

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: August 5, 2005

CAO File No. 0220-01448-0018
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 June 16, 2005; Received by the City Administrative Officer on June 30, 2005; Additional Information Received on August 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**

SUMMARY

The Mayor's Office of Economic Development, 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 1998-05; 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.

The EDA has established a deadline of December 31, 2005 for expenditure of EDA Earthquake Grant funds. As such, the Council instructed the SPPD to report on the status of all projects under consideration for EDA grant funding and the development and status of the CEDS reports.

The SPPD requests comply with the City Financial Policies. Budgeted appropriations must be balanced against available revenue. The City should pursue grants but limit financial support to avoid commitments that continue beyond available funding.

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Housing, Community and Economic Development

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 Attachment I. SPPD 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 expended by December 31, 2005. SPPD anticipates that all projects will complete their EDA-funded portions of work by this deadline.

Council approved the reprogramming of \$1,540,534 in EDA Earthquake funds from the Staples Center Phase II project to the Western Slauson Industrial Area project in Council District Eight in May 2005 (C.F. 01-1057). The project involves 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. SPPD reports that the street improvements will help anchor these businesses in the area and complement the planned expansion of the Los Angeles Design Center. SPPD is requesting that the grant allocation for this project be increased by \$160,000, from \$1,540,534 to \$1,700,534. Funds for the \$160,000 increase are provided as a result of the WEB-ED Economic Development online project not being able to meet the December 31, 2005 EDA deadline.

There are ten EDA Earthquake Grant funded projects in various stages of development. These are also summarized in Attachment I. Because of the December 31, 2005 deadline for expenditure of funds under the EDA grant, Council authorized SPPD the flexibility to transfer and allocate any EDA-funded project savings between Council approved EDA projects as-needed to projects which are able to meet the deadline (C.F. 01-1057).

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 were completed in May 2005. Council allocated

Community Development Block Grant funds in June 2002 for the updates required for these regions to remain eligible for EDA grant awards. SPPD reports it is working with the stakeholders of the regions, including Council Offices, to insure that potential projects in each of these regions are being identified.

EDA Public Works Program

The EDA Public Works Program empowers distressed communities to revitalize, expand and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies and generate or retain long-term, private sector jobs and investment. EDA requirements for the grant include a 50 percent match, per capita income is less than 80 percent of the national average or that the unemployment rate of the area is at least one percent higher than the national average. Projects must meet the EDA job creation ratio of one job per \$10,000. Projects must also meet the \$22 of private dollar investment (in plant and equipment) to every one dollar of EDA investment threshold.

The SPPD is working with Council Offices, the local community, Community Development Department, Community Redevelopment Agency, Department of Water and Power, Department of Public Works and the Department of Transportation to identify projects that would qualify under the EDA Public Works Program. Matching funds could be provided from grant sources, the General Fund, in-kind contributions or private investments.

A list of potential projects can be found in the transmittal from the Mayor dated June 16, 2005. Two projects (E & C Fashion and Hollywood & Vine) appear to be the best suited for an EDA Public Works Program grant at this time. SPPD is requesting authority to apply for EDA Public Works Program grants for these two projects. SPPD reports that the two projects meet or exceed the EDA criteria for grants under the Public Works Program. Additionally, the projects show strong potential for starting construction by the second or third quarter of next year.

E & C Fashion, located in Council District 14, is expanding to a second, larger site. The expansion is scheduled for Fall 2005 and is estimated to create an additional 250 positions. The SPPD is requesting Council approval to apply for an EDA Public Works grant in the amount of \$800,000 to provide infrastructure improvements around the new site.

The Hollywood & Vine project, located in Council District 13, is proposed to redevelop a 4.6 acre site to include a W brand hotel, retail and restaurant space, a grocery store, for-sale condominiums and rental housing, of which 20 percent will be affordable units. The SPPD is requesting Council approval to apply for an EDA Public Works grant in the amount of \$800,000 to provide infrastructure improvements around the new site.

Mayor's Former Urban Development Action Grant

SPPD is responsible for administering project activities and financial transactions of the Mayor's former 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). A summary of the

Mayor's former UDAG fund and allocations to six proposed projects are summarized in Attachment II.

Descriptions of all projects currently receiving UDAG allocations, as well as proposed allocations, are contained in Attachment III. SPPD is requesting Council approval to execute a contract with Gruber and Pereira Associates, LLC (Gruber), in the amount of \$22,425 in Mayor's former UDAG funds, to pay for job-growth related consulting services that were already completed. Due to an administrative oversight, a contract was never executed for the work. Executing the contract now would allow the SPPD to pay Gruber for the services provided between November 2003 and September 2004.

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 complete.

SPPD is also responsible for 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 SPPD staff positions that administer the EDA earthquake grants and other economic development grants for the period from July 1, 2005 through June 30, 2006 as part of the 2005-06 Adopted Budget. No further Council action is needed. The four existing staff positions manage ongoing projects that will continue in 2005-06 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 grants from the United States Department of Commerce, Economic Development Administration (EDA) for the following projects and amounts:

<u>Project</u>	<u>Council District</u>	<u>Amount</u>
E & C Fashion	9	\$ 800,000
Hollywood & Vine	13	800,000
	TOTAL	<u>\$1,600,000</u>

B. Increase the EDA funding allocation for the Western Slauon Industrial Area project by \$160,000, from \$1,540,534 to \$1,700,534;

- C. Allocate Mayor's former Urban Development Action Grant (UDAG) funds as outlined in Attachment II of the City Administrative Officer (CAO) report;
 - D. Negotiate and execute a contract with Gruber and Pereira Associates, LLC in an amount not to exceed \$22,425, for a term retroactive to November 1, 2003 through September 1, 2004, for work already completed that provided job-growth related consulting services, subject to the review and approval of the City Attorney as to form and legality and the Department of Public Works, Bureau of Contract Administration for adherence to City contracting standards;
 - E. Prepare Controller instructions consistent with this report and make any technical adjustments, subject to the approval of the CAO, and authorize the Controller to implement these instructions;
2. Approve the expenditure of EDA grant funds in an amount up to \$142,514 and the expenditure of Mayor's former UDAG grant funds in an amount up to \$135,486, for a total amount of \$278,000, for the direct costs associated with four Office of the Mayor staff positions effective July 1, 2005 through June 30, 2006;
 3. Authorize the Controller to:
 - A. Appropriate up to \$142,514 of EDA grant funds to Account No. Y146, Salaries, within Fund No. 649 (Infrastructure Investment Fund);
 - B. Transfer up to \$142,514 to Fund No. 100, Department No. 46, Account No. 1020 (Salaries- Grant Reimbursed), from Account No. Y146, Salaries, upon receipt of the EDA grant funds from Fund No. 649 (Infrastructure Investment Fund);
 - C. Transfer up to \$135,486 to Fund No. 100, Department No. 46, Account No. 1020 (Salaries – Grant Reimbursed), upon receipt of grant funds from Fund No. 303 (Industrial Commercial Revolving Loan Fund);
 - D. Decrease the appropriation to Account No. V700, Web Ed Tool Project, in the amount of \$160,000, within Fund No. 649 (Infrastructure Investment Fund);
 - E. Increase the appropriation to Account No. W200, Western Slauson Industrial Project, in the amount of \$160,000, for a new total of \$1,700,534, within Fund No. 649 (Infrastructure Investment Fund); and,
 - F. Establish and appropriate an amount not to exceed \$284,201 within Fund No. 303 (Industrial Commercial Revolving Loan) as follows:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
Y146	Salaries	\$ 65,000
YXXX	David Gruber Workforce Project	22,425
YXXX	Equipment	21,776
YXXX	Grant Searching & Writing Consultants	150,000
YXXX	Travel (Training & Conferences)	25,000
	TOTAL	<u>\$ 284,201</u>

FISCAL IMPACT STATEMENT

There is no impact on the General Fund as a result of these actions. Funding is provided from the Economic Development Administration Earthquake Assistance and Public Works Program grants and the Mayor's former Urban Development Action Grant. These recommendations are in compliance with the City Financial Policies in that ongoing revenue will be used to support SPPD projects.

WTF:SDE:02060021c

Attachments

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 - July 2005					
	Projects	Status	Anticipated Construction Completion Date	Council District	EDA Fund Allocations
	Completed Projects				
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	264,6
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	Goodyear Tract (Incore) Phase II	Project completed. Preparing closeout documents.		9	2,904,109
9	Taylor Yard - Legacy	Reprogrammed due to scope change by developer.		1	68,322
10	Union Arts Center/Little Tokyo Marketing Plan	Project completed.		9	383,640
11	Whiteman Airport Industrial Park	Project completed.		7	1,782,000
12	Wilshire Streetscape Project	Project completed.		10	\$ 1,400,000
					Total Completed:
					\$ 14,519,953
	Current Projects				
1	Atwater Project at Glendale & Madera	Full application approved. Bid & award underway.	Oct-05	13	\$ 641,452
2	Harbor Gateway Center	Pending Caltrans approval.	Dec-05	15	2,163,712
3	Hollywood Media District	Full application submitted and approved by EDA.	Nov-05	13	75,500
4	New Economics for Women	Contractor being selected. Construction underway.	Nov-05	1	2,275,000
5	North Hollywood Mixed-Use Project	Construction contractor selected. Construction underway.	Oct-05	2,4	3,570,000
6	Pacoima Economic Revitalization Center*	Sub-grant agreement executed. Bid & award underway.	Oct-05	7	953,382
7	Taylor Yard - Van de Kamp/future LACC Site	Abatement and demolition completed. Contractor for grading selected.	Sep-05	1	1,500,000
8	UCLA Tom Bradley Foundation	Program in progress.	Sep-05	citywide	500,000
9	Web Based Economic Development Tool	Cancelled due to time constraint.	Canceled	citywide	-
10	Western Slauson Industrial Area	Full application submitted, pending EDA approval.	Nov-05	8	1,700,534
	Administrative Costs				\$ 2,113,849
					Total Current:
					\$ 15,493,429
	Total EDA Earthquake Assistance Fund Allocations*				\$ 30,013,382

ATTACHMENT II

Mayor's Office Former UDAG Fund (Fund 303) Allocations

	Council File	Former UDAG Funds	Total
Cash Available (5/20/2005)			\$ 1,884,697
Council-Approved Ongoing Projects			
Administrative Expense (Salaries)		\$ (169,064)	
Armenian Relief Society	03-0008	(50,000)	
Encino Velodrome		(250,000)	
Laurel Plaza Evening Farmer's Market	03-0088	(10,000)	
Mark Briggs & Associations	03-0088	(50,000)	
Marlton Square	03-0088	(1,000,000)	
NE Valley BID	04-0770	(41,432)	
St. Elizabeth Catholic Church	03-0088	(30,000)	
Total Council-Approved Ongoing Projects			\$ (1,600,496)
Proposed Allocations			
Administrative Expense (Salaries)		(65,000)	
Gruber and Pereira Associates (Workforce)		(22,425)	
Equipment		(21,776)	
Grant Searching & Writing Consultants		(150,000)	
Staff Training & Conferences		(25,000)	
Total Proposed Allocations			\$ (284,201)
			\$ 0
Balance			

Note:

1. Web-Based Economic Development Tools (\$100,000) – Funds have been transferred to CDD who is managing the ongoing contract with CD-Tech.
2. UCLA Tom Bradley Legacy Foundation Bridge Loan (\$100,000) – Funds are expected be paid back by December 2005.

**Mayor's Office Former UDAG Fund (Fund 303)
Allocation Descriptions and Status**

Council-Approved Ongoing Projects

1. Admin. (\$169,064)

The funding was allocated to fund MOED staff managing grant activities. SPPD is MOED's grants unit and has been managing UDAG and EDA funded, as well as, other federal, state and city funded projects. Since 1995, SPPD has been billing under the EDA Earthquake grant while it is available. The earthquake funds are expected to end by December 2005.

2. Armenian Relief Society (\$50,000, CD-13)

Funds were reallocated from the Bellevue Park Master Plan on March 30, 2004 by CD-13 to the Armenian Relief Society. The funds will provide support services to at-risk youth and senior citizens.

CDD manages the program and will submit payment request to MOED. CDD has executed the contract with the contractor on August 10, 2004.

3. Encino Velodrome (\$250,000, CD-12)

The Encino Velodrome Association, a California nonprofit organization, required public assistance to support major renovations of the Encino Velodrome. Due to its current condition, the Encino Velodrome cannot host world class cycling events that have brought national recognition as well as an economic boost to the Los Angeles area. Programs sponsored at the Encino Velodrome include: Amateur Athletic Foundation activities, Los Angeles Sheriff Department Vital Intervention and Directional Alternatives for at-risk youth, Bike LA Safety Training, training and racing programs for members of the United States Paralympics Track Team (tandem cycling utilizing sighted captains and a blind bike rider), and a training venue for world class cyclists. Funds will be used for rehabilitation and upgrade of the facility.

Based on a bid result in early 2004, the project has an estimated \$126,000 shortfall mainly due to Prevailing Wage requirement and lumber price increase. The contractor has been applying additional funding from several foundations to fill the gap, and is finalizing a revised scope and budget.

4. Laurel Plaza Evening Farmer's Market (\$10,000, CD-2)

Funds were allocated to provide seed funding for the development of an evening Farmer's Market in the Laurel Plaza redevelopment area. It will be an addition to CRA's Purchase Order (03-0440) with Infusion Marketing for managing and operating the market.

CRA will prepare the agreement and invoices.

5. Mark Briggs & Associates (\$50,000, CD-8 & Citywide)

The applications of \$1,500,000 HUD EDI grant and \$9,000,000 Section 108 loan guarantee for the Marlton Square (a.k.a. Santa Barbara Plaza) project must be re-scored because the project scope has substantially changed from all retail uses to a mixed-use development consisting of single family homes, senior housing, and retail component. The UDAG funds was allocated to amend City contract (C-100189) with Mark Briggs & Associates (MB&A) for the preparation and submission of the aforementioned HUD applications, and any other federal, state and local applications and technical assistance.

There are no pending invoices at this point from MB&A. Funds could be used for future grant applications when needed.

6. Marlton Square (a.k.a. Santa Barbara Plaza) (\$1,000,000, CD-8)

The Marlton Square project, when complete, will consist of 140,000 square feet of retail development, a community public facility, housing and other components on a 22-acre site in the Crenshaw District. The funds were allocated for gap finance supporting economic development related activities.

Funds will be transferred to CDD upon the execution of the agreement between CDD and the developer.

7. NE Valley BID (\$41,432, CD-7)

The San Fernando Road business community from Sylmar to Pacoima has proposed the formation of a Business Improvement District (BID). Formation of a BID along San Fernando Road in the East Valley will provide a mechanism to fund programs for maintenance and improvements. Establishment of this BID is expected to result in a stronger local economy through the enhancement of business community along San Fernando Road in the East Valley as a more attractive, convenient and pedestrian-friendly place to do business.

Upon request, funds will be transferred to the City Clerk who manages the program.

8. St. Elisabeth Catholic Church (\$30,000, CD-6)

In 1998, the City Council awarded Proposition K competitive grant funds in the amount of \$49,499 to St. Elisabeth Catholic Church Baseball Club, Archdiocese of Los Angeles, for the design and construction of boys and girls restroom facilities within an existing baseball field in compliance with the new Americans with Disabilities Act. The construction is underway and near completion. The Mayor's former UDAG funds will be an addition to the existing contract (C-98265) for the construction of the lateral sewer line if necessary.

Bureau of Engineering (BOE) manages the project. Funds will be transferred to BOE upon request.

Proposed Allocations

1. Administrative Expense (Salaries, \$65,000)

This allocation is proposed to fund MOED staff managing grant activities. SPPD is MOED's grants unit and has been managing UDAG and EDA funded, as well as, other federal, state and city funded projects. Since 1995, SPPD has been billing under the EDA Earthquake grant while it is available. The earthquake funds are expected to end by December 2005.

2. Gruber and Pereira Associates, LLC (\$22,425, Citywide)

This allocation is proposed to fund job growth related consulting services provided by Gruber and Pereira Associates. A draft agreement is attached including detailed scope of work.

3. Equipment (\$21,776)

This allocation is proposed to fund equipment expenses needed in supporting grant and project management.

4. Grant Searching & Writing Consultants (\$150,000)

This allocation is proposed to fund consulting services in grant searching and writing for economic development related activities.

5. Staff Training & Conferences (\$25,000)

This allocation is proposed to fund staff training and conferences in related to economic development activities.