

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: June 28, 2021

To: The Mayor
The Council

From: Jon Merritt, President
Innovation and Performance Commission

Subject: **RECOMMENDATION TO AMEND THE ORDINANCE OF THE INNOVATION
AND PERFORMANCE COMMISSION**

At the May 12th, 2021 meeting of the Innovation and Performance Commission (IPC), the Commission adopted the recommendation outlined in the IPC Motion of Action document attached. This document is now transmitted for further consideration and action.

Attachment

JM:BLS: 11210087h

*cc: Nury Martinez, Council President
Bob Blumenfield, Councilmember, 3rd District
Richard Llewellyn, Jr, City Administrative Officer*

Innovation & Performance Commission
Website: innovate.lacity.org
Telephone: (213) 473-7500
E-Mail: innovate@lacity.org



c/o City Administrative Officer (CAO)
200 North Main Street
Room 1500, City Hall East
Los Angeles, CA 90012-4190

IPC Motion of Action



Amend the Los Angeles Administrative Code Section regarding the Innovation and Performance Commission

President

Jon Merritt

SPONSOR: Commissioner Shelly Bisnoff

CO-SPONSOR: Commissioner Jerry Levey

Vice President

Shelly Bisnoff

Jason Seward

Goal: Increase the return on investment of every dollar funded to the Commission

BACKGROUND

Commissioners

Larry Fondation
Tony Hoang
Jerry Levey
John Parker
Mindy Serin
Dr. John Walker

Roadblock: The Los Angeles Administrative Code (LAAC) Section 5.149 allows the City Administrative Officer to accept donations and gifts-in-kind up to \$5,000 on behalf of the Commission to be deposited within the Innovation Fund, however the process was not defined. City ethics rules prohibit acknowledging donors and the Commission cannot provide non-profit tax benefits for gifts-in-kind or cash donations, thus grossly limiting the ability to obtain sponsorships and extend the “buying” power of Commission funding.

“In Practice” Donations Today: Both the Mayor’s office and City Housing Department utilize sponsored, branded gifts-in-kind and donations, such as the Mayor’s use of the MasterCard “City Possible” platform and the Housing Department’s “New Generation Fund”.

City Attorney Review: Upon review by the City Attorney, the Commission may require a change to the LAAC to accept donations that allow for acknowledgment of donors and the ability to offer a non-profit vehicle for making the donations.

Motion: Whereas, the current Administrative Code of the City of Los Angeles Innovation and Performance Commission allows the Commission to accept donations but lacks clarity on the exact process for accepting donations, and;

Whereas the City already utilizes several external methods to collect funds which underwrite City objectives, such as the Housing & Community Investment Departments’ New Generation Fund and the Mayor’s Fund for Los Angeles, which accept donations and acknowledge donors for City related projects that do not have current City funding, and;

Whereas, the City Innovation and Performance Commission has consistently provided an excellent return on investment for City funds invested in new technology and productivity improvements, and seeks to increase that return on investment through acceptance of donations.

Goal of this Effort: The City Innovation and Performance Commission may accept donations and gifts in kind to underwrite pilot programs of 2 years or less, including donor recognition, and

may partner with a Commission-approved, IRS certified 501c(3) non-profit organization to accept and disperse donations directly to the Commissions' City budget account, including, but not limited to, the Mayor's Fund for Los Angeles and its successor organizations. The Commission shall explicitly state in all written materials and online presence that donors do not receive special consideration for City business and the Commissions' pilot programs are not formally contracted relationships with the City. Donors, in turn, may inform others they are participating in a City of Los Angeles Innovation and Performance Commission pilot program.

Two Options for Accepting Tax Deductible Donations: The Commission has reviewed two options for accepting tax deductible donations, which include a) working with a pass through foundation and b) creating a new non-profit organization to accept donations on the Commission's behalf. While both options have pros and cons, the Commission anticipates, at least initially, exploring the pass through foundation option as it requires less start-up costs.

RECOMMENDATION:

The Innovation and Performance Commission hereby recommends the City Council:

Request the City Attorney to work with the Innovation and Performance Commission (IPC) and City Administrative Officer to draft an Ordinance to amend Los Angeles Administrative Code Sections 5.149 and/or 8.230 et al to provide the means for the IPC to accept grants, bequests, gifts, and donations of cash and in-kind services and equipment and to disburse those funds, services, and equipment to City departments for projects that improve the quality, efficiency, and effectiveness of City service.

DISTRIBUTION: Mayor Eric Garcetti; City Administrative Officer Richard Llewellyn, Jr.; City Council President Nury Martinez; Public Works Committee Chairperson Councilmember Bob Blumenfield; and additional parties as deemed necessary