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City Controller Kenneth Mejia
200 N. Main Street, Suite 300
Los Angeles, CA 90012

via email

April 6, 2023

Argyle Civic Assn.
Beachwood Canyon NA
Bel-Air Assn.
Bel-Air Hills Assn.
Bel Air Knolls Property Owners
Bel Air Skycrest Property Owners
Benedict Canyon Association
Brentwood Hills Homeowners
Brentwood Residents Coalition
Bundy Canyon Assn.
Cahuenga Pass Property Owners
Canyon Back Alliance
Crests Neighborhood Assn.
Dixie Canyon Assn.
Doheny-Sunset Plaza NA
Franklin/Hollywood West Res.
Franklin Hills Residents Assn.
Highlands Owners Assn.
Hollywood Dell Civic Assn.
Hollywood Heights Assn.
Hollywoodland HOA
Holmby Hills Homeowners Assn.
Kagel Canyon Civic Assn.
Lake Hollywood HOA
Laurel Canyon Assn.
LFIA (Los Feliz)
Mountaingate
Mt. Olympus Property Owners
Mt. Washington Homeowners All.
Nichols Canyon NA
Oak Forest Canyon HOA
Oaks Homeowners Assn.
Outpost Estates HOA
Pacific Palisades Res. Assn.
Residents of Beverly Glen
Save Coldwater Canyon!
Save Our Canyon
Shadow Hills POA
Sherman Oaks HOA
Silver Lake Heritage Trust
Studio City Residents Assn.
Sunset Hills HOA
Tarzana POA
Upper Mandeville Canyon Assn.
Upper Nichols Canyon NA
Whitley Heights Civic Assn.

Re: STAP Audit Request Council File # 20-1536-S4

Dear Controller Mejia:

The Hillside Federation, founded in 1952 and representing 46 resident and homeowner associations with approximately 250,000 constituents spanning the Santa Monica Mountains, has been monitoring the Sidewalk and Transit Amenities Program (STAP) for some time. The Federation has grave concerns regarding the fiscal viability of STAP and requests that the City Controller's Office conduct a full audit of STAP.

Within 30 days of signing a contract with the city, Tranzito-Vector requested a 61% increase. This alone should send up red flags everywhere. Clearly there was something wrong with the process. As their costs increase, the anticipated revenue for the city decreases. City Council approved the deal because they were promised a cut of the revenue generated by the ads for their discretionary funds. Given this new cost, how much revenue is the City actually likely to receive? Or is this contract only going to increase revenues for the sign industry?

STAP will require taking a \$10M loan from Public Works to initiate the program. How will they be able to pay it back?

The Federation's concern over the fiscal viability of STAP is exacerbated by the audit that then-City Controller Ron Galperin did of the previous street furniture program with Decaux in 2018. That report found that revenues were approximately \$100 M short of what they had predicted. Even as far back as 2012, then-City Controller Wendy Greuel stated, "This contract was unrealistic in terms of expectations from the very beginning."

Therefore, the Federation strongly urges the Controller's Office to conduct a full audit of STAP as soon as possible

Sincerely,

Charley Mims

cc: City Council

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