

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 11, 2016

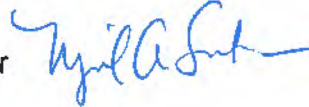
CAO File No. 0220-05206-0000

Council File No.

Council District: 14

To: The Honorable Members of the City Council

From: Miguel A. Santana, City Administrative Officer



Subject: **South Park Open Space Maintenance Program**

SUMMARY

This report makes recommendations to effectuate the City's administration of the South Park Open Space Maintenance Program (SPOSMP). This program was originally developed by the City's former redevelopment agency to generate funds from South Park property owners to operate and maintain neighborhood recreational facilities. Since 1989, the program has functioned successfully to fund the operation of facilities including Grand Hope Park. Council actions have authorized receipt of the Grand Hope Park property from CRA/LA, the successor entity to the City's former redevelopment agency (C.F. 13-1482), and also authorized the collection of SPOSMP payments for disbursement to Grand Hope Park. This report recommends that Council additionally authorize disbursement of a specified portion of SPOSMP payments to another South Park recreational facility, Hope Street Family Center, as anticipated in the SPOSMP program and implementing agreements.

BACKGROUND

As part of the City's efforts to transform the South Park area of downtown Los Angeles from an aging industrial area into a mixed-use residential and commercial neighborhood, CRA/LA adopted the SPOSMP in June 1988 to provide an on-going source of funds to operate and maintain new recreational facilities that were planned to serve the emerging community (CRA/LA Resolution No. 3963). Under the SPOSMP, any South Park property owner that entered into a development agreement with the CRA/LA was subject to an annual payment, calculated at up to \$170 per residential unit, and \$.20 per square foot of commercial space. Currently, ten South Park property owners are subject to the SPOSMP payments, generating approximately \$255,000 annually. Four additional developments are currently in pre-development or construction and will become subject to SPOSMP payments upon completion and receipt of a Certificate of Occupancy.

SPOSMP payments have historically been collected by CRA/LA or its nonprofit agent and used to fund operation of recreational facilities in South Park, including Grand Hope Park and Venice Hope Park and Recreation Center, now known as Hope Street Family Center. Each facility is

operated by a nonprofit entity formed solely to operate the facility. The SPOSMP and the subsequent Los Angeles Sports and Entertainment District Disposition and Development Agreement (LASED DDA), which incorporated implementation of the SPOSMP, provides a formula for the allocation of collected funds to the two facilities. All (100 percent) of the fees paid by property owners located within a defined radius of Grand Hope Park, and 25 percent of the fees generated from properties located elsewhere in South Park, are disbursed to Grand Hope Park. The remaining 75 percent of fees generated outside the defined radius are disbursed to Hope Street Family Center.

The City assumed the rights to collect and disburse SPOSMP funds in December 2015 when the Grand Hope Park was received from CRA/LA pursuant to actions by Council (C.F. #13-1482) and the Board of Recreation and Parks Commissioners (No. 15-245). Council has accordingly authorized City Clerk to collect those funds and to disburse the appropriate amounts to Grand Hope Park on an annual basis. However, Council actions to date have not specifically authorized the Clerk to disburse funds to Hope Street Family Center. This report recommends that Council authorize City Clerk's administration of the SPOSMP payments for disbursement to both of the South Park recreational facilities. Additionally, this report recommends that the Department of City Planning (DCP) be instructed to provide City Clerk an annual report on the eligible SPOSMP projects, identifying the completion status and the indicated annual payment, based on the amount of residential and commercial development. A sample form for this annual SPOSMP status report is included as Attachment A.

South Park Recreational Facilities funded by SPOSMP

Hope Street Family Center is a recreational facility consisting of a 25,000-square foot multipurpose recreational facility with a gym, childcare facility and classrooms located at 1600 S. Hope Street, and a .36-acre pocket park located at 1515 S. Hope Street. The facility is owned and operated by CHMC Hope Street Family Center Property Management, LLC, a single-purpose entity, whose sole membership is Dignity Health, a California nonprofit public benefit corporation that operates the adjacent California Hospital Medical Center.

Grand Hope Park is a 2.3-acre public open space located at 900 S. Hope Street. The Park features a children's play area, green lawns, public artwork, specimen trees, two fountains, plazas, a clock tower, and a system of entry courtyards, gateways and pergolas. Until December 2015, the property was owned by CRA/LA and ground leased through 2044 to Grand Hope Park, Inc. (GHP, Inc.) for operation and maintenance. GHP, Inc. is a public benefit non-profit corporation, with a Board of Directors that includes the adjacent property owners, CRA/LA, and City of Los Angeles Council Member and Department of Recreation and Parks. In December 2015 the City assumed ownership of the property subject to the existing ground lease.

RECOMMENDATIONS

1. Instruct the City Clerk to create two accounts within the existing South Park Open Space Maintenance Program (SPOSMP) Fund, one to receive SPOSMP payments for disbursement to CHMC Hope Street Family Center Property Management, LLC and a second to collect payments for disbursement to Grand Hope Park, Inc.;

2. Instruct the Department of City Planning, in consultation with the Office of the City Administrative Officer (CAO), to prepare and submit to City Clerk an annual schedule of SPOSMP payments for collection and disbursement, including the allocations for both Grand Hope Park and Hope Street Family Center as described in the SPOSMP and its implementing agreements;
3. Authorize the City Clerk to invoice property owners subject to the SPOSMP;
4. Authorize the City Clerk to collect SPOSMP payments and disburse funds to CHMC Hope Street Family Center Property Management, LLC; and
5. Authorize the City Clerk, in consultation with the CAO, to make technical corrections as necessary to effectuate the intent of this report.

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