

**ANTOINETTE CHRISTOVALE**  
DIRECTOR of FINANCE  
CITY TREASURER

**CITY OF LOS ANGELES**  
CALIFORNIA



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April 22, 2014

Honorable Members of the Budget & Finance Committee  
Room 395, City Hall  
Los Angeles, California 90012

Attention: Erika Pulst, Legislative Assistant

**RE: OFFICE OF FINANCE FY 2014-15 PROPOSED BUDGET**

The Office of Finance (Finance) would like to thank the Mayor, the City Administrative Officer (CAO), and respective staff for their consideration of the department's initial budget request. As the City moves toward a Program Based Budgeting process Finance would like to underscore the importance of its Treasury, Revenue Billings, Audits and Collections programs. Finance is responsible for the collection of over \$2.5 billion in revenue annually, active management of the City's \$8 billion investment portfolio and cash and debt programs exceeding \$50 billion.

Position Eliminations

Finance is mindful of the fiscal challenges facing the City and recognizes that difficult funding decisions were made to reduce the structural deficit. Among those decisions was the need to eliminate positions. Seven Finance positions are proposed for deletion in the budget: (2) Principal Clerks, (2) Clerk Typist, (2) Tax Compliance Officer II, and (1) Finance Collection Investigator III. Four of those positions support the Customer Service operations of the department.

The Customer Service operations of the department have experienced reductions in the past several budget cycles. While the department is not requesting the restoration of these positions at this time, Finance will have to close the Hollywood public counter office and redeploy Hollywood staff to our Customer Service Call Center at City Hall to increase support for this critical operation. We will look at the feasibility of opening the Hollywood public counter office during our peak business tax renewal season.

Finance has greatly enhanced its web-based programs. Businesses can use the department's website to file and pay online all taxes and permit fees administered by Finance or visit one of our public counter offices located at Van Nuys, West Los Angeles, or City Hall.

Bank Merchant Card Fees

The City collects over \$700 million in credit card payments annually. Collecting fees and payments by credit card improves the City's revenue collection program by offering customers more payment options and guaranteeing prompt payments. Finance requested additional funding in its FY 2014-15 budget appropriation to pay for the increased use of credit card services by City's departments. The department received a \$6 million bank fee appropriation in FY2012-13 and FY2013-14. However, the bank fee expenditures in FY2012-13 were \$6.5 million and the expenditures are projected to be slightly higher in FY 2013-14. Finance used its internal savings from other budgeted accounts to pay for the additional expenditures. We anticipate that the bank fee expenditures will remain at or above the \$6.5 million level in FY 2014-15 and will be unable to pay for these costs without additional funding.

Treasury Management System

Funding was provided in the FY2013-14 budget to implement a Treasury Management System (TMS) to create efficiencies in the Treasury operations. Finance released a Request for Proposals (RFP) and is in the process of negotiating a contract with the successful bidder. The implementation of the TMS is a performance metric identified for the department. Because we are still in negotiations, the targeted dates for contract execution and implementation will need to be revised. We will work with the Mayor's Office on any necessary changes to the schedule. While the overall funding for the TMS project will not be known until the contract negotiations are complete, we know that the current level funding is not sufficient based on the proposals received through the RFP process.

Sincerely,



Antoinette Christovale, CPA  
Director of Finance/City Treasurer

c: Ana Guerrero, Mayor's Chief of Staff  
Rick Cole, Deputy Mayor, Budget and Innovation  
Zara Bukirin, Deputy Budget Director, Mayor's Office  
Miguel Santana, City Administrative Officer  
Finance Management Team