



CITY HALL  
LOS ANGELES, CALIFORNIA 90012

August 22, 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 Third 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.

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. Through utilizing the CAO's resources, the Commission is continuing this work by contracting with consulting group Moss Adams which will review and improve upon a spreadsheet analysis tool developed by the Commission to quantify and forecast the potential impact of changes in asset management investment costs on the LACERS and LAFPP pension funds. Currently, Moss Adams has tested calculations, reviewed financial statements, reports, and is awaiting further information to develop a draft of their report. 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 finalizing this work with consulting group, Blue Sky to determine the feasibility of a PILOT program for the City of Los Angeles. The Commission intends to deliver this work to Council upon completion.
3. **Vacancy and Windfall Tax:** The Commission is currently reviewing literature and work from other municipal and states who have implemented a vacancy tax. The Commission plans to continue its investigation on this item and seek consulting services in the near future to develop a strategy for the City of Los Angeles.
4. **Billboards:** The Commission continues to follow the development of the Billboard Policy Program and Ordinance. The Department of City Planning and the Commission discussed the proposed policy, recent instructions from the Planning and Land Use Management Committee, and the next steps in the policy formation process.
5. **Special Funds:** The Commission has reviewed the Controller's Report entitled, "In the Balance: Financial Report on the City's Special Funds" (C.F.No. 17-0786). The Commission has submitted a letter to the Budget and Finance Committee to endorse and accept the report findings and recommendations, as well as promote a comprehensive policy addressing the creation of Special Funds.
6. **Property Tax Issues:** Los Angeles County Assessor, Jeffrey Prang provided a presentation to the Commission on the appeals process and proposals for improvement. The Office of Finance has agreed to work with the County Assessor's Office in identifying and notifying City-licensed businesses that might owe taxes on unsecured business property.

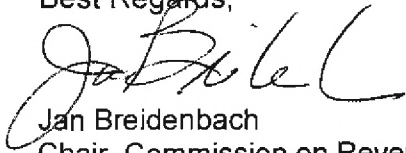
To ensure the Commission has sufficient resources to accomplish its mission, the City provided \$500,000 to fund administrative expenditures such as staff costs and consultant studies. To date, the Commission has used \$110,930 for consulting services with Blue Sky and Moss Adams. The Commission plans to move forward to seek consulting services to implement a vacancy tax at a later date.

The Commission looks forward to continuing its investigation into additional topics, as it identifies areas for improvement and develops recommendations that will maximize

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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

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