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CITY OF LOS ANGELES  
DEPARTMENT OF RECREATION AND PARKS

June 16, 2010

TO: BOARD OF RECREATION AND PARK COMMISSIONERS  
FROM:  JON KIRK MUKRI  
General Manager  
SUBJECT: HANSEN DAM – CHILDREN’S MUSEUM OF LOS ANGELES STATUS

In November 2009, the City took possession of the premises being used for, and the building being constructed for, the Children’s Museum. When City staff took possession of the building, the construction was near completion. It is estimated that an additional \$1,180,000 worth of construction work is needed to complete the building. These include approximately \$464,000 in items required for the Certificate of Occupancy and another \$654,000 in deferred items not required for the Certificate of Occupancy. It should be noted that the above estimate does not include landscaping work for the exterior of the building. Since the Children’s Museum of Los Angeles (CMLA) declared bankruptcy, the City has continued to provide 24-hour security at the site through a security services vendor.

Grant Fund Obligations

CMLA entered into several funding and grant agreements with the City for the construction of the museum and its operation. The total amount for these contracts is approximately \$21,600,000. It was intended that the grant funds be used for the construction of the museum and that the CMLA would provide the funds needed for the exhibits and operations. At the time of the filing of the Chapter 7 action, CMLA had received approximately \$17,600,000 of the funds it was entitled to. Based on the estimates provided, it appears that there are sufficient funds to complete the construction of the museum. Of the \$4,000,000 that has not been received by CMLA about \$1,200,000 is available for the work needed to be done.

In accordance with the funding and grant agreements, the City is obligated to complete and operate a Children’s Museum. Should the City fail to accomplish the stated project, the City would be obligated to return those grant funds.

Although there are sufficient funds to complete construction, it does not appear that there are funds available to provide for the exhibits. Further, the Department’s current budget does not provide any operational funds. Estimates provided by the CMLA consultant indicate a range of between \$15,000,000 to \$30,000,000 needed for the design, construction, and installation of the

exhibits. Staff is currently having discussions with the Department of Water and Power and several non-profit organizations concerning the possibility of having these entities sponsor various exhibits. These could make it possible for the museum to open to the public. Further information will be provided in the future should these discussions come to fruition.

Discussions with the City Administrative Officer, the Chief Legislative Analyst, other City Departments and elected officials continue on this matter.

This report prepared by Cid Macaraeg, Sr. Management Analyst II, Real Estate and Asset Management, Planning and Construction Branch.