

MOTION BY SUPERVISOR MARK RIDLEY-THOMAS

December 16, 2014

Need for Transparent Real Property Leasing and Acquisition Procedures

Acquisition or leasing of office space or facilities for County of Los Angeles' (County) departments is guided by the Facility Location Policy, initially adopted by the Board of Supervisors (Board) in 1998 and amended in 2012, and the County's Asset Management Principles, adopted in 1998. A recent recommendation by the Chief Executive Officer (CEO) to acquire a property located at 1977 Saturn Street (Saturn Property) in Monterey Park for \$38.45 million raised a number of questions regarding transparency and application of Board adopted policies. On December 9, as a result of additional due diligence, the Board elected not to proceed with the proposed acquisition and directed the Interim CEO to terminate the escrow and seek a return of the good faith deposit. Of particular concern was that lack of a concerted effort to identify and evaluate alternative properties for comparison to the Saturn Property as required by the Facility Location Policy. Additional issues included the disclosure of all potential costs, in particular the cost to replace aging building systems, the timely disclosure of all

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parties to the transaction, and the prudent management of the County's due diligence rights under the Agreement of Purchase and Sale. The manner in which the Saturn Property acquisition was managed raises serious public policy questions regarding adequate transparency and the judicious use of taxpayer dollars. To address these questions, a thorough independent evaluation should be conducted of existing practices and policies with the goal of presenting recommendations for improving the County's real property leasing and acquisition procedures and protocols for Board consideration and approval.

I THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Direct the Acting Executive Officer of the Board to secure the services of a qualified consultant (e.g., expert law firm) to review Los Angeles County's (County) real property leasing and acquisition procedures and practices for conformity with all applicable laws and ordinances as well as current state-of-the-art standards in the industry; for the review of the recent transactions including the proposed Saturn Property acquisition to identify weaknesses, if any, in the County's practices and procedures; and provide a written report on the findings of the consultant within 90 days that includes recommendations for improving the process in order to provide enhanced transparency, fairness and maximum cost effectiveness in compliance with Board adopted policies.

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(DMR)