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CITY ATTORNEY

REPORT NO. R 15 - 0 2 1 2  
AUG 1 2 2015

**REPORT RE:**

**RETENTION OF OUTSIDE COUNSEL – NO COST TO THE CITY  
OFFICE OF THE CITY ATTORNEY RECEIVERSHIP PROGRAM**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

This report presents a budget neutral proposal and seeks: (1) approval to create a panel of outside legal counsel to provide litigation support, at no cost to the City, for the Office of the City Attorney Receivership Program; and (2) authorization for the City Attorney to negotiate and enter into contracts with the firms on this panel, which were selected pursuant to a competitive solicitation, on an as needed basis.

Background

The City is afflicted with nearly 600 vacant nuisance properties. These dilapidated, substandard, and abandoned buildings directly contribute to urban blight. Some of these properties serve as centers of criminal activity while others have remained vacant for years and have become makeshift dumping grounds for unwanted furniture and refuse. Despite numerous costly attempts to persuade owners of such properties to comply with state and local law, these nuisance properties continue to jeopardize the health and safety of communities throughout the City.

Currently, the Criminal Branch of the Office of the City Attorney (City Attorney) addresses vacant nuisance properties through three approaches. First, the Code Enforcement Section works in conjunction with the Department of Building and Safety and the Housing & Community Investment Department to prosecute Building Code violations related to vacant properties and occupied substandard rental properties, respectively. Second, the Citywide Nuisance Abatement Program (CNAP) tackles the worst problem properties. CNAP is responsible for curtailing narcotics, vice, and gang-related nuisance activities at properties, including vacant properties. CNAP prosecutors file civil abatement actions to remedy nuisance conditions, including receivership actions against properties when other methods have failed to address nuisance conditions or correct code violations. Finally, the Complex Litigation Section brings actions against owners of vacant nuisance properties when traditional code enforcement efforts fail to remedy the problems or when an owner of multiple properties is involved.

To supplement the City's existing strategies, rehabilitate a large number of properties in a short amount of time, and help revitalize the surrounding communities, the City Attorney has developed the Office of the City Attorney Receivership Program (Program). The Program endeavors to abate nuisances at vacant properties by seeking appointment of receivers to rehabilitate these properties when owners are unwilling or unable to do so. These receiverships, based on the California Health and Safety Code and City ordinances, allow a court appointed receiver to take control of a nuisance property, to abate all code violations and nuisance conditions using funds collateralized by the property itself, and to recover all costs through first-priority liens on the subject property, and occasionally by sale of the property. Because the controlling statutes make property owners liable for all costs associated with a receivership, including attorney's fees, the City can bring these cases at no cost to itself.

In order to immediately commence with the Program in a manner which minimizes strain on existing limited resources within the Office of the City Attorney, our office sought the utilization of outside counsel to assist in this effort. On May 11, 2015, the City Attorney issued a Request For Proposals (RFP) for outside counsel to provide litigation support for the Program. The RFP sought law firms with expertise in bringing receivership actions on behalf of municipalities. After reviewing the firms' proposals and conducting interviews, the City Attorney recommends two law firms for inclusion in a panel of pre-qualified outside counsel to work with the Program. These firms are: Jones & Mayer and Silver & Wright LLP. Both firms have track records of success abating nuisance properties through receivership actions on behalf of municipalities, and collecting attorney's fees and enforcement costs in these matters. The firms have agreed to work at no cost to the City. Instead, they will recover their fees through the receiverships themselves.

The firms included in the panel will work under direct supervision of the City Attorney. They will initially be responsible for bringing receivership actions against bank-owned, vacant, nuisance properties. Depending on the success of these actions, the City Attorney may expand the Program to other types of nuisance properties.

Recommendation

It is recommended that the City Council:

1. Approve creation of a panel of outside legal counsel consisting of the law firms Jones & Mayer and Silver & Wright LLP to provide litigation support to the Office of the City Attorney Receivership Program; and
2. Authorize the City Attorney to negotiate and enter into contracts with the above-named firms on an as needed basis.

If you have any questions regarding this matter, please contact Deputy City Attorney Miguel Bahamon at (213) 978-8122. A member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



TINA HESS  
Assistant City Attorney

TH/MB:pj