

# LOS ANGELES POLICE COMMISSION

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POLICE COMMISSIONERS

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100 WEST FIRST STREET, SUITE 134  
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November 15, 2010

BPC #10-0441

The Honorable Budget and Finance Committee  
City of Los Angeles  
c/o City Clerk's Office  
City Hall, Room 395  
Los Angeles, CA 90012

Attention Lauraine Braithwaite

Dear Honorable Members:

RE: RESPONSE TO BUDGET AND FINANCE COMMITTEE REPORT DATED  
OCTOBER 13, 2010, RELATIVE TO THE CITY'S BILLING AND COLLECTION  
PROCESS

At the regular meeting of the Board of Police Commissioners held Tuesday, November 9, 2010,  
the Board APPROVED the Executive Director's report relative to the above matter.

This matter is being forwarded to you for approval.

Respectfully,

BOARD OF POLICE COMMISSIONERS

A handwritten signature in blue ink that reads "Maria Silva".

MARIA SILVA  
Commission Executive Assistant I

Attachment

## INTRADEPARTMENTAL CORRESPONDENCE

November 4, 2010

1.0

**TO:** Honorable Board of Police Commissioners

**FROM:** Executive Director, Board of Police Commissioners

**SUBJECT:** RESPONSE TO BUDGET AND FINANCE COMMITTEE REPORT DATED OCTOBER 13, 2010 RELATIVE TO THE CITY'S BILLING AND COLLECTION PROCESS

### RECOMMENDED ACTION:

1. That the Board APPROVE the Executive Director's report and TRANSMIT the report to the City Council Budget and Finance Committee.

### BACKGROUND

The City Council (Council File No. 10-1155-S2) adopted the Budget and Finance Committee report dated October 13, 2010 relative to the City's billing and collection process. Council further directed the Police Commission to report to the Budget and Finance Committee within 30 days on the current process of referring delinquent accounts to the Office of Finance with recommendations to expedite the process (Attachment A).

### DISCUSSION

On October 20, 2005, the Mayor released Executive Directive No. 5 (Attachment B) directing all General Managers to comply with the Citywide Guidelines to Maximize Revenue Collection. The Mayor's Directive requires each Department to refer delinquent accounts to outside collection agencies or the Office of Finance, Collections Unit, generally following 45 days of delinquency, as directed by Section 5.181 of the Los Angeles Administrative Code. Initial invoices must be sent within five business days of service. If payment is not received within 30 days of the invoice date, the account is delinquent. Notices of delinquency should be sent within three days of delinquency with 10 days afforded for payment. If the debtor fails to comply with the notice of delinquency, a final delinquency notice on City Attorney letterhead is sent demanding payment within 10 days and, if not received in 20 days, the outstanding account is promptly referred to the proper collection agency (Timeline, Invoice, Notices, Referral - Attachment C).

*Current Process of Referring Delinquent Accounts*

With the implementation of the new false alarm management system (CryWolf) on July 1, 2009, the Commission was able to refer accounts within the time specified by the Mayor's Directive. CryWolf was programmed to move unpaid accounts receivable through the billing cycle and eventual referral for collections and write-off, if necessary. Starting December 2009, all accounts that met the criteria for referral were identified and referred to a City approved collection agency. Subsequent monthly referrals were made to the collection agency through June 2010. Since July 1, 2010, the Commission refers accounts on a weekly basis. A number of accounts are not referred within the 45 days of delinquency period because the alarm user has been offered an installment payment agreement; is contesting the bill through a waiver request; and/or, is scheduled for alarm school. Commission staff consulted with the Office of Finance on how to report these accounts. Office of Finance requested that the total number of accounts and dollar amount for each category not referred be noted in the Quarterly Accounts Receivable Report, which is electronically forwarded to the Office of Finance 10 working days after the end of each quarter.

The Police Commission is fully complying with the provisions established by the Mayor's Executive Directive No. 5.

*Recommendations to Expedite the Process*

Commission staff is able to refer accounts to a collection agency within 60 days, which would expedite the process by 15 days. However, the current timeline has been established in conjunction with the Office of Finance, recommending accounts be held for 75 days (or 45 days of delinquency) to ensure that all payments are processed by them before referral.

If you have any questions, please do not hesitate to contact me or Senior Management Analyst II Eva Vega at (213) 236-1400.

  
RICHARD M. TERANK, Executive Director  
Board of Police Commissioners

Attachments

BOARD OF  
POLICE COMMISSIONERS  
Approved *November 9, 2010*  
*Secretary Nona Silva*

ATTACHMENT A

CITY OF LOS ANGELES

CALIFORNIA



JUNE LAGMAY  
City Clerk

HOLLY L. WOLCOTT  
Executive Officer

Office of the  
CITY CLERK

Council and Public Services  
Room 395, City Hall  
Los Angeles, CA 90012  
General Information - (213) 978-1133  
Fax: (213) 978-1040

[www.cityclerk.lacity.org](http://www.cityclerk.lacity.org)

ANTONIO R. VILLARAIGOSA  
MAYOR

October 18, 2010

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council file

No. 10-1155-S2, at its meeting held October 13, 2010.

  
City Clerk  
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File No. 10-0225  
10-1155  
10-1155-S1  
10-1155-S2  
08-2122  
07-1886  
07-0465  
05-2514

TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE Committee**

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to the City's billing and collection process, and related actions.

Recommendations for Council action, as initiated by Motions (Zine - Garcetti - Hahn - Rosendahl - Parks), (Hahn - Koretz - Garcetti - Zine), and (Koretz - Hahn - Garcetti):

1. INSTRUCT the City Administrative Officer, with the assistance of the Office of Finance and in consultation with the Chief Legislative Analyst to report on potential parameters and probable success of a billing amnesty program, including better ways to utilize the City Intranet for publication of delinquent non-tax debtors.
2. INSTRUCT the Office of Finance to report on the status of the creation of a centralized City billing process; including the anticipated increase in collections from utilization; the amount of time before a debt is referred to a collection agency; the authority which would be needed by the Revenue Manager to act as "Collections Sheriff."
3. INSTRUCT the Los Angeles Police and Fire Departments to report back on the current process of referring delinquent accounts to the Office of Finance with recommendations to expedite the process.
4. REQUEST the City Attorney to report on all legal options to pursue delinquent payments; other related penalties or asset acquisition; parameters under which legal action should be considered; and the amount of time appropriate to allow a collection agency to resolve payment before it is referred to the City Attorney.
5. INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer, the Chief Legislative Analyst, the City Attorney, the Los Angeles Police and Fire Departments, and any other affected department, to report in 45 days with recommendations to structure a centralized billing and collections process and bring forth any ordinances needed for implementation.
6. REQUEST the City Controller to present the findings of her follow-up audit on billings and collections to the Audits and Governmental Efficiency Committee within the next 30 days,

and that the Committee examine the Controller's findings, meet with departmental heads and staff, and determine the necessary steps to take to ensure that we vastly improve our city's collections practices and fiscal status.

7. INSTRUCT the Los Angeles Department of Transportation to provide an update on referring delinquent accounts to contracted collection agencies and reference Council File No. 10-0225 in its response.
8. INSTRUCT the Office of Finance, with the assistance of the City Administrative Officer and the Chief Legislative Analyst to review Phase I and Phase II recommendations of the Macias report, reconcile Council actions to-date with those recommendations and submit revised recommendations within 45 days to the Budget and Finance Committee.
9. INSTRUCT the City Clerk to:
  - a. Close the following Council File Nos. 05-2514, 07-1886, 07-0465 and 08-2122 inasmuch as the recommendations have been adopted through previous Council actions and will now be considered under Council file 10-0225.
  - b. Refer all future reports submitted in response to previously requested report backs under Council File Nos. 05-2514, 07-1886, 07-0465, 08-2122, 10-1155, 10-1155-S1 and 10-1155-S2 to Council File No. 10-0225.
10. INSTRUCT departments to submit all reports requested in the above recommendations to the Budget and Finance Committee within 30 days, unless otherwise noted.

Fiscal Impact Statement: None submitted by the Office of Finance. Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: Yes, by Studio City Neighborhood Council.

**(Audits and Governmental Efficiency Committee waived consideration of the above matter)**

#### SUMMARY

At its meeting of July 19, 2010, the Budget and Finance Committee considered an Office of Finance report transmitting a report by Macias Consulting Group relative to an assessment of the feasibility of centralizing billing and collections on a citywide basis and several Motions relative to outstanding collections and accounts receivable issues. During Committee discussion, representatives of the CLA, CAO and Macias Consulting Group provided an overview of the various issues pending under several Council files and responded to related questions from Committee members.

After consideration and an opportunity for public comment, the Committee recommended that Council adopt the recommendations reflected above. Recommendation numbers 1 through 4 were initiated by CF 10-1155, Motion (Zine-Garcetti-Hahn-Rosendahl-Parks); recommendation number 5 was initiated by CF 10-1155-S1 Motion (Hahn-Koretz-Garcetti-Zine); and recommendation number 6 was initiated by CF 10-1155-S2, Motion (Koretz-Hahn-Garcetti). This matter is now forwarded to the Council for consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

*Bernard C. Lahn*  
*Palmer*

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	ABSENT
KORETZ:	YES

BW/ep  
05-2514\_rpt\_bfc\_09-10-10

-NOT OFFICIAL UNTIL COUNCIL ACTS-

OCT 12 2010 - NO QUORUM - Continued to Oct. 13, 2010

**ADOPTED**

OCT 13 2010

**LOS ANGELES CITY COUNCIL**



ANTONIO R. VILLARAIGOSA  
MAYOR

**EXECUTIVE DIRECTIVE NO. 5**

Issue date: October 20, 2005

**To:** Heads of all Departments of City Government  
(Except Airports, Harbor, Water and Power, City Employees'  
Retirement System and Fire and Police Pensions)

**Subject:** Revenue Billing and Collection

The City of Los Angeles has the fiscal responsibility of collecting taxes and fees to carry out its responsibilities and provide services to its residents and visitors. City departments play the primary role in this revenue billing and collection effort.

Under the City Charter, the Office of Finance has the responsibility and duty to develop guidelines for the collection of outstanding receivables and to make recommendations to the Mayor and Council concerning the efficient organization of the revenue collection functions performed by City offices and departments. In May 2002, the Office of Finance released the Citywide Billing and Collection Guidelines based on best practices in both the public and private sector.

The Office of Finance's Citywide Billing and Collection Guidelines are attached and incorporated in this Executive Directive. All General Managers, Heads of Departments/Offices and Commissions of City Government (except Airports, Harbor, Water and Power, City Employees' Retirement System and Fire and Police Pensions) are directed to comply with the Citywide Billing and Collection Guidelines whose main criteria are listed, and ensure that their department immediately:

1. Submit to the Office of Finance for approval the template employed by the department for delinquency notices that use City Attorney letterhead, with language advising the debtor that their account may be subject to remedies including referral to a collection agency or legal action if payment is not received. Once approved, incorporate this into your billing cycles and use as a final notice on all delinquent accounts;
2. Refer delinquent accounts to outside collection agencies or the City's Collection Unit located in the Office of Finance, generally following 45





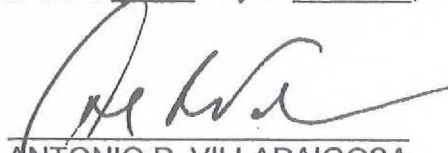
days of delinquency, as directed by Section 5.181 of the Los Angeles Administrative Code;

3. Review and implement measures to apply penalties and interest to all delinquent accounts at a level that effectively deters delinquency and encourages voluntary compliance in making timely payments;
4. Submit quarterly reports on accounts receivable, including aging accounts, to the Office of Finance;
5. Formulate and incorporate written policies and procedures for each process that involves billing and/or collection and submit to the Office of Finance;
6. Submit department reports of uncollectible accounts for write-off to the Board of Review annually as directed by Section 5.182 of the Los Angeles Administrative Code and the Board of Review Protocols and Procedures, and
7. Ensure that a designated Department Executive Liaison regularly attends Revenue Management Committee meetings, chaired by the Office of Finance, and shares meeting information with all relevant department staff.

The Office of Finance shall continue to monitor referrals and compliance with the Citywide Billing and Collection Guidelines and advise my Office of the progress of departments. The Mayor's Office and the Office of Finance are also working together to create additional incentives that will encourage timely payment to the City and reduce future need for referrals to the City's Collection Unit or an outside collection agency. Please also confer as necessary with the Office of Finance regarding implementation of new billing processes or collection issues.

Your prompt cooperation will help increase the efficiency of Citywide billing and collection functions, maximize the recovery of revenue owed to the City and ultimately help improve services to our communities and neighborhoods.

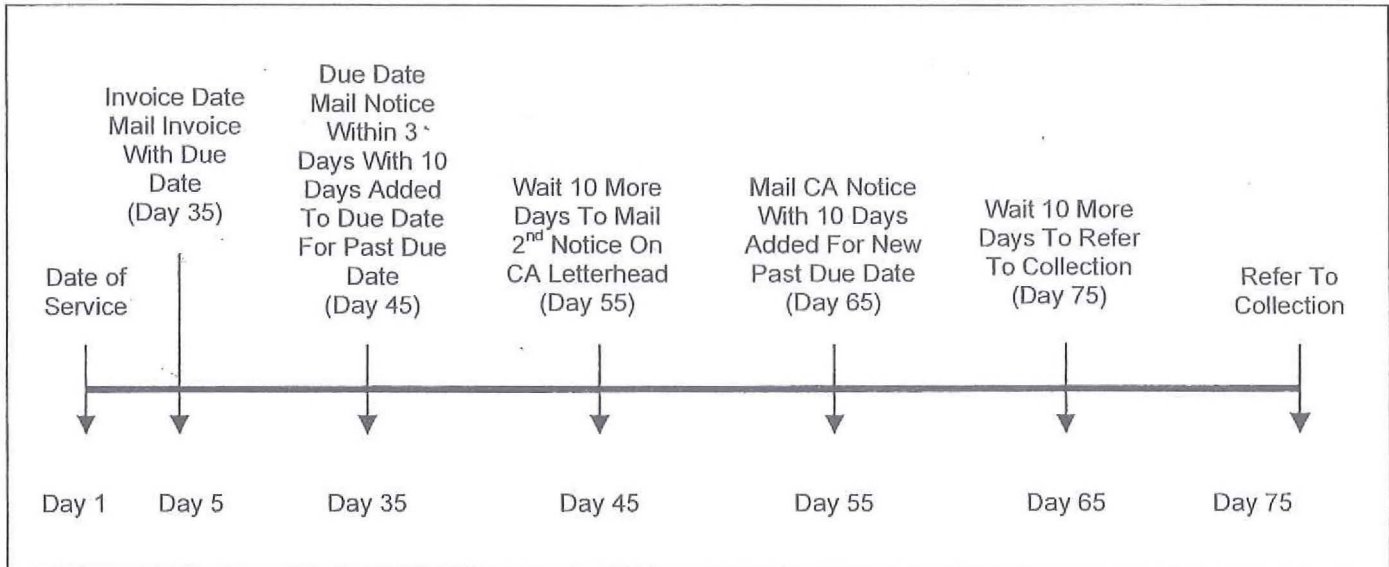
Executed this 20<sup>th</sup> day of October, 2005



ANTONIO R. VILLARAIGOSA  
Mayor

Attachment

**TIMELINE – INVOICE, NOTICES, REFERRAL**



Day 1 – Receivable date (service is provided).

Day 5 – Deadline to mail initial invoice is within 5 days from service (invoice date).

Day 35 – Account becomes delinquent at 30 days of non-payment (from invoice date) and second invoice is mailed on day 36 (or within 3 days) stating the debtor has 10 days to pay (but wait a total of 20 days to ensure payment is processed before mailing third and final notice on City Attorney letterhead).

Day 55 – Third and final notice is mailed on City Attorney Letterhead demanding payment within 10 days (but wait a total of 20 days to ensure payment is processed before referring the account to collection).

Day 75 – Account is referred to the appropriate collection agency.