

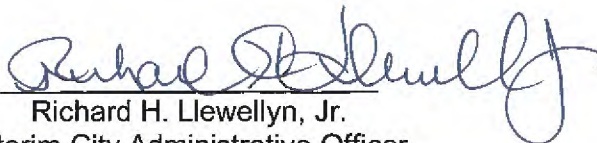
0111-31341-0012

**TRANSMITTAL**

To: Council	DATE 07-07-2017	COUNCIL FILE NO. 14-1174-S19, 17-0688
From: CRA/LA Bond Oversight Committee	COUNCIL DISTRICT 15	

At its meeting of June 29, 2017 the CRA/LA Bond Oversight Committee (BOC) adopted the recommendations of the attached Economic Workforce Development Department (EWDD) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would authorize the Office of the City Administrative Officer (CAO) to utilize up to \$28,118 in CRA/LA Excess Bond Proceeds available to Council District 15 within the Pacific Corridor Project Area for consultant services related to the Warner Grand Theatre project.

Fiscal Impact Statement: There is no General Fund impact from the proposed allocation of CRA/LA Excess Bond Proceeds. There are sufficient funds in the Pacific Corridor Project Area to cover the costs of the Warner Grand Theatre project.



Richard H. Llewellyn, Jr.  
Interim City Administrative Officer  
Chair, CRA/LA Bond Oversight Committee

RHL:JVW:BA:15180004

Attachment

# CITY OF LOS ANGELES

CALIFORNIA

JAN PERRY  
GENERAL MANAGER

ECONOMIC AND WORKFORCE  
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET  
LOS ANGELES, CA 90017



ERIC GARCETTI  
MAYOR

June 26, 2017

Council Files: 14-1174-S19, 17-0688  
Council District No.: 15  
Contact Person(s) & Extensions:  
Daisy Hernandez, (213) 744-9340

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

**BOND OVERSIGHT COMMITTEE TRANSMITTAL: REQUEST BOND OVERSIGHT COMMITTEE REVIEW AND RECOMMENDATION THAT COUNCIL AND MAYOR AS REQUIRED APPROPRIATE UP TO \$28,118 IN CRA/LA EXCESS NON-HOUSING BOND PROCEEDS FROM THE PACIFIC CORRIDOR REDEVELOPMENT PROJECT AREA (2006 TAXABLE SERIES A) TO THE WARNER GRAND THEATRE MARKET STUDY PROJECT**

The General Manager of the Economic and Workforce Development Department (EWDD) requests your review, approval and processing of the recommendations in this transmittal to City Council for its consideration.

**SUMMARY**

Transmitted herewith for your review, approval, and further processing are recommendations pursuant to a CD 15 Motion (Buscaino-Harris-Dawson) dated February 28, 2017 (CF 14-1174-S19) which was adopted by Council on April 19, 2017.

The original motion seeks to appropriate up to \$31,015 in CRA/LA Excess Non-Housing Bond Proceeds (EBP) in the Pacific Corridor Redevelopment Project Area (Project Area) within CD 15 for consultant services to the Housing Authority of the City of Los Angeles (HACLA) on the Rancho San Pedro redevelopment potential. However, Rancho San Pedro is not listed as a priority project in the Bond Spending Plan (BSP). The Office of the City Administrative Officer (CAO) had previously recommended a market study for the Warner Grand Theatre in San Pedro which is listed as a priority project in the BSP. The Council Office has requested that the Rancho San Pedro project listed in the motion be substituted with the Warner Grand Theatre project.

The Council Office subsequently introduced a new Motion (C.F. 17-0688) on June 16, 2017 seeking authorization for the CAO to enter into a Memorandum of Understanding with HACLA to hire a consultant to assist the City and the HACLA with the redevelopment of the Rancho San Pedro property located at 275 West First Street in Council District 15.

## **RECOMMENDATIONS**

The General Manager, EWDD, requests that the Bond Oversight Committee recommend that the Council, subject to the approval of the Mayor as required:

1. APPROVE up to \$28,118 in CRA/LA Excess Non-Housing Bond Proceeds from the Pacific Corridor Redevelopment Project Area (2006 Taxable Series A) for the Warner Grand Theatre market study;
2. AUTHORIZE the Office of the City Administrative Officer (CAO) to enter into contracts and take other actions as required to prepare a market study for the Warner Grand Theatre project, up to an expenditure of \$28,118;
3. AUTHORIZE the CAO to expend funds up to \$28,118 from the CRA/LA Excess Non-Housing Bond Proceeds Fund No. 57D for transactions related to the Warner Grand Theatre project; and
4. AUTHORIZE the 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.

## **FISCAL IMPACT STATEMENT**

There is no impact on the City's General Fund from the proposed appropriation of CRA/LA EBP. 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.

## **ENVIRONMENTAL REVIEW**

The transfer of EBP funds from one activity to be utilized for another activity within the same Council District does not constitute a project as defined by Section 15378(b)(4) (Creation of Government Funding Mechanisms or Other Government Fiscal Activities) of the Guidelines for California Environmental Quality Act (CEQA Guidelines). Further, the Warner Grand Theatre Market Study as defined herein, is statutorily exempt from provisions of CEQA pursuant to Section 15262 (Feasibility and Planning Studies) of the CEQA Guidelines.

## CD 15 EXCESS BOND PROCEEDS AND PROPOSED PROGRAM ACTIVITIES

There are three (3) redevelopment project areas whose EBP fall 100% within CD 15 i.e. Beacon Street, Pacific Corridor and Watts Redevelopment. There are no tax-exempt bond proceeds in the original EBP, and \$305,121 in taxable bond proceeds amongst all 3 project areas. The details are reflected below:

CRA Project Area	Project Area EBP Within CD 15	Taxable Bond Proceeds	Less: 16% Administrative Appropriation	Available EBP in Project Area
Beacon Street	100%	\$ 83,753	(\$13,401)	\$ 70,352
Pacific Corridor	100%	\$ 32,622	(\$ 5,220)	\$ 27,402
Watts	100%	\$188,746	(\$30,199)	\$158,547
<b>TOTAL</b>	<b>100%</b>	<b>\$305,121</b>	<b>(\$48,820)</b>	<b>\$256,301</b>

There is only one bond series (2006 Taxable Series A) in the Pacific Corridor Project Area. The designated funding category is Community Facilities/Open Space. Warner Grand Theatre improvements are listed as a potential project in the Pacific Corridor Project Area.

The entire \$32,622 taxable EBP in the Pacific Corridor Project Area is available to CD 15. However, after the administrative appropriation of 16%, or \$5,220, only \$27,402 remains in this Project Area. Adding in the \$716 interest earned through March 31, 2017, the total amount is \$28,118. The proposed Warner Grand Theater appropriation will exhaust all of the EBP in the Pacific Corridor Project Area.

The Watts Project Area EBP has also been 100% appropriated and disbursed for the Compton Avenue building acquisition (Community Facilities/Open Space) under C.F. 14-1408-S1.

The \$70,352 EBP in the Beacon Street Project Area's only bond series (2005 Taxable Series C) remains uncommitted for Business Assistance and Catalytic Commercial Developments activities.

In summary, there is \$72,191 (including \$1,839 in interest income through March 31, 2017) EBP remaining within CD 15 in the Beacon Street Project Area towards business assistance.

## ANALYSIS AND RECOMMENDATIONS

CD 15's Motion, adopted by Council on April 19, 2017, seeks to appropriate up to \$31,015 from the Pacific Corridor Project Area EBP towards hiring a consultant to assist HACLA with 1) The planning process for the redevelopment of the Rancho San Pedro property located at 275 W. 1<sup>st</sup> Street, and 2) Development of a Request for Qualification and Request for Proposal of a master developer for this property.

Rancho San Pedro is not listed as a potential project in the BSP. However, the CAO had separately recommended a market study for the Warner Grand Theatre in San Pedro which is identified in the BSP. CD 15 has requested that the \$28,118 EBP be applied towards the Warner Grand Theatre market study, and reimburse the CAO with EBP originally intended for HACLA's Rancho San Pedro consultant services as outlined in the Motion. CD 15 subsequently introduced a new Motion (C. F. 17-0688) on June 16, 2017 seeking authorization for the CAO and HACLA to enter into a Memorandum of Understanding in an amount not to exceed \$31,000 to allow HACLA to hire a consultant to assist with the planning process and the development of a Request for Qualifications and Request for Proposals towards redeveloping the Rancho San Pedro property located at 275 West First Street in San Pedro within CD 15.

Warner Grand Theatre is operated by the Department of Cultural Affairs as a local performance and event venue. In order to analyze the building's potential future use as a venue for regional events, a consultant will be hired to identify improvements needed to enhance the functionality of the theatre, the market potential for various uses, the potential alternatives for development, and an implementation strategy/operations plan with the goal of generating community benefits. A consultant for the assignment will be identified through a Request for Bid from the CAO's list of pre-qualified real estate consultants.

CAO's process is expected to begin in August, 2017, and will be completed in December, 2017. All deliverables will be submitted to CAO with a copy to EWDD. Requests for payments will not be processed by CAO without CD 15's review and approval. The CAO will report its work accomplishment and funds expended on a quarterly basis. EWDD will attach CAO's report to its regular reports to the BOC and Mayor/CRA.

The CAO has completed its review of the original bond documents, and has found that the proposed use of excess bond proceeds, as presented, is consistent with those covenants. EWDD will establish a new fund for this bond series. It is recommended that up to \$28,118 in the Pacific Corridor Project Area ( 2006 Taxable Series A) EBP be appropriated to the Warner Grand Theatre market study which will replace the HACLA/Rancho San Pedro planning services as originally outlined in Motion C.F. 14-1174-S19.



JAN PERRY  
General Manager

JP:SH:DH:MMS:YY

Attachment 1: Motion (Buscaino-Harris-Dawson) C. F. 11-1174-S19  
Attachment 2: Motion (Buscaino-Blumenfield) C. F. 17-0688

# MOTION ECONOMIC DEVELOPMENT

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.

In 2015, the Housing Authority of the City of Los Angeles (HACLA) in conjunction with the City of Los Angeles (City) commissioned a feasibility study focused on the Highest and Best Use and Development Potential of the Rancho San Pedro public housing development located at 275 West First Street in the community of San Pedro. Rancho San Pedro was one of the first ten public housing projects in Los Angeles that originally served as housing for Defense Department industrial workers prior to World War II. The property is owned by HACLA and consists of 479 units that include a mix of one- to five-bedroom units. The purpose of the feasibility study was to begin exploring options for the potential rehabilitation, redevelopment, and/or disposition of Rancho San Pedro. The study looked into the development economics, finance options, and financial implications of different revitalization options along with providing an understanding of the next steps in the implementation process that would include an entitlement strategy, a finance strategy, and the clear articulation of roles and responsibilities under suitable public-private partnerships.

The San Pedro Community Plan Update, which is pending City Council approval, provides the blueprint for guiding growth and development in San Pedro. It identifies Rancho San Pedro as an "Opportunity Area" and includes policies that encourage a mix of household incomes and the use of public-private partnerships in revitalizing the Rancho San Pedro project. Through extensive outreach and community input, the San Pedro Community Plan Update identified the rehabilitation and modernization of Rancho San Pedro as a priority project. In order to build on the efforts of the Feasibility Analysis and San Pedro Community Plan Update policies, the City and HACLA wish to hire a consultant to assist with the Planning Process and development of both a Request for Qualifications and Request for Proposal for the Rancho San Pedro property.

I THEREFORE MOVE that taxable CRA/LA Excess Bond Proceeds available to Council District Fifteen in an amount not to exceed \$31,015 from the Pacific Corridor Redevelopment Project Area be utilized to contribute to the Housing Authority of the City of Los Angeles' (HACLA) hiring of a consultant to assist the City and HACLA with 1) the Planning Process for the redevelopment of the Rancho San Pedro property located at 275 West First Street in the community of San Pedro and 2) development of a Request for Qualifications and Request for Proposal for a Master Developer of the Rancho San Pedro property.

I FURTHER MOVE that the Economic and Workforce Development Department, with the assistance of the City Administrative Officer, Chief Legislative Analyst, and any other applicable City department, provide a report with recommendations to the CRA/LA Bond Oversight Committee to allocate taxable CRA/LA Excess Bond Proceeds in an amount not to exceed \$31,015 to assist HACLA in hiring a consultant to assist in redevelopment of the Rancho San Pedro property as described above and identified as affordable housing in the Bond Expenditure Agreement and Bond Spending Plan for the Pacific Corridor Redevelopment Project Area.

PRESENTED BY

JOE BUSCARINO

Councilmember, 15<sup>th</sup> District

SECONDED BY



TO: COUNCIL	DATE: 6/27/17
REGULAR AGENDA	POSTED

## MOTION

On February 28, 2017, the Council adopted a Motion that instructed the Economic and Workforce Development Department, with the assistance of other City departments, to allocate taxable CRA/LA Excess Bond Proceeds in an amount not to exceed \$31,015 from the Pacific Corridor Redevelopment Project Area for the redevelopment of the Rancho San Pedro public housing project located at 275 West First Street in the community of San Pedro in Council District 15 (C.F. 14-1174-S19). The Excess Bond Proceeds were proposed to be used by the Housing Authority of the City of Los Angeles' (HACLA) to hire a consultant to assist the City and HACLA with the planning process for the redevelopment of the project and the development of a Request for Qualifications (RFQ) and Request for Proposals (RFP) for a Master Developer of the property.

The development of affordable housing is generally an eligible use of taxable bond proceeds but the Bond Expenditure Agreement between the City and CRA/LA limits expenditures only to those projects, programs, and activities enumerated in the Potential Projects list in the Bond Spending Plan for each redevelopment project area. The Rancho San Pedro project is not included in the Bond Spending Plan for the Pacific Corridor Redevelopment Project Area so the proposed consultant work is not an eligible use of the Excess Bond Proceeds.

Through extensive outreach and community input, the San Pedro Community Plan Update identified the Ranch San Pedro community as an "Opportunity Area" and the rehabilitation and modernization of the Rancho San Pedro project as a high priority for the district. The Office of the City Administrative Officer (CAO) has identified funds totaling \$31,000 that could be used for the planning and development of the RFQ and RFP for the project. An agreement with between the CAO and HACLA is necessary to facilitate the transfer of funds for this scope of work.

I THEREFORE MOVE that the Office of the City Administrative Officer (CAO), with the assistance of applicable City departments, be authorized to enter into a Memorandum of Understanding with the Housing Authority of the City of Los Angeles (HACLA) for an amount not to exceed \$31,000 from Fund 100/10, Contractual Services, Account 003040, to allow HACLA to hire a consultant to assist the City and HACLA with (1) the Planning Process for the redevelopment of the Rancho San Pedro property located at 275 West First Street in the community of San Pedro, and (2) the development of a Request for Qualifications and Request for Proposals for a Master Developer of the Ranch San Pedro property.

I FURTHER MOVE that the CAO be authorized to make any technical corrections necessary to effectuate the intent of the Council's actions.

PRESENTED BY:

  
Joe Buscino  
Councilmember, 15<sup>th</sup> District

SECONDED BY:



JUN 16 2017

