File No. 07-1894

TO THE COUNCIL OF THE CITY OF LOS ANGELES

Your BUDGET AND FINANCE Committee

reports as follows:

CATEGORICAL EXEMPTION and BUDGET AND FINANCE COMMITTEE REPORT relative to a proposed initiative entitled "Own a Piece of Los Angeles."

Recommendations for Council action, as initiated by Motion (Greuel-Cardenas):

1. CONCUR with the recommendation of the Information Technology and General Services Committee to approve the recommendations contained in the Department of General Services (GSD) report dated September 29, 2008, relative to the "Own a Piece of LA" initiative.

2. INSTRUCT the GSD to report back to the Council in six months relative to the property sales and revenue generated from the "Own a Piece of LA" initiative.

Fiscal Impact Statement: The GSD reports that the initial sale of properties under this proposed process will generate one-time potential revenue to the General Fund of an estimated $600,000 for Fiscal Year 2008-09. This projected revenue figure presupposes that the adjoining owners will purchase the sliver and/or remnant parcels at Asset Management Division's estimated sale price but does not take into account the need, if any, to reimburse any special funding source used to acquire these properties. Regardless of the final revenue amount that accrues to the General Fund, elimination of remnant properties from GSD portfolios is fiscally prudent. GSD will realize potential savings by eliminating on-going maintenance and administrative expenses as well as the general liability exposure associated with property ownership.

SUMMARY

At its meeting of December 15, 2008, the Budget and Finance Committee considered Motion (Greuel-Cardenas) and a GSD report relative to a proposed initiative entitled "Own a Piece of Los Angeles." Motion (Greuel-Cardenas) directed GSD to identify undevelopable slivers of City owned land and/or remnants and a timeline for sale of those properties, preferably to adjacent property owners, as well as a proposed policy for the sale of these undevelopable slivers and remnants of City property. The class "C" estimate for approximately 217 remnant parcels is $1.288 million.

GSD reports that in a 2003 Controller audit and subsequent audits of the Department's Asset Management Division (AMD), one of the recommendations was for AMD to divest all of its surplus property portfolio, including vacant and improved properties, whether developable or not. AMD sells its real estate as Council approval is obtained for individual sales, after determining that such property is surplus. In response to the Controller's audits, GSD initiated discussions with the offices of the City Attorney, City Administrative Officer and the Mayor to develop a program called "Own a Piece of LA." To implement this program and/or initiative within the current fiscal year, an ordinance streamlining the surplus sales process is required for these remnant properties. With input from the City Attorney's Office, GSD is proposing that the City Attorney draft an ordinance to amend the Los

Angeles Administrative Code to authorize GSD to process the sale of these properties to adjoining property owners, in lieu of the current process which requires an authorizing ordinance for each sale. Adoption of the proposed ordinance would add a code section to define "sliver" and/or "remnant" parcels and to establish a procedure for direct sale to adjoining owners. The GSD General Manager would be granted the authority to review and approve a proposed sale for consistency with the ordinance, and to immediately open escrow after the sale is approved. Any parcels not sold under this new process will remain in GSD's real estate portfolio. Parcels not sold under the "Own a Piece of LA" initiative will continue to be processed through the surplus property process in accordance with the City Charter, which directs that the properties must first be offered to various public agencies for park and recreation purposes, open space, or for affordable housing purposes.

The Budget and Finance Committee concurred with the recommendation of the Information Technology and General Services Committee to approve the GSD recommendations relative to the "Own a Piece of LA" initiative. The Committee additionally instructed the GSD to report back to the Council in six months relative to the properties sold and revenue generated under the initiative. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

MEMBER	VOTE
PARKS:	YES
GREUEL:	ABSENT
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	ABSENT

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