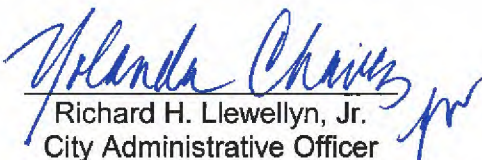
COUNCIL FILE NO.
14-1174-S40

From:
CRA/LA Bond Oversight Committee

COUNCIL DISTRICT
13

At its Special Meeting of December 5, 2018, the CRA/LA Bond Oversight Committee approved recommendations in the attached Economic and Workforce Development Department report and instructed staff to transmit to Council for consideration. Council approval of the report recommendations would authorize Bureau of Engineering to be the implementing department and appropriate up to \$4,082,572 plus all earned interest in CRA/LA Excess Non-Housing Bond Proceeds from the Hollywood Redevelopment Project Area (Taxable Series 2006-E and Tax-Exempt Series 2008-F) for the Hollywood Walk of Fame Improvements Project, under the terms and conditions substantially outlined in the report.

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 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.


Richard H. Llewellyn, Jr.
City Administrative Officer

Chair, CRA/LA Bond Oversight Committee

RHL:JVW/nsh15190053

Attachment

CITY OF LOS ANGELES

CALIFORNIA

JAN PERRY
GENERAL MANAGER

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT



ERIC GARCETTI
MAYOR

1200 W. 7TH STREET
LOS ANGELES, CA 90017

December 3, 2018

Council File: 14-1174-S40
Council District No.: 13
Contact Persons & Extensions:
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, APPROPRIATE UP TO \$4,082,572 PLUS ALL EARNED INTEREST IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE HOLLYWOOD REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2006-E AND TAX-EXEMPT SERIES 2008-F) FOR THE HOLLYWOOD WALK OF FAME PUBLIC IMPROVEMENTS 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 Mayor and City Council for their review and consideration.

RECOMMENDATIONS

The 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. APPROVE, subject to the requirements below, the appropriation of up to \$323,937 in Taxable, and \$3,758,635 in Tax-Exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) for a total of \$4,082,572 available to Council District 13 from the Hollywood Redevelopment Project Area (Project Area) for the Hollywood Walk of Fame Public Improvements Project (Project);
2. AUTHORIZE, subject to the requirements below, the Department of Public Works, Bureau of Engineering (BOE) to be the implementing department, and to expend funds up to \$4,082,572 plus all earned interest from the EBP Fund No. 57D, 22L9FT Hollywood Taxable Series 2006-E, and Account 22L9FN, Hollywood Tax-Exempt Series 2008-F, for activities related to the Project upon presentation of proper documentation to, and satisfactory review by, the EWDD

in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);

3. AUTHORIZE the Controller, subject to the requirements below and the availability of funds and duly executed and encumbered contracts, to provide the BOE with direct access of up to \$4,082,572 plus all earned interest from the EBP Fund No. 57D, 22L9FT Hollywood Taxable Series 2006-E, and Account 22L9FN, Hollywood Tax-Exempt Series 2008-F, to process transactions related to the Project;
4. AUTHORIZE the BOE to develop a strategic Master Plan that is limited to preliminary planning as may be necessary to conduct the environmental review of the Project in an amount not to exceed \$500,000 from the above-noted funds appropriated to the Project;
5. DIRECT the BOE 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. BOE 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;
6. FIND that the action of appropriating and withholding expenditure of funds for the Project pending the completion, review, and consideration of planning and environmental documents related to the Project is not a project pursuant to 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.
7. DIRECT BOE to transmit copies of all contract awards related to the Project to the EWDD;
8. DIRECT BOE to report on its work accomplishments to the Office of the City Administrator Officer (CAO), and fund expenditures to the EWDD, on a quarterly and as-needed basis; and
9. 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 13 Motion (O'Farrell-Martinez) which was adopted by Council on June 27, 2018 (C.F. 14-1174-S40).

This transmittal recommends that up to \$323,937 in Taxable, and \$3,758,635 in Tax-Exempt, for a combined EBP total of \$4,082,572 in the Project Area within CD 13 be appropriated to the BOE to engage a design and/or environmental consultant(s) to develop a strategic master plan to assess preliminary plans and environmental review of the Project, which will be used by the BPW to consider whether to approve implementation of improvements and restoration of the Hollywood Walk of Fame. Public Infrastructure is an eligible funding category, and the Walk of Fame restoration which includes ongoing repair of sidewalk including the terrazzo that has dilapidated in certain areas has been identified as a potential project in the Project Area's Bond Spending Plan (BSP) that was adopted by Council on June 24, 2015 (C.F. 14-1174). Sufficient funds for this purpose are available from CD 13's portion of EBP in this Project Area.

The original taxable and tax-exempt EBP in the Hollywood Project Area available to CD 13 was \$6,582,678 consisting of \$1,295,044 in taxable, and \$5,287,634 in tax-exempt EBP. After the mandated 16%, or \$207,207, in taxable EBP allocated for bond administration, there remained a combined \$6,375,471 in the Project Area available to CD 13. CD 13 subsequently received an additional \$199,885 in tax-exempt EBP as part of the FY 17/18 Recognized Obligations Payment Schedule, thus bringing the total EBP to \$6,575,356. This transmittal's proposed \$323,937 taxable, and \$3,758,635 tax-exempt appropriation, along with 2 existing motions approved with taxable and tax-exempt EBP, will completely exhaust CD 13's EBP in the Project Area. There will be no EBP remaining in the Hollywood Project Area after Project is approved.

BACKGROUND

A CD 13 Motion (C.F. 14-1174-S40), approved by Council on June 27, 2018, sought to appropriate all tax-exempt EBP and earned interest available to CD 13 within the Project Area to develop the Project. The Council Office subsequently requested that all taxable EBP and earned interest remaining be used for planning purposes.

The Hollywood Walk of Fame (Walk), a Historic Cultural Monument, dates back to 1956 when the Los Angeles City Council approved the addition of stars to Hollywood Blvd. to honor individuals in the entertainment industry. It is comprised of approximately 2,600 stars along 1.8 miles of sidewalks over 15 blocks on Hollywood Blvd. and 3 blocks on Vine Street. The terrazzo sidewalk, a "Must See" for travelers and tourists, has endured enormous wear and tear. Preservation and maintenance efforts over the last 25 years have been temporary and ad hoc. They are neither reflective nor complementary to this landmark. The need exists to assess and implement public improvements to the Walk. The process will involve hiring a design consultant to develop a Master Plan for preliminary planning of restoration and improvement activities, and an environmental consultant to assess environmental impacts of the work. After completion of the initial

planning and environmental work, the BPW will consider whether or not to initiate physical improvements in various phases. The total project cost is expected to potentially reach \$50 million. If approved by the BPW, the approximately \$3.5 million in EBP would pay for public improvements in the areas where pedestrian safety is paramount.

The EWDD has met and consulted with CD 13, BOE, CAO and Chief Legislative Analyst (CLA) regarding Project and scope of work. BOE will serve as the lead department overseeing the procurement and engagement of the consultants.

EWDD ANALYSIS

Upon Council approval of this Motion's recommendations, BOE will initiate Task Order Solicitations to engage architectural and environmental consultants using \$323,937 in taxable EBP plus earned interest, and approximately \$176,063 in tax-exempt EBP for a total expenditure of \$500,000. Any shortfall in the final consultant costs will be absorbed by CD 13's Hollywood-Highland Urban Development Action Grant (UDAG) funds. There is an available \$4.7 million in UDAG funds for CD 13 as of November 9, 2018.

The proposed scope of work for the consultants is as follows:

1. Review all previous Master Plan studies
2. Assess existing/current conditions
3. Estimate cost of construction improvements
4. Recommend strategy and priorities for improvements
5. Conduct meetings with project team, focus group and community
6. Pre-design and design limited to preliminary planning activities
7. Preparing environmental analyses for compliance with CEQA

Upon completion of the preliminary planning and environmental review work, the City will consider whether to authorize proceeding with priority construction elements utilizing the remaining \$3,582,572 tax-exempt EBP plus earned interest. Potential construction components include:

1. Bump out improvements
2. Tree Wells
3. Signage
4. ADA ramps
5. Curb and gutter replacements
6. Street furniture
7. Bus shelters
8. Medians
9. Designated areas for tour buses
10. Drainage improvements
11. Terrazzo replacement

The BOE will develop, in consultation with CD 13, contracts with the consultants. Funding for the contracts must be encumbered no later than September 30, 2019 with EBP appropriation fully expended no later than September 30, 2024. The City will review and consider approving the Project pursuant to this timeline. Deliverables and/or activity reports showing percentages of completion must accompany BOE's signed off invoices which shall be submitted to the EWDD. Disbursements will be authorized pursuant to receipt and satisfactory review by the EWDD to ensure compliance with bond covenants and the approved spending categories outlined in this transmittal.

The BOE will report its work accomplishments to the CAO, and funds expended to the EWDD, on a quarterly and as-needed basis for their respective reports to the BOC and Mayor.

BENEFITS TO THE AFFECTED TAXING ENTITIES

The expenditures set forth in this report will provide community benefits in the Hollywood Project Area which will benefit the affected taxing entities by improving the public right-of-way to promote economic development, improve safety, and enhance the appearance of the Historic Walk of Fame which is the key attraction along this commercial corridor of Hollywood. The construction of public infrastructure improvements will allow for greater social equity by making a positive impact to the built environment while complementing other community development efforts. Safety will be enhanced for residents, tourists, school children and bicyclists in general. Enhanced connectivity and improved access along the commercial corridor will promote the 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 and visitors. As the Hollywood area is undergoing a cultural and economic renaissance, it is an ideal time to dedicate meaningful improvements to Hollywood Boulevard, in particular to the terrazzo surfaces that pose risks of liability during the rainy season.

ENVIRONMENTAL REVIEW

The recommended actions are not a project pursuant to CEQA. Consistent with CEQA Guidelines Section 15378(b)(4), approving the appropriation 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 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 will be made available to the Project, similar to other regular government budgeting activities. But, just as such occurs 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 the funds on, the Project.

Accordingly, after expending only the initial funds appropriated to preliminary planning and environmental document preparation (up to \$500,000) pursuant to the recommended actions, 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 the CEQA with respect to the Project, including obtaining any necessary CEQA clearances prior to final consideration and approval of the Project by the BPW; (3) and 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 determines to not proceed with the Project, the remaining funds will not be used on the Project.

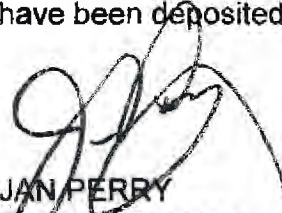
Also, consistent with CEQA Guidelines Section 15378(b)(5), preparing preliminary planning and environmental documents with the \$500,000 appropriated to those preliminary tasks is also not a project pursuant to CEQA, because it is only an administrative activity that will not result in physical changes in the environment. Preparing such preliminary documents does not commit the City to completing the Project. Rather, such documents merely facilitate assisting the BPW in its evaluation of whether the Project will potentially impact the environment when it considers whether to approve construction of the Project.

CAO COVENANT REVIEW

The CAO has completed its review of the original bond documents and covenants, and has found that the proposed use of excess bond proceeds, including using tax-exempt EBP for planning and environmental study purposes, is consistent with those covenants.

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 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.



JAN PERRY
General Manager

JP:SH:DH:MMS:NB

ATTACHMENT : Motion (O'Farrell-Martinez) C. F. 14-1174-S40

MOTION

ECONOMIC DEVELOPMENT

The Hollywood Walk of Fame, recognized worldwide in film, television, radio, news stories and social media, dates back to 1956 when the Los Angeles City Council approved the addition of stars to Hollywood Boulevard to honor individuals in the entertainment industry. The instantly recognizable engraved stars along the terraza sidewalk remains Los Angeles' most iconic sidewalk, attracting an estimated ten million tourists and local visitors annually.

Hollywood is undergoing a Renaissance, and continues to attract an unprecedented level of financial investment through new and expanded residential and commercial development. The new investment, coupled with millions of visiting tourists, has contributed to the wear and tear of the Hollywood Walk of Fame. Numerous stakeholder groups have invested time and resources to supporting it, and keeping it on the "must see list for annual travelers. The efforts of the Hollywood Chamber of Commerce and the Hollywood Historic Trust have been invaluable in the preservation and maintenance of this resource. Over numerous decades, temporary and ad hoc improvements have been implemented that are neither reflective nor complementary to this iconic sidewalk. These temporary improvements, some of which are over 25 years old, are in need of repair or replacement.

Funds are available to Council District 13 in tax-exempt CRA/LA Excess Bond Proceeds from the Hollywood Redevelopment Project Area to assist with the cost of assessing and implementing public improvements to the Hollywood Walk of Fame. These funds should be allocated to develop a Master Plan for restoration and improvement of the Hollywood Walk of Fame, as well as the initiation of physical improvements. This will ensure that the Hollywood Walk of Fame does not fall into a state of disrepair and that the landmark continues to attract and impress visitors to Hollywood, a world class destination.

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 public improvements to the Hollywood Walk of Fame in the Hollywood Redevelopment Project Area is identified as an eligible expense in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that all tax-exempt CRA/LA Excess Bond Proceeds available to Council District 13 from the Hollywood Redevelopment Project Area, including any earned interest, be utilized by the Bureau of Engineering, with the assistance of the Bureau of Street Services, Bureau of Street Lighting, and Department of Transportation, to assist in the assessment and implementation of public improvements to the Hollywood Walk of Fame, including development of a Master Plan for the restoration and improvement of the Hollywood Walk of Fame.

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 all tax-exempt CRA/LA Excess Bond Proceeds available to Council District 13, including any earned interest, for the purpose of assessing and implementing public improvements to the Hollywood Walk of Fame as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Hollywood Redevelopment Project Area.

PRESENTED BY

MITCH O'FARRELL

Councilmember, 13th District

MAY 23 2018

SECONDED BY