

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

M E M O R A N D U M

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DATE: AUGUST 2, 2012

TO: GOVERNING BOARD

FROM: CHRISTINE ESSEL, CHIEF EXECUTIVE OFFICER

STAFF: PATRICIA FRANCISCO, DIRECTOR OF HUMAN RESOURCES
ANNA HO, PERSONNEL OFFICER

SUBJECT: **CONFLICT OF INTEREST CODE.** Approval of a Resolution Adopting a Conflict of Interest Code for the CRA/LA, a Designated Local Authority, the Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles

RECOMMENDATION

That the Governing Board approve a Resolution adopting a Conflict of Interest Code for the CRA/LA, a Designated Local Authority, the Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles.

SUMMARY

California Assembly Bill 1x-26 ("AB 1x-26"), codified in part as Health and Safety Code Section 34173, provides for the formation of a Designated Local Authority to serve as the successor agency to the former Community Redevelopment Agency of the City of Los Angeles, California.

The CRA/LA, a Designated Local Authority ("CRA/LA-DLA") was formed on February 2, 2012. Pursuant to the Political Reform Act, every agency shall adopt a Conflict of Interest Code. A Conflict of Interest Code shall have the force of law and any violation of a Conflict of Interest Code by a designated employee shall be deemed a violation of the Political Reform Act.

New public entities in the State of California are required to adopt a Conflict of Interest Code within six months of formation. The attached Resolution fulfills this requirement. (Attachment A) The attached Resolution provides for the adoption of a Conflict of Interest Code, to assure public confidence in the integrity of local government and its effective and fair operation.

DISCUSSION & BACKGROUND

On May 24, 2012, the CRA/LA-DLA received a letter from the County of Los Angeles, Board of Supervisors, Conflict of Interest/Lobbyist Division, advising that the CRA/LA may need to adopt a conflict of interest and disclosure code under the Political Reform Act of 1974 (California Government Code Section 81000 *et seq.*) (Attachment B). The County of Los Angeles, Board

of Supervisors, being the code reviewing body for the CRA/LA-DLA, provided the Agency with model disclosure categories to follow.

Of the current 57 authorized budgeted positions, 38 classifications exist within the CRA/LA-DLA. At the advice of the County of Los Angeles, Board of Supervisors, 28 of the 38 classifications are to be designated filers pursuant to the Conflict of Interest code. The Governing Board and the consultant titles are also included as designated filers.

SOURCE OF FUNDS

Not applicable

PROGRAM AND BUDGET IMPACT


Not applicable

ENVIRONMENTAL REVIEW

The proposed project does not constitute a project according to the California Environmental Quality Act (CEQA) under section 15378(b)(5).

Christine Essel
Chief Executive Officer

By:



David Riccitiello
Chief Operating Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.

ATTACHMENTS:

Attachment A – Resolution including Exhibit 1—Conflict of Interest Code
Attachment B – Letter from the County of Los Angeles, Board of Supervisors Dated May 24, 2012

RESOLUTION NO. _____

**RESOLUTION ADOPTING A CONFLICT OF INTEREST CODE FOR THE CRA/LA,
A DESIGNATED LOCAL AUTHORITY**

WHEREAS, the CRA/LA, a Designated Local Authority ("CRA/LA") is a the newly formed public agency and successor to the former redevelopment agency for the City of Los Angeles; and

WHEREAS, the CRA/LA, desires to achieve public faith in the ethical ideals of democratic government; and

WHEREAS, the California Political Reform Act requires every public agency to adopt a local conflicts of interest code; and

WHEREAS, the CRA/LA strongly endorses the underlying principles and tenets of the Ralph M. Brown Act and the Fair Political Practices Act of the State of California and feels that the promulgation of local policies that reflect the spirit and intent of these laws is a necessary and desirable action.

WHEREAS, the CRA/LA believes that the proper operation of a democratic government requires that:

1. Public officials comply with both the letter and spirit of the laws and policies affecting the operations of government;
2. Public officials be independent, impartial and fair in their judgment and actions;
3. Public officials avoid conflicts of interest;
4. Public office be used for the public good, not for personal gain; and
5. Public deliberations and processes be conducted openly, unless legally confidential, in an atmosphere of respect and civility.

NOW, THEREFORE, THE GOVERNING BOARD OF THE CRA/LA, A DESIGNATED LOCAL AUTHORITY DOES HEREBY RESOLVE and adopts a CONFLICT OF INTEREST CODE, a copy of which is attached hereto as Exhibit 1, for its Governing Board, CRA/LA Officials, and all CRA/LA employees, setting forth a conflict of interest code and ethical standards as a means for reaching ethically sound decisions and furthers the purposes hereinabove set forth.

The foregoing resolution was passed and adopted by the Governing Board of the CRA/LA on the ___ day of August 2012, by the following vote:

AYES:

NOES:

ABSENT:

Conflict of Interest Code
of the

CRA/LA, A DESIGNATED LOCAL AUTHORITY

(Successor Agency to the Community Redevelopment Agency of the City of Los Angeles, CA)

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations,
Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. The terms of California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head (currently the Chief Executive Officer) or his or her designee. The agency shall make and retain a copy of all statements filed by its Governing Board Members and its agency head (currently the Chief Executive Officer) and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

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EXHIBIT "A"

CATEGORY 1

Persons in this category shall disclose all interest in real property within the jurisdiction. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the jurisdiction or within two miles of any land owned or used by the agency.

Persons are not required to disclose property used primarily as their residence or for personal recreational purposes.

CATEGORY 2

Persons in this category shall disclose all investments and business positions.

CATEGORY 3

Persons in this category shall disclose all income and business positions.

CATEGORY 4

Persons in this category shall disclose all business positions, investments in, or income (including gifts and loans) received from business entities that manufacture, provide or sell service and/or supplies of a type utilized by the agency and associated with the job assignment of designated positions assigned to this disclosure category. Investment in or income from any person or business entity including but not limited to:

- Accounting Services including investment counseling or financial auditing services for the CRA/LA
- Supply materials, goods, or services to the CRA/LA
- Sells, leases, rents, develops, or manages property, makes appraisals and title examinations on property, or which sells or purchases land easements, licenses or land management services involving property located on or within two miles of land which is within the jurisdiction and all real property owned by the former CRA/LA
- Services involving the design, construction or maintenance of facilities for the CRA/LA
- Engineering, construction or maintenance services of facilities on land within the jurisdiction and all real property owned by the former CRA/LA as a contractor or subcontractor or any direct competitor of such person or business entity
- Supply or manufacture materials for use in engineering, construction or maintenance of facilities on land within the jurisdiction and all real property owned by the former CRA/LA
- Manufacture designs constructs, leases, sells, installs tests or maintains computer hardware or software products: services or supplies
- Provide or has applied to provide, or has submitted a bid or proposal to provide architectural and/or planning services to CRA/LA

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EXHIBIT "A" (Continued)

- Provide or has applied to provide, or has submitted a bid or proposal to provide graphic design or printing services or supplies to the CRA/LA
- Financial institution which participates in a lending activity in conjunction with any redevelopment project administered by CRA/LA

CATEGORY 5

Persons in this category shall disclose all interests in the following areas:

- A. Business positions, investments in, and income (including gifts and loans) received from for-profit businesses, nonprofit entities and persons that provide arts services utilized by the CRA/LA or that are eligible to receive grants from the CRA/LA;
- B. Any trusteeship or directorship of entities that provide arts services utilized by the CRA/LA or that are eligible to receive grant funds from the CRA/LA.

CATEGORY 6

Designated persons in this category must disclose all interests in real property within the geographical area covered by the designated person's job assignment (i) that is of a type that is inspected, regulated, licensed, or permitted by, or requires a certificate from, the program unit of the CRA/LA in which the designated person holds his or her position, or (ii) upon which a business operates that manufacturers, provides or sells services and/or supplies with the job assignment of the designated person.

Real property shall be deemed to be within the "geographical area covered by the designated person's job assignment" if the real property or any part of it is located within that geographical area or not more than two miles outside the boundaries of that geographical area.

Persons are not required to disclose property used primarily as their residence or for personal recreational purposes.

CATEGORY 7

Designated persons in this category must disclose investments, business positions, and sources of income in businesses operated for profit and non-profit that either (i) are inspected, regulated, licensed, or permitted by, or require certificates from, the program unit of the CRA/LA in which the designated person holds his or her position, or (ii) CRA/LA and associated with the job of assignment of the designated person.

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EXHIBIT "A" (Continued)

CATEGORY 8

Persons in this category shall disclose all business positions, investments in, or income (including gifts and loans), and travel payments received from businesses that contract for services and/or supplies of a type utilized by or provided to the CRA/LA and/or its clients, if the businesses are subject to administrative, programmatic, financial or operational audit and associated with the job assignment of the designated person.

CATEGORY 9

Persons in this category shall disclose all income from any CRA/LA employee, any representative or association of such employee; and business positions or income from any entity owned or controlled by such employee's spouse or other financial dependent.

CATEGORY 10

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information advice, recommendation or counsel to the agency which could affect financial interest shall be required to file Statements of Economic Interest, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by the executive officer (or head) of the agency.

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EXHIBIT "B"

<u>DESIGNATED POSITIONS</u>	<u>DISCLOSURE CATEGORY</u>
Governing Board Member	1,2,3
Accounting Manager	4
Assistant Project Manager	1, 4
Assistant to the CEO	1, 4
Associate Development Control Manager	1, 4, 6
Chief Executive Officer	1,2,3
Chief Financial Officer	1,2,3
Chief Operating Officer	1,2,3
Civil Engineer	6
Civil Engineering Associate	6
Compliance Investigator I, II	8
Construction Supervisor	6
Consultant	10
Contracts Officer	4
Director of Administrative Services	1,2,3
Director of Human Resources	2,3
Finance Officer	4
Manager of Capital Finance	1,2,3
Personnel Officer	9

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EXHIBIT "B" (Continued)

<u>DESIGNATED POSITIONS</u>	<u>DISCLOSURE CATEGORY</u>
Project Manager	1, 6, 7
Regional Administrator II	1,2,3
Senior Finance Officer	4
Senior Planner	5
Senior Real Estate Development Agent	1, 6, 7
Senior Systems Analyst	4
Special Assistant to Deputy Chief of Operations*	2
Special Projects Officer	4, 6, 7
Systems Development Manager	4

EFFECTIVE: 7/1/2012

*Functions as Special Assistant to the COO or CFO

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COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAIN HALL OF ADMINISTRATION
504 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • FAX (213) 620-0636

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EXECUTIVE OFFICER

May 24, 2012

Patricia Francisco, Director of Human Resources
Community Redevelopment Agency/
Los Angeles, a Designated Local Authority
1200 West 7th Street, Suite 500
Los Angeles, CA 90017

P. Francisco
J. Burt
A. Valenzuela

Dear Ms. Francisco:

Conflict of Interest and Disclosure Code For the Community Redevelopment Agency/Los Angeles, Successor Governing Board & Oversight Board

It has come to our attention that the Community Redevelopment Agency/Los Angeles, Successor Governing Board & Oversight Board may need to develop and adopt a conflict of interest and disclosure code under the Political Reform Act of 1974 (California Government Code Section 81000, *et seq.*)

The Board of Supervisors, the code reviewing body for your agency under the act, has adopted Fair Political Practices Commission Regulation 18730 (2 Cal. Code of Regs. Section 18730) as a model code for all County departments, school districts, special districts, committees, commissions, joint power authorities and other public agencies in Los Angeles County. This standardized code is the simplest and most flexible code consistent with the intricacies of the law.

Community Redevelopment Agency/Los Angeles, Successor Governing Board & Oversight Board may use alternative language for its code provided that it meets the requirements of law contained in Government Code 87302 and Board of Supervisors policies relating to conflict of interest codes. However, at minimum, the agency must incorporate Reg. 18730 by reference in to its code using the Incorporation by Reference document described in Item 1 on this page using the attached example.

Enclosed for your information you will find the following items: (Items already provided.)

1. A sample copy on how your agency incorporates by reference Reg. 18730 and describes the place of filing of statements of economic interests by officials and employees of your agency;

2. A copy of Regulation 18730;
3. Standardized model disclosure categories that you may choose to use in your agency's conflict of interest code;
4. How to Determine Who Should be Designated in a Conflict of Interest Code;
5. Sample organizational chart you may use as a reference;
6. Assuming Office and Leaving Office Notification;
7. Copies of sample codes from other similar agencies for which the Board is the code reviewing body. These codes *may* be useful in determining which positions in the agency will be required to make disclosure;
8. A copy of Regulation 18115
9. A copy of Regulation 18754;
10. Brochure – Limitations and Restrictions on Gifts, Honoraria, Travel and Loans;
11. Brochure – Reference Pamphlet;
12. Brochure – Handbook for Local Agency Filing Officers; and
13. Form 700 Packet (2011/2012)

Pursuant to Regulation 18754, Statement of Economic Interest Members of Boards or Commissions of Newly Created Agencies: When and Where to File and Government Code Section 87302.6, a member of a governing board or commission of a newly created agency shall disclose his or her economic interests pursuant to Government Code Section 87202 through 87210. This requirement applies until such time as the member is included in an approved conflict of interest code in effect for the governing board or commission of which he or she is a member. **This requirement applies to the three members of the successor designated board and the seven members of the oversight board that comprise the Community Redevelopment Agency/Los Angeles, Successor Governing Board & Oversight Board.**

Patricia Francisco
May 24, 2012
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Please inform the members of **both boards, if you have not already done so**, that they must file their statements in accordance with the regulations. As the regulation dictates that every member of a governing board or commission or a newly created agency that has come into existence on or after January 1, 2003, shall file an assuming office statement within 30 days of the members assuming office using the Form 700 (2011/2012). You will need to make copies of each form for each of your members, and forward the original statements to my staff person Andrea Petty within 30 days of the date of this letter. ***Your agency should make a copy of the originals for your records. The envelope should be addressed to Los Angeles County Board of Supervisors, 500 West Temple Street, Room 383, Los Angeles, CA 90012, Attn: Andrea Petty.***

DETERMINING THE POSITIONS REQUIRED TO MAKE DISCLOSURE

The first step in developing and adopting a code is to determine the job positions within the agency that exercise any degree of discretion which could materially affect private financial interests. The resulting list of positions within the agency would become Exhibit B of the conflict of interest code. Whether a position is filled at the present time is not the deciding factor in determining whether or not to include the position on the list. The key factor is the position's authority to make or participate in making decisions that may materially affect the financial interests of individuals and business entities.

In order to construct Exhibit B, it is necessary to analyze the duties of individual officers and employees within the agency and the types of decisions they make or participate in making. The following kinds of questions present a starting point in making this determination:

1. In what way does the function of the agency affect private financial interests?
2. What positions in the agency are entirely ministerial, manual, secretarial, or clerical and, therefore, may be omitted from the conflict of interest code?
3. What positions in the agency are staffed by persons who are final decision makers or who *participate* in the making of agency decisions that may materially affect private financial interests?

For purposes of conflict of interest law, a public official or employee makes or participates in making a governmental decision when he or she negotiates, advises, recommends, or makes a determination without significant substantive review. Clerical, manual, and ministerial positions, by definition, do not participate in governmental decisions.

DETERMINING THE EXTENT OF DISCLOSURE THAT WILL BE REQUIRED

The next step in the code development process is the determination of the extent and types of disclosure that will be required of persons listed on Exhibit "B". The agency must determine the type of financial interests (including investments, interests in real property, sources of income, and business positions) that could be affected by the decisions of the agency's officials and employees and develop appropriate disclosure categories to assign to each designated position.

Exhibit "A" of the code is essentially a disclosure schedule. It sets forth disclosure categories that describe the economic interests that an official or employee must disclose. These categories are then assigned to the positions listed on Exhibit "B".

The amount of disclosure required of any official or employee is directly related to the scope and kind of decision-making responsibility required by his or her position. The amount of disclosure required of an employee expands or narrows in proportion with that employee's authority to make or participate in making decisions that may materially affect financial interests and with the variety of affected financial interests.

The broadest disclosure calls for full disclosure of all real property, investments, income, and business positions doing business within the agency's jurisdiction (Categories 1, 2, and 3 in the attached sample model code Exhibit "A"). If a position is assigned these three disclosure categories, no additional categories need be assigned to that position.

Categories that require narrower disclosure can be assigned to positions with decision-making responsibilities confined to a specific area. Model Category 4 is an example of a generally worded, narrow disclosure category that may be assigned to positions that are able to affect more narrowly defined financial interests, provided that the incumbent is able to predict what financial interests he or she might affect and, therefore, know what financial interests to disclose despite the general wording of Category 4. At your option, you may develop narrow categories of financial disclosure that are individually tailored to the duties of positions within your agency and that describe the financial interests that they may affect.

PROCEDURES FOR ADOPTING THE CODE

Once you have determined which employees should be designated and what disclosure will be required of them, the code must be given final approval by your agency. If your agency is one that has a governing body, the code must be adopted at a public meeting of the governing board of your agency. Whether your agency is one that will adopt the code at a public meeting or one whose administrative head will approve the code, the agency should be certain that its officers, employees, members, consultants and the residents of the jurisdiction are provided with adequate notice and a fair opportunity to present their views with respect to the code before the code is submitted to the Board of Supervisors for final approval. Any written objections to the code received by your agency must be submitted, along with the code, to the Board of Supervisors.

Upon receipt by the Board of Supervisors, the code will be given to a code review panel which the Board has created to ensure that each code conforms to the provisions of the Political Reform Act. This code review panel consists of the County Counsel, the Chief Executive Officer, and the Executive Office of the Board of Supervisors. During their review, the code review panel and the Board of Supervisors may approve the code as submitted, revise the code and approve it as revised, or return the proposed code for revision and resubmission.

The following items must be submitted to the Board of Supervisors for review by the code review panel by June 25, 2012:

1. Any documentation showing the formation/creation of the CRA/LA.
2. The agency's proposed conflict of interest code, including the Incorporation by Reference to Reg. 18730 and Place of Filing page and Exhibits A and B.
3. The current organizational chart(s) for the agency.
4. A brief justification explaining why each position is being added to Exhibit B. This explanation must include a description of how each position influences agency decisions that affect private financial interests and what those financial interests are. **This requirement is crucial to our ability to review your code quickly. DO NOT submit general duty statements for the position(s). These tell us nothing about how a position may affect private financial interests.**

Patricia Francisco
May 24, 2012
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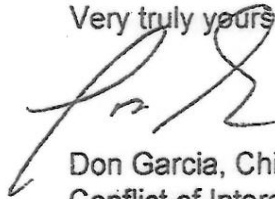
When submitting the code to the Board of Supervisors, please send it to:

Donato B. Garcia
Chief, Conflict of Interest/Lobbyist Division
Executive Office of the Board of Supervisors
500 W. Temple St., Room 383
Los Angeles, California 90012

Once the code review panel has completed its review, the code will be submitted to the Board of Supervisors with a recommendation.

If you should have any questions concerning the enclosed materials or the conflict of interest code approval process, or any other additional information, please contact me at (213) 974-1578.

Very truly yours,



Don Garcia, Chief
Conflict of Interest/Lobbyist Division

DG:kw

c: Andrea Petty

Enclosures

S: Ken: New Agency Letter After 2003