



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

FESIA A. DAVENPORT
Chief Executive Officer

June 21, 2022

To: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

REPORT BACK ON RETURNING BRUCE'S BEACH TO ITS RIGHTFUL OWNERS AND NEXT STEPS IN RETURNING BRUCE'S BEACH TO ITS RIGHTFUL OWNERS (ITEM NO. 8, AGENDA OF APRIL 20, 2021, AND ITEM NO. 3, AGENDA OF JULY 13, 2021)

On April 20, 2021, the Board of Supervisors (Board) adopted a pair of motions related to Peck's Manhattan Beach Tract Block 5 (commonly referred to as Bruce's Beach). The first motion authorized the County to sponsor Senate Bill (SB) 796 - Returning Bruce's Beach to its Rightful Owners and directed the County's Sacramento advocates to take all appropriate legislative advocacy actions to support this effort. The second motion directed the Chief Executive Officer and the Executive Director of Racial Equity in the County Anti-Racism, Diversity, and Inclusion Initiative (ARDI) to collaborate with County Counsel and relevant departments to develop a plan to return Bruce's Beach to the legal heirs of Charles and Willa Bruce.

By returning the land to the legal heirs of the Bruce family and restoring their opportunity to benefit from previously owned land, the County is actively addressing an act of racial animus that was motivated by the desire to drive out successful Black businesses and homeowners in the City of Manhattan Beach when the land was taken from them under the false pretense of building a park. The return of this land will right this historic wrong, address generational inequality for the legal heirs of the Bruces, and advance the public's interest by working to eliminate structural racism in the County's structures, processes, operations, and services.

Process to Transfer Property to Bruce Family

Passage of California SB 796

On February 19, 2021, SB 796 was introduced to amend the then existing law that restricted the County's use, operation, and maintenance of granted lands from the California Department of Parks and Recreation for public recreation and beach purposes, which further prohibited new or

expanded commercial development and the sale, transfer, or encumbrance of those granted lands. SB 796 proposed excluding the property commonly known as "Bruce's Beach" from these statutory restrictions to enable the County to return this land to the legal heirs of Charles and Willa Bruce. The passage of SB 796 authorized the removal of the state restrictions on the use and transfer of the property and allows the County to initiate the property's return to Charles and Willa Bruce's legal heirs.

On September 17, 2021, SB 796 reached the Governor's desk after passing through the California Legislature with unanimous bipartisan support. Two weeks later, the bill was signed into law, which authorizes the County to sell, transfer, or encumber the property. The law took effect immediately and gave the State Department of Parks and Recreation (DPR) until December 31, 2021, to amend the property deed and remove the restrictions placed on Bruce's Beach.

Title Report and Amended Deed

Following the passage of SB 796, the Board adopted a motion on October 5, 2021, directing ARDI and County Counsel to initiate the process to return Bruce's Beach to the Bruce family. The directives included:

1. Coordinating with the State DPR to receive the executed amendment to the deed that transferred the property from the state to the County to remove Bruce's Beach from the restrictions previously imposed by the state, consistent with SB 796;
2. Preparing and presenting to the Board the resolution of acceptance for the amended deed, approved as to form by County Counsel, upon receipt of the amended deed executed by the state; and
3. Pursuing an expeditious process in determining legal heirship, in cooperation with the Treasurer and Tax Collector's Public Administrator, in order to identify and vet potential claimants and to report back when the vetting process is concluded.

The County met with the State regarding steps required to facilitate the property transfer. These included obtaining a title report and negotiating the language for a grant deed modification with the State DPR, consistent with the provisions of SB 796. On December 10, 2021, the State DPR provided the County with an executed grant deed modification reflecting the removal of the restrictions, as authorized by SB 796. On December 21, 2021, the Board adopted a resolution approving and authorizing acceptance of the grant deed modification, giving the County the authority to transfer the property.

Confirmation of Bruce Family Heirs

On June 30, 2021, the Chief Executive Officer provided a report in response to the motion, "Returning Bruce's Beach to its Rightful Owners," with the following update:

1. A proposed timeline and steps required to transfer the parcels of land originally owned by the Bruce family or equivalent parcels in the portion of land within Manhattan State Beach to the descendants of Charles and Willa Bruce;
2. Options to address property tax issues associated with transfer of the property;
3. Continued County occupancy of the site following transfer, or a plan to relocate County facilities; and
4. Appropriate safeguards to ensure that the property is transferred to descendants of the Bruce family, including an opportunity for descendants to come forward and the possibility of naming a third-party trustee to oversee claims of ownership in the property, restoration of title, and other necessary procedural steps.

On July 13, 2021, the Board adopted a motion, "Next Steps in Returning Bruce's Beach to its Rightful Owners," directing the Chief Executive Office's Anti-Racism, Diversity, and Inclusion (ARDI) Initiative, in collaboration with County Counsel, the Tax Collector/Public Administrator, Fire Department (Fire), and all other relevant departments, to implement the recommendations proposed by the Chief Executive Officer in the June 30, 2021, report. The motion specified that steps taken as part of the plan should include, but not be limited to:

1. Working with relevant County departments to conduct any necessary land assessments, appraisals, and analyses needed for transfer of the property;
2. Evaluating and proposing options, including the impact upon the legal heirs, to address property tax issues associated with the transfer of the property; and
3. Working with Fire to complete a full operational assessment and identify strategies to mitigate operational impacts upon the County and Fire resulting from the transfer of property.

The motion also directed County Counsel, in collaboration with the ARDI Initiative and relevant departments, to retain a third-party law firm to conduct a thorough and transparent legal heir determination process.

In order to confirm the legal heirs of Charles and Willa Bruce, County Counsel retained Hinojosa and Forer, LLP as outside counsel to advise the County on legal heirship issues and to manage a transparent and thorough process to verify the legal heirs of the Bruce family. The County also procured the services of the American Research Bureau (ARB), a forensic genealogy company, to research the Bruce family history and vet information provided by claimants. California law generally defines legal heirs as the closest living direct descendants of a deceased person, usually meaning their children, grandchildren, great grandchildren, and so forth.

As a part of the legal heir determination process, the Chief Executive Office (CEO) launched a website and social media campaign to notify potential legal heirs of the opportunity and process to substantiate their claims. The website is available at: <https://ceo.lacounty.gov/ardi/bruces-beach>. Through the legal heir determination process, the County received 138 inquiries from

potential claimants. The Hinojosa firm provided individuals who made inquiries with an affidavit to fill out and return within 30 days, with a final deadline of December 31, 2021. In total, the firm received, and ARB reviewed, 112 affidavits. ARB affirmatively determined, through a review of submitted affidavits, probate records, census records, and birth, death, and marriage certificates, that Marcus Bruce and Derrick V. Bruce, the great grandsons of Charles and Willa Bruce, are their legal heirs. ARB also developed family charts of 17 distinct families with members claiming to be the Bruces' legal heirs, but whom ARB determined were not directly descended from Charles and Willa Bruce.

On March 28, 2022, the Hinojosa firm notified all claimants that returned an affidavit of the County's initial legal heir determination and offered them an opportunity to appeal the County's determination if they believed it to be incorrect. Thirty-one (31) claimants informed the firm of their intent to appeal by the deadline of April 7, 2022, and of those claimants, 15 provided additional documentation by April 28, 2022, the deadline for submitting such documentation. The firm also received 26 additional affidavits after the above-referenced deadlines, but ARB also reviewed those affidavits and developed an additional family chart based on those submittals. ARB confirmed that none of the additional documentation received and reviewed, including from late claimants, changed their initial determination that Marcus Bruce and Derrick V. Bruce, are the legal heirs of Charles and Willa Bruce, and did not result in the identification of any legal heirs other than Marcus and Derrick V. Bruce. All the appellants who returned additional documentation and the late claimants have been notified by Hinojosa and Forer, LLP of the results. Accordingly, we now consider the legal heir determination process to be concluded, and the County's final determination is that Marcus Bruce and Derrick V. Bruce are the legal heirs of Charles and Willa Bruce.

Appraisal and Operational Assessment of Property

The County hired an appraiser to assess the property's value. The appraiser provided information on the highest and best use of the parcels, their market value, and use limitations. The County also hired an economist to conduct an economic analysis that helped inform the County's analysis of the transaction. CEO identified and set aside a preliminary budget to cover anticipated costs involved in the transfer of land. In preparation for the transfer of property, the County conducted an assessment to mitigate the potential impact on departmental operations. This included evaluating options to continue County occupancy of the site following the transfer or a plan to relocate County personnel. As shared in the previous report submitted on June 30, 2021, the County Lifeguard Administrative Headquarters are located on land formally owned by the Bruce family, while the Department of Beaches and Harbors (Beaches and Harbors) operates a public parking lot under an agreement with the City of Manhattan Beach, which is adjacent to the identified property.

The CEO worked with the appraiser to analyze the parcel's zoning and worked with the Fire to complete a walk through, onsite evaluation and space request evaluation (SRE) to help identify appropriate site alternatives to sustain its operations. CEO Real Estate is continuing its search for comparable properties that meet Fire's specifications for a replacement facility should the department need to vacate their current location, but the lease acquisition process is lengthy and could take upwards of two years to find the space needed. The impact upon Fire may be mitigated if buy-back or leasing options are chosen by the Board. For Beaches and Harbors, the parking lot is not located on parcels of land previously owned by the Bruce family. Beaches and Harbors does not expect any impacts to its parking operations, but out of an abundance of caution, has temporarily delayed negotiations for a new parking contract with the City of Manhattan Beach pending resolution of the property transfer to the Bruce heirs.

Options for Returning the Property; Potential Tax Implications

The County committed to providing the legal heirs of Charles and Willa Bruce with options to consider for the transfer of property back to them. These options included transferring and repurchasing the property; transferring and leasing back the property; and transferring the property and relocating Fire operations from the site. Per the Board's directives, these options included consideration of strategies to mitigate the potential tax burdens associated with the transfer.

SB 796 directs that, after the return of the property, property taxes will be assessed based upon the property's value as of the 1975 lien date, adjusted for inflation pursuant to Revenue and Taxation Code section 51(a). This means that for property tax purposes, it will be as if the property was continuously owned by the Bruces since the 1920s, and the property will not be assessed for property tax purposes at its current value. SB 796 also exempts the transfer of the property from state income tax. However, the impact of federal tax law on the proposed return of the property is unclear at this time.

Next Steps

The County will continue to work with the legal heirs of the Bruces to finalize a proposed transaction for the Board's consideration that meets the Board's priorities, as well as the concerns of all parties involved. CEO will return to the Board for approval of the proposed transfer once a tentative agreement is reached.

Each Supervisor
June 21, 2022
Page 6

Should you have any questions concerning this matter, please contact me or D'Artagnan Scorza, Ph.D., Executive Director of Racial Equity, at (213) 974-1761 or dscorza@ceo.lacounty.gov.

FAD:JMN:JO
DS:HJN:es

c: Executive Office, Board of Supervisors
County Counsel
Assessor
Beaches and Harbors
Fire
Treasurer and Tax Collector