

JAN PERRY
GENERAL MANAGER

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

ECONOMIC AND WORKFORCE
DEVELOPMENT DEPARTMENT

1200 W. 7TH STREET
LOS ANGELES, CA 90017

March 31, 2016

Council File: 15-1521
Council District: All
Contact Persons & Phone Numbers:
Sam Hughes: (213) 744-9723

Ad Hoc on Comprehensive Job Creation Plan
Los Angeles City Council
c/o Maria Espinoza
City Clerk
Room 395, City Hall

**COMMITTEE TRANSMITTAL: REPORT BACK ON THE STATUS OF THE
ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT'S ASSET
MANAGEMENT UNIT AND RECOMMENDATIONS ON HOW TO BETTER
LEVERAGE CITY PROPERTIES FOR ECONOMIC DEVELOPMENT AND JOB
CREATION**

RECOMMENDATIONS

The General Manager of the Economic and Workforce Development Department (EWDD), or designee, respectfully requests that the City Council NOTE and FILE this report since it is provided for informational purposes only and no Council action is necessary.

FISCAL IMPACT STATEMENT

This report provides information relating to the Asset Management/Property Disposition and Development unit of EWDD. There is no impact to the General Fund.

BACKGROUND

On December 16, 2015, the City Council instructed the Chief Legislative Analyst (CLA), Chief Administrative Officer (CAO), and EWDD to report on the responsibilities of their respective real property asset management units and to provide recommendations on how to better leverage City properties for economic development and job creation.

SUMMARY

EWDD Asset Management

The Asset Management/Property Disposition and Development Unit within the Economic Development Division of EWDD is focused on managing, analyzing and disposing of both optioned real property economic assets of the former redevelopment agency and other City-owned sites with economic development value, in a manner consistent with EWDD's authority to control and convey City properties that are intended for purposes that achieve the City's economic development goals.

The unit consists of a Property Manager III, Property Manager II, and Principal Project Coordinator.

- The Property Manager III will engage in direct project management for high-profile real estate projects. Duties include use analysis and recommendations including preliminary site/massing plans, market and facility studies; develop comprehensive reports and studies proposing future development options including financial, public benefit, design analysis and criteria; develop property-specific programs to yield desired economic returns; develop and oversee RFI/RFQ/RFP process, documents and selection process; negotiate deal points of purchase, sale or lease; draft and review transaction documents. The Department plans to fill this position the 1st quarter of FY16-17.
- The Property Manager II will engage and review appraisers and conduct fair reuse appraisals; forecast value of land under various development scenarios; draft and review transaction documents; initiate and monitor escrow and document recording; clear title; monitor development and use to ensure compliance with City requirements or public benefits; and engage contractors for disposition and development activities. The Department plans to fill this position the 1st quarter of FY16-17.
- The Principal Project Coordinator will interact and coordinate efforts with other City departments, the Mayor's Office and Council offices as well as private developers, real estate brokers, and potential commercial and non-profit tenants at various points in the real estate development and management process. The Department has initiated recruitment for this position.

As the entity responsible for economic development, per the ordinance that established EWDD, the department is focusing its efforts on market solutions that treat real property as a productive asset, with an emphasis on improving the performance and productivity of the economic development real estate assets through property improvement, exploring alternative property usage, and exploring public-private partnerships that secure the City's tax base.

Citywide Asset Management Database

To better leverage City properties for sustainable economic development and job creation, and to facilitate an asset based approach to economic development, EWDD

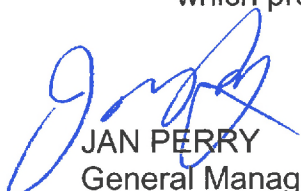
encourages the interdepartmental use of a Citywide property database that lists, prioritizes and categorizes City real estate property according to zoning, use, location, size, value, and condition. As the City adopts and utilizes such an asset management software/platform, it should also adopt key elements and practices of private sector asset management to manage its real property assets effectively and efficiently, including: 1) regularly updated and relevant information on physical, operational and financial characteristics of City owned properties, 2) annual reviews and reporting on property use, condition, and value, and 3) utilizing financial tools and performance standards such as return on investment and capitalization rates to evaluate the performance of its real estate assets.

Collaboration with AMSP

The Asset Management Strategic Planning (AMSP) Unit in the CAO's office serves to facilitate property evaluation, disposition and development strategies for City properties. EWDD will support the work of the AMSP unit by implementing related recommendations for developing an economic development property disposition program that can assist with the prioritizing of economic development properties for disposition, and developing guidelines for choosing among approaches of disposition, such as various forms of leasing, privatization and joint ventures, and procedures for asset disposition.

In support of this objective EWDD will proactively work with the AMSP unit to:

- Analyze selected property for the purpose of preparing a real estate study to determine community need and highest and best economic development use of the asset.
- Facilitate a marketing approach for the asset that may include gathering of information necessary to prepare, and release, a Request for Proposals (RFP), Request for Information (RFI) and/or Request for Qualifications (RFQ).
- Evaluate responses to RFPs, RFIs, and RFQs and recommending the best suited development proposal, and team, for the purchase/lease/economic development of the asset.
- Negotiate a Development/Disposition Plan with selected developer(s) consistent with the goal of spurring sustainable economic development and job creation.
- Work with the City Attorney to insure the economic development purpose for which property was conveyed is carried out.



JAN PERRY
General Manager

JP:SH