

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

MEMORANDUM

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DATE: JUNE 3, 2010 CT4200
BH4200

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTIES: DAVID M. RICCIHELLO, REGIONAL ADMINISTRATOR
LILLIAN BURKENHEIM, PROJECT MANAGER
LEN BETZ, PROJECT MANAGER
CURT GIBBS, SENIOR RESOURCE DEVELOPMENT OFFICER

SUBJECT: COOPERATION AGREEMENT TO PROVIDE UP TO \$900,000 IN BUNKER HILL AND CITY CENTER FUNDS TO THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY LEVERAGING \$348,000 IN FEDERAL TRANSIT ADMINISTRATION FUNDS FOR CEQA AND NEPA ENVIRONMENTAL PROCESSING AND A \$100,000 AMENDMENT TO A \$450,000 GRANT CONTRACT WITH LA STREETCAR INC. TO ASSIST WITH THE DEVELOPMENT OF A STREETCAR ASSESSMENT DISTRICT BUNKER HILL AND CITY CENTER REDEVELOPMENT PROJECT AREAS DOWNTOWN REGION (CD 9 AND 14)

RECOMMENDATION

That CRA/LA Board of Commissioners, subject to City Council review and approval, authorize the Chief Executive Officer or designee, to:

- (1) Enter into a Cooperation Agreement with the Los Angeles County Metropolitan Transportation Authority (Metro) for Metro to prepare the required federal NEPA and state CEQA environmental documentation for the proposed Downtown Los Angeles Streetcar Project, and CRA/LA to provide \$700,000 of Bunker Hill and City Center funds leveraging \$348,000 in Federal Transit Administration funds in the amount of \$1,048,000 for the initial contract work order;
- (2) Authorize, the Chief Executive Officer or designee, to provide up to an additional \$200,000 using Bunker Hill and City Center funds as contingency funding for subsequent contract work orders required under the Cooperation Agreement as may be required to complete the federal NEPA and state CEQA process; and
- (3) Amend Contract Number 503246 with LA Streetcar, Inc. (LASI), a 501(c) (3) non-profit corporation, to increase the amount by \$100,000 using Bunker Hill and City Center funds from \$450,000 to \$550,000 to provide staff support and coordination services for the Metro environmental review process and to extend the contract term from March 21, 2011 to December 31, 2011.

SUMMARY

Authorization is requested for CRA/LA to enter into a Cooperation Agreement with Metro to prepare the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA) documentation for the proposed Downtown Los Angeles Streetcar Project (the "Streetcar Project") and for CRA/LA to provide funding to Metro in the amount of \$700,000 leveraging federal funds in the amount of \$348,000 for an initial contract work order of \$1,048,000. The CRA/LA will pay for these services using \$700,000 in City Center and Bunker Hill Project Area funds which will leverage \$348,000 in Federal Transit Administration (FTA) appropriations to be encumbered by Metro. It is also requested that the CEO or designee be authorized to increase the initial work order under the Cooperation Agreement for up to \$200,000 using additional Bunker Hill and City Center (50/50) funds as may be required. The Metro Board on February 25, 2010 authorized its staff to prepare such Cooperation Agreement and authorized its execution. Metro in coordination with the FTA Los Angeles office will prepare the NEPA and CEQA environmental work for consideration by the City of Los Angeles, CRA/LA and/or other governmental agencies. Metro projects that the environmental process will be one year from when its environmental consultants begin their work.

Authorization is also requested to amend CRA/LA Contract Number 503246 with LASI to increase the amount of the contract by \$100,000, from \$450,000 to \$550,000 to provide staff support and coordination services for the Metro environmental process. Since the contract was executed on September 22, 2010, LASI and their consultants have been working with the property owners to develop alternative conceptual alignments for the environmental process and to prepare the required documentation for the establishment of a potential assessment district to fund approximately 50% of the estimated \$100 million development cost. The original amount of the contract was \$400,000, but was increased by \$50,000 under the CEO's authority to provide staff and consultant assistance in securing federal and state grants in support of the Streetcar Project. It is also requested that the current contract be extended from March 21, 2011 to December 31, 2011.

On December 16, 2009, the Los Angeles City Council authorized CRA/LA to prepare and for Los Angeles Department of Transportation ("LADOT") to submit an application to the FTA in February 2010 to seek \$25 million in construction funding under the Urban Circulator Systems discretionary grants component of the unallocated Discretionary New Starts/Small Starts Program funds. CRA/LA coordinated with LASI on the grant application and FTA expects to announce such funding awards by June 30, 2010. During the grant application process, LASI in consultation with Bringing Back Broadway stakeholders made the determination that Metro's participation in the environmental process would improve the quality of this and future applications for federal funding so as to better manage the environmental clearances of the Streetcar Project consistent with FTA guidelines. This request recognized Metro's expertise in developing rail projects and a history of working with FTA. The FTA grant application seeks funding for constructing the proposed downtown Los Angeles Streetcar project, which is a major component of the City's "Bringing Back Broadway" downtown revitalization initiative. It is anticipated that the Streetcar Project will continue to seek federal funding as additional grant opportunities become available.

Attachment A provides a history of the Streetcar Project. Attachment B shows the two alternative alignments (with variations) that are being brought into the environmental review process.

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July 16, 2009 and August 14, 2009 - CRA/LA and City Council, respectively, authorized the CEO or designee to enter into a contract with LASI in the amount of \$400,000.

SOURCE OF FUNDS

Bunker Hill Taxable Bond Proceeds, City Center Tax Increment, and FTA Alternatives Analysis/Environmental Appropriations

PROGRAM AND BUDGET IMPACT

The recommended actions are contingent and subject to approval by the City Council and the CRA/LA's subsequent ratification of the Proposed FY11 Work Program and Budget. If approved, the recommended actions would forward commit \$500,000 in FY11 Economic Development Opportunities in the Bunker Hill Project. This represents 8% of the \$5,963,500 projected to be available for Economic Development Opportunities in the Bunker Hill FY11 Budget; and would also forward commit \$500,000 in FY11 Economic Development Opportunities in the City Center Project. This represents 18% of the \$2,727,500 projected to be available for Economic Development Opportunities in the City Center FY11 Budget. Sufficient funds are available to make any legally-required State ERAF payments in FY11. There is no impact on the City's General Fund.

Undertaking actions to plan for and improve transit circulation systems is consistent with the goals of the Bunker Hill and City Center Redevelopment Projects. The \$348,000 of FTA Streetcar Project Alternative Analysis/Environmental funds were appropriated by Congress and are being encumbered by Metro through the formal FTA "TEAM" process to be used along with the CRA/LA funds.

ENVIRONMENTAL REVIEW

The proposed actions are statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CRA/LA CEQA Guidelines.

BACKGROUND

With authorization by City Council on December 16, 2009, the LADOT in coordination with LASI and CRA/LA submitted an application for a \$25 million construction grant through the Federal Urban Circulator/Streetcar Program. FTA staff advised the City that detailed knowledge and experience with the FTA process is critical to meet the performance dates listed in the funding application. An additional requirement of the grant is that environmental review be completed during 2011 with a construction start beginning by the end of 2011. Based on this timeframe, it was determined that Metro could expedite the environmental review by preparing the environmental documentation for the City of Los Angeles, CRA/LA and/or other governmental agencies to consider in evaluating the proposed Streetcar Project. The recommended actions provide for CRA/LA to fund such work with Bunker Hill and City Center resources using \$700,000 of CRA/LA funds leveraging \$348,000 of FTA funds being encumbered by Metro for an amount of \$1,048,000 for an initial contract work order in accordance with the Cooperation Agreement with Metro. In addition, it is requested that authorization be delegated to the Chief Executive Officer or designee to increase the CRA/LA contribution by up to \$200,000 for

subsequent work orders as may be required to complete the CEQA and NEPA environmental process under the Cooperation Agreement.

The Cooperation Agreement provides for Metro to perform the following: (1) Coordinate meetings with FTA to assure an agreed upon NEPA and CEQA process, including an acceptable Alternatives Analysis; (2) Assist in procuring environmental consultant(s) under the previously approved consultant bench; (3) Commence environmental review; (4) Initiate discussions with the CPUC for preliminary review of "street running"; and (5) Complete draft environmental documentation and submit to the City of Los Angeles for review and approval.

On July 16, 2009 and August 14, 2009, CRA/LA and City Council, respectively provided authorization to enter into a grant contract with Community Partners (CP) on behalf of LASI (which under the terms of such contract is now solely "LASI"), in the amount of \$400,000 to provide leadership for the planning and creation of a Streetcar Assessment District ("District") for a Downtown Los Angeles streetcar. The proposed streetcar will be designed to serve the Historic Corridor, South Park, Financial District, Civic Center and Bunker Hill, connecting the Los Angeles Convention Center and LA Live and major planned and approved developments such as the Grand Avenue Project and Park Fifth. This planning and predevelopment process would be in coordination with the preparation of CEQA and NEPA environmental documentation resulting in the identification of a preferred alternative streetcar alignment. LASI is comprised of downtown Los Angeles stakeholders committed to bringing a modern streetcar to downtown Los Angeles and is an outgrowth of Bringing Back Broadway under the leadership of Councilmember Jose Huizar (CD14) and the support of Councilmember Jan Perry (CD 9).

The initial \$400,000 CRA - LASI contract provided for the following tasks to be completed over an 18 month period:

1. Revising current alignment maps to create a potential assessment area (6 months)
2. Analyzing a property ownership database and structuring proper tiers of owners related to their associated benefit for the preferred alternative alignments (4 months).
3. Valuation analysis of key parcels and the district as a whole to determine the increased benefits the streetcar project will provide, and then the education of property owners on such benefits (12 months).
4. Research and advice on the legal process to create the assessment district and subsequent work to put the assessment district in place (6 months).
5. Analysis and development of the District bond financing (3 months).
6. Community meetings (3), property owner outreach, education, and marketing costs, including coordination with CRA/LA, LADOT, BOE, and Metro (18 months).

Since the CRA/LA contract was executed with LASI on September 22, 2009, the Streetcar Project has used CRA/LA funds to advance several elements of the streetcar project. Critical to this overall effort was the retention of a Community Facilities District/ Special Benefit District financial advisor/engineer and a Public Relations/marketing firm to launch the streetcar's public outreach campaign. Combined, resources spent to date have been used to effectively generate local and regional support for the Streetcar Project. The additional \$100,000 will compensate LASI for their time required to work with Metro, FTA, and the City of Los Angeles to provide information and outreach as needed during the environmental documentation and public outreach process. The following is a status report on the work performed by LASI during over this first six month contract period.

PR/Marketing. The streetcar PR/Marketing consultant developed and implemented an outdoor advertising campaign focusing on street advertisements. This campaign developed a branding element entitled “See What Happens When Downtown Connects” to illustrate how the streetcar system will connect a number of major Downtown destinations together, while also illustrating the circulation potential of a streetcar system throughout Downtown’s numerous neighborhoods. As a pairing to these advertisements, the PR/Marketing consultant revamped the streetcar project’s website. This included a rebranding effort across all social media and internet platforms, resulting in a significantly increased web presence. The PR/Marketing consultant further created marketing and creative materials (i.e. distribution material) for the project. This material has been of critical importance to convey how the streetcar system will impact property owners, businesses, residents, and other stakeholders along the potential routes.

Community Facilities District / Special Benefit District Financial Advisor/Engineer. The Streetcar Project’s assessment engineer/analyst has developed a highly detailed and accurate parcel database of Downtown Los Angeles. The database has been developed to accommodate a variety of factors to illustrate how project costs can be equitably distributed between a variety of funding sources. Developing the database required the retention of legal counsel with specific expertise in land-secured bond financing to adequately assess how potential funding sources interact with existing City of Los Angeles and State of California legal requirements.

Federal and State Funding. The streetcar project retained a consultant with significant experience developing and funding streetcar systems to provide strategic input on matters related to alternative funding sources. This work culminated in a \$25 million exempt grant application that was submitted to the Federal Department of Transportation on February 10, 2010. In addition to this grant application, CRA/LA funding was used to retain a grant writer for a California Department of Transportation Planning Grant to study how streetscapes along the streetcar route can be revitalized to better accommodate increased pedestrian traffic, streetcar stops, and other street improvements. Results of both grant opportunities will be released in the summer of 2010.

In April 2009, the Los Angeles City Council as part of its approval for the submittal of City of Los Angeles 2009 Metro Call for Projects grant applications, formally added the Streetcar Project as an amendment to the official City of Los Angeles sub-regional project list previously provided to Metro for the pending Long Range Transportation Plan. When Metro adopted the Long Range Transportation Plan for Los Angeles County, it included the Downtown Los Angeles Streetcar Project in the strategic unfunded section (as an official project, but not funded with County of Los Angeles voter approved transportation sales taxes from Measure R).

As evidenced in Portland, Oregon and Seattle, Washington, a private, non-profit, third-party entity like LASI provides a place for the private-public partnership among the local business community, the private property owners, and local government leaders, which is a vital component of successful implementation and operation of the system. LASI is governed by stakeholders, which provides an effective way to market the streetcar and build support for creating the local special assessment district that will partially fund the system. Cooperation between LASI and CRA/LA is intended to stimulate the development of the downtown Los Angeles streetcar system and encourage new development, rehabilitation, and adaptive re-use of existing structures along and near the streetcar corridors, as evidenced by the experience of

other cities that have constructed modern fixed-rail streetcar systems.

Christine Essel
Chief Executive Officer

By

Glenn F. Wasserman
Chief Operating Officer

Attachment A: History of the Downtown LA Streetcar Project
Attachment B: Alternative Streetcar Alignments

There is no conflict of interest known to me, which exists with regard any CRA/LA officer or employee concerning these actions.