

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: *March 4, 2005*


CAO File No. 0220-01448-0017

Council File No. 01-1057

Council District: ALL

To: The Mayor  
The Council

From: William T Fujioka, City Administrative Officer



Reference: Transmittal from the Mayor dated January 19, 2005; Received by the City Administrative Officer on February 1, 2005; Additional information received on March 2, 2005 and March 3, 2005

Subject: **MAYOR'S OFFICE OF ECONOMIC DEVELOPMENT, STRATEGIC PLANNING & PROJECT DEVELOPMENT DIVISION STATUS REPORT ON VARIOUS ECONOMIC DEVELOPMENT ADMINISTRATION GRANT AWARDS AND OTHER GRANT ACTIVITIES**

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### SUMMARY

The Mayor's Office of Economic Development (MOED) Strategic Planning & Project Development Division (SPPD) requests approval of its Annual Status Report, which provides an update of the following:

- A \$30 million United States Department of Commerce, Economic Development Administration (EDA), Earthquake Assistance Grand Award of 1995 and subsequent EDA Grant awards for fiscal years 1998-04; and,
- Other grants it administers.

The SPPD:

- Provides project management for the Office of the Mayor economic development projects;
- Obtains and manages Federal, State and local grant, loan and technical assistance resources;
- Develops and administers the City Comprehensive Economic Development Strategy (CEDS); and,
- Participates in the City Brownfields Revitalization Program.

### EDA Earthquake Assistance Grant of 1995

The EDA Earthquake Assistance Grant Award of 1995 is an ongoing, \$30 million disaster infrastructure development grant that has provided funding for 26 projects (22 construction and four technical assistance projects). The status of each of these projects is shown in the Attachment.

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Housing, Community and Economic Development

MOED serves as the grant manager, with City departments and Council Offices requesting use of the funds for projects. The EDA has indicated that all funds from this grant must be disbursed by September 30, 2005 to achieve project closeout by December 31, 2005. MOED anticipates that all projects will complete their EDA-funded portions of work by these deadlines.

On June 8, 2004, Council approved MOED recommendations to reprogram \$2,510,000, remaining of the EDA Grant, to four projects (C.F. 01-1057):

- Atwater Project at Glendale and Madera (CD-13) (\$641,166);
- Hollywood Media District (CD-13) (\$68,500);
- Staples Center Phase II (CD-9) (\$1,540,534); and,
- Views at 270 (CD-4) (\$259,800).

MOED submitted all four proposals to EDA which were approved on July 19, 2004. Subsequently, on December 21, 2004, Hollywood Community Housing Corporation informed MOED of its decision to withdraw the request for EDA funding in the amount of \$259,800 for the Views at 270 project. Given the EDA deadline to close out the entire earthquake grant by December 2005, MOED is recommending that:

- \$142,514 be reprogrammed and allocated in 2005-06 to the administrative line item to maintain current grant-funded MOED staff until March 2006 to complete all projects and closeout requirements;
- \$7,000 be reprogrammed to the Hollywood Media District project to cover increased project costs for a total project cost of \$75,500; and,
- \$110,286 be reprogrammed to the Atwater Project at Glendale and Madera to cover increased project costs, for a total project cost of \$641,452.

Further, in February 2005 it was determined that the Staples Center Phase II project would not be ready to use EDA funds by September 2005. Technical design issues between Caltrans and the Developer would not be resolved in time to meet the original timetable. MOED is requesting that these funds, in the amount of \$1,540,534, be reprogrammed for public improvements on 60<sup>th</sup> Street, St. Andrews Place and Gramercy Place within the Western Slauson Industrial Area in Council District Eight. The project would involve streetscape improvements to enhance accessibility through the area in which several large businesses (Hostess Cake, Advance Paper, Laidlaw and the Los Angeles Design Center) employing over 1,200 people are located. MOED reports that the street improvements will help anchor these businesses in the area and complement the planned expansion of the Los Angeles Design Center.

### **Current Projects**

There are several projects in various stages of development. These are summarized in the Attachment. MOED is requesting authority to execute agreements for the following projects for use of EDA grant funds:

- Atwater at Glendale and Madera (CD-13) (\$641,452). Pre-application was approved in July

2004. A separate report to Council to accept the EDA grant award and request authority to contract and reimburse City departments and contractors is forthcoming;

- Harbor Gateway Center (CD-15) (\$2,163,712). MOED is requesting authority to extend the agreement with Boeing Realty for street improvements related to the project. Of the total amount, \$1,079,397 is payable to Union Pacific Railroad for work on at-grade railroad crossings;
- Hollywood Media District (CD-13) (\$75,500). MOED is requesting authority to execute a contract with the Hollywood Media District Agency for streetscape improvements within the Hollywood Media District;
- UCLA Tom Bradley Legacy Foundation (Citywide) (\$500,000). MOED is requesting authority to extend the contract an additional eight months for the purpose of completing the Neighborhood Capacity Building study; and,
- Web-based Economic Tool (Citywide) (\$160,000). A separate report is forthcoming from the Community Development Department requesting approval of a consultant and authority to execute a contract with that entity.

Because of the September 30, 2005 deadline for disbursement of EDA grant funds and the December 31, 2005 deadline for closeout of projects under the EDA grant, MOED is requesting authority to transfer and allocate EDA grant project savings between other Council approved EDA-funded projects as-needed. This would allow MOED flexibility by transferring and allocating funds to projects which are able to meet the EDA deadlines.

### **Comprehensive Economic Development Strategy**

The Citywide Comprehensive Economic Development Strategy (CEDS) is an economic development study that focuses on specific areas of the City and is updated on an annual basis. The Citywide CEDS is comprised of six sub-CEDS regions:

- Downtown;
- East/Northeast Los Angeles;
- Hollywood;
- San Fernando Valley;
- South Los Angeles; and,
- West Los Angeles.

The EDA approved plans allow Council and Mayor to submit projects within these sub-CEDS regions directly to EDA without having to go to external EDA-certified approving authorities for comparison and ranking against other regional projects. Funding was previously allocated to five of the six regions. The Hollywood sub-CEDS report has been completed. The Downtown, East/Northeast, San Fernando Valley and South sub-CEDS are anticipated to be completed in May 2005. Work on the West Los Angeles sub-CEDS will commence when future funding is approved. Council allocated Community Development Block Grant (CDBG) funds in June 2002 for the updates required for these regions to remain eligible for EDA grant awards. MOED is requesting an extension to the agreement with the Figueroa Media Group until May 31, 2005 for completion of these updates.

## **Other Grant Activities**

The City received a \$350,000 grant under the California Pollution Control Financing Authority, Sustainable Communities Grant and Loan Program, for the Downtown Los Angeles Seventh Street Transit/Pedestrian 24-Hour Safe Passage Project. The street lighting design is 80 percent complete. MOED is continuing to work with Council Offices Nine and 14, the Department of Public Works, Bureau of Street Lighting (BSL) and Bureau of Street Services (BSS) to move forward with the project. As part of this transmittal, MOED is requesting authority to reimburse funds in the amount of \$164,000 to BSL and \$136,500 to BSS for their work on the project.

MOED is responsible for administering project activities and financial transactions of the former Mayor Urban Development Action Grant (UDAG) funds. Council last adopted a full report on the status of former Mayor UDAG funded projects in February 2003 (C.F. 03-0088). An updated status report on these projects is forthcoming. MOED is also tasked with monitoring activities for the City Brownfields Revitalization Fund and administering some of the grant funds. A report on City Brownfields activity was released under separate cover in November 2004 (C.F. 00-1188).

## **Personnel**

The Council approved continuing resolution authority for four MOED staff positions that administer the EDA earthquake grants and other economic development grants for the period from July 1, 2004 through June 30, 2005 as part of the 2004-05 Adopted Budget. No further Council action is needed. EDA reimburses the City for direct salaries while the City funds indirect costs and fringe benefits. The estimated direct costs of the salaries for 2004-05 is \$278,000. The estimated indirect cost for these positions is \$236,000.

There are eleven current projects funded under EDA earthquake grants, most of them will not be complete by June 30, 2005. In addition, there are ongoing projects funded under state and federal, CDBG and the former Mayor UDAG grants. The four existing staff positions manage ongoing projects that will continue through 2004-05 as well as search for additional funding sources not yet utilized by the City.

## **RECOMMENDATIONS**

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

1. Authorize the Mayor, or designee, to:
  - A. Apply for and accept a grant from the United States Department of Commerce, Economic Development Administration (EDA) in an amount up to \$1,540,534 and negotiate and execute an agreement with Cisco Brothers for the EDA-funded improvements in the Western and Slauson Industrial Area for an amount not to exceed \$1,540,534, subject to the approval of the City Attorney as to form and legality;
  - B. Negotiate and execute an amendment to Contract No. C-103877 with Boeing Realty Corporation for the Harbor Gateway project, for a term retroactive to October 11, 2003

through December 31, 2005, in an amount not to exceed \$2,163,712, with \$1,079,397 payable to Union Pacific Railroad, to cover the period in which performance was ongoing and any additional time as necessary to complete the closeout of the project and make any other changes as required subject to the approval of the City Attorney as to form and legality, and the Department of Public Works, Bureau of Contract Administration for compliance with City contracting requirements;

- C. Accept a grant from the EDA in an amount up to \$75,500 and negotiate and execute an agreement with the Hollywood Media District Agency for the EDA-funded Hollywood Media District Project in an amount not to exceed \$75,500 subject to the approval of the City Attorney as to form and legality, and the Department of Public Works, Bureau of Contract Administration for compliance with City contracting requirements;
  - D. Execute an amendment to Contract No. C-104770 with the Tom Bradley Legacy Foundation to extend the time of performance by an additional eight months to October 31, 2005 for the purpose of completing the Neighborhood Capacity Building study, subject to the approval of EDA and the City Attorney as to form and legality, and the Department of Public Works, Bureau of Contract Administration for compliance with City contracting requirements;
  - E. Execute an amendment to Contract No. C-106792 with the Figueroa Media Group to extend the time of performance by an additional five months to May 31, 2005 for the purpose of completing Comprehensive Economic Development Strategy updates, subject to the approval of the City Attorney as to form and legality, and the Department of Public Works, Bureau of Contract Administration for compliance with City contracting requirements;
  - F. Prepare Controller instructions consistent with this report and make any technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions; and,
  - G. Transfer and allocate any EDA-funded project savings between Council approved EDA projects as-needed to meet the grant disbursement deadline of September 30, 2005 and the grant closeout deadline of December 31, 2005.
2. Approve EDA grants in an amount not to exceed \$278,000 for the direct costs associated with four Office of the Mayor staff positions effective July 1, 2004 through June 30, 2005;
3. Authorize the Controller to:
- A. Appropriate \$278,000 of the EDA grants to Account No. W146, Salaries, within Fund No. 649, Infrastructure Investment Fund;
  - B. Transfer \$278,000 to Fund No. 100, Department No. 46, Account No. 1020, Salaries Grant Reimbursed, from Fund No. 649, Account No. W146, Salaries, upon receipt of federal grant;

- C. Decrease appropriation accounts within Fund No. 649, Infrastructure Investment Fund, as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
V100	Imani Fe Courtyard	\$ 1,000,000
V400	Valley Center Professional Building	840,000
V600	Highland Park Commercial Rev.	1,000,000
V720	Views at 270	259,800
V740	Staples Center Phase II	1,540,534
	TOTAL	<u>\$ 4,640,334</u>

- D. Increase appropriation and expend funds in an amount not to exceed \$453,382, for a total of \$953,382, to Account No. V300, Pacoima Economic Revitalization Center, within Department No. 46, Fund No. 649, Infrastructure Investment Fund;
- E. Increase appropriation and expend funds in an amount not to exceed \$7,000, for a total of \$75,500, to Account No. V730, Hollywood Media District, within Department No. 46, Fund No. 649, Infrastructure Investment Fund;
- F. Increase appropriation and expend funds in an amount not to exceed \$110,286, for a total of \$641,452, to Account No. V710, Atwater Project, within Department No. 46, Fund No. 649, Infrastructure Investment Fund;
- G. Establish a new account within Fund No. 649, Infrastructure Investment Fund, and appropriate as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
W200	Western/Slauson Industrial Area Project	\$ 1,540,534

- H. Establish, a new non-interest-bearing fund within the Office of the Mayor entitled, "Seventh Street Transit/Pedestrian Project" to receive funds from the California Pollution Control Financing Authority;
- I. Establish and appropriate an amount not to exceed \$350,000 from the newly established fund entitled "Seventh Street Transit/Pedestrian Project" as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
WXXX	Bureau of Street Lighting	\$ 164,000
WXXX	Bureau of Street Services	136,500
WXXX	Solar Panel	49,500
	TOTAL	<u>\$ 350,000</u>

- J. Establish a new account and appropriate an amount not to exceed \$164,000 in Fund No. 347, Department No. 50, Account XXX, entitled "Seventh Street Transit/Pedestrian Project" for the Department of Public Works, Bureau of Street Lighting;

- K. Upon the request of the Office of the Mayor, reimburse an amount not to exceed \$164,000 to Fund No. 347, Department No. 50, Account XXX for the Department of Public Works, Bureau of Street Lighting from the newly established fund entitled "Seventh Street Transit/Pedestrian Project"; and,
- L. Upon the request of the Office of the Mayor, reimburse an amount not to exceed \$136,500 to Fund No. 100, Department No. 86, Account No. 3030, Construction Materials, for the Department of Public Works, Bureau of Street Services from the newly established fund entitled "Seventh Street Transit/Pedestrian Project."

## **FISCAL IMPACT STATEMENT**

The total General Fund impact is approximately \$236,000 for Office of the Mayor staff indirect costs. Funding for the indirect costs has been appropriated in the 2004-05 Adopted Budget. The actual impact to the General Fund may be higher or lower depending on the number of Economic Development Administration (EDA) projects worked on during the year.

The EDA will reimburse the City for staff direct costs. Staff direct costs are estimated at \$278,000 for four Office of the Mayor staff positions. The total cost of funding is approximately \$514,000 for staff direct and indirect costs. The actual amount reimbursed by the EDA to the City may be higher or lower depending on the number of EDA projects worked on during the year. The recommendations also include the reprogramming of \$1,800,334 in EDA Earthquake Assistance Grant funds.

*WTF:SDE:02050102c*

Attachment

U.S. Department of Commerce Economic Development Administration Earthquake Assistance Grant of 1995				
Project Status Report Prepared by Mayor's Office of Economic Development, Strategic Planning and Project Development - March 2005				
	Projects	Status	Council District	EDA Fund Allocations
	<b>Completed Projects</b>			
1	Angelus Grand Plaza	Project completed.	14	\$ 609,050
2	Arminta Ave. Extension (General Motors)	Project completed.	7	3,970,293
3	Business Assistance Center/VEDC	Project completed.	2,3,5,7,12	895,225
4	Canoga Park Commercial Revitalization/Madrid Theater	Project completed.	3	264,684
5	CRA Staff Assistance	Project completed.	citywide	518,871
6	CSUN BioTech Park	Project completed.	12	1,388,568
7	Goodyear Tract (Incore) Phase I	Project completed.	9	335,191
8	Taylor Yard - Legacy	Reprogrammed due to scope change by developer.	1	68,322
9	Union Arts Center/Little Tokyo Marketing Plan	Project completed.	9	383,640
10	Whiteman Airport Industrial Park	Project completed.	7	1,782,000
11	Wilshire Streetscape Project	Project completed.	10	\$ 1,400,000
			<b>Total Completed:</b>	<b>\$ 11,615,844</b>
	<b>Current Projects</b>			
1	Atwater Project at Glendale & Madera	Full application submitted, pending EDA approval.	13	\$ 531,166
2	Goodyear Tract (Incore) Phase II	Project completed. Preparing closeout documents.	9	2,904,109
3	Harbor Gateway Center	Pending Caltrans approval.	15	2,163,712
4	Hollywood Media District	Full application submitted, pending EDA approval.	13	68,500
5	New Economics for Women	Contractor being selected.	1	2,275,000
6	North Hollywood Mixed-Use Project	Bid being advertised. Construction to begin by 06/05.	2,4	3,570,000
7	Pacoima Economic Revitalization Center	Full application approved. Pending HUD environmental clearance.	7	940,000
8	Taylor Yard - Van de Kamp/future LACC Site	Construction underway.	1	1,500,000
9	UCLA Tom Bradley Foundation	Program in progress.	citywide	500,000
10	Web Based Economic Development Tool	Full application approved. Reporting to Council on ITA consultant.	citywide	160,000
	Administrative Costs			\$ 1,971,335
			<b>Total Current:</b>	<b>\$ 16,583,822</b>
	<b>Recommended Reprogramming</b>			
1	Downtown Live (a.k.a. Staple Center Phase II)	Project not ready due to design issues with Caltrans & developer. (-\$1,540,534)	9	
2	View at 270	Developer withdrew on 12/21/04. (-\$259,800)	13	
4	Administrative Costs		citywide	142,514
5	Atwater Project at Glendale & Madera	For increased project costs.	13	110,286
6	Hollywood Media District	Additional project cost requested by the district.	13	7,000
3	Western Slauson Industrial Area		8	1,540,534
	<b>Total EDA Earthquake Assistance Fund Allocations</b>			<b>\$ 30,000,000</b>