LOS ANGELES COUNTY
LOCAL AGENCY FORMATION COMMISSION

Re: SPECIAL REORGANIZATION OF THE
SAN FERNANDO VALLEY

VALLEY STUDY FOUNDATION, INC. a
Non Profit California Corporation,
by and on behalf of 132,490
qualified petitioners of the San
Fernando Valley

Applicant

File Number:____________________

APPLICANT’S INITIAL
IDENTIFICATION OF NEEDS FOR DATA
COLLECTION

MEMORANDUM 001

This application and identification of needs for data collection is
made on behalf of the 132,490 qualified and registered voters ("Applicant")
of the San Fernando Valley ("Valley") who have petitioned to study a
proposed Special Reorganization of the City of Los Angeles ("City") and
pursuant to procedures established by the State of California and the Los
Angeles County Local Agency Formation Commission.

PREAMBLE

The applicant prefers that the Special Reorganization, if deemed
feasible and revenue neutral by the LAFCO study process, be structured in a
manner that provides for a simple, smooth and equitable transition, with minimal impact upon City residents, operations, and employees, and in a manner that improves the quality of life for the residents of the newly proposed City and those residents who would remain with the remainder of Los Angeles as a result of the reorganization process. The applicant believes that through the LAFCO study process Los Angeles can be reorganized into at least two smaller cities in a manner that will provide all residents, regardless of which side of the Santa Monica Mountains they reside, with greater local control, more accessible, accountable and responsive government, and better public services at the same or lower costs.

While the applicant through the LAFCO Study process prefers a reorganization structure that provides for a smooth transition, the applicant recognizes that many of the decisions that could lead to a smooth transition with the least impact on Los Angeles residents will depend on the existing City's cooperation (in some cases voluntary cooperation) in structuring the proposed Special Reorganization. Whether the reorganization is shaped in a way that will be in the best interest of the two proposed resulting cities and their residents or whether existing representatives will oppose the simpler proposals as a means to thwart a special reorganization remains to be seen. As such, this need for data collection must take into account the prospect that there may be resistance or opposition by some existing City representatives to reorganization proposals intended to result in a simpler, smoother, and equitable transition, which would then necessitate the division of the major functions, assets, and liabilities and would require different and more extensive data be collected. Applicant reserves the right based on the availability of the data, the analysis of the data collected and processing of the data through
the subsequent six steps of the LAFCO Study Process, to request additional
data and re-evaluate the proposed structuring of certain items.

VISION OF A NEW CITY

Residents of the San Fernando Valley have petitioned for a study of reorganizing Los Angeles into two smaller cities because they seek the following from Local Government:
1. Greater local control over local neighborhoods and decisions affecting their quality of life,
2. Improved basic services,
3. Lower Taxes and Fees,
4. A Business environment that encourages new businesses, seeks to retain existing businesses and seeks to create new quality jobs
5. Short, medium and long term planning based on the public’s priorities,
6. Safe and Clean Neighborhoods,
7. Equal Opportunity and fair representation for all residents,
8. Equity in the distribution of services and representation,
9. Government that is accessible, accountable and responsive.

In 1997 leaders of the San Fernando Valley joined together and held a press conference at the Universal City Sheraton, led by David Fleming, Chairman of the Economic Alliance of the San Fernando Valley, and called upon the City of Los Angeles to reform its 75 year old City Charter as an alternative path to a Special Reorganization and potential division of the City. For the past two years the Charter Reform Process has played itself out with an election to be held June 8, 1999. Many residents of the San Fernando Valley, while they believe the proposed charter may be better than the existing City Charter, believe that the Charter proposals to be
considered on June 8th, fall short of the promise of Charter Reform, and will not provide the level of improvements in Local Government, as described above, that residents in the Valley and elsewhere are seeking.

Even still, in the face of a possible Special Reorganization of the San Fernando Valley, and other parts of Los Angeles, the majority of the Los Angeles City Council members and many in the City Hall bureaucracy are working diligently to defeat the Charter Reform proposals, the same way they defeated past charter reform efforts in the 1960’s and 70’s, raising doubts among the populace whether the desired reforms for Los Angeles are possible. Having attempted one last attempt to reform Los Angeles City Government and avoid a division of Los Angeles, many residents in the Valley and elsewhere, now believe a Special Reorganization of Los Angeles is the only means of achieving better local government and an improved quality of life in our neighborhoods, for all residents of Los Angeles.

With the objectives of good local Government in mind, as outlined above, and the City’s historic and demonstrated current resistance to meaningful reform in mind, the applicant has prepared this need for data collection as requested by LAFCO for a comprehensive, and fair study of the contemplated Special Reorganization to restructure Los Angeles into at least two smaller, more manageable Cities.

This identification of needs for data collection should not be deemed all inclusive and LAFCO should add what items in its judgment it determines are needed. The applicant is submitting this "Identification of Needs for Data Collection" as requested by LAFCO in a spirit of cooperation, as applicant is not aware of any legal authority that requires the applicant to take this or any further action. Applicant understands that LAFCO has the sole legal responsibility to gather the facts and documents necessary to
make the required findings under the applicable California Government Code Sections.

In the best interests of all of the residents of the City of Los Angeles, and the preservation and anticipated improvement of local governance and local services for Los Angeles and Valley residents, the Applicant hereby requests that LAFCO as part of their study process obtain, analyze and review the following data and information:

**GENERAL ITEMS:**

A. Applicant asks that LAFCO request from the City of Los Angeles copies of all existing schedules and lists (i.e., existing schedules or lists of files, compilations and databases) for those items included on this need for data collection.

B. Applicant requests that information be provided in paper copy, in electronic format and film, to the extent each is reasonably available.

C. Applicant requests that Information collected in accordance with this Need for Data collection be allocated and/or coded on the basis of those items or services within the affected territory (San Fernando Valley portion of the City of Los Angeles), the remainder of the City of Los Angeles within the City boundaries and those serving or located outside the City limits. Furthermore, information is to be coded to distinguish those items or services which are local, regional (service crosses over the proposed new boundary) or Central (provides central service to all of Los Angeles).

In those cases where it is contended that the items/services cannot be allocated or coded, the reason it cannot be allocated should be provided and one or more theoretical approaches to such allocation.
that would yield a reasonable estimated allocation between the
requested designations should be provided.

The following categories of Relevant Data are sought:

**ASSETS AND LIABILITIES**

Applicant's intention is to request that the City's Assets and
Liabilities be equitably divided between the San Fernando Valley and the
remainder of Los Angeles should a special reorganization be deemed feasible
and revenue neutral by the LAFCO Study process.

**ASSETS**

Applicant's intention is to request that local assets including but
not limited to buildings, land, libraries, parks, facilities, infrastructure
improvements, furniture, equipment, and vehicles within the San Fernando
Valley remain within the Valley and become the property of the newly
proposed city. Local assets located in the rest of Los Angeles shall remain
with Los Angeles. To the extent the value of local assets located in the
Valley is less than the percentage of local Assets the Valley is entitled
to, then as part of the Special Reorganization, an adjustment credit, if
any, should be provided for the differential in value as part of the terms
and conditions set down by LAFCO. The distribution of Regional and Central
Assets will require additional consideration by the Applicant once they have
been identified. As such the applicants request the following information on
the City Assets:

1. A complete list of all Real Property, land and improvements held,
   owned or controlled by the City including:
   
   description and location,
   
   approximate current market values, if available
   
   improvement expenditures,
current use or occupancy, if available
date of acquisition; and
accounting of indebtedness reasonably allocable to or which is an
cumbrance on such property.
If current market values are not available, the City, LAFCO and the
Applicant should agree upon the methods to be used to approximate such
market value, before proceeding with any such valuation.
2. Information on infrastructure improvements, including local, regional
and central infrastructure held, owned, operated or controlled by the
City as deemed necessary by LAFCO to fairly allocate such
improvements. Infrastructure would be items fixed in place, neither
movable or adaptable to other uses, which are a component of a system
in place. As used herein, “Local Infrastructure” shall mean equipment
and/or facilities that provide services wholly to either the Valley or
the remainder of Los Angeles including by way of example, streets and
sidewalks. “Regional Infrastructure” shall mean equipment and/or
facilities that provide services that cross over the proposed new
boundary including by way of example water treatment plants, waste
facilities or asphalt plants. “Central Infrastructure” shall mean
equipment and/or facilities that provide services to all parts of the
City including by way of example central headquarters or systems such
as fire or police dispatching systems, LA DOT ADSAC, storm run off,
central repair facilities. With regard to items such as streets, sewer
lines, and other infrastructure improvements of a similar nature,
applicant requests LAFCO to determine the percentage located within
the affected territory compared to the total of the City.
3. Information on the vehicles and rolling stock held, owned, operated or
controlled by the City, including but not limited to trucks, cars,
aircraft, watercraft, and motorcycles, as deemed necessary by LAFCO to
fairly allocate such items. Applicant intends to request that the
affected territory receive its proportionate share of such items,
including the distribution by the age and condition of such item or
equal value.

4. Information on equipment and personal property held, owned, operated or
controlled by the City, as LAFCO deems necessary to equitably allocate
such items, including but not limited to computers, ladders, tools and
furniture, including the current value of such equipment and personal
property.

5. Information on all intangible property owned or maintained by the
City, including but not limited to databases, maps, records, GIS
files, intellectual Property and administrative methodologies as
deemed necessary by LAFCO to fairly allocate such items or provide
duplicate copies thereof to the affected territory.

6. Information on all portfolios and other investments including but not
limited to pension and reserve fund investments.

7. Information on all leases (real and personal property) in which the
City is a party, whether as landlord or tenant, including:
    Net present value of the Lease,
    location of the Leased item or property,
    use of the leased item or property,
    rental adjustment information and other cost related information
    date of lease initiation and termination

**LIABILITIES**

Applicant's intention is to request that City Liabilities be equitably
divided between the San Fernando Valley and the remainder of Los Angeles.
Each resulting city should assume their equitable responsibility for existing debts and liabilities. Liabilities are to include funded and unfunded indebtedness. Special consideration should to be given to those obligations such as bonds that funded a specific asset or improvement that will be solely allocated to the Valley or the remaining portion of Los Angeles. An adjustment in the liability allocation may also need to be considered as a means of offsetting the disparity, if any, in the allocation of assets and improvements between the San Fernando Valley and the remaining portion of Los Angeles. As such, Applicant requests the following information on liabilities be requested by LAFCO:

8. Information on bonded indebtedness, as LAFCO deems necessary to fairly allocate the bonded indebtedness, including:
   - date of Bond Issue,
   - terms of Bond indebtedness,
   - the uses of the Bond proceeds, and
   - remaining bond indebtedness.

9. Information on all contingent liabilities and pending lawsuits, and the reserve fund, if any, maintained to fund such liabilities and suits, as LAFCO deems necessary to fairly allocate such liabilities.

10. Information on all other potential obligations not otherwise scheduled.

REVENUES AND EXPENDITURES

Applicant's intention is to meet the requirement of Revenue Neutrality as set forth by California Government Code Sections while achieving an equitable distribution of the City's revenue and expenditures between the San Fernando Valley and the remainder of Los Angeles. Applicant is not seeking a special reorganization as a means of avoiding financial
responsibility and understands the principle and need for revenue neutrality so that the existing residents of the City of Los Angeles who will remain with Los Angeles are not financially harmed or deprived as a result of a Special Reorganization.

Through the LAFCO Study Process, applicant will work with LAFCO to achieve Revenue Neutrality so that Los Angeles is not financially harmed. As such Applicant requests the following with regard to City Revenues and expenditures:

**REVENUE**

11. Information on all sources of revenue for the applicable year as determined by LAFCO, allocated by restricted and unrestricted revenues generated, including but not limited too:

- Wastewater Fees
- Property Taxes
- Utility User Tax
- License, permits, fees
- Sales Taxes
- Business Tax
- Street Service Funds
- Vehicle License Fees
- Transportation Funds
- DWP power transfer
- Transient Occupancy Tax
- Municipal court fines
- Police Funds
- Documentary transfer tax
- Debt service fund
Social service funds
Parking tax
Franchise income
Sanitation funds
Leases
Other Revenues

12. Information on Municipal revenues generated by Initiatives and Propositions, Special Taxes and Bonds, including, but not limited to:
   Proposition A, Transit Funds (1980)
   Proposition C, Transit Funds (1990)

13. Information on Grants, subsidies, Lawsuit revenues, and other sources of revenue that are received from the County, State and Federal Governments, and private sector grants or funds.

14. All Revenues, to the extent possible should be distinguished between those generated within the San Fernando Valley, those generated within the remainder of Los Angeles and those received or generated from outside the City of Los Angeles.

EXPENDITURES

15. Information on all expenditures of the City, for the applicable year, as determined by LAFCO, including, but not limited to:

   Direct Services Departments, including:
   Police Department
   Fire Department
   Bureau of Sanitation
   Recreation & Parks
   Department of Transportation
   Bureau of Street Services
Department of Building & Safety
Library Department
L.A. Convention & Visitors Bureau
Housing Department
Community Development Department
Bureau of Street Lighting
Cultural Affairs
Department Animal Regulation
Department of Aging
Department of Environmental Affairs
Department of Disability
Commission on Women
other department and agencies

Central Services, Including:
General Services
Bureau of Engineering
City Attorney
Information Technology Agency
City Clerk
Personnel
Public Works Contracts
City Council
Planning
Controller
City Administrative Officer
Board of Public Works
Office of the Mayor
Public Works Accounting
Treasurer
Commission for Children
Ethics Commission
Public Works Employee Services
Human Relations Commission
Employee Relations Board
other departments and agencies
Costs of maintaining and rebuilding infrastructure,
Costs of servicing and repaying current debts, and
Lease payments for real and personal property.

16. Information on Current fees for and actual costs of transporting and
treating wastewater.

17. All expenditures, to the extent possible should be distinguished
between those expended for services to the San Fernando Valley, those
expended for services to the remainder of Los Angeles and those
expended for services to areas, if any, outside the City of Los
Angeles.

EMPLOYEES

Applicant’s intention is that the existing work force of City
Employees will be retained and allocated between the newly proposed San
Fernando Valley’s City departments and services and the existing City of Los
Angeles departments and services so that there is a smooth transition for
all City employees. Applicant’s intention is that the newly proposed City
would honor and assume its equitable responsibility for the existing
retirees, and the pensions and other accumulated benefits of those workers
who come to work for the newly proposed City.
Furthermore, applicant’s intention is to honor the employee and union contracts as of the date the Special Reorganization application was made to LAFCO. As such, applicant requests the following information:

18. Departmental and Geographic distribution of employees and their associated salaries and benefits, between the San Fernando Valley, the remainder of Los Angeles and Central Services.

19. The most recent actuarial evaluations for each City pension fund.

20. Information on each pension fund as LAFCO deems necessary, including which pension funds are fully funded, number of individuals already collecting and their expected future benefits, those employees still working and when they will be entitled to collect pension funds, and the current sources of funding for the pension funds.

INDEPENDENT AND PROPRIETARY DEPARTMENTS

Data involving independent and proprietary departments will be requested in the event that LAFCO is unable or unwilling to enact the proposed provisions substantially in accordance with the following:

Applicant requests that the disposition of independent and proprietary departments including, but not limited to:

- Department of Airports
- Harbor Department
- Department of Water and Power
- City Employees Retirement Plan
- Department of Pensions

which shall be deferred until after the ballot on Special Reorganization.

If the Special Reorganization plan is adopted, the resulting municipalities shall have a period of up to three years during which to
negotiate in good faith and agree to the disposition of the departments or
to otherwise enter into Joint Powers Agreements for the management of such
agencies.

During the three-year negotiation period, all such departments shall
continue to function and shall provide equality of services and rates to the
resultant municipalities in a fair, equitable and consistent fashion.
Failing equitable agreement or the adoption of such Joint Powers Agreements,
the Departments or functions, the disposition of which was deferred, shall
be divided among the municipalities based upon a formula established in
advance by the LAFCO.

In all cases, the City Employees Retirement Plan and Department of
Pensions shall continue to serve all current functions for current employees
and beneficiaries.

In the absence of a provision substantially as set forth above, or
otherwise agreeable to all parties, Applicants reserve the right to request
data on assets, liabilities, expenses and revenues of the above-referenced
proprietary and independent departments of the City of Los Angeles.

CONCLUSION

It is the intent of Applicant that all affairs of the City that would
impact on the appropriate evaluation of a Special Reorganization be made
available to the LAFCO. Therefore Applicant requests that any other
reasonably relevant financial information be provided to LAFCO. Applicant
reserves the right to supplement and amend this request based upon after-
discovered information and subsequent events.

Dated: June 1, 1999

Jeff Brain,
Applicant's Representative