

TRANSMITTAL

To:

THE COUNCIL

Date: 2/20/2019

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to be 'Eric Garceiti', is written over the printed name.

(Ana Guerrero) for

ERIC GARCEITI
Mayor

CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

CULTURAL AFFAIRS COMMISSION

CHARMAINE JEFFERSON, PRESIDENT
JOHN WIRFS, VICE PRESIDENT
JILL ORNITZ COHEN
THIEN HO
ERIC PAQUETTE
ELISSA SCRAFANO

DEPARTMENT OF CULTURAL AFFAIRS

201 NORTH FIGUEROA ST, SUITE 1400
LOS ANGELES, CA 90012
213.202.5500 TEL
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DANIELLE BRAZELL
GENERAL MANAGER

September 5, 2018

The Honorable Eric Garcetti
Mayor of the City of Los Angeles
City Hall, Room 303

Attention: Mandy Morales, Legislative Coordinator

RE: TRANSFER OF ARTS AND CULTURAL ASSETS FROM CRA/LA TO THE CITY OF LOS ANGELES DEPARTMENT OF CULTURAL AFFAIRS AND REQUEST FOR RESOLUTION AUTHORITY FOR TWO ARTS MANAGER POSITIONS

SUMMARY

The Department of Cultural Affairs (DCA) requests authority to enter into an agreement with CRA/LA, a Designated Local Authority (CRA/LA), to accept the transfer of Cultural and Art Trust Funds up to \$5,259,288 as well as to administer active art covenant agreements for public artworks on private property that DCA will manage for the duration of the agreements. The CRA/LA Governing Board approved this transfer of art funds and assignment of art covenants agreements at its meeting of August 2, 2018 and DCA requests approval to finalize and execute the approved agreement.

To accept these funds, the City Attorney is requested to prepare and present an ordinance amending the Cultural Affairs Department Trust Fund (Ad. Code Sec. 5.111.2) to deposit these funds into a specific account to be managed by DCA, pursuant to the Public Art Policy adopted and amended by the Former Agency and approved by the City Council (C.F. 00-1847-S1). Additionally, DCA requests two Arts Manager resolution authority positions to provide sufficient administrative services to manage the art covenant agreements and Trust Fund program and project management and implementation.

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

1. AUTHORIZE the Department of Cultural Affairs to enter into an agreement with CRA/LA to accept the transfer of \$5,259,288 and to assume responsibility to administer active art covenants for public artworks, programs, and projects on private property.
2. INSTRUCT the City Attorney to amend the Cultural Affairs Department Trust Fund (Ad. Code Sec. 5.111.2), in accordance with the City's Administrative Code, for the deposit of \$5,259,288 in Cultural and Art funds to be managed by DCA pursuant to the Public Art Policy adopted by the Former Agency and as approved by the City Council in 2005 (C.F. 00-1847-S1).

3. APPROVE by resolution, subject to position allocation by the Board of Civil Service Commissioners and by the City Administrative Officer, one Arts Manager III position (Class Code: 2455-3) and one Arts Manager II (Class Code: 2455-2) position for the period January 1, 2019 to January 1, 2022 to provide administrative services of the former CRA/LA Trust Funds and art covenant agreements.
4. AUTHORIZE the General Manager of DCA, or designee, to prepare Controller instructions and/or make technical adjustments that may be required to appropriate and expend from the new special Trust Fund, subject to the approval of the CAO, and authorize the Controller to implement requested instructions.

BACKGROUND

Upon the dissolution of the Community Redevelopment Agency (Former Agency) in 2012, and in accordance with California Health and Safety Code Section 34173(d)(3), CRA/LA – a Designated Local Authority (CRA/LA) was formed to serve as the successor agency.

Pursuant to the Dissolution Statutes, all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former Agency were transferred to the control of CRA/LA for administration and dissolution of all property and assets.

In 1993 the Former Agency adopted a public art policy (Policy) that mandated developers receiving agency assistance to incorporate a 1% for Public Art fee in their development projects, often resulting in an “Art Covenant” being placed on the development. As of February 1, 2012, the Former Agency was dissolved pursuant to California Health and Safety Code Section 34172.

On August 2, 2018, the CRA/LA Governing Board approved the authorization to execute transfer of art funds and assignment of art covenants agreements to the City of Los Angeles under DCA’s stewardship.

CRA/LA Art Policy

The CRA/LA’s Art Policy was previously adopted, amended, and approved by the City Council (C.F. 00-1847-S1). The Cultural and Art Trust Funds (the Funds) and Developer-Led Public Art Covenants on private property, once transferred to the control of DCA, shall be expended and managed in compliance with the revised Art Policy established by the Former Agency, as approved by the City Council on March 2, 2005. The City has on multiple occasions, 1993 and 2005, endorsed and adopted the CRA Art Policy. The intention of the Art Policy is to make artists and the arts primary resources in the revitalization of the City. Through the application of this Policy, the CRA/LA, the City, and its communities were able to reap physical, social, cultural, and economic benefits that have strengthened and sustained communities over time.

As such, the City, under the stewardship of DCA, desires to take over the CRA/LA Art Policy in its entirety of operation and implementation, and use this policy as the guiding documents in managing the Former Agency’s Funds and Art Covenants.

Transfer of Funds and Covenants

The Funds and Art Covenants to be transferred are all tied to specific redevelopment areas in the City. The Funds and Covenants cover the following project areas:

- Beacon Street
- City Center
- Hollywood
- Hoover
- Little Tokyo
- Mid City
- Monterrey Hills
- North Hollywood
- Pacoima/Panorama
- Wilshire/Koreatown

Through the transfer agreement, DCA will assume responsibilities over projects on private property with active art covenants, based on the adoption of the CRA/LA's Art Policy, and ensure that the Funds retained are spent in these project areas and that the publicly-assisted art investments are maintained.

Arts Manager III and II Resolution Authorities Request

The two new Arts Managers, III and II, resolution authority positions will implement and administer this program transferred to DCA to manage the former CRA/LA's Trust Funds and Art Covenants. The Arts Manager III position will be responsible for all aspects of this program, including management of funds and direct oversight of project development, which includes interacting with other public agencies and private firms relating to the selection and installation of public art projects, reporting and making recommendations to executive management, and supervising the development of the necessary database, tracking and enforcement mechanism and processes to administer the Art Covenants. The Arts Manager II, under the direction of the Arts Manager III, will develop the Administrative Guidelines, process and reporting system to develop the annual expenditure plan.

In addition, these positions will assist in managing the art program and project development and implementation, contracting, and routine administration processes based on the Adopted Art Policy. The two senior positions are needed to effectively manage this very sophisticated and complex transfer of assets and fold them into the DCA's portfolio of managing special funds and implementing public art programs/projects. We estimate the extent of the workload to be significant and require specialized, high level expertise that warrant two senior positions to undertake this work. Lower classifications would require additional training and time to gain the necessary skills to readily perform the job required for this Developer-Led Public Art programs/projects. These positions will be requested annually through the budget process.

The Honorable Eric Garcetti
Attention: Mandy Morales, Legislative Coordinator
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FISCAL IMPACT STATEMENT

There is no General Fund impact. All direct and indirect costs for these positions will be provided by funds received through the transfer of CRA/LA Cultural and Art Trust Funds, in accordance with the CRA/LA's Art Policy which allows up to 15% of the Funds total revenues (approximately \$788,000) to be utilized for administrative charges to manage the projects for at least three years.

Sincerely,



Danielle Brazell
General Manager

Attachment: CRA/LA Memorandum to Governing Board dated August 2, 2018 with approved Transfer of Art Funds and Assignment of Art Covenants Agreement CRA/LA, a Designated Local Authority, including the Cultural Trust Funds List of Covenants

cc: Barbara Romero, Deputy Mayor, Office of Mayor Eric Garcetti
Steve Andrews, Senior Policy Advisor, Office of Mayor Eric Garcetti
Elaine Owens-Sanchez, Office of the City Administrative Officer

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor to The Community Redevelopment Agency of the City of Los Angeles, CA)

MEMORANDUM

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DATE: AUGUST 2, 2018
TO: GOVERNING BOARD
FROM: STEVE VALENZUELA, CHIEF EXECUTIVE OFFICER
SUBJECT: **CULTURAL AND ART TRUST FUNDS.** Authorization to execute Transfer of Art Funds and Assignment of Art Covenants Agreement with the City of Los Angeles.

RECOMMENDATION

That the Governing Board authorize the Chief Executive Officer to execute an agreement with the City of Los Angeles for administration of active art covenants, in consideration for the transfer of retained Cultural Trust Funds.

SUMMARY

The recommended action would facilitate the transfer of \$5,259,288 in retained Cultural and Arts Trust Funds, in consideration of the City's agreement to assume responsibility to administer active art covenants. The art covenants proposed for assignment to the City require private developers to maintain the covenanted art installations for a specified period of time for the benefit and enjoyment of the public.

BACKGROUND AND DISCUSSION

Pursuant to the Art Policy, the Former Agency determined a private project's art budget at 1 percent of total development costs. Developers were required to deposit 40 percent of the art budget into the respective project area's cultural trust fund. The trust fund monies were used to pay for public art installations in the project area, cultural programming and other eligible uses. The City of Los Angeles operates a very similar public art program through its Cultural Affairs Department (CAD). The Successor Agency believes that the CAD is the best public institution to manage these funds, consistent with the Art Policy's original intent. It is appropriate, therefore, to transfer cultural trust funds to the stewardship of the CAD.

As a condition of the transfer of cultural trust funds, the City has agreed to accept the assignment of the remaining art covenants. There are 19 projects with active art covenants. Assigning the covenants to the City will further the successor agency's winding down process, reduce liabilities and ensure the publicly-assisted art investments are maintained.

PREVIOUS ACTIONS

January 4 and 11, 2018 – Governing and Oversight Boards, respectively, approved ROPS 18-19, which included line item 1361 providing for the transfer to the City of Cultural and Art Trust Funds retained by the Successor Agency. DOF approved ROPS 18-19 on April 10, 2018.

SOURCE OF FUNDS

The funds to be transferred to the City, identified as Reserve Balance, constitute developer contributions to the Former Agency in compliance with the Art Policy. The funds were retained by CRA/LA through the Other Funds & Accounts Due Diligence Review.

ROPS AND ADMINISTRATIVE BUDGET IMPACT

The transfer of the funds is consistent with the approved ROPS 18-19.

ENVIRONMENTAL REVIEW

The recommended action does not constitute a “project” as identified by the California Environmental Quality Act.



Steve Valenzuela
Chief Executive Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

Attachment: Transfer of Art Funds and Assignment of Art Covenants Agreement

**TRANSFER OF ART FUNDS AND ASSIGNMENT OF ART COVENANTS
AGREEMENT**

This Transfer of Art Funds, and Assignment of Art Covenants Agreement (this "Agreement") is made as of _____, 2018, by and between CRA/LA, a Designated Local Authority, a public body formed under California Health and Safety Code Section 34173(d)(3) ("CRA/LA") and successor to The Community Redevelopment Agency of the City of Los Angeles (the "Former Agency"), and the City of Los Angeles, a municipal corporation, (the "City"), acting by and through the Department of Cultural Affairs (the "Department") with reference to the following recitals of fact:

RECITALS

A. In 1993, the Former Agency adopted the Public Art Policy that required a fee to be paid by developers for the development of art and cultural amenities. The Former Agency encouraged developers receiving agency assistance to incorporate art in the development projects. The Former Agency modified the Public Art Policy in 2005 to more closely conform to the City's Art Development Fee Ordinance and Procedures. Pursuant to the Public Art Policy, a developer was required to deposit all or a portion of the required art fee into a Cultural Arts Trust Fund for the redevelopment project area (the "Project Area") in which the development was located.

B. For developers who incorporated art in their development projects, the Public Art Policy required the developer to execute a covenant agreement obligating the developer to maintain the artwork for the term of the covenant.

C. As of February 1, 2012, the Former Agency was dissolved pursuant to California Health and Safety Code Section 34172.

D. Pursuant to California Health and Safety Code Section 34173(d)(3), CRA/LA was formed to serve as the successor agency to the Former Agency. California Health and Safety Code Section 34175(b) required that all assets, properties, contracts, leases, books and records, buildings, and equipment of the Former Agency to be transferred to the control of CRA/LA for administration.

E. CRA/LA currently maintains a total of Five Million Two Hundred Fifty Nine Thousand Two Hundred Eighty Eight Dollars (\$5,259,288) in the various CRA/LA project area Cultural Art Trust Funds. The amounts in each project area Cultural Art Trust Fund are listed on Schedule A (the "Trust Funds"), attached hereto and fully incorporated herein.

F. CRA/LA has identified that it is the beneficiary under 19 Arts Covenants, which covenants are listed in Schedule B (the "Art Covenants"), attached hereto and fully incorporated herein.

G. CRA/LA desires to transfer the Trust Funds to the City, which will be placed in a specially created trust fund managed by the Department of Cultural Affairs. The Trust Funds will be expended by the City pursuant to the Public Art Policy adopted by the Former Agency

and as approved by City Council in 2005, and as amended as necessary. A payment to the City of up to Five Million Two Hundred Fifty Nine Thousand Two Hundred Eighty Eight Dollars (\$5,259,288) has been listed as Line 1824 on approved ROPS 18-19.

H. CRA/LA desires to assign its rights, interests, duties and obligations under the Art Covenants to the City, and the City desires to accept and assume such rights, interests, duties and obligations as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants contained in this Agreement, CRA/LA and the City agree as follows:

AGREEMENT

1. Effective Date of Agreement. This Agreement shall take effect upon the last date of execution by the both the City and CRA/LA (the "Effective Date").

2. Transfer of Trust Funds. CRA/LA shall transfer the Trust Funds to the City in the amount of Five Million Two Hundred Fifty Nine Thousand Two Hundred Eighty Eight Dollars (\$5,259,288) within thirty (30) days following the Effective Date. The City shall place the Trust Funds into a specially created trust fund managed through the Department of Cultural Affairs in compliance with a City adopted ordinance and the Public Art Policy adopted by the Former Agency and approved by City Council, and as amended as necessary.

3. Assignment and Assumption. As of the Effective Date, CRA/LA hereby assigns and transfers to City all of its rights, interests, duties and obligations under the Art Covenants and, as of the Effective Date, City accepts the assignment and transfer and assumes and agrees to perform all such obligations of the CRA/LA under the Art Covenants.

4. City/CRA/LA Hold Harmless. City shall indemnify, defend and hold CRA/LA harmless from and against all damages, liabilities, losses, claims, expenses and reasonable attorneys' fees arising out of, involving, or in connection with all obligations of CRA/LA under the Art Covenants and collection of the Art Funds arising after the Effective Date of this Agreement. CRA/LA shall indemnify, defend and hold City harmless from and, against all damages, liabilities, losses, claims, expenses and reasonable attorneys' fees arising out of, involving, or in connection with all obligations of CRA/LA under the Art Covenants and collection of the Art Funds arising prior to the Effective Date of this Agreement.

5. Governing Law. This Assignment shall be governed by, and construed in accordance with, the laws of the State of California.

6. Covenant of Further Assurances. The parties agree to execute such other documents and perform such other acts as may be necessary or desirable to carry out the purposes of this Agreement.

7. Successors and Assigns. This Assignment shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

8. No Attorneys' Fees. Should any action be brought arising out of this Assignment, including, without limitation, any action for declaratory or injunctive relief, each party shall bear their own attorneys' fees and costs and expenses of investigation as may be incurred.

9. Entire Agreement. This Assignment, including and incorporating the Recitals, represents the entire agreement between the parties with respect to the subject matter of this Assignment and supersedes all prior oral or written agreements, understandings, representations, and covenants.

10. Terminology. All personal pronouns used in this Assignment, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural; and the plural shall include the singular. Titles of sections in this Assignment are for convenience only, and neither limit nor amplify the provisions of this Assignment.

11. Counterparts. This Assignment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

12. Time is of the Essence. Time is of the essence in respect to every provision of this Assignment in which time is a factor.

[Signatures Follow on Next Page]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Assignment as of the date first hereinabove set forth.

THE CITY OF LOS ANGELES

CRA/LA, A DESIGNATED LOCAL AUTHORITY

By _____
DANIELLE BRAZELL
General Manager
Dept. of Cultural Affairs

By _____
ESTEVAN VALENZUELA
Chief Executive Officer

Date _____

Date _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By _____
KIMBERLY MIERA
Deputy City Attorney

THOMAS H. WEBBER
CRA/LA Legal Counsel

Date _____

Date _____

ATTEST:

HOLLY L. WOLCOTT, City Clerk

By _____
Deputy City Clerk

Date _____

Schedule A

**CRA/LA, a Designated Local Authority
Cultural and Arts Trust Funds**

Project Area	Fund Name	Amount
Beacon Street	BS Cultural Trust Fund	\$ 6,866
City Center	CT Cultural Facility Trust Fund	657,114
General Agency	GA Downtown Cultural Trust Fund	1,567,600
General Agency	GA Rockefeller Art Fund	218,664
General Agency	GA Santa Fe Art Colony Trust	7,018
Hollywood	HW Arts Fund	1,380,635
Hollywood	HW LACERS Trust Fund	95,047
Hoover	HO Cultural Trust Fund	71,728
Little Tokyo	LT Cultural & Arts Fund	38,707
Mid City	MD Cultural & Arts Trust Fund	234,154
Monterey Hills	MH Art Trust Fund	21,503
North Hollywood	NH Cultural & Arts Fund	202,404
North Hollywood	NH Cultural & Arts Fund Series H	50,000
North Hollywood	NH Cultural & Arts Fund Series B	21,594
North Hollywood	NH Cultural & Arts Fund Series F	9,744
Pacoima/Panorama	PC Arts Development Fee	371,372
Pacoima/Panorama	PC Cultural Trust Fund	304,696
Wilshire/Koreatown	WK Cultural Trust Fund	442
Total Cultural and Art Trust Funds		<u>\$ 5,259,288</u>

Schedule B

List of Covenants

Artist Name	Artwork/Title	Site Address	Covenant Recordation Number & Year	Additional Covenant Recordation Number & Year	Box No.	Comments
Alan Sonneman (See NOTE)	Untitled	645 W. 9th St.	20080021283, 01/04/2008 (Covenant and Agreement Regarding Maintenance of Building)		11776	NOTE: Art covenant reflects artist as Bob Zoell, not Alan Sonneman.
Alexander Liberman	Mojo	285 W 6th St.	20081898654, 10/27/2008 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11792	
Alexis Smith	Pushing	6250 Hollywood Blvd.	20100453560, 04/02/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11811	
Andrew Leicester	Sentient Beings	5250 Lankershim Blvd.	20100384295, 03/19/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11735	
Andrew Leicester	Watercourse Way	5440 N Tujunga Ave.	20100913009, 07/02/2010 (Covenant and Agreement Regarding Maintenance of Building)	20100913010, 07/02/2010 (Assignment and Assumption of OPA and Agreement Containing Covenants Affecting Real Property)	11730	

Schedule B

List of Covenants

Artist Name	Artwork/Title	Site Address	Covenant Recordation Number & Year	Additional Covenant Recordation Number & Year	Box No.	Comments
Anne Marie Karlsen	Untitled	200 S Grand Ave. (5149-010-266)	20081938819, 10/31/2008 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11768	Address on covenant is 201 S. Olive Avenue with same APN
April Greiman	Drive By	11136 Chandler Blvd.	20110173791, 02/01/2011 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11767 and 11735	
Arata Isozaki	Untitled	1011 E. Adams Blvd.	20120800151, 05/30/2012 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11741	
Artis Lane	Wave	6250 Hollywood Blvd.	20100453560, 04/0/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11811	
Barbara McCarren	Untitled	5310 Vineland Ave.	04-0096419, 01/14/2004 (Two Covenant and Agreements Regarding Maintenance of Building, 8/4/2003)	04-0096420, 01/14/2004 (Two Covenant and Agreements Regarding Maintenance of Building, 8/4/2003)	11730	NOTE: Two art covenants were signed and recorded.

Schedule B

List of Covenants

Artist Name	Artwork/Title	Site Address	Covenant Recordation Number & Year	Additional Covenant Recordation Number & Year	Box No.	Comments
Betye Saar	Hollywood and Vine	1600 Vine St.	20100236097, 02/22/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11811	
Bill Barrett	I-Tile	11023 McCormick St.	20120525776, 04/06/2012 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11754	
Blue McRight & Warren Wagner	California Landscape, Variations 1 through 4	8300 S Vermont Ave.	20081468761, 08/14/2008 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11790	
Brad Howe	Wind Thing	6250 Hollywood Blvd.	20100453560, 04/02/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11811	
Carl Cheng	The Longshore	255 W 7th St.	20100453559, 04/02/2010 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11791	
Carol Nye	Face Finder / Face Time	1555 Vine St.	20072298289, 10/09/2007 (Implementation and Covenant Agreement - art related)	N/A	11811	

Schedule B

List of Covenants

Artist Name	Artwork/Title	Site Address	Covenant Recordation Number & Year	Additional Covenant Recordation Number & Year	Box No.	Comments
Catherine Hardwicke	Light Wash/7	375 E 2nd St.	20072559052, 11/16/2007 (Covenant and Agreement Regarding Maintenance of Building)	N/A	11726	
Chandler Outdoor Gallery	ConvergenceLA	889 Franciso St.	20170320985, 03/22/2017 (Covenant and Agreement Regarding Maintenance of Building)	N/A	B. McCoy	
Charles Dickson		4600 Pico Blvd. or 4550 W. Pico	20120941452, 06/26/2012 (Covenant and Agreement Regarding Maintenance of Building)	20091482390, 09/30/2009 (Memorandum of Owner Participation Agreement)	11789	
Jenna Didier	Untitled	1601 N. Vine Street	20180215874 3/06/18 (Covenant and Agreement Regarding Maintenance of Building)	N/A		