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MOTION

AUDITS & GOVERNMENTAL EFFICIENCY

JUL 08 2009

A recent City Controller report entitled "Review of Internal Controls at El Pueblo de Los Angeles Historical Monument" rehashed already well-known information about the need to increase the rent paid by the 61 tenants of historic Olvera Street. The Council's Budget & Finance Committee had already addressed this matter and the Council had taken action:

*"Instruct the General Manager to ensure that new leases with the 61 remaining El Pueblo tenants currently without leases are executed by December 31, 2009, and further instruct the General Manager to submit a status report on lease negotiations to the Information Technology & General Services Committee by September 1, 2009."*  
Action #112, Page 24 of Recap of City Council Budget actions, 5-18-09. Vote: 14-0.

As noted in the audit, General Fund transfers to El Pueblo have increased from \$369,000 in Fiscal Year 2004-05 to \$857,934 in Fiscal Year 2008-09. With the City having just closed one \$530 Million budget deficit and facing another daunting fiscal challenge next year, all City officials are in agreement that departments need to recover whatever costs they can.

This year's budget has an initial \$811,000 General Fund subsidy, which is expected to be made up by the increased leases that will be paid during the second half of the Fiscal Year. In the future, El Pueblo is expected to generate a surplus from its at or near market-rate leases. Parking rates were increased by the El Pueblo Commission this past December.

The audit also mentions billing merchants for the full cost of maintaining common areas. The department, with cooperation from the Bureau of Engineering is currently conducting a Common Area Maintenance study, to be completed by mid-August 2009, which will determine what the rates should be for all stakeholders who use common space Citywide.

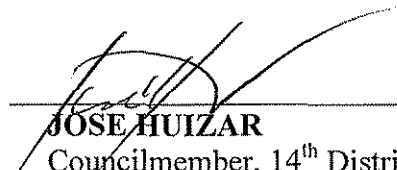
Also recommended in the audit is issuing a Request for Proposals for the use of several currently underutilized properties, that according to the Controller, have the potential to generate as much as \$1.5 Million a year in new revenue. This idea should be considered, with the understanding that any new use should conform with El Pueblo's mission.

Most of the properties under El Pueblo's control that are currently empty require large amounts of improvements before they could be utilized. The cost to do so far exceeds the potential for new revenue in most cases. The City should seek federal grants to restore these structures in order to make this space available for rent to new paying tenants.


I THEREFORE MOVE that the General Manager of El Pueblo be requested to report to the Audits & Governmental Efficiency Committee with a status report on where the department is in its lease negotiations and whether it still in on pace to meet the deadlines set by the City Council as part of its 2009-10 Budget deliberations for executing them.

JUL 8 2009

PRESENTED BY:

  
JOSE HUIZAR  
Councilmember, 14<sup>th</sup> District

SECONDED BY:



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