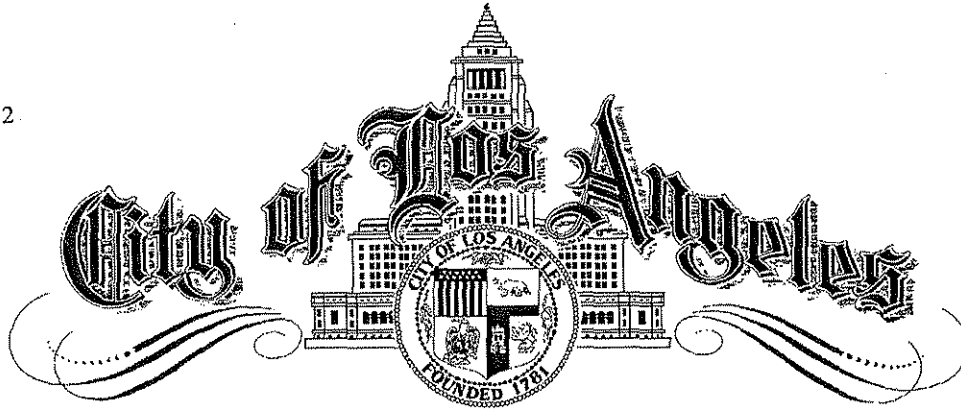


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 3 - 0 1 3 6
MAY 2 1 2013

REPORT RE:

**A DRAFT ORDINANCE AMENDING 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 authorize Neighborhood Councils to spend monies from a checking account overseen by the Department of Neighborhood Empowerment (Department).

Background and Summary of Ordinance Provisions

Currently, payments for the authorized obligations and expenditures by individual Neighborhood Councils are administered by the Department. At present, after the Department approves an expenditure, the Controller issues a check from the City's Treasury. This ordinance will authorize Neighborhood Councils to open checking accounts at the banking institutions already under contract with the City and enable them to pay their authorized vendors directly. The checking accounts will be overseen and administered by the Department pursuant to rules and regulations that will include restrictions on access to and use of the checking accounts. The regulations will provide

safeguards and accountability regarding the expenditure of public funds. The checking accounts will be subject to inspection and audit by the Department, Office of Finance and the Controller.

In 2008, the City enacted LAAC Section 22.814, which authorized Neighborhood Councils to accept donated funds, and Section 22.815, which authorized Neighborhood Councils to deposit their donated funds into a City established checking account. Due to the City's budget crisis and the resulting staffing shortages, Sections 22.814 and 22.815 were never implemented. In March, 2011, Sections 22.814 and 22.815 expired under a sunset provision and are no longer effective. The current ordinance would amend Section 22.815, to implement the process through which Neighborhood Councils will have direct -- but supervised -- access to their own Checking 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,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:DRM:mg
Transmittal

ORDINANCE NO. _____

An ordinance amending Section 22.815 of the Los Angeles Administrative Code to grant the Department of Neighborhood Empowerment the authority to administer checking accounts for Neighborhood Councils.

WHEREAS, Neighborhood Councils are appropriated monies on an annual basis to spend on: (1) their functions, operations, and duties; (2) neighborhood improvement projects; and (3) Neighborhood Purposes Grants; and

WHEREAS, expenditures by the Neighborhood Councils are currently administered by the Department of Neighborhood Empowerment and processed through the City Controller before any check is issued by the City; and

WHEREAS, the City's budget crisis has resulted in reduced staff and resources available to process administrative payments causing payment delays; and

WHEREAS, giving Neighborhood Councils a more direct role in processing their payments will assist in ensuring that payments are made in a timely and accurate manner, given that Neighborhood Councils are more familiar with their expenditures; and

WHEREAS, the Department of Neighborhood Empowerment will promulgate regulations regarding access to and restrictions upon use of the checking accounts; and

WHEREAS, providing Neighborhood Councils with direct access to checking accounts will lead to greater efficiency and accountability by redirecting City resources (currently employed to process payments) to auditing those expenditures to ensure they are authorized and appropriate.

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 under the City's existing banking contracts (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, moratoria or rules 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.

(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 and 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 _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By *Darren R. Martinez*
DARREN R. MARTINEZ
Deputy City Attorney

Date 5/15/2013

File No. 11-1020-S1