

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: August 24, 2018

CAO File No. 0150-11205-0000

Council File No.

Council District: 11

To: The Boundary Adjustment Board

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Local Agency Formation Commission transmittal dated March 15, 2018; Los Angeles County Tax Transfer Resolution Document transmitted April 24, 2018; Received by the City Administrative Officer on April 24, 2018

Subject: **PROPOSED DETACHMENT OF A CITY-OWNED PUBLIC RIGHT-OF-WAY LOCATED AT THE 5400 BLOCK OF WEST 116<sup>th</sup> STREET TO THE COUNTY OF LOS ANGELES**

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### RECOMMENDATIONS

That the Boundary Adjustment Board adopt this report and in so doing recommend that the Council, subject to the approval of the Mayor:

1. Approve the proposed detachment of 1.3 acres of the 5400 block of West 116<sup>th</sup> Street to County of Los Angeles County (County) jurisdiction.
2. Adopt the proposed Joint Tax Transfer Resolution approving and accepting the negotiated exchange of property tax revenues resulting from the annexation of territory known as City of Los Angeles Reorganization No. 2016-33.
3. Instruct and authorize the City Administrative Officer, with the assistance of any other City departments deemed necessary, to submit the Joint Tax Transfer Resolution to the Local Agency Formation Commission (LAFCO) for the detachment of 1.3 acres of the 5400 block of West 116<sup>th</sup> Street and transfer of fire and water services to the Consolidated Fire Protection District of Los Angeles and West Basin Municipal Water District, respectively.

### EXECUTIVE SUMMARY

On March 19, 2018, LAFCO notified this Office of the County of Los Angeles' intent to annex approximately 1.3 acres of the existing City public right-of-way of the 5400 block of West 116<sup>th</sup> Street between Aviation Boulevard and Isis Avenue in Council District 11. On April 24, 2018, the County submitted the Joint Tax Transfer Resolution to this Office, which indicated that there is no annual property tax increment attributable to Reorganization No. 2016-33. As part of this process,

the Boundary Adjust Board (Board), must review the financial and operational impacts of the proposed land detachment and make recommendations to Council regarding any potential boundary changes to the City in accordance with the Los Angeles Administrative Code Section 22.178. The City Administrative Officer is Chair of the Board, which is comprised of the Chief Legislative Analyst and Director of Planning, as well as the Councilmember whose district would be impacted by the proposed boundary change. Upon receiving a request for a boundary adjustment, the Chair convenes a meeting of the Board to assist in preparation of the report and recommendation to the Mayor and Council. The Board advises the Council regarding the fiscal and economic impacts of a proposed boundary change rather than providing commentary on the merit of the territory reorganization.

This proposed detachment was initiated by residents of the unincorporated area of Del Aire advocating for the annexation to address concerns about a lack of services provided by the City that the County has provided to neighboring residences. This Office surveyed all departments on potential operational and fiscal impacts of the proposed detachment. Although the Department of Public Works, Bureau of Engineering (Engineering) raised concerns surrounding the cost of County permits to conduct sewer repairs, this cost is a relatively small amount compared to the cost of the sewer project and should be able to be borne within the project's budget. The cost of County permits associated with sewer repairs represents the City's ongoing expense for the public right-of-way. As there are no properties on the right-of-way, the proposed detachment will be revenue neutral.

### Background

The right-of-way proposed to be detached (as displayed in Attachment A) is located south of the Los Angeles World Airport (LAX) and borders the unincorporated County neighborhood of Del Aire. The proposed detachment was initiated by residents that live directly south of 116<sup>th</sup> St. who were negatively impacted by a lack of parking enforcement on their street that resulted after direct access from the City to the road was eliminated and the City land became accessible only through the County land south of the right-of-way. Residents made complaints to Council District 11's Office and the County to address a lack of City services in the area. The location of the City's border includes parts of 116<sup>th</sup> Street but excludes neighboring residences, making public services related to the street fall under City jurisdiction although residents live in the County.

Residents have requested this proposed land detachment to allow the County to provide services to the street, especially active parking enforcement similar to surrounding streets. The difficult access to the street impacts the ability of the City to provide consistent City parking enforcement. Further, the location of the Green Line Aviation/LAX station directly north has created a dilemma where transit riders and commuters park their vehicles on the available 116<sup>th</sup> Street parking, negatively impacting the residents ability to park. The County has indicated that once the detachment passes, it intends to impose and enforce similar parking enforcement regulations on 116<sup>th</sup> Street as it does in the rest of the Del Aire neighborhood. A detachment of City property to the County would be a more viable option to provide more responsive services to County residents while simultaneously reducing the City's need to service a difficult-to-access public right-of-way.

### Operational/Financial Impact of Proposed Detachment on City Functions

This Office requested all City departments, including proprietary departments, to identify and quantify any potential operational or financial impacts to the departments respective to its functions resulting from this proposed detachment. All departments responded indicating limited or no impact to departmental operations and finances. One department, the Department of Public Works, Bureau of Engineering (Engineering), indicated an identifiable, immediate fiscal impact to a capital improvement project occurring in 2019 on 116<sup>th</sup> Street.

Engineering will implement the Secondary Sewer Renewal Program A05, projected to start in 2019 and end in 2021, to repair and replace sewer lines in disrepair in the areas east and south of LAX. This project will trench areas above sewer pipes in disrepair to reach and replace those pipes. Approximately 600 feet of sewer line underneath 116<sup>th</sup> Street (as displayed in Attachment B) is subject to Secondary Sewer Renewal program. The required trenching length for 116<sup>th</sup> Street will be determined based on a sewer pipe's physical state. However, initial Engineering estimates provide a range between 32 feet to 300 feet of required trenching and subsequent sewer line replacement. The requisite County permits and permissions would be required to excavate the damaged pipes should the street move to County jurisdiction.

Engineering's coordination with the County's permitting office and County Department of Public Works will be required to execute this project in a timely manner, should the detachment be approved. Based on the County's estimates, it will take approximately six weeks to obtain road permit and traffic control plan approval. The location of the Dominguez Channel storm drain, which runs parallel to the sewer line, will also require a construction permit from the County Flood Control District. As this requirement will remain regardless of the street's jurisdiction, the eight weeks required to obtain the permit represents a known factor for this project. The change of ownership of this land may increase the time needed to obtain the necessary permits and approvals for the project.

Engineering reports that the next repair to this sewer line under 116<sup>th</sup> St. will occur approximately 25-50 years from the date of repair, provided no additional development occurs on the immediate north side of the street to create additional stress on the line or a natural disaster disrupts the sewer line's structural integrity. Engineering also notes that as part of its normal sewer repair cycle, other pipes underneath 116<sup>th</sup> Street will also be replaced within the next 25 years. The City will need to work with the County as these projects arise.

All other City departments noted that the proposed detachment had no impact or that the proposed detachment would likely reduce liabilities and costs for their respective functions and finances. Overall, after consulting with City departments that provide direct services for this street, the Public Works Bureaus, Department of Transportation, Police Department, and Fire Department supported the detachment to allow the County to provide services in the area in a more feasible manner while potentially reducing City legal liability. For instance, the Police Department reported that nine calls originated from this immediate area in the previous five years with five traffic-related incidents. This detachment would allow the City to focus resources on

other high demand areas. The benefits received from detaching this property from legal liability will outweigh the relatively minor costs associated with periodic sewer maintenance.

### Council, Mayoral, and LAFCO Review Process

The Boundary Adjustment Board must submit its recommendation for Council and Mayoral review and approval of the proposed detachment. Upon approval and execution by the Mayor, this Office will submit the Joint Tax Transfer Resolution (Attachment C) to LAFCO for finalization of the detachment, including the transfer of water and fire services to the County.

The LAFCO will then process the Joint Tax Transfer Resolution and review the form for completeness of all required documentation. LAFCO will send the Joint Tax Transfer Resolution to the County, as the agency that initiated the detachment, which will then be the last entity to sign the form. Approximately six months after submittal, this Office will receive a notice informing the City of the County's official annexation of the 5400 block of West 116<sup>th</sup> St. to County jurisdiction. Any boundary change will be effective the date LAFCO sends the notice to the County and the City.

### Joint Tax Transfer Resolution

Council approval and execution by the Mayor of the Joint Tax Transfer Resolution is required to finalize this land detachment. The Joint Tax Transfer Resolution details how any property taxes generated from a property will be shared between the two (or more) government entities in addition to any change in jurisdictions and related spheres of influence. In this proposed boundary change, this document states that no property taxes will be exchanged, and explains that the County and its associated entities (the Consolidated Fire Protection District of LA County and the West Basin Municipal Water District) will take responsibility of the street and its related services.

The Joint Tax Transfer Resolution for this land detachment comes from the County of Los Angeles as the initiating agency and uses information collected from the County to quantify the tax amount generated. For this detachment, no property taxes will be exchanged or shared because the right-of-way does not generate any income for the City currently. This Office conducted its own review of any property taxes generated by the street and concurred with LAFCO's determination. This land detachment represents a cost neutral action as no revenue is lost or gained.

The LAFCO requires City action on this form to move forward with the finalization of the land detachment to the County. Council and Mayoral approval will authorize this Office to complete all steps consistent to allow LAFCO to proceed and process the boundary adjustment with the City and the County.



## **METHODOLOGY**

### Revenue/Fiscal Impact Assumptions

A revenue impact was evaluated within this Office to determine whether the property generated any taxes from the 1.3 acres of 116<sup>th</sup> Street. The County of Los Angeles Auditor-Controller acts as the primary entity that lists tax rate areas (TRAs) in Los Angeles County, and according to County records, this TRA does generate property taxes for the City but the right-of-way does not currently generate any property taxes for the County or the City. Accordingly, this makes for a cost neutral detachment.

The County indicated that it will waive the permit required to trench into a right-of-way, a road permit, but the City would be required to pay a traffic control plan (\$500). This cost is based on the maximum, though unlikely, 300 feet of trenching and the resulting closure of the entirety of 116<sup>th</sup> Street. Other costs, such as a sewer mainline check, are not included as the City sewer line and will remain continue to be part of the cost to maintain the City sewer system. Engineering indicated that additional sewer replacement projects will occur within the next 25 years on 116<sup>th</sup> Street and will require the same County authorizations for permits and approvals for any future project.

## **FISCAL IMPACT STATEMENT**

There is no General Fund impact associated with this proposed detachment. Any funding required for the sewer replacement project would come from the Sewer Construction and Maintenance Fund, which would bear the impact of the \$500 required for a County traffic control plan fee as required to comply with County regulations. There is no revenue impact to the City. The City does not collect any taxes from this right-of-way and no taxes will be transferred to the County under the tax transfer resolution. The proposed detachment is in accordance with the City's financial policies in that this action will result in a cost neutral exchange.

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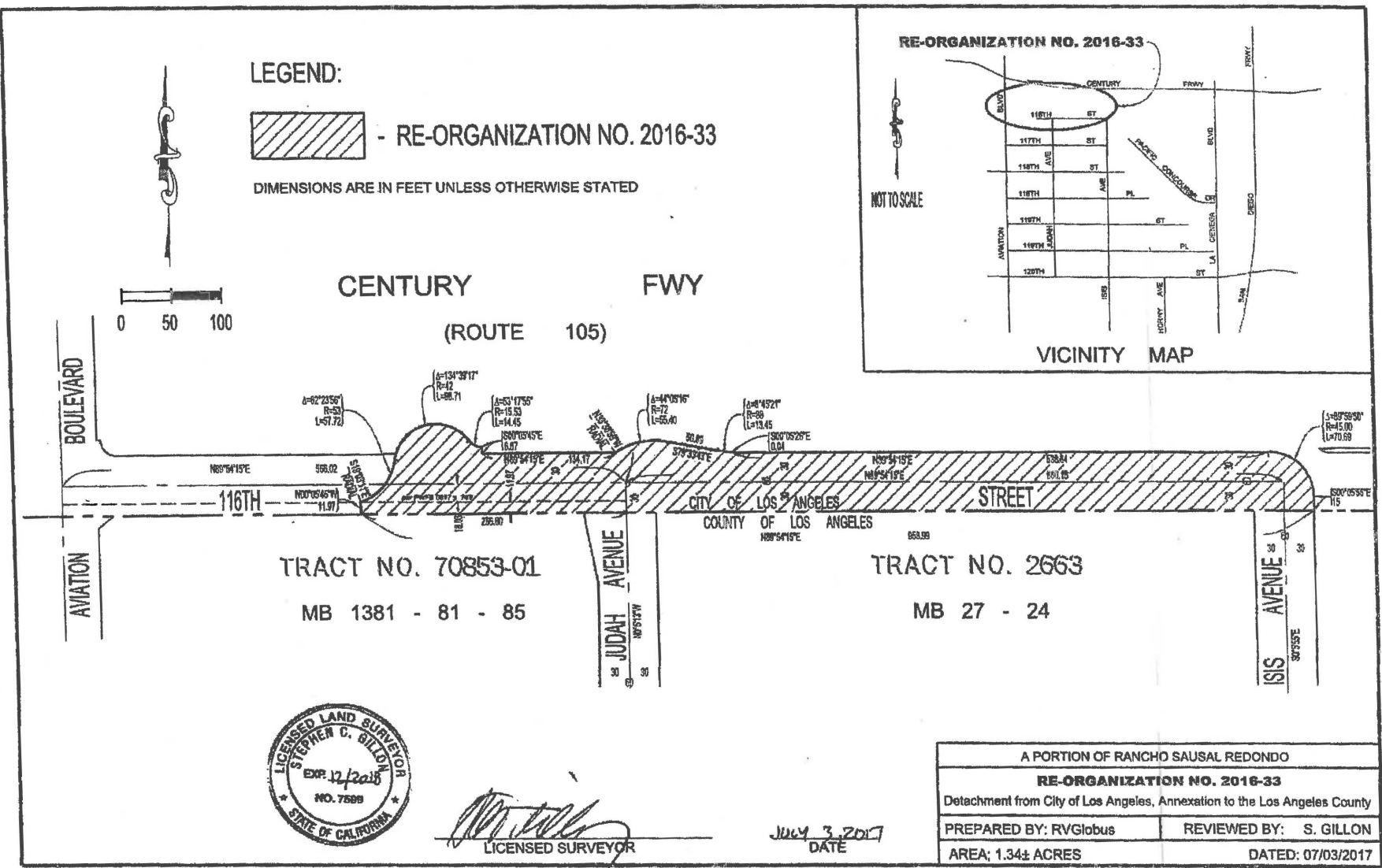
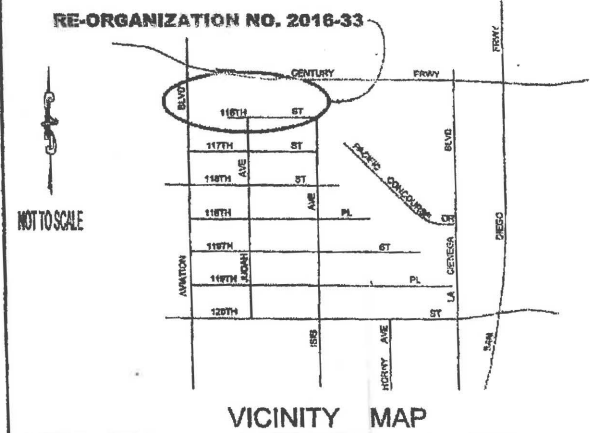
Attachments

**LEGEND:**



- RE-ORGANIZATION NO. 2016-33

DIMENSIONS ARE IN FEET UNLESS OTHERWISE STATED



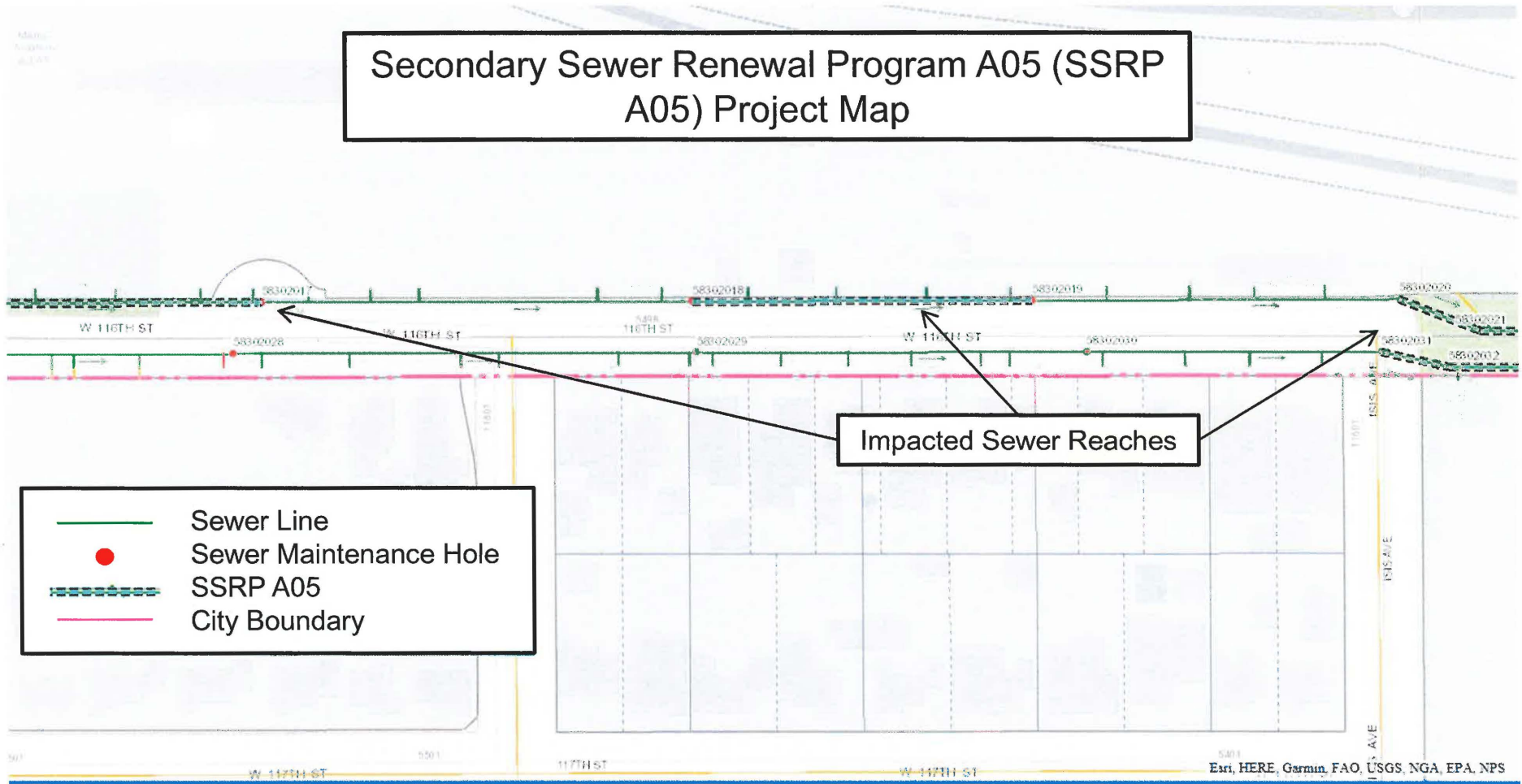
*[Signature]*  
 LICENSED SURVEYOR

JULY 3, 2017  
 DATE

A PORTION OF RANCHO SAUSAL REDONDO	
RE-ORGANIZATION NO. 2016-33	
Detachment from City of Los Angeles, Annexation to the Los Angeles County	
PREPARED BY: RVGlobus	REVIEWED BY: S. GILLON
AREA: 1.34± ACRES	DATED: 07/03/2017

# Proposed Detachment of 5400 Block of 116<sup>th</sup> Street

## Secondary Sewer Renewal Program A05 (SSRP A05) Project Map



**JOINT RESOLUTION BETWEEN THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, THE CITY COUNCIL OF THE CITY OF LOS ANGELES, AND THE GOVERNING BODIES OF THE CONSOLIDATED FIRE PROTECTION DISTRICT OF THE COUNTY OF LOS ANGELES AND THE WEST BASIN MUNICIPAL WATER DISTRICT, APPROVING AND ACCEPTING THE NEGOTIATED EXCHANGE OF PROPERTY TAX REVENUE RESULTING FROM THE REORGANIZATION OF TERRITORY KNOWN AS CITY OF LOS ANGELES REORGANIZATION NO. 2016-33**

**CONSISTING OF SPHERE OF INFLUENCE AMENDMENTS TO THE CITY OF LOS ANGELES, CONSOLIDATED FIRE PROTECTION DISTRICT OF THE COUNTY OF LOS ANGELES AND THE WEST BASIN MUNICIPAL WATER DISTRICT; ANNEXATION TO THE CONSOLIDATED FIRE PROTECTION DISTRICT OF THE COUNTY OF LOS ANGELES AND THE WEST BASIN MUNICIPAL WATER DISTRICT; AND DETACHMENT FROM THE CITY OF LOS ANGELES**

**WHEREAS**, the County of Los Angeles initiated proceedings with the Local Agency Formation Commission for the County of Los Angeles for the reorganization of territory identified as City of Los Angeles Reorganization 2016-33; and

**WHEREAS**, pursuant to Section 99 of the Revenue and Taxation Code, for specified jurisdictional changes, the governing bodies of affected agencies shall negotiate and determine the amount of property tax revenue to be exchanged between the affected agencies; and

**WHEREAS**, the Board of Supervisors of the County of Los Angeles, as governing body of the County, the Consolidated Fire Protection District ("CFPD"), and the City Council of the City of Los Angeles, together with the governing body of the West Basin Municipal Water, have determined that the amount of property tax revenue to be exchanged among their respective agencies as a result of the proposal identified as the City of Los Angeles Reorganization 2016-33, which includes the detachment of approximately 1.34 acres of uninhabited territory (public right-of-way) located in the City of Los Angeles, is as set forth below; and

**WHEREAS**, the areas identified for reorganization of territory is shown in the attachment.

**NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:**

The negotiated exchange of property tax revenues between the County of Los Angeles, the CFPD, the City of Los Angeles, and the West Basin Municipal Water District, resulting from City of Los Angeles Reorganization No. 2016-33, is approved and accepted.

**A. Detachment of Territory from the City of Los Angeles:**

1. The negotiated exchange of property tax revenues between the County of Los Angeles, the CFPD, City of Los Angeles, and the West Basin Municipal Water District, resulting from the reorganization proposal identified as City of Los Angeles Reorganization No. 2016-33 is approved and accepted for the detachment area within Tax Rate Area 09898.



2. For the fiscal year commencing in the year after the filing of the statement of boundary change for City of Los Angeles Reorganization No. 2016-33 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, a base of Zero Dollars (\$0) in property tax revenue attributable to City of Los Angeles Reorganization No. 2016-33 shall be transferred from the City of Los Angeles to the County of Los Angeles. There is no annual property tax increment attributable to Reorganization No. 2016-33.

B. Annexation of Territory to the Consolidated Fire Protection District of the County of Los Angeles

1. The negotiated exchange of property tax revenues between the County of Los Angeles, the CFPD, the City of Los Angeles, and the West Basin Municipal Water District, resulting from the reorganization proposal identified as City of Los Angeles Reorganization No. 2016-33, is approved and accepted for the annexation area within Tax Rate Area 09898.

2. For the fiscal year commencing in the year after the filing of the statement of boundary change for City of Los Angeles Reorganization No. 2016-33 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, a base of Zero Dollars (\$0) in property tax revenue attributable to City of Los Angeles Reorganization No. 2016-33 shall be transferred from the County of Los Angeles to the CFPD. There is no annual property tax increment attributable to Reorganization No. 2016-33.

C. Annexation of Territory to the West Basin Municipal Water District

1. The negotiated exchange of property tax revenues between the County of Los Angeles, the CFPD, the City of Los Angeles, and the West Basin Municipal Water District, resulting from the reorganization proposal identified as City of Los Angeles Reorganization No. 2016-33, is approved and accepted for the annexation area within Tax Rate Area 09898.

2. For the fiscal year commencing in the year after the filing of the statement of boundary change for City of Los Angeles Reorganization No. 2016-33 with the Board of Equalization pursuant to Government Code sections 54902 and 57204, a base of Zero Dollars (\$0) in property tax revenue attributable to City of Los Angeles Reorganization No. 2016-33 shall be transferred from the County of Los Angeles to the West Basin Municipal Water District. There is no annual property tax increment attributable to Reorganization No. 2016-33.

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PASSED, APPROVED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2018 by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

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Mayor  
City of Los Angeles

ATTEST:

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City Clerk  
City of Los Angeles

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(Signed in Counterpart)

Joint Resolution  
City of Los Angeles Reorganization No. 2016-33  
Page 4 of 5

PASSED, APPROVED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2018 by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

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West Basin Municipal Water District

ATTEST:

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Secretary  
West Basin Municipal Water District

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(Signed in Counterpart)

Joint Resolution  
City of Los Angeles Reorganization No. 2016-33  
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The foregoing resolution was on the \_\_\_\_ day of \_\_\_\_\_, 2018, adopted by the Board of Supervisors of the County of Los Angeles and ex officio as the governing body of all other agencies, authorities, and districts, including special assessment and taxing districts, referenced in this resolution for which said Board so acts.

CELIA ZAVALA  
Acting Executive Officer,  
Clerk of the Board of Supervisors,  
County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM  
County Counsel

By \_\_\_\_\_  
Deputy

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(SIGNED IN COUNTERPART)



Impact on City Departments

City Department	Financial Impact	Operational Impact
Aging	No	No
Airports	No	No
Animal Services	No	No
Board of Public Works	No	No
Building and Safety	No	No
Cannabis	No	No
City Administrative Officer	No	No
City Attorney	No	No
City Clerk	No	No
City Employees' Retirement System	No	No
Contract Administration	No	No
Controller	No	No
Convention Center	No	No
Cultural Affairs	No	No
Disability	No	No
Economic Workforce and Development	No	No
El Pueblo	No	No
Emergency Management	No	No
Employee Relations Board	No	No
Engineering	Yes	Yes
Ethics Commission	No	No
Finance	No	No
Fire	No	No
Fire and Police Pension	No	No
General Services	No	No
Harbor	No	No
Housing and Community Investment	No	No
Information Technology Agency	No	No
Library	No	No
Neighborhood Empowerment	No	No
Personnel	No	No
Planning	No	No
Police	No	No
Public Accountability	No	No
Recreation and Parks	No	No
Sanitation	No	No
Street Lighting	No	No
Street Services	No	No
Transportation	No	No
Water and Power	No	No
Zoo	No	No