

CORE Recommendations

Rec. #	Recommendation (Full)	Department	Status 4/18/11
1	CORE recommends that Finance prepare a memorandum for Council re the next steps it recommends to follow-up and follow-through on the "Feasibility Study: Centralization of Billing and Collection Activities", dated Dec. 21, 2009, by Macias Gini & O'Connell.	Finance	
2	CORE recommends that ITA and Finance take all actions necessary for full and smooth launch of the new FMS by July 1, 2011, coupled with implementation of the accounts receivable module / component by September 30, 2011. Additionally, it will be vital for the City to fund the future phases of greater accounts receivable centralization.	Finance & Information Technology Agency	
3	CORE recommends that Finance, ITA and the Treasurer prepare and submit a report on the needed funding and projected timeline for implementing a Citywide on-line payments portal – with multiple ways to pay for accounts and receivables.	Finance, Information Technology Agency & Treasurer	
4	CORE recommends implementation of a consistent Citywide ID system for all accounts to be used by individuals and companies for their dealings with any and every City department. Finance, ITA and the Treasurer should prepare and submit a report on needed funding and a projected timeline for such implementation, along with projected cost savings from such a consistent system.	Finance & Information Technology Agency	
5	CORE recommends that the Mayor clarify for the benefit of all department General Managers that instructions by Finance to departments regarding revenue, billing and collections shall be treated as Mayoral directives. Finance instructions could also be incorporated into future Mayoral directives regarding collections, or used as the basis therefor.	Mayor	
6	CORE recommends that Finance submit proposed ordinance changes to Council that would clarify and strengthen the authorities needed by Finance to ensure compliance of departments with its instructions – and to provide Finance greater latitude in developing instructions and guidelines it deems efficacious.	Finance	

Legend:

Green - Fully or Mostly Implemented

Yellow - In Process or Discussion

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7	<p>CORE recommends that the Council prioritize staffing and funding for Finance’s revenue-generating positions and work.</p> <ul style="list-style-type: none"> i. Exempt Finance’s revenue-generating positions from employee furloughs and hiring freezes. ii. Allocate funding needed to fully staff Finance’s Revenue Management Division. iii. Allocate funding needed to fund analysts and clerical staff for the FMS project. iv. Consider a stable and certain funding source for Finance’s collection work – perhaps, in part, from Finance’s collections. 	City Council	
8	<p>CORE recommends that Finance immediately report to the Council’s Budget & Finance Committee regarding the status of creation of this Task Force. CORE further recommends that the Committee request each of the members of the Task Force to appear before the Committee.</p>	Finance	
9	<p>CORE recommends that Finance take all necessary steps to reconstitute and invigorate its current Revenue Management Committee (the “RMC”).</p>	Finance	
10	<p>CORE recommends that the Inspector general (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports of departments’ compliance and performance to submit to the Mayor, Controller, City Attorney and the Council:</p> <ul style="list-style-type: none"> i. Compliance of departments with each of the criteria in Directive No. 5. ii. Compliance of departments with all applicable Collection Guidelines. iii. Performance of departments with capturing all billable services and fees – including full cost recovery. iv. Progress of departments in cultivating new revenue sources. v. Reports to include both details and a simple chart/checklist with summary scores or grades for each department. 	Proposed Inspector General	
11	<p>CORE recommends that the Inspector General (IG) proposed by CORE (See Sec. VI.D.) prepare quarterly reports to submit to the Mayor, Controller, City Attorney and the Council:</p> <ul style="list-style-type: none"> i. Status of implementation of each of the currently not-implemented and/or partially implemented recommendations in the Controller’s 2007 and 2010 Audits. ii. Status of implementation of each of CORE’s recommendations that are ultimately adopted by the City. 	Proposed Inspector General	

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12	CORE recommends that the Mayor, CAO and Council’s Budget & Finance Committee require department General Managers, as part of annual budget requests, to submit a letter attesting their department’s compliance with Directive No. 5 and with all provisions of the Collection Guidelines. Any and all provisions wherein a department is not in compliance shall be detailed by the General Manager and reviewed as part of the budget process.	Mayor, CAO and Council Budget & Finance Committee	
13	CORE recommends that, in order to implement a clear management evaluation policy which includes revenue and collection performance criteria, the Mayor, as Chief Executive should consider development of specific individual performance guidelines with each General Manager. These guidelines should include goals and expectations set respectively by the General Manager and the Mayor and should be evaluated annually by the Mayor and his executive team with advisory input from the City Council as appropriate to consider the General Manager’s capability and performance in meeting the overall responsibilities of running the individual department.	Mayor	
14	CORE recommends that the CAO report to the Mayor and the Council on the feasibility of adopting aspects of the County of L.A.’s budgeting paradigm – wherein department budgets are based, in part, on collections targets. Departments that do well can benefit. Departments that fail to meet expectations are called to account by the County’s CEO and by the Board of Supervisors.	Chief Administrative Officer	
15	CORE recommends that Council create a pilot program with several departments (or a cluster of departments) that would dedicate or earmark a portion of collections to fund the costs of collections and to benefit said departments’ operations. The paradigm might be that a portion of certain revenues be apportioned or directed to help fund and support: i. Collection positions at Finance. ii. The post of Inspector General for Revenue & Collections. iii. Revenue-generating positions in the specific department. iv. Staffing needs and programs of the specific department.	City Council	
16	CORE recommends that the Mayor, CAO and Council make department-by-department revenue targets (and performance) a fixed part the budget process, of the regular Financial Status Reports (FSRs) by the CAO, and that these targets be included in all quarterly reports by departments.	Mayor, CAO and Council Budget & Finance Committee	

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18	CORE recommends the establishment and appointment of an Inspector General for Revenue and Collections to independently report on, and aid in the implementation of, the City's Collection Guidelines, the Controller's recommendations, the recommendations of this Blueprint and other collection reforms	Mayor & City Council	
19	CORE recommends replacing the current system of department "referrals" of accounts from one stage of collections to another with a de facto system of compulsory account transfers, under the supervision of Finance. Rather than make referrals a discretionary or recommended act by a department, the transfer should be compulsory (and, preferably, automatic) – unless there is a specific reason or circumstance to not do so.	All Departments	
20	CORE recommends that the Current Non-Tax Accounts Receivable Process Flow and Timetable of the Collection Guidelines be replaced with CORE's updated Recommended Non-Tax Flowchart.	All Departments	
21	CORE recommends that Finance amend the Collection Guidelines setting forth the process flow for primary collections of accounts of less than \$5,000 – as follows: i. As noted in Recommendation No. 19, (Sec. VII.A.19), accounts under the current Collection Guidelines that are supposed to be referred by departments at forty five (45) days of delinquency, shall henceforth be de facto transferred to a primary collection agency (unless a department provides a specific reason or circumstance not to do – to the satisfaction of Finance). ii. If no payment is received within a nine (9) month period from transfer of an account to the primary collection agency, the account shall, in consultation with Finance, be automatically transferred to secondary collections (See Recommendation No.22 (Sec. VII.B.22)). iii. If partial payment is received within the nine (9) month period, the period for the primary agency to hold the account may be extended up to another three months. iv. Finance shall have discretion to "pull" any account or pool of accounts at will.	Finance	
22	CORE recommends that Finance amend the Collection Guidelines to provide for an automatic or compulsory transfer of unpaid accounts from primary to secondary collection vendors as soon as time allotted to primary collection has expired. Such transfer should be automatic and, at the same time, in consultation with Finance. Such transfer, we generally believe, should be for a six (6) month period -- except where Finance determines otherwise.	Finance	

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23	CORE recommends that Finance have contracts with at least two private collection agencies with respect to each major type of receivable. Each vendor would initially receive equal referrals and Finance would evaluate and publish each vendor’s performance quarterly. Under a rewards-based system for distributing accounts, the evaluations would be determinative of the volume of accounts assigned in subsequent quarters. Competition is good, and Finance should reward superior performance with additional referrals.	Finance	Green
24	CORE recommends that the City’s future collection agency-related Requests for Proposals (RFPs) and agreements refocus from low-fee, low-bid contracts to performance-based selection and compensation. For aged accounts, vendors should be provided with significantly enhanced commission(s) in relation to the difficulty and likelihood of collection.	Finance	Green
25	CORE recommends specific provisions for collection agency contracts be considered, as follows: i. Competition clauses (See Recommendations 23 and 58). ii. Performance guarantees. iii. Performance bonds. iv. Annual financial statements to monitor vendor’s strength and resources. v. Quarterly meetings between the vendor, Finance and department personnel to review and discuss how to improve everyone’s performance. vi. Options for debtors to pay online. vii. Benchmarks. viii. Preferences for local employment. ix. Incentives to aggressively work the “back end” of account pools. x. Incentives to collect sooner rather than later. xi. Sophisticated and effective skip tracing. xii. Pairing of pools of receivables. Some pools are more attractive to collectors than others. A way to get vendors to undertake a mediocre pool at a good rate is to pair that pool with one that is more attractive.	Finance	Green
26	CORE recommends that Finance issue a Request for Proposals (RFP) / Request for Qualifications (RFQ) for evaluation of receivables for sale and for brokers specializing in such sales. Council should be presented with the scope of work for the RFP / RFQ prior to its release.	Finance	Yellow

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27	CORE recommends amending the City Administrative Code to make the primary charge of the Board of Review (BOR) the evaluation of (pools of) accounts receivable for sale or auction. Currently, the BOR is charged with evaluating improbable receivables for write-off. While there are some receivables of clearly no value that need to be evaluated for write-off approval by the BOR, nearly all the rest of the City's improbable receivables should, more appropriately, be evaluated by the BOR, in consultation with debt sale brokers, for approval for sale or auction. For the bulk of aged receivables, the City would then automatically write-off the difference between the amount of the debt and the amount realized in a final sale or auction.	Mayor & City Council	
28	CORE recommends that the Mayor and Council direct that accounts uncollected after secondary collections should be automatically forwarded to the Board of Review for evaluation and recommendation for auction or sale.	Mayor & City Council	
29	CORE recommends that Finance report on its claims settlement statistics and policies to the Council's Budget & Finance Committee.	Finance	
30	CORE recommends that Finance report to the Mayor, Council, CAO and CORE on the details and timetable of the forthcoming Offer in Compromise Program.	Finance	
31	CORE recommends that the Council expedite and fund the implementation of a comprehensive non-tax amnesty program proposed by Finance in its FY 10-11 budget.	City Council	
32	CORE recommends that the Council instruct the City Attorney to prepare draft ordinance(s) necessary to apply consistent fees, penalties, and interest charges for all City receivables – except as may be noted as being impermissible. Said draft should then be sent to each department General Manager, who would have no more than 30 to days to object. Revised draft ordinance(s) would be submitted to the AGE Committee and to Council for review and approval.	City Council	
33	CORE recommends that Finance prepare a report on the feasibility of increasing the interest rate and penalties currently applied to delinquent receivables to no less than the average being charged by other municipalities.	Finance	
34	CORE recommends that Finance move to aggressively implement the City's newly adopted administrative lien Ordinance for delinquent taxes. Finance should also report on its implementation and the results thereof to the Council's Budget & Finance Committee six (6) months after the effective date of the Ordinance	Finance	

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35	CORE recommends that the City Attorney, in consultation with the CLA, prepare a memorandum regarding the feasibility of requiring parking lot/facility/structure tax agreements to be recorded upon the title to the real properties whereupon such operations currently exist. Such agreements could serve as an encumbrance upon the real properties to essentially guaranty payment of the parking tax and as a lien that could be foreclosed upon in the event of non-payment (similar to property taxes).	City Attorney	
36	CORE recommends that Finance and the City Attorney collaborate to draft a framework for a Citywide policy dictating the greater use of liens and other encumbrances with recommendations for applications.	Finance & City Attorney	
37	CORE recommends that Finance and the City Attorney clearly memorialize the parameters, dollar thresholds and timing of cases transferred to the City Attorney from Finance or from departments.	Finance & City Attorney	
38	CORE recommends that the City Attorney outline a proposed framework for contingency collection cases.	City Attorney	
39	CORE recommends that Finance report to the Council and the City Attorney regarding departmental compliance with Sec. 4.4 of the Collection Guidelines.	Finance	
40	CORE recommends that Finance and the City Attorney copy the other on monthly collection reports. Finance should copy the City Attorney on any reports related to departmental compliance with the Collection Guidelines and with reports on the status of collections by each department. Similarly, CORE recommends that the City Attorney furnish updates regarding all collections and account delinquency cases being handled by the City Attorney.	Finance & City Attorney	
41	CORE recommends that Finance revise the accounts receivable template used by departments and Finance for reports of quarterly receivables. i. Include columns delineating breakdowns of any applied interest, penalties and	Finance	
42	CORE recommends that the Mayor and Council direct City departments and Finance to present accounts for timely write-off in accord with the timelines set forth in Collection Guidelines. It is further recommended in the event that departments fail to timely submit qualifying receivables, certain sums shall be withheld from their budget allocations until such time as there is compliance. This recommendation will only need to be implemented so long as the current system of referrals exists.	Mayor & City Council	

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43	CORE recommends that Finance present to Council and the CAO a Memorandum regarding the resources needed by Finance to adequately audit the accounts receivable being reported by departments.	Finance	
44	CORE recommends that ITA develop and submit an inventory to Council of currently existing and available department and Citywide data pools / databases that could assist in indentifying parties who may owe the City money. Specifically: Instruct ITA and Finance to prepare an inventory of known databases, with brief descriptions of the data fields in each database, the format / software of each of the databases and the accessibility of the database to other departments.	Information Technology Agency	
45	CORE recommends that Finance submit to Council a memorandum identifying non-City databases which might be beneficial for the City to have access to for the purposes of revenue enhancement.	Finance	
46	CORE recommends that Finance, in consultation with the City Attorney, develop a process for departments to access a master list / database of both business tax and non-business tax-related receivables - to verify that a party does not have delinquent accounts with any City department prior to City extending or granting to such party: <ul style="list-style-type: none"> • Certain services, • Permits, • Approvals, • Contracts, • Employment, or • Commission / board appointment or renewal. Said report should also detail the current impediments, solutions, costs and timeline for implementation of such a master list / database, along with a simple system for departments and City offices to make the required verification(s).	Finance	

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47	CORE recommends that the Mayor and Council instruct the Housing Department and the Department of Building and Safety to cross reference one another's list of named delinquent accounts and to withhold issuing permits or providing other department services for parties appearing on either department's list of <u>delinquent accounts</u>	Mayor & City Council	
48	CORE recommends that Finance post the names of top non-tax-delinquent debtors on the City's website – subject to City attorney approval.	Finance	
49	CORE recommends that Finance, in consultation with the Treasurer and ITA, prepare and submit a report on the extent and availability of on-line and auto-pay payment options (credit card, e-check, etc.) for various types of collections by departments and Finance and collection agencies.	Finance	
50	CORE recommends that Finance identify services and billing types for which City departments should, or could, demand advance payment(s) and/or deposits.	Finance	
51	CORE recommends that the Treasurer prepare and submit a report on the fees currently being paid by the City for various types of credit card and debit card transactions – and whether there may be ways to reduce costs to the City. Payments for which payors must pay additional fees to use a credit card or to <u>pay online should generally be discouraged</u>	Treasurer	
52	CORE recommends that the Treasurer prepare and submit a report on rejected and returned checks and the disposition thereof. A uniform and full-cost- <u>recovery bad check charge should be applied</u> .	Treasurer	
53	CORE recommends that Finance report to Council about possible MOUs and other arrangements to consolidate billings or assign billing responsibility to another department or agency, in or out of the City – DWP, County, BOE, etc.	Finance	
54	CORE recommends LAFD expedite modernization and streamlining both for Field Data Capture and Emergency Medical Services Billing and Collection – pursuant to the two contracts for LAFD's outsourcing approved by the Council August 3, 2010.	Fire Department	
55	CORE recommends that while modernizing the current paradigm of individual billings, the City should also pursue negotiated bulk contracts with 3rd party payors -such as Medicare, Medi-Cal and private insurers. This could be an innovative alternative to the current patient-by-patient, bill-by-bill approach.	Fire Department	

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56	CORE recommends that the City leverage existing relationships and contracts with health insurers and providers. L.A. has business relationships with some of the same insurers and providers that reject or slow-pay EMS bills from LAFD. L.A. should assess how to use the contracts it grants to these same companies to the City's advantage.	Fire Department	
57	CORE recommends that DOT recall from ACS severely aged delinquent accounts and transfer them, in consultation with Finance, for assignment to additional/secondary collections by another vendor (with possible inclusion in a non-tax amnesty program) or for sale/auction.	Department of Transportation	
58	CORE recommends amendment of Finance's private collection contracts to make additional/secondary collection attractive to collection vendors. Because collecting aged accounts is considerably more difficult than primary collection, Finance should amend its existing contracts with private collections vendors to provide that an enhanced commission (of up to 40%) be paid with respect to collecting aged and difficult accounts. Working very aged accounts is not attractive to City vendors under the current compensation agreements. (See also Recommendation No. 24).	Finance	
59	CORE recommends that DOT consult with CORE prior to and during the process of issuing an RFP for a (new) vendor contract. Expiration of the existing ACS contract presents the opportunity to assess the strengths and weaknesses of current practices and fee structure(s) -- and ways to improve.	Department of Transportation	

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60	<p>CORE recommends that DOT should develop and present to Council a new strategic program to boost collections on parking tickets issued to rental vehicles. For citations issued between May 2006 and June 2008, the category of “rentals and miscellaneous” constituted 11.65%, or \$22.96 million, of DOT’s Difficult to Collect accounts. As detailed below, rental companies can simply provide DOT with renter information and then they are excused from responsibility. If a rental car company does not timely furnish the information, DOT and its vendor may, and should, seek payment from the rental car company.</p> <p>The City should also consider using renewal of franchise agreements with rental companies at LAX, or the negotiations to eventually build a central rental car facility at LAX, as leverage to engage these companies in taking more responsibility. We might, for example, request that rental companies maintain a list of renters with unpaid tickets and refuse to rent to them until the tickets are paid.</p>	Department of Transportation	
61	<p>CORE recommends DOT’s swifter repair and replacement of broken meters to improve revenues from both meters and parking citations. According to a recent study conducted for the City, 10-12% of the City’s parking meters were broken or failed at any given time. This results in a very substantial loss of both parking meter income and in the ability of traffic officers to issue citations.</p>	Department of Transportation	
62	<p>CORE recommends that DOT amend and supplement its current format for reporting of accounts receivable. Reports of DOT’s receivables are quite misleading. As noted above, because the current AR reporting format does not separate out late fees and penalties, the 15% of parking citations that are due and unpaid disproportionately impact the reported sums due. Moreover, the reported sums due do not reflect the sizeable portion of said sums that, if paid, would actually be payable to other entities (pursuant to the California Vehicle Code), or to the collection vendor. DOT should thus revise its AR reporting template (in accord with Blueprint Recommendation No. 41), and also create separate report columns to clarify the net amount that would accrue to DOT, after required distributions to other parties.</p>	Department of Transportation	
64	<p>CORE recommends that the Council’s Audits & Governmental Efficiency Committee instruct LAHD to present an overview of its billing and collections practices, status of accounts receivable and utilization of liens.</p>	Audits & Government Efficiency Committee	

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65	CORE recommends that LAHD propose to the City Council recommended Ordinance changes to compress the tiers and timeline of LAHD's collection process.	Department of Housing	
63a	CORE recommends funding for sufficient numbers of citation officers. Parking ticket revenues are being hindered by reductions in the number of traffic officers employed by the City to issue citations, coupled with frequent assignment of officers to traffic control or special events duties – thus reducing the number of citations that can be issued. Maintaining revenue-producing positions in the City must be a priority	Mayor & City Council	
63b	CORE recommends that DOT present to the Council's Audits and Governmental Efficiency Committee (AGE) a report on overhead and expenses for parking management support services. DOT's current vendor contract provides for reimbursement of various overhead and expenses, including printing, postage, certain supplies, document storage, etc. There is also a provision for a mark-up of up to 10% on some of these reimbursements. A report reviewing such overhead and expenses during the period of the contract is advisable.	Department of Transportation	
63c	CORE recommends the Council consider seeking a change in the current definition of a scofflaw in California Vehicle Code -- from a vehicle that has five delinquent and unsatisfied citations to a vehicle that has three delinquent and unsatisfied citations. Reducing the threshold for scofflaw enforcement would serve to increase the City's overall collection rate, and collection revenues.	City Council	
63d	CORE recommends that DOT consider the feasibility of providing notice to vehicle lienholders of impoundments or impending impoundments. A lienholder may be a vehicle dealer, bank, credit union or acceptance corporation that holds a security interest – and the right to repossess the vehicle in the event that a borrower or lessee fails to pay as promised. Impoundment of a vehicle for multiple unpaid parking tickets can increase both the potential for default by a borrower or lessee – and the costs for lienholders who reclaim a vehicle from impoundment in order to repossess it. Thus, it may merit considering how notices to lienholders might be used to put extra pressure on repeat parking violators to pay.	Department of Transportation	
63e	CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities to reduce margins of error in issuance of citations. Such citations being issued not just by DOT but also by LAPD, the General Services Dept. (GSD) and other City entities.	Department of Transportation	

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63f	CORE recommends that DOT and its vendor(s) develop an internal policy on issuance to and reporting as receivable citations issued to homeless and others from whom collection is less likely.	Department of Transportation	
63g	CORE recommends that DOT report to the Council's Audits and Governmental Efficiency Committee (AGE) on opportunities for application of new and improved parking and citation-related technologies. For example, expanding the use of license plate scanning and recognition cameras and devices increases both scofflaw identification and citations issued.	Department of Transportation	

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