

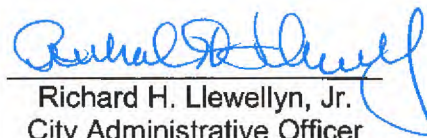
0111-31341-0139

**TRANSMITTAL**

|   |                  |                                 |
|---|------------------|---------------------------------|
| TO<br>Council                           | DATE<br>10-01-19 | COUNCIL FILE NO.<br>14-1174-S63 |
| FROM<br>CRA/LA Bond Oversight Committee |                  | COUNCIL DISTRICT<br>7           |

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 \$3,880,266 in CRA/LA Excess Non-Housing Bond Proceeds plus all earned interest from the Pacoima/Panorama City Redevelopment Project Area (Taxable Series 2003-A and 2006-B and Tax-Exempt 2006-C and 2009-D) for the Culinary Arts Building Improvements 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:nsh15200061

Attachment – September 26, 2019 EWDD Report – Culinary Arts Building Project

# CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI  
MAYOR

JOHN L. REAMER, JR.  
INTERIM GENERAL MANAGER

Item 9

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET  
LOS ANGELES, CA 90017

September 26, 2019

Council File:14-1174-S63  
Council District No.: 7  
Contact Person & Extension:  
Daisy 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 \$3,880,266 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS PLUS ALL EARNED INTEREST FROM THE PACOIMA/PANORAMA CITY REDEVELOPMENT PROJECT AREA FOR THE CULINARY ARTS BUILDING IMPROVEMENTS 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 Culinary Arts Building Improvements Project (Project), pending the completion, review and consideration of planning and environmental documents related to 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 \$126,848 in taxable and \$3,753,418 in tax-exempt CRA/LA Excess Non-Housing Bond Proceeds (EBP) for an aggregate total of \$3,880,266 plus all earned interest (Interest) available to Council District (CD) 7 from the Pacoima/Panorama City 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, and engage the services of the General Services Department (GSD) for construction related activities for Project;
4. AUTHORIZE BOE to issue a Task Order Solicitation (TOS) from its list of Pre-Qualified On-Call Consultants, and select the necessary consultant(s) (Consultant) for Project;
5. AUTHORIZE BOE to approve, negotiate and execute contracting documents as required to implement Project with selected contractor(s) (Contractor) subject to the approval of the Board of Public Works (BPW) to perform the scope of work to effectuate Project;
6. DIRECT BOE to transmit copies of all duly executed agreement(s) related to Project to EWDD;
7. AUTHORIZE the Controller, subject to the requirements below and the availability of funds and duly executed and encumbered contract(s) between BOE and Contractor(s), to expend up to \$126,848 from EBP Fund No. 57D, Account Nos. 22L9MT and 22S9MT Pacoima/Panorama City Taxable Series 2006-B, and up to the total amount of Interest from EBP Fund No. 57D, Account No. 22S9MT Pacoima/Panorama City Taxable Series 2003-A, and to expend up to \$3,753,418 plus Interest from EBP Fund No. 57D, Account Nos. 22L9MN and 22S9MN Pacoima/Panorama City Tax-Exempt Series 2006-C and 2009-D upon presentation of proper documentation from BOE, and satisfactory review and approval of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
8. 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;
9. 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;
10. DIRECT BOE to expend the EBP appropriation no later than September 30, 2024;
11. 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

12. 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 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 7 Amending Motion (Rodriguez-Bonin) which was adopted by Council on July 2, 2019 (C.F. 14-1174-S63).

This Motion requests that all remaining taxable and tax-exempt EBP including Interest be allocated to BOE for building improvements to a City owned property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (Property). Council adopted various actions to acquire Property on February 13, 2019 (C.F. 14-1174-S63). The City closed escrow on March 29, 2019, and Property is now under GSD's jurisdiction. Building improvements are needed to bring Property up to standard and facilitate establishment of the future culinary arts program and business incubator. ConnectEdLA, which invests in capital projects associated with the Los Angeles Community College District (LACCD) programs for business incubation and business services, is listed 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). The City will partner with ConnectEdLA to further the intent of BSP. Sufficient funds are available for Project from CD 7's portion of EBP and Interest in Project Area.

The original taxable and tax-exempt EBP in Project Area available to CD 7 was \$10,001,374 net of the mandatory 16% (\$213,876) taxable EBP set aside for administration. This transmittal's proposed allocation of up to \$126,848 in taxable and \$3,753,418 in tax-exempt EBP totaling \$3,880,266, along with 6 other pending and BOC/Council approved motions, will completely exhaust CD 7's EBP in Project Area.

## **EWDD ANALYSIS**

The BOC team met with CD 7 and BOE regarding Project. BOE will be the implementing department who will oversee the design and construction of building improvements to Property. BOE intends to issue a TOS from its list of Pre-Qualified On-Call Consultants, and select a Consultant to perform the various consultant related tasks. BOE will also engage the services of GSD for the construction phase.

The \$3,880,266 EBP plus \$566,696 Interest (through June 30, 2019) totaling \$4,446,962 is sufficient to cover 100% of the estimated Project cost. The cost estimates and scope of work for EBP and Interest are as follows:

**Taxable EBP Cost Estimates**

|  |                   |
|--|-------------------|
| 1. Consultant (Electrical, Environmental, Plumbing, Kitchen) | \$ 222,562        |
| 2. Construction Inspection                                   | \$ 14,750         |
| 3. Plan Check, Permits, Bid and Award                        | <u>\$ 64,900</u>  |
| <b>Total Taxable EBP Cost Estimates</b>                      | <b>\$ 302,212</b> |

**Tax-Exempt EBP Cost Estimates**

|  |                    |
|--|--------------------|
| 1. Design                                  | \$ 472,000         |
| 2. Project Management                      | \$ 132,750         |
| 3. Construction (GSD)                      | <u>\$3,540,000</u> |
| <b>Total Tax-Exempt EBP Cost Estimates</b> | <b>\$4,144,750</b> |

**Total Project Cost Estimates: \$4,446,962**

Upon Council adoption of Project and City's compliance with CEQA requirements, planning and design will begin in January 2020 with completion targeted for December 2020. Bid and Award will commence in January 2021, followed by construction in April 2021 with completion anticipated by December 2021.

Contract(s) must be executed and encumbered with EBP allocation 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 charges adhere to the spending categories and amounts 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 ENTITY**

The expenditures set forth in this report will provide community benefits in Project Area which will benefit the affected taxing entities by expanding the educational and business development opportunities along the Van Nuys Boulevard Corridor and surrounding areas through the creation of a culinary arts incubator. Housing relevant LACCD classes in this community space, such as Mission College's Culinary Arts Institute programs, will localize access to practical, quality, hands-on training that opens doors to more job opportunities. Technical assistance and business incubation programs domiciled at Property will connect budding restaurateurs to the resources they need to turn their concepts into reality. Improvements to Property will ensure the safety of its occupants, and render the quality of the structure suitable for public use. Property's updated interior layout will maximize the utilization of available space, improve the efficiency of program operations, and provide space to accommodate potential program growth. The renovation of Property will make a positive economic impact by maintaining a key real property as a community-serving asset, and empowering San Fernando Valley entrepreneurs to springboard their careers and businesses in their own communities.

## **ENVIRONMENTAL REVIEW**

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

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 requirements (including the preparation and consideration of an environmental review document, if needed), and until BPW 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 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; and (3) BPW has considered and approved 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 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 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 L. REAMER, JR.  
Interim General Manager

JLR:SH:DH:MMS:JL:AY

ATTACHMENT: Motion (Rodriguez-Ryu) C. F. 14-1174-S63

## MOTION

ECONOMIC DEVELOPMENT

On February 13, 2019, Council approved various actions related to the acquisition of real property located at 13460 Van Nuys Boulevard, Pacoima, CA 91331 (Property) (C.F. 14-1174-S22). The Property contains a vacant 20,309 square foot three-story commercial building situated on a 25,275 square foot lot. The purpose of the acquisition is to establish a community facility that can accommodate a culinary arts program and business incubator in partnership with the Los Angeles Community College District.

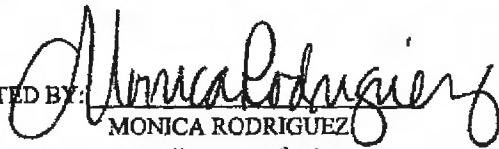
The City closed escrow on March 29, 2019, and the Property is now under the jurisdiction of the General Services Department (GSD). The Property is in need of funding to address various building improvements to bring it up to standard and facilitate establishment of the future culinary arts program and business incubator.

Funds are available to Council District 7 through taxable and tax-exempt CRA/LA Excess Bond Proceeds from the Pacoima/Panorama City 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 and tax-exempt CRA/LA Excess Bond Proceeds for building improvements related to the Property in the Pacoima/Panorama City 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, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Bureau of Engineering (BOE), General Services Department, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate all remaining taxable and tax-exempt CRA/LA Excess Bond Proceeds available to Council District 7, including any earned interest, for building improvement to 13460 Van Nuys Boulevard, Pacoima, CA 91331 (Property) as part of the culinary arts program and business incubator as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Pacoima/Panorama City Redevelopment Project Area.

I FURTHER MOVE that the Council authorize the expenditure of all remaining taxable and tax-exempt CRA/LA Excess Bond Proceeds available to Council District 7, including any earned interest, from the Pacoima/Panorama City Redevelopment Project Area to be utilized by BOE for building improvements to the Property identified as part of the culinary arts program and business incubator.

PRESENTED BY:

  
MONICA RODRIGUEZ  
Councilwoman, 7<sup>th</sup> District

SECONDED BY:

