

CITY HALL
LOS ANGELES, CALIFORNIA 90012

February 19, 2019

Honorable Mayor Eric Garcetti
Honorable Paul Krekorian, Chair of Budget and Finance Committee
c/o Office of the City Clerk

Re: Commission on Revenue Generation Second Quarterly Report

Dear Mayor and City Council Members:

The Commission on Revenue Generation (Commission) was formed by a Letter of Agreement (LOA) between the Coalition of City Unions and the City of Los Angeles to develop recommendations and maximize revenue to the City's general and special funds sufficient to provide: high quality City services that are consistent across the City; to ensure equity in the City budget for underserved communities; and to ensure a high quality of life in our neighborhoods.

As set forth in the LOA, the Commission shall carry out its duties for at least twenty-four months, holding monthly meetings during its tenure, and providing quarterly updates to the Mayor and Budget and Finance Committee of our investigations and progress. We are providing an update on our current research since our last report:

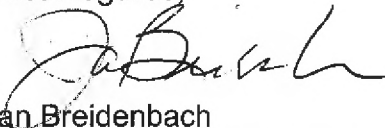
1. **Financial Services Transparency and Evaluation:** The Commission has conducted research on financial transparency of investment management expenses. Additionally, the Commission collected information from Los Angeles Fire and Police Pensions (LAFPP) and Los Angeles City Employees' Retirement System (LACERS) to evaluate investment fees with a particular emphasis on performance fees. Following a presentation on December 19, 2018 by independent researcher Ted Rohrlich regarding management fees, the Commission is continuing its analysis on this topic. The Commission intends to report on the impact of reducing pension investment costs, utilizing an independent consultant to review the report and verify data prior to submitting to Council.
2. **Payments In Lieu Of Taxes (PILOTs):** Payments in lieu of taxes are voluntary, negotiated payments a tax-exempt organization makes to a local government in

lieu of property taxes. Currently, the Commission is exploring PILOTs as a source to generate revenue for the City of Los Angeles. The Commission wishes to analyze, research, explore the feasibility and potential for implementing a PILOT program in the City of Los Angeles through an independent consultant. On behalf of the Commission, the City Administrative Officer (CAO) released a Request for Bids (RFB), and Blue Sky Consulting was selected to conduct the study which should be completed by July.

To ensure the Commission has sufficient resources to accomplish its mission, the City provided \$500,000 to fund administrative expenditures such as staff costs and consultant studies. To date, no expenditures have been made against this allocation. The PILOT study will cost approximately \$80,000.

The Commission looks forward to continuing its investigation into additional topics, as it identifies areas for improvement and develops recommendations that will maximize revenue. We are eager to share our findings with you and with City departments, as we work together towards providing high quality, equitable services across the City. Thank you for your consideration of these matters.

Best Regards,



Jan Breidenbach
Chair, Commission on Revenue Generation

Peter Dreier, Commissioner
Rudy Espinoza, Commissioner
Jack Humphreville, Commissioner
Jonathan Klein, Commissioner
Tim McDaniel, Vice Chair
Wayne Moore, Commissioner
Barbara Ringuette, Commissioner
William Smart, Commissioner
Jake Stevens, Commissioner

MCK:CSA:03190024