



**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. **R 18 - 0092**

**APR 06 2018**

**REPORT RE:**

**REVISED DRAFT ORDINANCE ADDING CHAPTER 172 TO DIVISION 5 OF THE LOS ANGELES ADMINISTRATIVE CODE TO CREATE THE ECONOMIC DEVELOPMENT TRUST FUND FOR THE RECEIPT, RETENTION AND DISBURSEMENT OF 50 PERCENT OF THE SALE OR LEASE PROCEEDS FROM PROPERTIES WHICH HAVE BEEN DESIGNATED FOR ECONOMIC DEVELOPMENT AND AMENDING SUBSECTIONS (a) and (d) OF SECTION 5.500 OF THE LOS ANGELES ADMINISTRATIVE CODE TO PROVIDE FOR THE DEPOSIT OF THE REMAINING 50 PERCENT OF THE SALE OR LEASE PROCEEDS INTO THE CORRESPONDING COUNCIL DISTRICT REAL PROPERTY TRUST FUNDS AND AUTHORIZE THE USE OF REAL PROPERTY TRUST FUNDS TO FUND ECONOMIC DEVELOPMENT**

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

Council File No. 16-0931

Honorable Members:

Pursuant to the request of the City Council, this Office has prepared and now transmits for your consideration, the enclosed revised draft ordinance, approved as to form and legality. The draft ordinance adds Chapter 172 to Division 5 of the Los Angeles Administrative Code (LAAC) to create the Economic Development Trust Fund for the receipt and disbursement of 50% of all monies for economic development projects or programs that are received by the City from the sale or lease of City owned property that has been designated for economic development opportunities under the

Asset Framework Policy as approved by the Council. The revised draft ordinance also amends Subsection (a) of Section 5.500 of the LAAC to provide for the deposit of the remaining 50% of the proceeds from the sale or lease of these properties into the Council District Real Property Trust fund corresponding to the location of the property, as well as Subsection (d) of Section 5.500 of the LAAC to authorize the use of Real Property Trust Funds for economic development projects or programs, including development subsidies or technical assistance.

#### Background and Summary of Ordinance Provisions

On May 3, 2016, the City Council requested this Office to prepare and present a draft ordinance to establish a new interest-bearing Economic Development Trust Fund. The Fund is to be administered by the Economic and Workforce Development Department (EWDD), to receive eligible proceeds from the sale or lease of City property, which have been designated for economic development purposes in accordance with expenditure guidelines to be prepared by EWDD. EWDD has prepared and the Council has approved the "Asset Management Framework Policy," which serves as the required guidelines.

The Council additionally requested this Office to prepare and present a draft ordinance amending Section 5.500 of the LAAC, the Real Property Trust Funds for each of the Council Districts, to authorize additional expenditures to include disbursements for economic development projects or programs, including public infrastructure, development subsidies or technical assistance. In the same action, the Council also authorized the Controller to establish an account in the new Economic Development Trust Fund to collect 50% from the sale or lease of economic development properties and to establish an account in each of the Council Districts Real Property Trust Funds for the remaining 50% of the proceeds from the sale or lease of economic development properties.

On February 26, 2018, the Budget and Finance Committee recommended the inclusion of provisions within the draft ordinance to specify that 50% of the proceeds from the sale or lease of properties which have been designated for economic development under the Asset Management Framework Policy be deposited into the Fund with the remaining 50% being deposited into the Council District Real Property Trust Fund where the property is located.

The enclosed revised draft ordinance establishes the requested trust fund, specifies the allocation of sale or lease proceeds from the sale or lease of properties which have been designated for economic development under the Asset Management Framework Policy and expands the authorized use of Real Property trust funds for the requested economic development activities within the Council District from which the funds were generated.

Council Rule 38 Referral

A copy of the revised draft ordinance was sent, pursuant to Council Rule 38, to the Economic Workforce Development Department with a request that all comments be presented directly to Council when this matter is heard.

If you have any questions regarding this matter, please contact Deputy City Attorney Miguel Dager at (213) 978-7740. He or another member of this Office will be present when you consider this matter to answer questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney



By

DAVID MICHAELSON  
Chief Assistant City Attorney

DM:MD:vw  
Transmittal