



MICHAEL N. FEUER  
CITY ATTORNEY

REPORT NO. R 1 3 - 0 3 0 5  
OCT 2 3 2013

**REPORT RE:**

**A DRAFT ORDINANCE AMENDING SECTION 22.815 OF THE  
LOS ANGELES ADMINISTRATIVE CODE REGARDING  
NEIGHBORHOOD COUNCIL CHECKING ACCOUNTS**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Council File No. 11-1020-S1

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance would amend Section 22.815 of the Los Angeles Administrative Code (LAAC) to clarify that Neighborhood Council Checking Accounts may be opened at any financial institution able to offer debit cards, online banking services and oversight by the Department of Neighborhood Empowerment (Department). The City's current banking vendor does not offer debit cards combined with online banking services for government agencies.

Background and Summary of Ordinance Provisions

Currently, Los Angeles Administrative Code Section 22.815 authorizes the Office of Finance to "establish checking accounts for Neighborhood Councils under the City's existing banking contracts." This amendment eliminates the term "under the City's existing banking contracts" in order to clarify that the accounts may be opened at any financial institution capable of offering the desired account features. The City has been

unable to identify an existing vendor able to accommodate the desired account features of providing a debit card and offering the ability to make online payments, which is necessary to ensure that the Department will have sufficient oversight over the accounts.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Department, the Office of Finance, the Controller and the City Administrative Officer, requesting that they address any comments they may have directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Darren R. Martinez at (213) 978-8197. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By 

DAVE MICHAELSON  
Chief Assistant City Attorney

DM:DRM:mg  
Transmittal

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Section 22.815 of the Los Angeles Administrative Code regarding Neighborhood Council checking accounts.

**WHEREAS**, City Council previously adopted an ordinance allowing Neighborhood Councils to obtain checking accounts pursuant to Los Angeles Administrative Code Section 22.815; and

**WHEREAS**, a principal feature required of the Neighborhood Council checking accounts is the ability to provide a debit card, make online payments and provide the Department of Neighborhood Empowerment with access and control over the accounts; and

**WHEREAS**, the City's current vendor, Wells Fargo, is unable to accommodate the desired account features; and

**WHEREAS**, Los Angeles Administrative Code Section 22.815 previously stated that the "Office of Finance is hereby authorized to establish checking accounts for Neighborhood Councils under the City's existing banking contracts"; and

**WHEREAS**, this amendment eliminates the term "under the City's existing banking contracts" in order to clarify that the Neighborhood Council checking accounts may be opened at any financial institution able to accommodate the desired account features.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. Section 22.815 of the Los Angeles Administrative Code is amended in its entirety to read as follows:

**Sec. 22.815. Neighborhood Council Checking Accounts.**

(a) The Office of Finance is hereby authorized to establish checking accounts for Neighborhood Councils (the "Checking Accounts".) The Checking Accounts shall list the Department of Neighborhood Empowerment (Department) as a joint signatory and grant the Department authority to unilaterally suspend or close the Checking Account. The Department shall determine which board members will have access to and authority to issue checks from the Checking Account. The Department shall have authority to suspend or terminate any board member's access to the Checking Account with or without cause. The Department is authorized to transfer funds between and from the Neighborhood Council's City account to the Neighborhood Council's Checking Account.

(b) The Department shall have the authority to promulgate all procedures, rules and regulations, as well as to issue any directives necessary to administer the Checking Accounts, including but not limited to establishing rules for withdrawals, deposits, issuance of checks, reporting requirements, establishing mandatory training for any Neighborhood Council or board member regarding the Neighborhood Council funding system. The Department also shall have the authority to establish rules designating which Neighborhood Council Board Members will have access to the Checking Accounts. Further, the Department shall have the authority to determine suspend or terminate, with or without cause, any Neighborhood Council board member who fails to adhere to the Department's procedures, rules or regulations regarding the Checking Accounts.

(c) Neighborhood Councils may not withdraw cash from the Checking Accounts.

(d) Neighborhood Councils are authorized to make the following expenditures from their respective Checking Account by a negotiable written instrument:

(1) Payments for the functions and operations of the Neighborhood Council pursuant to Section 22.810.1(g)(1) of this Code;

(2) Payments for the neighborhood improvement projects that have been approved by the Department pursuant to Section 22.810.1(g)(1) of this Code; and

(3) Payments for neighborhood purposes grants where the applications have been approved by the Department pursuant to Section 22.817 of this Code.

(e) If a Neighborhood Council is unable to operate, lacks sufficient board members to form a quorum for its regular meetings, or has been placed into exhaustive efforts by the Department pursuant to Article VI section 4 of the Plan for a Citywide System of Neighborhood Councils, then the Department is authorized to make any payment from the respective Checking Account for the Neighborhood Council's functions and operations pursuant to Section 22.810.1(g)(1) of this Code.

(f) In the event any Neighborhood Council is decertified, abandoned, or otherwise ceases to exist, or the Checking Account is closed or terminated, then any and all funds in the Checking Account shall be returned to the Department Fund in accordance with Section 5.517 of this Code.

(g) The Neighborhood Council must maintain records relating to the Checking Account and must make those records available for audit, inspection and review by the Department, Office of Finance or the Controller.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

HOLLY L. WOLCOTT, Interim City Clerk

By \_\_\_\_\_  
Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By   
DARREN R. MARTINEZ  
Deputy City Attorney

Date 10/22/2013

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