



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 20, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF FUNDING AGREEMENT
WITH THE PLAZA DE CULTURA Y ARTE FOUNDATION
AND RELATED APPROPRIATION ADJUSTMENT
(FIRST DISTRICT AFFECTED) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Chief Administrative Officer to execute the attached funding agreement with the Plaza de Cultura Y Arte Foundation (the Foundation) to provide \$8,177,000 in County funds to the Foundation for planning and related activities in support of the rehabilitation, development, programming and maintenance of the County's properties within the Antique Block of the El Pueblo de Los Angeles.
2. Approve the attached appropriation adjustment, in the amount of \$7,184,000, to transfer funds from the El Pueblo Improvements Capital Project (C.P. No. 77365) to the Project and Facility Development Budget to effectuate the transfer of funds to the Foundation under the proposed Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended actions will allow the Foundation to utilize funding appropriated within the County's 2002-03 Budget to implement planning activities related to the cultural center proposed for the County's historic properties within the El Pueblo de Los Angeles area.

On September 10, 2002, your Board authorized the Chief Administrative Officer to negotiate with the Foundation for the lease, development, operation and maintenance of the County's El Pueblo properties, roughly bounded by Main Street, Cesar Chavez Avenue, Arcadia Street and Hill Street.

In the intervening months, it has become apparent that, in order to finalize the terms and conditions of any lease and operating agreement, additional planning efforts need to be undertaken to fully develop capital improvement and operational strategies to ensure the long-term success of the cultural center.

The funding agreement will grant to the Foundation \$8,177,000, which represents all of the funds remaining from the original \$10 million allocated to the El Pueblo Improvements Project in Fiscal Year 1999-2000, except for \$155,000 that will be retained by the County in order to complete the environmental document and related efforts currently underway. Of the original allocation, \$1 million was retained in the Project and Facility Development Budget to fund feasibility studies as necessary, and \$993,000 of that amount is remaining within that budget unit. The recommended appropriation adjustment will transfer \$7,184,000 from the El Pueblo Improvements Project (C.P. No. 77365) to the Project and Facility Development Budget to fully fund the agreement.

Under the terms of the agreement, the Foundation may use the funds for pre-construction costs, including but not limited to architectural and engineering services, project management, technical studies and community outreach; legal and administrative costs necessary to appropriately plan and provide for the ongoing operation and maintenance of the property prior to and after any development and rehabilitation; consultant services and/or staff to prepare proposals and applications for private and non-private funding sources, conduct market research, development of fundraising materials and feasibility studies; and other costs as may be appropriate to ensure the viability of any future development.

Implementation of Strategic Plan Goals

Approval of this action is consistent with the Strategic Plan Goal of Fiscal Responsibility by increasing the County's Public-Private Partnerships.

FISCAL IMPACT/FINANCING

The El Pueblo Improvements Project is funded by net County cost originally allocated in the Fiscal Year 1999-2000 budget. Of the \$10 million originally allocated, \$9 million has been appropriated in the Capital Projects Budget and \$1 million was retained in the Project and Facility Development Budget.

To date, the County has expended or has executed contracts totaling \$1,668,000 for various work efforts in support of the project, of which \$7,000 was expended from the Project and Facility Development Budget and \$1,661,000 from the Capital Projects Budget.

The appropriation adjustment will transfer \$7,184,000 of funds from the capital project (C.P. No. 77365) to the Project and Facility Development Budget to fully fund the agreement with the Foundation, leaving \$155,000 in the Capital Projects Budget to allow the County to complete its work efforts, including preparation of an Environmental Impact Report for any improvements to the property.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In January 2002, the Plaza De Cultura Y Arte Foundation, a 501 (c) 3 non-profit public benefit corporation, was established for the primary purpose of supporting the County in its efforts to rehabilitate and develop its El Pueblo properties as a visitor, educational and cultural center to celebrate the founding of Los Angeles and its rich and diverse cultures. To be known as the Plaza de Cultura Y Arte, the cultural center is anticipated to be a multi-phase project that will redevelop the County's historical properties within the El Pueblo de Los Angeles Antique Block, roughly bounded by North Main Street, Spring Street, Cesar E. Chavez Avenue and Arcadia Street. Currently, plans for the area include a memorial garden and courtyard, arts and educational center, a visitors' center, museum/gallery space, theater, and pedestrian improvements.

Supervisor Molina currently serves as the Chair of the Board of Directors and President of the Foundation. Additionally, Supervisor Molina's Chief of Staff, Alma Martinez, is a director. The directors and officers of the Foundation do not benefit financially from serving in those positions. As the Foundation's primary purpose is to support your Board in the rehabilitation and development of the El Pueblo properties, County Counsel has advised that the conflict of interest laws would not preclude the County from entering into this funding agreement with the Foundation. Further, the laws would not limit Supervisor Molina's ability to participate in the County's discussions or decisions regarding the funding agreement provided her affiliation with the Foundation is noted in the official record at the time of any decision.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the California Environmental Quality Act because it provides a funding mechanism only without Board commitment to specific improvements, programming or operational plans for the site. Any proposed improvements or programming and operational plans resulting from the planning efforts and studies undertaken under this agreement will be required to undergo the applicable environmental review and the appropriate environmental document will be prepared for consideration by your Board.

The Honorable Board of Supervisors
May 20, 2003
Page 4

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This action will have no impact on any other County services or projects as the funding has been identified and budgeted for the County's El Pueblo properties.

CONCLUSION

Please return one conformed copy of this action to the Chief Administrative Office (Capital Projects).

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:JSE:DJT
KW:mdc

Attachments (2)

c: County Counsel
Auditor-Controller

**FUNDING AGREEMENT
PLAZA DE CULTURA y ARTE**

THIS AGREEMENT is made and entered into this _____ day of _____, 2003.

BY COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "County,"

AND PLAZA DE CULTURA Y ARTE FOUNDATION, a California non-profit public benefit corporation, hereinafter referred to as "Foundation."

WITNESSETH:

WHEREAS, the County owns certain real property known as the Antique Block within the El Pueblo de Los Angeles; and

WHEREAS, the Foundation has been established for the primary purpose of supporting the County in its efforts to rehabilitate and develop its El Pueblo properties as a visitor, educational and cultural center to celebrate the founding of Los Angeles and its rich and diverse cultures; and

WHEREAS, the Foundation intends to raise private funds to support the rehabilitation and development of the cultural center; and

WHEREAS, the County has appropriated funding to develop and rehabilitate the property; and

WHEREAS, to facilitate the raising of private funds and accomplish the County and Foundation's goal to develop and rehabilitate the property, it has been determined that it is necessary to prepare plans for the improvements and for the operation and programming of the property; and

WHEREAS, to accomplish the foregoing, the County and the Foundation wish to enter into this Agreement to provide County funds to the Foundation;

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto agree as follows:

I. Purposes

This Agreement is entered into for the purpose of providing funds for short-term and long-term planning efforts related to the proposed rehabilitation and development, operations, maintenance and programming of the County's properties within the Antique Block of the El Pueblo de Los Angeles, roughly bounded by Main Street, Arcadia Street, Spring Street and Cesar Chavez Boulevard. This agreement is intended to support planning purposes only, and does not provide funding of any particular improvements, development, operations, maintenance or programming of the property.

II. Funding Amount and Allowable Costs

- A. The County hereby grants to the Foundation an amount not to exceed \$8,177,000 ("County Grant Funds") subject to the terms and conditions of this Agreement.
- B. Upon written request of the Foundation, the County shall release the funds, in whole or in part, to the Foundation for the purposes set forth in Paragraph C hereinafter. The Foundation shall hold the County Grant Funds in an interest-bearing account and any and all interest accrued on County Grant Funds shall be used for the same purposes as the County Grant Funds.
- C. County Grant Funds may be used by the Foundation for payment of planning and other pre-construction costs, including but not limited to architectural and engineering services, project management, technical studies and community outreach; legal and administrative costs necessary to appropriately plan and provide for the ongoing operation and maintenance of the property prior to and after any proposed development and rehabilitation that may be subsequently approved by the Board of Supervisors; consultant services and/or staff to prepare proposals and applications for private and non-private funding sources, conduct market research, development of fundraising materials and feasibility studies; and other costs as may be appropriate to ensure the viability of any future development.

III. Agreement Terms and Conditions

- A. The Foundation may unilaterally rescind this Agreement without further obligation at any time prior to the first payment of County Grant Funds to the Foundation.

- B. The County may terminate this Agreement in the event that the Foundation fails to comply with the terms of this Agreement. County Grant Funds, and any interest thereon, which are not expended toward approved costs upon such termination, shall be repaid to the County within sixty (60) days of said termination. The Foundation shall not be obligated to repay County Grant Funds that have already been expended for approved costs pursuant to this Agreement.
- C. Failure of the Foundation to comply with the terms of this Agreement shall not be the cause for termination of this Agreement if, in the judgment of the County, such failure was due to no fault of the Foundation.
- D. After the first payment of County Grant Funds to the Foundation, the Foundation may terminate this Agreement at any time by providing written notice to the County that it has decided not to proceed with any further planning for the improvements or operations of the property. County Grant Funds, and any interest thereon, which are not yet expended toward approved costs, shall be repaid to the County within sixty (60) days of such notice from the Foundation. The Foundation shall not be obligated to repay County Grant Funds that have already been expended for approved costs pursuant to this Agreement.
- E. This Agreement shall expire upon expenditure by the Foundation of all County Grant Funds as provided herein, unless terminated earlier as provided herein.
- F. This Agreement may be terminated by the County at anytime after three (3) years from the effective date if the Foundation has not expended the County Grant Funds as provided herein. County Grant Funds, and any interest thereon, which are not expended toward approved costs by the time of termination, shall be repaid to the County within sixty (60) days of said termination. The Foundation shall not be obligated to repay County Grant Funds that have already been expended for approved costs pursuant to this Agreement.

IV. Financial Records and Audit Requirements

- A. The Foundation agrees to maintain satisfactory financial accounts, documents and records of the expenditure of County Grant Funds and to make them available to the County for auditing at reasonable times. The Foundation also agrees to retain such financial accounts, documents and records for a minimum of five (5) years following expiration or earlier termination of this Agreement.

- B. The Foundation agrees to use a generally accepted accounting system. The Foundation also agrees to maintain, and make available for County inspection, accurate records of all of its costs, disbursements and receipts with respect to its activities under this Agreement.
- C. At any time during the term of this Agreement, or at any time within five (5) years of the expiration or earlier termination of this Agreement, authorized representatives of the County may conduct an audit of Foundation records for the purpose of verifying appropriateness and validity of the expenditure of County Grant Funds under the terms of this Agreement. If said audit reveals expenditures that cannot be verified or that were paid in violation of the terms of this Agreement, the County may request that the Foundation substitute other funds available to the Foundation or, if all County Grant Funds have not yet been paid to the Foundation, the County may, in its discretion, reduce its County Grant Funds obligation by an amount equal to these expenditures.

The Foundation, within thirty (30) days of notification from the County of its audit findings, may dispute the audit findings in writing to the County and provide the County with records and/or documentation to support the expenditure claims. The County shall review this documentation and make a final determination as to the validity of the expenditures.

- D. The Foundation will provide the Chief Administrative Officer, within 120 (120) days after the end of its fiscal year, a report itemizing actual expenditures funded by County Grant Funds received pursuant to this Agreement.

V. Indemnification and Hold Harmless

- A. The Foundation shall indemnify, defend and hold the County, its officers and employees harmless from and against any and all liability to any third party for or from loss, damage or injury to persons or property in any manner arising out of, or incident to, the Foundation's performance under this Agreement.
- B. The County shall have no liability for any debts, liabilities, deficits or cost overruns of the Foundation.
- C. The Foundation and the County agree that the liability of the County hereunder shall be limited to the payment of the County Grant Funds pursuant to the terms and conditions of this Agreement. Any contracts entered into, or other obligations or liabilities incurred, by the Foundation in connection with the activities funded under this Agreement shall be the

sole responsibility of the Foundation and the County shall have no obligation or liability whatsoever thereunder or with respect thereto, unless the County is a party to any such contract.

VI. Notices and Approvals

- A. All notices and approvals shall be directed to and made by the following representatives of the parties:

To the County: Chief Administrative Office
Attn: Assistant Administrative Officer
Financial and Asset Management Branch
Kenneth Hahn Hall of Administration, Room 754
500 West Temple Street
Los Angeles, California 90012

To the Foundation: Plaza de Cultura Y Arte Foundation
Attn: President
c/o Supervisor, First District
Kenneth Hahn Hall of Administration, Room 856
500 West Temple Street
Los Angeles, California 90012

- B. Either party may change its representative at any time during the duration of this Agreement by providing written notice to the other party.

VII. Nondiscrimination

The Foundation shall not discriminate against any person on the basis of race, color, sex, sexual orientation, age, religious belief, national origin, marital status, physical or mental handicap, medical condition, or place of residence in the use of County Grant Funds paid to the Foundation pursuant to this Agreement.

VIII. Severability

If any provision of this Agreement, or the application thereof, is held to be invalid, that invalidity shall not affect other provisions or applications of the Agreement that can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

IX. Effective Date

The effective date of this Agreement shall be the date first written above.

IN WITNESS THEREOF, the Foundation has executed this Funding Agreement for the Plaza de Cultura Y Arte, or caused it to be duly executed by its authorized representative, and the County of Los Angeles, by order of its Board of Supervisors, has delegated to its Chief Administrative Officer the authority to execute this Agreement on its behalf.

PLAZA DE CULTURA Y ARTE FOUNDATION:

By: _____

Gloria Molina
President & Chair of the Board

COUNTY OF LOS ANGELES:

By: _____

David E. Janssen
Chief Administrative Officer

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By: _____

Principal Deputy

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. 060
No.

DEPARTMENT OF Chief Administrative Office

May 8 19 2003

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

3 Votes

FINANCIAL SOURCE:

Various Capital Projects/Refurbishments
Various Facilities (0)
El Pueblo Improvements
A01-CP-77365-6014
\$7,184,000.00 Decrease Approp.

FINANCIAL USE:

Project & Facility Development
Other Charges
A01-PF-10190-5500
\$7,184,000.00 Increases Approp.

JUSTIFICATION: Appropriation adjustment will transfer funds from the capital projects budget to the Project and Facility Development budget to effectuate the transfer of funds to the Plaza de Cultura Y Arte Foundation under a proposed funding agreement to implement planning activities related to the cultural center proposed for the County's properties in the El Pueblo de Los Angeles area.

Jan Takata, Assistant Division Chief

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF ADMINISTRATIVE OFFICER FOR

ACTION

✓
RECOMMENDATION

APPROVED AS REQUESTED

AS REVISED

19

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

BY

DEPUTY COUNTY CLERK

AUDITOR-CONTROLLER BY

MAY 13 2003

No. 239