

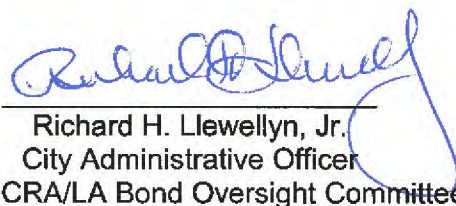
0111-31341-0152

TRANSMITTAL

TO Council	DATE 11-12-19	COUNCIL FILE NO. 14-1174-S69
FROM CRA/LA Bond Oversight Committee		COUNCIL DISTRICT 15

At its Special Meeting on November 7, 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 \$70,352 plus all earned interest in CRA/LA Excess Non-Housing Bond Proceeds from the Beacon Street Redevelopment Project Area (Taxable Series 2005-C) for the Small Business Facade 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:nsh15200093

Attachment – November 7, 2019 EWDD Report – Small Business Façade 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

November 7, 2019

Council File:14-1174-S69
Council District No.: 15
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, ALLOCATE UP TO \$70,352 PLUS ALL EARNED INTEREST IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE BEACON STREET REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2005-C) FOR THE SMALL BUSINESS FACADE 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 allocating and withholding expenditure of funds for the Small Business Facade 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 governmental 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 \$70,352 plus all earned interest (Interest) in taxable CRA/LA Excess Non-Housing Bond Proceeds (EBP) available to Council District (CD) 15 from the Beacon Street Redevelopment Project Area (Project Area) to be utilized for Project;
3. AUTHORIZE EWDD to be the implementing department for activities related to Project;
4. AUTHORIZE EWDD to approve, negotiate and execute contracting documents (Contract) as required with the property owner (Owner) and/or tenant (Tenant) to effectuate Project, subject to the approval of City Attorney as to form and prevailing wage requirements;
5. REQUEST Owner and/or Tenant to release a Request For Quote to competitively procure and select a qualified contractor (Contractor) to perform the building improvements subject to prevailing wage requirements;
6. AUTHORIZE the Controller, subject to the requirements below and availability of funds and duly executed and encumbered Contract(s), to expend up to \$70,352 plus Interest from the EBP Fund No. 57D, Account Nos. 22L9BT and 22S9BT Beacon Street Taxable Series 2005-C for activities related to Project upon presentation of proper documentation by Contractor, and satisfactory review of EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
7. AUTHORIZE the Department of Public Works, Bureau of Engineering (BOE), on behalf of EWDD, to perform limited preliminary planning as may be necessary to conduct the environmental review for Project from the above-noted funds allocated to Project;
8. DIRECT EWDD 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 on its behalf; and
 - b. The City has complied with the requirements of CEQA with respect to Project, including obtaining any necessary CEQA clearances;
9. AUTHORIZE EWDD to expend the CRA/LA EBP allocation no later than September 30, 2024;
10. DIRECT EWDD to report on its work accomplishments to the Office of the City Administrative Officer (CAO) on a quarterly and as-needed basis;
11. AUTHORIZE the Interim General Manager of EWDD, or designee, to make any technical corrections or clarifications as necessary to the above instructions in order to effectuate the intent of this action; 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 15 Motion (Buscaino-Ryu) (Attachment) which was adopted by Council on June 12, 2019 (C.F. 14-1174-S69).

The Motion requested that all remaining taxable EBP plus Interest in Project Area within CD 15 be allocated to EWDD to establish a small business investment program. A Façade Program which provides funding to small businesses for signage, building rehabilitation and capital equipment was identified as a potential project in 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 15's portion of EBP and Interest in Project Area.

The original EBP in Project Area available to CD 15 was \$83,752, all taxable. After the 16% (\$13,400) allocation for bond administration, there remained \$70,352 available for CD 15. This transmittal's proposed allocation will completely exhaust CD 15's EBP and Interest of \$4,383 (through September 30, 2019) totaling \$74,735 in Project Area.

EWDD ANALYSIS

Project consists of improving the façade of 3 units in the property known as the Topaz Building located at 222 W. 6th Street, San Pedro, CA 90731. These improvements will complement the historic aesthetic of the surrounding community along 6th Street which serves as the main commercial corridor in downtown San Pedro. The Topaz Building does not carry a historical designation.

The BOC team met with CD 15 and the Little Italy Los Angeles Association who is the liaison with Owner. EWDD will be the implementing department, and will execute an agreement with Owner and/or Tenant who has committed to maintaining the funded improvements as well as providing goods and services to this Promise Zone community for a term of 2 years. Owner and/or Tenant will also issue a Request for Quote to competitively procure Contractor to perform the proposed façade improvements.

Total Project cost estimate of \$74,735 will be 100% funded by CD 15's available EBP plus Interest. Breakdown of the initial cost estimate is as follows:

<u>Estimated Total Project Cost</u>	
Awning Cost Materials	\$31,500
Sign Cost Materials	\$31,500
Applicable Tax	\$ 5,895
Installation (Sub-Contractor)	\$ 1,000
Contingency	<u>\$ 4,840</u>
Total Project Cost Estimate	\$74,735

Upon Council adoption of Project and City's compliance with CEQA requirements, Project is expected to begin in March 2020 with completion anticipated by July 2020. All construction work and labor (primary and sub-contracted) for Project will be subject to prevailing wage requirements.

EWDD will negotiate and execute Contract(s) and all related documents with Owner and/or Tenant and encumber funding in a timely fashion. EBP allocation must be fully expended no later than September 30, 2024. Deliverables and/or activity reports showing percentages of completion must accompany Tenant and Contractor's original signed off invoices which shall be submitted to EWDD. Disbursements will be authorized pursuant to receipt and satisfactory review by EWDD to ensure compliance with bond covenants and adherence to the terms and conditions of the BEA and BSP, and that the actual expenditures adhere to those categories and amounts outlined in this transmittal.

EWDD will report on its work accomplishments to CAO on a quarterly and as-needed basis for their reporting to 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 improving the aesthetics of a small business located in the historic core area of downtown San Pedro. The facade enhancements will complement the historic nature of the street and foster a more welcoming, accessible storefront. The immediate area surrounding this storefront has seen the addition of new housing and schools in recent years, and the creation of a vibrant small business community will further enhance the area's safety and vitality.

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 (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, EWDD'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 on EWDD's behalf; and (2) City has complied with the requirements of CEQA with respect to Project, including obtaining any necessary CEQA clearances. This process is intended to ensure compliance with CEQA by evaluating and considering the environmental impacts before deciding whether to proceed with Project. If City Council 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 City to completing Project. Rather, such documents merely facilitate assisting City Council with evaluating whether Project will potentially impact the environment when it considers whether to approve Project.

CAO COVENANT REVIEW

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 allocation 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:NSH

ATTACHMENT: Motion (Buscaino-Ryu) C.F. 11-1174-S69

ECONOMIC DEVELOPMENT

MOTION

Downtown San Pedro is the historic commercial core of an otherwise thriving waterfront community. Home to an eclectic mix of local institutions and small businesses, this compact commercial area remains a target for re-investment. Many of the properties in the area are in need of repairs and are under-utilized. In order to attract and retain existing retail and commercial businesses, public investment is needed to provide local business and property owners with a source of funding to improve area properties and support business expansion

Funds are available to Council District 15 through taxable CRA/LA Excess Bond Proceeds from the Beacon Street Redevelopment Project Area that can assist to establish a Small Business Investment Program. 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 to assist small business and property owners in the Beacon Street Redevelopment Project Area is an eligible expense identified in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that the Economic and Workforce Development Department (EWDD), 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 remaining taxable CRA/LA Excess Bond Proceeds, including any earned interest, from the Beacon Street Redevelopment Project Area to establish a Small Business Investment Program as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Beacon Street Redevelopment Project Area.

I FURTHER MOVE that all remaining taxable CRA/LA Excess Bond Proceeds, including any earned interest, available to Council District 15 from the Beacon Street Redevelopment Project Area be utilized by EWDD to establish a Small Business Investment Program subject to Council's approval of the forthcoming EWDD report.

PRESENTED BY Joe Buscaino
JOE BUSCAINO
Councilmember, 15th District

SECONDED BY: [Signature]

APR 19 2009

[Signature]

ORIGINAL