

EXEMPTION and ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to a Bond Expenditure Agreement and related Bond Spending Plan between the Community Redevelopment Agency of Los Angeles, a Designated Local Authority (CRA/LA-DLA) and the City of Los Angeles (City).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the Mayor, or designee, to execute the Bond Expenditure Agreement by and between the CRA/LA-DLA and City of Los Angeles as provided in substantial final form (Attachment B of the joint City Administrative Officer [CAO] and Chief Legislative Analyst [CLA] report dated August 22, 2014, attached to Council file [C.F.] No. 14-1174), and subject to the review and approval by mutual legal counsels as to form and legality.
2. ADOPT the Bond Spending Plan, as may be amended from time to time, to serve as informational and reference purposes for City staff to implement eligible projects, programs, and activities that utilize the CRA/LA Excess Bond Proceeds (Attachment C of the joint CAO/CLA report dated August 22, 2014, attached to C.F. No. 14-1174).
3. FIND that the Bond Expenditure Agreement and Bond Spending Plan are exempt from the California Environmental Quality Act (CEQA); direct staff to file a notice of exemption pursuant to CEQA Guidelines, Section 15062; and direct staff to undertake all necessary environmental review required by CEQA prior to commencing work on any project, as defined in CEQA Guidelines, Section 15378, pursuant to the Bond Expenditure Agreement and Bond Spending Plan.
4. INSTRUCT the CAO and CLA to report within ninety (90) days on the results of the California State Department of Finance's (DOF) determination on the Bond Expenditure Agreement and the City's framework for administering the Excess Bond Proceeds once a framework is established.
5. INSTRUCT the CLA to report on options for an oversight structure to administer the City's use of the CRA/LA Excess Bond Proceeds, including the Bond Expenditure Agreement and Bond Spending Plan, and prepare a chart comparing the following proposed structures:
 - a. A bond oversight committee comprised of the CAO, CLA, and Mayor that would review expenditures and make recommendations to Council and Mayor.
 - b. A bond oversight process in which the CLA serves as a clearinghouse, with expenditures initiated by Council action and reviewed by the Economic Development Committee.

Fiscal Impact Statement: The CAO/CLA reports there is no General Fund impact to the City. If all approvals are obtained and Excess Bond Proceeds are transferred to the City, inasmuch as the funds are bond funds, the funds would be held in a special fund separate from the General Fund.

Community Impact Statement: None submitted.

SUMMARY

At a special meeting held on August 26, 2014, the Economic Development Committee considered a joint report from the CAO and CLA relative to a Bond Expenditure Agreement, and related Bond Spending Plan, between the CRA/LA-DLA and the City.

The joint CAO/CLA report states that the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA) was dissolved pursuant to action by the California State Legislature and Governor enacting Assembly Bill X1-26. Subsequently, the CRA/LA-DLA became the successor agency to the former CRA/LA and was allowed under State law to use unobligated pre-2011 tax allocation bond proceeds (Excess Bond Proceeds) for new obligations. However, the CRA/LA-DLA lacks the capacity or resources to expend the \$89.8 million in current Excess Bond Proceeds. Therefore it is proposed that the City approve a Bond Expenditure Agreement between the CRA/LA-DLA and the City to transfer \$86.4 million in Excess Bond Proceeds to the City (the CRA/LA-DLA would retain \$3.4 million of the proceeds for administrative costs) and a related Bond Spending Plan.

Representatives of the CLA and CAO provided a brief overview of the matter to the Committee and responded to related questions. During discussion of this matter, the CAO representative reported that the Bond Expenditure Agreement (Attachment B of the CAO/CLA report) between the CRA/LA-DLA and the City would need to be approved by the City as well as the CRA/LA-DLA Governing Board, Oversight Board, and the DOF. Once the Agreement is approved, the CRA/LA-DLA would transfer \$86.4 million to the City in Excess Bond Proceeds by January 2015. The CLA representative noted that the related Bond Spending Plan is a working document and a guideline on how the Excess Bond Proceeds could be spent by the City once it receives the funds.

In response to questions from the Committee regarding allocation of the funds, the CLA representative stated that funds must be spent in the former CRA/LA Redevelopment Project Areas from which they were originally derived, and allocation by Council District would be based on the percentage of acreage of each District in the Redevelopment Project Area. A Bond Oversight Committee made up of the CAO, CLA, and Mayor is proposed that would review expenditures and then make recommendations to the Council and Mayor.

The Committee inquired whether CAO/CLA had considered alternative bond oversight structures, such as the CLA serving as a clearinghouse with expenditures initiated by Council action and reviewed by the Economic Development Committee. The CLA and CAO representatives reported that several options had been considered, however the Bond Oversight Committee structure was deemed to be more advantageous in terms of retention of documentation and reporting for audit purposes, as well as benefiting other local taxing entities (County and school / community college districts).

During public comment period, a representative of the Councilmember for the Third District spoke in support of the Bond Expenditure Agreement and Bond Spending Plan, and also requested that the Committee consider an alternative bond oversight structure.

After additional discussion of the matter and after providing an opportunity for public comment, the Committee approved the recommendations in the CAO/CLA report as amended to instruct the CLA to report with a comparison of proposed bond oversight structures.

Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
KREKORIAN:	YES
HUIZAR:	ABSENT
CEDILLO:	YES
MARTINEZ:	YES

REW
8/27/14
FILE NO. 14-1174

-NOT OFFICIAL UNTIL COUNCIL ACTS-