

CITY HALL
LOS ANGELES, CALIFORNIA 90012

December 12, 2019

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

Re: Report on Commission of Revenue Generation Activities from August to September 2019

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. By utilizing the resources of the City Administrative Officer (CAO), the Commission completed this work by contracting with consulting group Moss Adams, which reviewed and improved an asset management expense forecasting tool developed by the Commission to quantify and forecast the potential impact of changes in costs on the Los Angeles Fire and Police Pensions (LAFPP) and Los Angeles City Employees' Retirement System (LACERS) pension funds. Moss Adams presented its report and has converted the spreadsheet into an analytical tool that can be utilized to model various

scenarios and potential cost-saving opportunities. The Commission will use the updated model to assist with the pension in-house management study and hopes to use it to improve administrative practices of the pension funds.

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. The Commission has finalized its work with Blue Sky Consulting Group (Blue Sky) to determine the feasibility of a PILOT program for the City. Blue Sky presented its report on the implementation of PILOT programs across the United States, how to assess the potential amount of revenue generated, and the legal issues that PILOT programs face in California. Additionally, Blue Sky gave recommendations on how the City of Los Angeles could carry out a PILOT program. The Commission has received the analysis and will include it with any recommendations in its final report.
3. **Vacancy and Windfall Tax:** The Commission is in the process of executing a contract for a feasibility study to implement a vacant/underutilized property tax or fee. The Commission also is in the process to execute a contract to perform a feasibility study for implementing a windfall rent tax program in 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 ordinance, recent instructions from the Planning and Land Use Management Committee and Council, and the next steps in the ordinance drafting process.
5. **Property Tax Issues:** Chief Tax Compliance Officer, Robert Lee from the Office of Finance (Finance) presented an update on the progress of the collaboration between Finance and the County Assessor's Office to identify and notify City-licensed businesses that might owe taxes on unsecured business property. Finance and the County Assessor's Office intend to implement modifications to business license registrations soon for a hard copy version of the business tax renewal form.

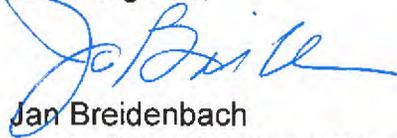
To ensure the Commission has sufficient resources to accomplish its mission, the City provided \$500,000 to fund administrative expenditures such as staff costs and consultant studies. To date, the Commission has used \$110,930 for consulting services with Blue Sky and Moss Adams.

The Commission 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

Honorable Mayor Eric Garcetti
Honorable Paul Krekorian and Honorable Members of the City Council
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work together toward 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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