

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to authority to negotiate an Offer of Compromise and Mutual General Release for all known and unknown claims under the rental agreement (C-113031) by and between the City of Los Angeles and the Selma Lerner Estate for the City-owned single-family residence at 17909 Porto Marina, Pacific Palisades, CA 90272 in Council District 11 (CD 11).

Recommendation for Council action:

AUTHORIZE the Department of General Services to negotiate an Offer of Compromise and Mutual General Release for all known and unknown claims under the rental agreement (C-113031) by and between the City of Los Angeles and the Selma Lerner Estate for the City-owned single-family residence at 17909 Porto Marina, Pacific Palisades, CA 90272 in CD 11.

Fiscal Impact Statement: The Municipal Facilities Committee (MFC) reports that there is no General Fund impact associated with the Mutual General Release.

Community Impact Statement: None submitted.

Summary:

On November 22 2024, your Committee considered a November 5, 2024 MFC report relative to authority to negotiate an Offer of Compromise and Mutual General Release for all known and unknown claims under the rental agreement (C-113031) by and between the City of Los Angeles and the Selma Lerner Estate for the City-owned single-family residence at 17909 Porto Marina, Pacific Palisades, CA 90272 in CD 11. According to the MFC, in 1985 the City acquired the single-family home located at 17909 Porto Marina, Pacific Palisades due to an inverse condemnation action. The original homeowner, Selma Lerner, entered into a month-to-month rental agreement (Contract No. C-94027) for this property and originally provided a security deposit to the City of \$2,500 (Accounting verified security deposit of \$2,500).

12 years later, the City reissued a new month-to-month rental agreement (Contract No. C-113031) to provide rental credits to Tenant for general maintenance and upkeep costs of the property in exchange for reduced rent. Under this successor rental agreement, the City increased the Tenant's security deposit from \$2,500 to \$6,000 (Accounting does not have a record of receiving the increased security deposit of \$6,000).

In February 2024, Tenant's representative contacted GSD Real Estate Services Division (RES) to terminate the current rental agreement (Contract No. C-113031) due to Selma Lerner's passing and scheduled a final walkthrough to turn over possession of the property. The RES collaborated with the GSD Accounting Division to prepare a final accounting for Selma Lerner's Estate and realized that there was a security deposit discrepancy, offset of rental credits (gardening invoices) as well as past due rent totaling

\$6,124. On June 10, 2024, RES sent out the final accounting to the Tenant's representative stating there was a rent balance due as well as an issue with the security deposit. On June 15, 2024, her representative responded and rejected the City's claims. The representative contends that the Estate is owed both security deposits (\$2,500 + \$6,000) totaling \$8,500. However, the representative did not provide proof of payment of the \$6,000 deposit, which GSD does not have a record of receiving. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendation contained in the MFC report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

**COUNCILMEMBER VOTE**

PADILLA: YES

HERNANDEZ: YES

HUTT: YES

ARL

11/22/24

CD 11

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**