

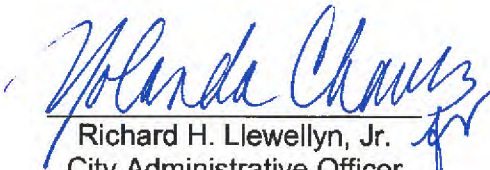
0111-31341-0153

TRANSMITTAL

TO Council	DATE 11-01-19	COUNCIL FILE NO. 14-1174-S79
FROM CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 13	

At its regular meeting on October 31, 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 \$1,620,558 in CRA/LA Excess Non-Housing Bond Proceeds from the Wilshire Center/Koreatown Redevelopment Project Area (Taxable Series 2006-A, 2008-B and Tax-Exempt Series 2008-C) for the Beverly/Madison 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

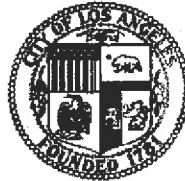
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Attachment – October 31, 2019 EWDD Report – Beverly/Madison Improvements Project

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

October 31, 2019

Council File: 14-1174-S79
Council District No.: 13
Contact Person & Extension:
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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 \$1,620,558 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS PLUS ALL EARNED INTEREST FROM THE WILSHIRE CENTER/KOREATOWN REDEVELOPMENT PROJECT AREA (TAXABLE SERIES 2006-A, 2008-B AND TAX-EXEMPT SERIES 2008-C) FOR THE BEVERLY/MADISON 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 allocating and withholding expenditure of funds for the Beverly/Madison 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 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 \$858,408 in taxable, and \$762,150 in tax-exempt, CRA/LA Excess Non-Housing Bond Proceeds (EBP) plus all earned interest (Interest) available to Council District (CD) 13 from the Wilshire Center/Koreatown Redevelopment Project Area (Project Area) for Project;
3. AUTHORIZE the Department of Public Works, Bureau of Engineering (BOE) to be the implementing department for activities related to Project;
4. AUTHORIZE BOE to approve, negotiate and execute contracting documents (Contract) as required with duly procured contractor(s) (Contractor) subject and pursuant to the approval of the Board of Public Works (BPW) to effectuate Project and prevailing wage requirements;
5. AUTHORIZE the Controller, subject to the requirements below and availability of funds and duly executed and encumbered Contract(s), to expend up to \$858,408 plus Interest from the EBP Fund No. 57D, Account Nos. 22L9TT and 22S9TT Wilshire Center/Koreatown Taxable Series 2006-A and 2008-B, and up to \$762,150 plus Interest from the EBP Fund No. 57D, Account Nos. 22L9TN and 22S9TN Wilshire Center/Koreatown Tax-Exempt Series 2008-C, for activities related to Project upon presentation of proper documentation by BOE, and satisfactory review by EWDD in accordance with the terms and conditions of the Bond Expenditure Agreement (BEA);
6. 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;
7. 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. It has completed the preliminary planning documents and environmental review documents on its behalf;
 - 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;
8. DIRECT BOE to transmit copies of all executed Contract(s) for Project to EWDD;
9. DIRECT BOE to expend the CRA/LA EBP allocation no later than September 30, 2024;
10. 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;
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 13 motion (O'Farrell-Price) (Attachment) which was adopted by Council on July 2, 2019 (C.F. 14-1174-S79).

The Motion originally sought to allocate all remaining taxable and tax-exempt EBP plus Interest to Flexible PSH Solutions, Inc. to fund the Enlightenment Plaza project. CD 13 subsequently modified request for BOE to perform public infrastructure improvements at Beverly/Madison which is located within the Promise Zone. The Office of the Chief Legislative Analyst has concluded that this modification does not require an amending motion as infrastructure improvements were listed as a goal in the Motion. Promise Zone Program or related projects including fund opportunities for public improvements was identified as a potential project for Project Area in the Bond Spending Plan (BSP) that was adopted by City Council (C.F. 14-1174). Sufficient funds for this purpose are available from CD 13's portion of EBP and Interest in Project Area.

The original taxable and tax-exempt EBP in Project Area available to CD 13 was \$1,265,659. After the 16% (\$163,506) taxable administrative EBP, the net remaining EBP was \$1,102,153. CD 13 subsequently received an aggregate \$518,405 tax-exempt EBP from the FY 17/18 and FY 19/20 Recognized Obligations Payment Schedule which brought the total available EBP to \$1,620,558. There being no other requests from CD 13, this transmittal's proposed \$858,408 in taxable, and \$762,150 in tax-exempt EBP, will completely deplete CD 13's EBP in Project Area as well as the \$69,033 Interest through June 30, 2019 for a combined total of \$1,689,591.

EWDD ANALYSIS

The BOC team met with CD 13 and BOE regarding Project. According to BOE, the scope of work will involve sidewalk repair, curb and gutter repair on the west side of Madison Avenue and both sides of Juanita Avenue between Oakwood Avenue and Beverly Boulevard within Project Area.

The budget breakdown is as follows:

Taxable EBP and Interest Cost Estimate

Construction – Taxable EBP	\$858,408
Construction – Taxable Interest	\$ 48,476
Total Taxable EBP and Interest Cost Estimate	\$906,884

Tax-Exempt EBP and Interest Cost Estimate

Construction	\$157,791
Project Management	\$ 26,617
Planning and Design Services	\$202,288
Construction Management	\$180,995
Post Construction	\$ 6,388
Escalation (5%)	\$ 53,234
Contingency – Tax-Exempt EBP	\$134,837
Contingency – Tax-Exempt Interest	\$ 20,557
Total Tax-Exempt EBP and Interest Estimate	\$782,707

Total Taxable, Tax-Exempt EBP and Interest Cost Estimates: \$1,689,591

Upon Council adoption of Project and City's compliance with CEQA requirements, Project is expected to begin in January 2020 with completion anticipated by December 2021. All construction work and labor performed by Contractor for Project will be subject to prevailing wage requirements.

BOE will negotiate and execute Contract(s) and all related documents with Contractor(s) 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 BOE'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.

BOE will report on its work accomplishments to CAO, and report funds expended to EWDD, on a quarterly and as-needed basis for their respective 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 making needed infrastructure improvements that will enhance walkability and Americans with Disability Act (ADA) accessibility within public rights of way in a dense and transit-rich neighborhood. Sidewalk improvements will improve accessibility at key locations, particularly for children, the elderly and the disabled.

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, BOE'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; (2) the City has complied with the requirements of the CEQA with respect to the Project, including obtaining any necessary CEQA clearances prior to final consideration and approval of the 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.

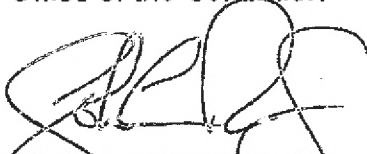
Also, consistent with CEQA Guidelines Section 15378(b)(5), preparing preliminary planning and environmental documents is not a project pursuant to CEQA, because it is only an administrative activity that will not result in physical changes in the environment. Preparing such preliminary documents does 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 BOND 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, 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 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 (O'Farrell-Price) C.F. 11-1174-S79

ATTACHMENT

MOTION


Enlightenment Plaza is a proposed project located in Council District 13 that serves to address Los Angeles' affordable housing crisis. Flexible PSH Solutions, Inc. proposes to develop a surface parking lot into affordable housing and a social service center. Funds are needed to institute a number of the project's goals, including public infrastructure improvements, property acquisition, architectural services, permit fees, and construction.

Funds are available to Council District 13 through taxable and tax-exempt CRA/LA Excess Bond Proceeds from the Wilshire Center/ Koreatown Redevelopment Project Area that can help fund the Enlightenment Plaza project. 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 towards an affordable housing project within the Promise Zone in the Wilshire Center/ Koreatown Redevelopment Project Area is identified as eligible expenses in the Bond Expenditure Agreement and Bond Spending Plan.

I THEREFORE MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, Housing and Community Investment 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 13, including any earned interest, for a Promise Zone project as identified in the Bond Expenditure Agreement and Bond Spending Plan for the Wilshire Center/ Koreatown Redevelopment Project Area.

I FURTHER MOVE that all remaining taxable and tax-exempt CRA/LA Excess Bond Proceeds available to Council District 13 from the Wilshire Center/ Koreatown Redevelopment Project Area, including any earned interest, be utilized by Flexible PSH Solutions, Inc., to fund the Enlightenment Plaza project upon City Council approval of the forthcoming Economic and Workforce Development Department report.

PRESENTED BY


MITCH O'FARRELL

Councilmember, 13th District

SECONDED BY

