

11-0595

MOTION

The Controller's Office performs a variety of audits and accounting functions to determine if existing internal controls are adequate, if departments operate efficiently and effectively, and to ensure that revenues and expenditures are properly recorded. The Controller's Office also performs special analysis and reviews of City functions, and efficiency in policy.

The City is currently facing a \$46 million deficit for the current year and a \$350 million deficit next fiscal year. Meanwhile the City has significant uncollected debt and some of that can be attributed to parking lot operators not remitting the City's Parking Occupancy Tax (POT). Since 2008, there has been an aggregate number of approximately \$23 million dollars in POT revenue which has not been collected and is currently in active litigation.

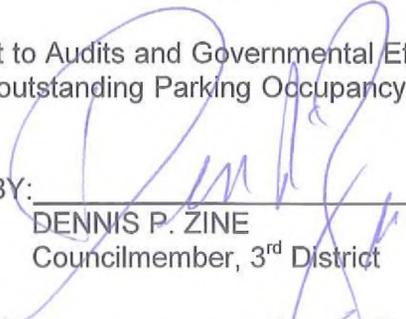
The 'cash' nature of the parking industry and the transient method of operation employed by many parking lot and valet parking operators allows for constant fraud and abuse of City policy. Furthermore, non-compliance with the City's POT ordinance creates an uneven playing field for tax scofflaws and places conforming operators at a competitive disadvantage.

There is an immediate need to look at the process of how the POT is collected and how to create better collection practices to ensure complete remittance as mandated by Article 1.15, Chapter 2, of the Los Angeles Municipal Code.

The City Controller is currently undergoing a full audit on the 'process' of how POT is collected and reported to the City. The audit should also include recommendations on how to better address the constant fraud and abuse some parking violators continue to display. Creating efficiencies in the process by which the City collects POT is crucial to maximize revenues.

I THEREFORE MOVE that the Council take the following actions:

1. Request the City Controller to report to Audits and Governmental Efficiency Committee with an update on her pending audit of the parking occupancy tax collections, along with a timeline for completion;
2. Instruct the Office of Finance to report to Audits and Governmental Efficiency Committee relative to its contract with their outside auditor, The Parking Network, setting forth the contract's scope of work and an analysis of its effectiveness in assisting City efforts in the collection of Parking Occupancy Tax revenues; and
3. Request the City Attorney's office to report to Audits and Governmental Efficiency Committee on pending and ongoing litigation relative to outstanding Parking Occupancy Tax revenue owed to the City.

PRESENTED BY: 
DENNIS P. ZINE
Councilmember, 3rd District

SECONDED BY: 

APR - 8 2011

ORIGINAL