

J. MICHAEL CAREY  
City Clerk

FRANK T. MARTINEZ  
Executive Officer

When making inquiries  
relative to this matter  
refer to File No.

03-1860 & 03-2644

CITY OF LOS ANGELES  
CALIFORNIA



JAMES K. HAHN  
MAYOR

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HELEN GINSBURG  
Chief, Council and Public Services Division

PLACE IN FILES

JAN 06 2004

DEPUTY *JM*

December 19, 2003

All City Departments

RE: AUDIT OF THE ASSET MANAGEMENT DIVISION AND A FINANCIAL AND COMPLIANCE  
AUDIT OF THE DEPARTMENT OF GENERAL SERVICES

At the meeting of the Council held DECEMBER 17, 2003, the following action  
was taken:

Attached report adopted.....	_____ X _____
Attached motion ( - ) adopted.....	_____
Attached resolution adopted.....	_____
Mayor approved.....	_____
FORTHWITH.....	_____
Mayor concurred .....	_____
To the Mayor FORTHWITH .....	_____
Findings adopted.....	_____
Motion adopted to approve committee report recommendation(s)...	_____
Motion adopted to approve communication recommendation(s).....	_____

*J. Michael Carey*

City Clerk  
kw

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*[Handwritten signature]*  
*mmp 01/06/04*  
*for 1-6-04*



21

TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your INFORMATION TECHNOLOGY AND GENERAL SERVICES

and

AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEES

report as follows:

	<u>Yes</u>	<u>No</u>
Public Comments	<u>XX</u>	

INFORMATION TECHNOLOGY AND GENERAL SERVICES AND AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEES REPORT relative to an audit of the Asset Management Division and a financial and compliance audit of the Department of General Services (GSD).

Recommendations for Council action:

1. NOTE and FILE the Controller report, dated August 20, 2003, the GSD report, dated December 2, 2003, relative to the audit of the GSD, Asset Management Division and Controller report on the financial and compliance audit of GSD sale of surplus properties, dated December 4, 2003, inasmuch as the report was submitted for information only.
2. INSTRUCT the GSD and REQUEST the Controller, with the assistance of the Chief Legislative Analyst (CLA) and City Administrative Officer (CAO), to report on the establishment of a strategic policy for the Los Angeles Mall marketing operations and the development of a strategic plan for the disposal of surplus property within 60 days to the Information Technology and General Services (ITGS) and Audits and Governmental Efficiency (AGE) Committees.
3. INSTRUCT the GSD and REQUEST the Controller, with the assistance of the CLA and CAO, to review and report on the consolidation of the asset management functions for all City departments; the expertise available in the various City departments; and the advantages and disadvantages of consolidating the asset management functions of all City departments into one department within 60 days to the ITGS and AGE Committees.

4. INSTRUCT the GSD and REQUEST the Controller, with the assistance of the CLA and CAO, to report on streamlining the surplus property disposal process and the strategic management of surplus properties, as well as the practices and policies of other cities within 60 days to the ITGS and AGE Committees.
5. INSTRUCT the GSD and REQUEST the Controller, with the assistance of the CLA and CAO, to report on the nonprofit and historic core policy; the location of nonprofit leases, the expiration dates of the leases; recommendations for improving the historic core; the current City policy leasing or purchasing of property in the broader sense with the Community Redevelopment Agency (Agency) within 60 days to the ITGS and AGE Committees.
6. INSTRUCT the GSD to identify all City surplus property and ensure the database accuracy of the list of surplus property candidates and report on the status of the database within 60 days to the ITGS and AGE Committees.
7. INSTRUCT the GSD, in light of the State of California Government Code Sections 54220 et. seq. listing the state's priorities for using surplus property in priority order, to establish and report on the City's priorities for using or otherwise allocating surplus City property for productive uses within 60 days to the ITGS and AGE Committees.
8. INSTRUCT the GSD to develop and report on a public information campaign for advertising the availability of surplus City parcels in a manner that generates the most interest and solicits the greatest number of proposals for consideration, as well as, targets non-profit and community-based groups within 60 days to the ITGS and AGE Committees.
9. INSTRUCT the GSD, with the assistance of the CLA, to report on the option of using long-term leases rather than the sale of City property for the disposal of surplus property and whether this process has been done by other municipalities within 60 days to the ITGS and AGE Committees.
10. INSTRUCT the GSD, with the assistance of the CLA, to report on the potential for joint use and/or mixed use of public and private partnership for City properties, including the use of air rights within 60 days to the ITGS and AGE Committees.
11. INSTRUCT the GSD, with the assistance of the CLA, to report on the option of using private sector, real estate expertise in the determination of actions impacting surplus City properties, include the advantages and disadvantages, within 60 days to the ITGS and AGE Committees.

Fiscal Impact Statement: None submitted by the Controller. Neither the CLA nor the CAO has completed a financial analysis of this report.

## Summary:

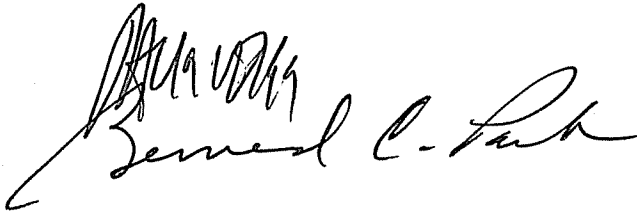
On December 9, 2003, the ITGS and AGE Committee considered the Controller report dated August 20, 2003, the GSD report, dated December 2, 2003, and Controller report, dated December 4, 2003. The ITGS and AGE Committees Noted and Filed the reports and instructed the GSD, and the Controller, with the assistance of the CLA and CAO, to prepare the following: report on the establishment of a strategic policy for the Los Angeles Mall marketing operations and the development of a strategic plan for the disposal of surplus property; to review and report on the consolidation of the asset management functions for all City departments; the expertise available in the various City departments; and the advantages and disadvantages of consolidating the asset management functions of all City departments into one department; to report on streamlining the surplus property disposal process and the strategic management of surplus properties, as well as the practices and policies of other cities; and to report on the nonprofit and historic core policy; the location of nonprofit leases, the expiration dates of the leases; recommendations for improving the historic core; the current City policy leasing or purchasing of property in the broader sense with the Agency within 60 days to the ITGS and AGE Committees. In addition, the ITGS and AGE Committees instructed the GSD to identify all City surplus property and ensure the database accuracy of the list of surplus property candidates and report on the status of the database; in light of the State of California Government Code Sections 54220 et. seq. listing the state's priorities for using surplus property in priority order, to establish and report on the City's priorities for using or otherwise allocating surplus City property for productive uses; to develop and report on a public information campaign for advertising the availability of surplus City parcels in a manner that generates the most interest and solicits the greatest number of proposals for consideration, as well as, targets non-profit and community-based groups; with the assistance of the CLA, to report on the option of using long-term leases rather than the sale of City property for the disposal of surplus property and whether this process has been done by other municipalities, and with the assistance of the CLA, to report on the potential for joint use and/or mixed use of public and private partnership for City properties, with the assistance of the CLA, to report on the option of using private sector, real estate expertise in the determination of actions impacting surplus City properties, include the advantages and disadvantages.

Two persons submitted speaker cards and participated in the public hearing on this matter. The Chair asked the CLA to consider the testimony of the speakers when preparing reports on this matter. The Controller, the General Manager, GSD, and other representatives of the Controller, GSD and ITA, as well as, representatives of KH Consulting, which provided a report to the Controller's Office regarding asset management, provided testimony on this matter. The Controller reported that the City lacks one main central and complete database for surplus property. In addition, the consultants will continue to assist in the development of a strategic policy for the City's asset management. The Controller is planning a round table discussion on the City's asset management policy with real estate experts in January 2004.

The GSD reported that the surplus property management program began in 1996. The properties were listed under the aperture system with approximately 2,400 properties. The GSD has hired ESRI to develop the database and ArcView website. The biggest challenge has been getting information from the proprietary departments. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

INFORMATION TECHNOLOGY AND  
GENERAL SERVICES COMMITTEE

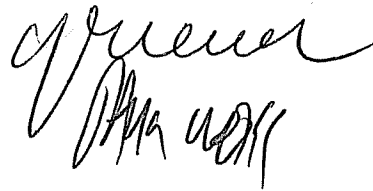


ITGS Comt Vote  
WEISS YES  
PARKS YES  
GARCETTI ABSENT

AGE  
GREUEL YES  
WEISS YES  
HAHN ABSENT

Respectfully submitted,

AUDITS AND GOVERNMENTAL  
EFFICIENCY COMMITTEE



*RPT.*

**ADOPTED**

DEC 17 2003

**LOS ANGELES CITY COUNCIL**

COUNCIL VOTE

Dec 17, 2003 1:07:10 PM, #11

ITEM NO. (21)

Voting on Item(s): 21

Roll Call

CARDENAS	Absent
GARCETTI	Yes
GREUEL	Yes
HAHN	Yes
LABONGE	Yes
LUDLOW	Yes
MISCIKOWSKI	Yes
PARKS	Yes
PERRY	Absent
REYES	Absent
SMITH	Yes
VILLARAIGOSA	Yes
WEISS	Yes
ZINE	Yes
*PADILLA	Yes

Present: 12, Yes: 12 No: 0