

JAN PERRY
GENERAL MANAGER

City of Los Angeles
CALIFORNIA



ERIC GARCETTI
MAYOR

Agenda Item 3

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

February 22, 2016

Council File: 14-1408-S1
Council District No.: 15
Contact Persons & Extensions:
Meg Barclay, (213) 744-9340

CRA/LA Bond Oversight Committee
c/o Stephanie Magnien Rockwell
Office of the City Administrative Officer
Room 1500, City Hall East

COMMITTEE TRANSMITTAL: REQUEST APPROVAL TO ALLOCATE \$184,946 IN CRA-LA/DLA EXCESS BOND PROCEEDS FROM THE WATTS REDEVELOPMENT PROJECT AREA AND \$15,054 FROM AB1290 FOR THE PURCHASE OF REAL ESTATE

The General Manager of Economic and Workforce Development Department (EWDD) requests your referral of this transmittal to the appropriate Council Committee(s) and the City Council for their review and consideration.

SUMMARY

Transmitted herewith for your review, approval and further processing are recommendations pursuant to Motion (Buscaino - Blumenfield) dated August 18, 2015, Adopted by Council on September 16, 2015, Motion (Buscaino – Harris-Dawson) dated September 22, 2015, Adopted by Council September 24, 2015, and Motion (Buscaino – Bonin) dated October 14, 2015, Adopted by Council on October 21, 2015. These Motions relate to the allocation of all CRA/LA non-housing Excess Bond Proceeds (EBP) available to Council District 15 (CD 15) from the Watts Redevelopment Project Area and the use of additional funds to be allocated from AB1290 Fund 53P (CF 14-1408-S1). The Motions direct that the identified funds be used towards the purchase of real estate property located at 10221 S. Compton Ave., in the community of Watts. This use of EBP funds is allowed by the Bond Spending Plan adopted by City Council on October 29, 2014 (CF 14-1174).

RECOMMENDATIONS

The General Manager, EWDD, requests that the Mayor and City Council:

1. APPROVE \$184,946 in CRA-LA/DLA Excess Bond Proceeds available to Council District 15 from the Watts Redevelopment Project Area to be utilized for the purchase of real estate;

2. AUTHORIZE EWDD to transfer \$184,946 from CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D, Account No. 22L9QT – Watts Taxable (Series A), and appropriate \$184,946 to Fund 843, Department 40, Account No. To Be Determined to purchase real estate for the purpose of creating more community facilities as identified in the Bond spending Plan for this Project Area;
3. TRANSFER \$15,054 from AB1290, Fund No. 53P, Account No. 281215 (CD-15 Redevelopment Projects - Services) to Fund 843, Department 40, Account No. To Be Determined to purchase real estate for the purpose of creating more community facilities;
4. AUTHORIZE the Controller, subject to the availability of funds, to expend funds upon presentation of proper documentation and demand of the General Manager, EWDD or designee pursuant to this contract;
5. AUTHORIZE the General Services Department (GSD) to execute a Purchase and Sale Agreement and related documents necessary for acquisition of property located at 10221 S. Compton Ave.;
6. REQUEST the City Attorney to prepare the ordinances providing for the City's acquisition of the property located at 10221 S. Compton Ave. from CRA/LA under the terms described in this report;
7. AUTHORIZE GSD to:
 - a. Negotiate and execute an Assignment and Assumption Agreement or similar type agreement, subject to City Attorney's approval to form for the lease with Watts Civic Center, A California Limited Partnership;
 - b. Collect lease revenue per said agreement, and
 - c. Deposit all revenue into Department Source Code 100/40/4931004.
8. AUTHORIZE the General Manager, 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.

FISCAL IMPACT STATEMENT

There is no impact on the City's General Fund from the proposed allocation of CRA-LA/DLA EBP and AB1290 funds. 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. The AB1290 funds are received from property tax increment financing derived from the Watts Redevelopment Project Area.

BACKGROUND

Pursuant to the dissolution of the former Community Redevelopment Agency (CRA) of the City of Los Angeles on February 1, 2012, CRA/LA, a Designated Local Authority (CRA/DLA) was established on February 3, 2012 to serve as the successor agency to

the former CRA. AB 1484, which passed the State legislature on June 27, 2012, permits eligible successor agencies to use unobligated pre-2011 tax allocation bond proceeds (Excess Bond Proceeds) for new obligations, as long as the funds are used in a manner consistent with the original bond covenants.

To that end, the City of Los Angeles (City) executed a Bond Expenditure Agreement (BEA) with CRA/LA in January 2015 which authorized the transfer of approximately \$84.1 million in EBP from the CRA/LA to the City. The \$84.1 million was generated by 26 bond issues of which 7 were tax exempt (\$41.4 million), and 19 were taxable (\$42.6 million). The EBP is to be spent on bond eligible purposes that are of maximum benefit to the City, and the Affected Taxing Entities including the County, School District, and Community College District. The EBP does contain provisions for 16% of taxable EBP to be expended on staff administration and project evaluation costs.

The City Council also adopted a Bond Spending Plan (BSP) which was created by the offices of the Mayor, City Administrative Officer, Chief Legislative Analyst, EWDD, Housing and Community Investment Department (HCID), and Bureau of Engineering (BOE) to implement the BEA. The BSP delineates each redevelopment project area's available EBP broken down by their taxable or tax-exempt origin; and outlines permissible investments by project, program and activity per project area as follows:

1. Public Infrastructure – Capital improvements to roadways, utility infrastructure, streetscapes and sidewalks;
2. Community Facilities/Open Space – Land acquisition, new construction and improvements to schools, libraries, community centers, parks, public plazas, museums, theaters;
3. Affordable Housing Projects – Land acquisition, new construction, rehabilitation of existing buildings, and preservation of affordability covenants; and
4. Business Assistance and Catalytic Commercial Development – Establishment and investment in Business Districts to create jobs, façade programs, technical assistance to small businesses, development of underutilized/contaminated sites to address blight, develop catalytic projects to attract private investment, and rehabilitation of historic/commercial buildings.

Additionally, potential projects, including high priority investments, are identified per project area.

The City will use the EBP for redevelopment purposes for which the bonds were sold and consistent with the applicable bond covenants as set forth in the bond documents, BEA, applicable provisions of the Community Redevelopment Law and Redevelopment Plans, and the BSP. The BSP allows the City to transfer funds between projects, programs and activities as long as the funds remain within the Redevelopment Project Area from which the EBP are derived.

CD 15 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

CD 15 is entitled to \$305,121 in Excess Bond Proceeds over three project areas i.e. Beacon Street, Pacific Corridor and Watts Redevelopment. CD 15's EBP consist of \$0 (zero) in tax-exempt bond proceeds, and \$305,121 in taxable bond proceeds in all three project areas. The details are reflected below:

CRA Project Area	CD 15's Percentage Share of Project Area EBP	Tax-Exempt Bond Proceeds	Taxable Bond Proceeds	Total Bond Proceeds in Project Area
Beacon Street	100 %	\$0	\$83,753	\$83,753
Pacific Corridor	100 %	\$0	\$32,622	\$32,622
Watts Redevelopment	100 %	\$0	\$188,746	\$188,746
TOTAL			\$305,121	\$305,121

The approved bond spending within CD 15's three project areas total \$305,121. The proposed bond spending within each redevelopment area does not provide a breakdown per Council District. The projects, programs and activities are broken down as follows along with the potential projects identified for each project area:

CRA Project Area	Infrastructure	Community Facilities	Affordable Housing	Business Assistance	Total Project Area Spending
Beacon Street	\$83,753				\$83,753
Pacific Corridor		\$32,622			\$32,622
Watts Redevelopment		\$188,746			\$188,746
TOTAL	\$83,753	\$221,638			\$305,121

ANALYSIS AND RECOMMENDATIONS

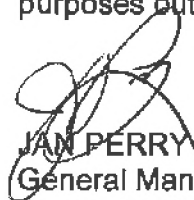
The purchase of the parcel at 10221 S. Compton Ave. creates a unique opportunity for the City to obtain site-control for 4 contiguous parcels of land, and create a larger master plan for a block that will also contain the new Children's Institute campus, designed by architect Frank Gehry. On September 29, 2015, the General Services Department submitted an on-line auction bid to Cushman & Wakefield, the exclusive agent to CRA/LA, for the purchase of the property at 10221 S. Compton Ave. On October 14, 2015, the City submitted a second "Best and Final Offer", which was accepted by the CRA/LA in the amount of \$200,000.

CD 15's motion dated September 22, 2015, seeks to invest the maximum amount available to Council District 15 for the Watts Civic Center. The Watts Redevelopment project area originally contained \$188,746 in EBP that was targeted for Community Facilities. However, \$3,782 has been appropriated to cover administrative planning and reporting expenditures; thus, \$184,964 of EBP is available to acquire the property located at 10221 S. Compton Ave. The September 22, 2015 Motion was amended by Motion on October 14, 2015 to allow the additional use of Assembly Bill 1290 (AB1290) funds available to CD15 for this purchase.

The City will acquire the property subject to a Disposition and Development Agreement (DDA) executed in 1992 between CRA/LA and Westminster Neighborhood Association Inc., a California non-profit corporation that initially acquired and developed the site.

Among other provisions, the DDA requires the return of applicable residual receipts from the operation of the facility, and also provides the tenant the right to purchase the property at fair market value. The DDA was amended and assigned in 1996 to Watts Civic Center, LP, the current operator of the property and holder of a Ground Lease with a 50 year term. GSD will collect lease revenue per said agreement, and deposit all revenue into GSD Department Source Code 100/40/4931004.

EWDD has met with the CAO, CD 15, and GSD concerning the motion. The CAO concurs with the use of the taxable bond proceeds for this purpose. It is recommended that \$184,946 in CRA/LA EBP and that \$15,054 in AB1290 funds be allocated for the purposes outlined in the motion.



JAN PERRY
General Manager

JP:SH:MB:RBV

Attachment A: Motion (Buscaino - Blumenfield) dated August 18, 2015

Attachment B: Motion (Buscaino – Harris-Dawson) dated September 22, 2015

Attachment C: Motion (Buscaino – Bonin) dated October 14, 2015

Attachment A
ECONOMIC DEVELOPMENT

MOTION

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.

Council District 15 is actively working to renovate the Watts Civic Center located within the Watts Redevelopment Project Area. The Watts Civic Center is comprised of three City-owned buildings including the former Watts Library, the former civic center building, and the former Fire Station 65 (1501, 1513, and 1525 E. 103rd Street). The former Watts Library was vacated by the Los Angeles Public Library in 1996 and has been used as adjunct space for a former tenant of the civic center building. The former Fire Station 65 was vacated by the Los Angeles Fire Department in 2005. The three buildings are underutilized and in need of various capital improvements to create a renewed Watts Civic Center.

I THEREFORE MOVE that Excess Bond Proceeds available to Council District 15 from the Watts Redevelopment Project Area be utilized to assist in the renovation of the Watts Civic Center.

I FURTHER MOVE that the General Manager, or designee, of the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Council District 15, and any other applicable City department provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate Excess Bond Proceeds in the maximum amount available to Council District 15 towards the Watts Civic Center.

PRESENTED BY



Joe Buscaino
Councilmember, 15th District

SECONDED BY



AUG 18 2015

SPECIAL 1

MOTION

Council District 15 has been working to renovate and reestablish a city presence in Watts at three city-owned buildings: the former Watts library, the former civic center building, and the former Fire Station 65 (1501, 1513 and 1525 E 103rd St, CF 14-1408)

On the afternoon of Friday, September 18th, after the posting of today's agenda, it came to the attention of the Council Office that the property immediately east of these buildings is for sale, and that bids are due on Tuesday, September 29th. This presents a unique opportunity for the City to obtain site-control for 4 contiguous parcels of land, and create a larger master plan for a block that will also contain the new Children's Institute campus, designed by architect Frank Gehry.

With the Council being in recess from September 23 - October 2nd, immediate action is necessary to preserve the opportunity to acquire this property.

I THEREFORE MOVE that the City Council determine, as provided in Section 54954.2(b)(2) of the Government Code and pursuant to Rule 23 of the Rules of the City Council, that there is a need to take immediate action on this matter and that need for the action came to the attention of the City Council subsequent to the posting of the agenda for today's Council meeting.

I FURTHER MOVE that Council's action of September 16, 2015 relative to the allocation of excess bond proceeds in the maximum amount available to Council District 15 for the Watts Civic Center (CF 14-1408-S1), BE AMENDED to AUTHORIZE an additional use of those funds for the acquisition of 10221 S Compton Ave, with all other aspects of the prior action to remain unchanged.

I FURTHER MOVE that the Council AUTHORIZE GSD to submit a bid for the acquisition of 10221 S. Compton Ave.

I FURTHER MOVE that the CAO, EWDD and other relevant City Departments to identify additional funding sources to assist with the acquisition of this property.

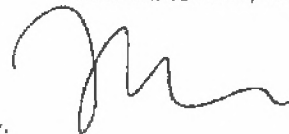
I FURTHER MOVE that the Council AUTHORIZE the Chief Legislative Analyst to make any technical corrections or clarifications to the above instructions in order to effectuate the intent of this Motion

PRESENTED BY:



JOE BUSCAINO
Councilmember, 15th District

SECONDED BY:



SEP 22 2015

ORIGINAL

MOTION


I MOVE that the Council's Action on September 22, 2015 (CF 14-1408-S1) relative to the AUTHORIZATION of the acquisition of 10221 S Compton Ave in the community of Watts BE AMENDED to INCREASE the amount of that appropriation/authorization by an additional \$25,000, to be allocated from AB1290 Fund No. 53P, Account No. 281215 (CD-15 Redevelopment Projects - Services) upon acceptance of the City's bid, with all other aspects of that Action to remain unchanged.

I FURTHER MOVE that the Department of General Services or the Chief Legislative Analyst be authorized to make any technical corrections or clarifications to the above instructions in order to effectuate the intent of this Motion.

Presented by 
JOE BUSCAINO
Councilmember, 15th District

Seconded by 

ORIGINAL


OCT 14 2015