

REPORT OF GENERAL MANAGER **APPROVED**

NO. 06-115

DATE May 3, 2006

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BOARD OF RECREATION
and PARK COMMISSIONERS

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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PROPOSITION 40 SPECIFIED SUB-GRANT AGREEMENT WITH THE LOS ANGELES GRAND AVENUE AUTHORITY FOR DESIGN OF CIVIC CENTER PARKS

J. Combs	_____	J. Kolb	_____
H. Fujita	_____	F. Mok	_____
*S. Huntley	<u>SH</u>	K. Regan	_____
B. Jensen	_____	M. Shull	_____

Robert H. Jensen (R)
General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

That the Board:

1. Approve the proposed sub-grant agreement, substantially in the form on file in the Board Office, between the City of Los Angeles acting by and through its Department of Recreation and Parks and the Los Angeles Grand Avenue Authority to provide the Authority \$970,000.00 in Proposition 40 grant funds for the completion of design, architectural, engineering and construction documents for the Civic Center Parks project, subject to approval of the Mayor and review by the City Attorney as to form;
2. Direct Grants staff to transmit the sub-grant agreement to the Mayor for review and City Attorney for review as to form; and
3. Authorize the General Manager of the Department to execute the sub-grant agreement, upon receipt of the necessary approvals.

SUMMARY:

In September of 2003, the County of Los Angeles (the "County") and the Community Redevelopment Agency of the City of Los Angeles (the "CRA") formed the Grand Avenue Authority (the "Authority"), a California joint powers authority, to oversee the development and construction of certain properties located in the vicinity of the Civic Center and Music Center in downtown Los Angeles (referred to herein as the "Grand Avenue master project"). The Authority has selected The Related Companies, L.P., (the "Developer") to develop the Grand Avenue master project. In July,

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2005, the Authority, the County, and the CRA approved an Implementation Plan submitted by the Developer for the Grand Avenue master project, consisting of entertainment, retail, hotel, office, and housing uses, together with a destination urban park and the remaking of Grand Avenue into active and inviting pedestrian uses.

Phase I of the Implementation Plan for the Grand Avenue master project includes development of the contiguous civic center parks as a destination urban park on an approximately 16-acre area consisting of (i) the current Civic Center Mall (also known as El Paseo de los Pobladores), including the Court of Flags, that is owned by the County, and (ii) a parcel of land east of the Court of Flags and bounded by Spring Street on the east that is currently owned by both the County and the State of California. The civic center parks project does not include any land owned by the City. The Authority and the Developer have budgeted approximately \$51 million for the design and construction of the civic center parks project. The Authority will contract with the Developer to design the civic center parks project. The County and the Developer will enter into a separate contract for construction of the civic center parks project. Thereafter, the parks will be operated and maintained by the County or its designee.

The City of Los Angeles was awarded a State of California Department of Parks and Recreation Proposition 40 grant (2002 Resources Bond Act - Specified Grants, Assembly Bill 716) in the amount of \$1,000,000 for the completion of design, architectural, engineering and construction documents for the contiguous civic center parks. The Department of Recreation and Parks was designated by the City Council and approved by the Mayor as the City's Administrative Entity for Prop 40 Specified projects (Council File # 03-0397-S4, October 12, 2005). The City, acting through its Department of Recreation and Parks, has executed a Grant Contract with the State of California (Contract No. C0205003) for the acceptance and use of the Prop 40 Grant funds. The obligation of the City under the State Grant Contract will be satisfied by the completion of the design, architectural, engineering and construction documents, and the City will not be obligated by acceptance of the grant or otherwise to construct the proposed park improvements or operate or maintain the parks once constructed. The term of the State Grant Contract expires on December 31, 2010.

The State Grant Contract provides that the City may expend the grant funds through a sub-grant agreement with the Authority for the design of the civic center parks project. The City, acting through its Department of Recreation and Parks, will pass on \$970,000 of the Proposition 40 grant funds to the Authority as partial funding for preparation of design, architectural, engineering and construction documents, as specified in the proposed sub-grant agreement. The Department is retaining three percent (\$30,000) of the total \$1 million grant amount to cover its administrative costs for this grant. In compliance with the State Grant Contract, the proposed sub-grant agreement provides that the Authority may request reimbursement for design work undertaken as of January 1, 2003 and all work must be completed no later than June 30, 2010 in order to allow the Department to

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close out the grant by December 31, 2010. However, it should be noted that the Authority expects that final construction documents will be completed by February 28, 2008, in order for the Authority and Developer to proceed with the Implementation Plan for the Grand Avenue master project.

The design work for the civic center parks that will be undertaken by the Authority with partial funding being provided through the proposed sub-grant agreement is part of the Implementation Plan for the Grand Avenue master project. That Implementation Plan is a feasibility and planning study that was previously determined by the Authority to be categorically exempt from the provisions of CEQA pursuant to Sections 15362, Section 15306, and 15061 (b) (3) of the State CEQA Guidelines. A Notice of Exemption for the Grand Avenue Implementation Plan was filed by the Authority with the County Clerk on August 9, 2005.

A Draft Environmental Impact Report (DEIR) is currently being prepared as part of the formal review of the potential development projects under the Grand Avenue Implementation Plan. The Authority is the lead agency for that environmental review process. Execution of the potential development projects, including the civic center parks project, will be documented in an approved Disposition and Development Agreement (DDA) and Ground Lease between the Grand Avenue Authority and the Developer and other related civic center parks construction or development agreements.

However, the State Proposition 40 grant funds that are the subject of the proposed sub-grant agreement will not be used for either the DEIR or construction of the development projects. Under the sub-grant agreement, the Board will not be required to approve the design or construction documents developed by the Authority. The Board is not required to consider or certify the final EIR for the development projects emanating from the Implementation Plan or take any further actions under CEQA in the approval of the DDA, Ground Lease or any related civic center parks construction or development agreements.

FISCAL IMPACT STATEMENT:

Approval of the proposed sub-grant agreement will have no impact on the General Fund. All compensation paid to the Grand Avenue Authority under the proposed sub-grant agreement for the design of the civic center parks project will be from the Proposition 40 grant funds. The Department is retaining three percent (\$30,000) of the total grant amount to cover its administrative costs related to this Proposition 40 grant. Under the proposed sub-grant agreement, the City has no obligation to provide funding for the design of the civic center parks other than the Proposition 40 grant funds. The Authority is responsible for securing all additional funds necessary for completion of the design work beyond the Proposition 40 grant funds.

Report prepared by Evelyn Requiza, Management Analyst II, Grants Administration.