

# LOS ANGELES POLICE COMMISSION

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October 11, 2011

BPC #11-0397

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

RE: RESPONSE TO CITY COUNCIL MOTION (CF NO. 11-0595) RELATIVE TO THE  
FEASIBILITY OF REQUIRING INSTALLATION OF REVENUE CONTROL  
EQUIPMENT AT ALL POLICE COMMISSION PERMITTED AUTO PARKS

At the regular meeting of the Board of Police Commissioners held Tuesday, October 11, 2011, the Board APPROVED the Department'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

c: Chief of Police

## INTER-DEPARTMENTAL CORRESPONDENCE

October 5, 2011  
1.0

**TO:** The Honorable Board of Police Commissioners

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

**SUBJECT:** RESPONSE TO CITY COUNCIL MOTION (CF NO. 11-0595) RELATIVE TO THE FEASIBILITY OF REQUIRING INSTALLATION OF REVENUE CONTROL EQUIPMENT AT ALL POLICE COMMISSION PERMITTED AUTO PARKS

### RECOMMENDED ACTION

That the Board of Police Commissioners (Board):

1. APPROVE the Executive Director's Report responding to City Council Motion relative to the feasibility of requiring the installation of Revenue and Control Equipment (RCE) by all auto parks businesses prior to the renewal of their Automobile Parking Lots (Auto Parks) Police Permit; and, TRANSMIT to the Audits and Governmental Efficiency Committee and the Director of the Office of Finance.
2. That the City Council direct the City Attorney to amend Section 103.202, Los Angeles Municipal Code (LAMC), Automobile Parking Lots (Auto Parks), to require that all current and new permitted Auto Parks install either permanent, portable, or handheld Revenue Control Equipment as approved by the Board of Police Commissioners within 180 days of the amended ordinance being approved by the City Council.

### DISCUSSION

In compliance with Council Motion (CF No. 11-0595) with the contemplated objectives of pursuing uncollected Parking Occupancy Tax debt owed to the City, staff considered the feasibility of requiring the installation of Revenue Control Equipment within the City of Los Angeles Auto Park facilities, and examined the potential contributions of such equipment in eliminating or significantly reducing delinquent Parking Occupancy Tax debt and fraud. Refer to the attached Fact Sheet for specific information.

As part of the investigative efforts, staff inquired relative to the estimated costs expected to be incurred by Auto Park facilities throughout the City of Los Angeles to install fixed Revenue Control Equipment. The estimates obtained were based upon the following variables: the number of entrances and exits; requirement of validation; attended, unattended or small attended; Flat Rate; Monthly-Only; and whether it's Multi-Operational. Estimates ranged from \$45,500 to \$172,881 (not including installation, taxes, freight, etc.) based on the necessity and quantity of

the following: Gates, Universal-One System, SCANNET Management System, Intercom Package, Pay-in-Lanes system, Auditor Powerpad, and Validator. The cost estimates for "Gated Revenue Control System" ranged from \$153,350 to \$253,350.

Staff also examined the use of portable devices which allow attendants to print uniquely numbered permits and receipts. The portable device can be placed on a podium or handheld, and offer the attendant the ability to accept payment by means of cash, credit card, or Automated Teller Machine (ATM). There is a wide range of ruggedized portable and handheld devices available at a cost ranging from approximately \$2,250.00 to \$4,500.00 per device. Additionally, the portable device requires back office support software to operate the system at a cost of approximately \$3,000.00 regardless of the number of units connected; and, an annual software support fee of approximately \$600.00 per device. The use of this equipment will result in a significant cost savings to the Auto Park operators while at the same time providing the City an appropriate audit control of the revenues collected and Parking Occupancy Tax due from the operators. Since many of the Auto Parks are surface locations, the use of a portable or handheld device is desirable to meet the City-imposed requirement and will not reduce the current available parking spaces.

Staff found that permanently installed Revenue Control Equipment is a better option for an incremental payment parking facility while the handheld device is more adaptable to those facilities that are based on a flat rate of payment. It is recommended that all Auto Parks be required to utilize either the permanently installed, portable or handheld device Revenue Control Equipment.

The City Council Motion asked if it is feasible for all Auto Parks to install Revenue Control Equipment. Staff found that although the use of Revenue Control Equipment by all Auto Park operators would be beneficial to the City and it is feasible to require the use of such equipment, it is not practical to require all Auto Parks to permanently install Revenue Control Equipment. The auto parks operators should be provided with the option of installing permanent equipment or to utilize the portable or handheld device based on their business model.

It is recommended that implementation of this requirement be within 180 days of the City Council approving an amendment to Section 103.202, LAMC, Automobile Parking Lots, requiring the use of Revenue Control Equipment as approved by the Board. The recommendation of staff is that the Board would adopt rules and regulations for Auto Parks identifying the type of Revenue Control Equipment in order that they could be amended as technology changes to continue to be cost effective for Auto Park operators while providing the City with the appropriate control measures to monitor the payment of Parking Occupancy Tax.

Currently when a non-permitted parking facility is identified enforcement action is taken by Commission Investigation Division (CID), Enforcement Section, in the form of an arrest for violation of the Los Angeles Municipal Code or ordering the operator to cease operation and not operate until an Auto Park permit is issued in accordance with the existing ordinance. As a condition of a permit being approved there is a requirement to pay all Business and Parking

Occupancy Tax current. With the implementation of an amendment to the current ordinance requiring Revenue Control Equipment for all permitted Auto Parks that requirement would also have to be met.

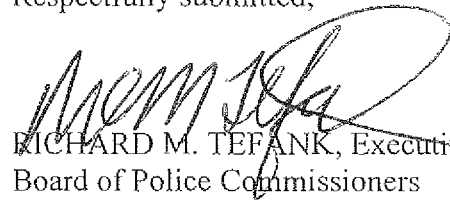
There are currently permitted Auto Parks in the City that have a different business model than those that are open to the public for routine parking. Those Auto Parks are either repair or rental facilities that as a part of their repair or rental contract charge a fee for parking the customers vehicle. The permitted Auto Parks do not have an attendant and do not generate a parking permit upon the fee being paid. The costs for parking are included in the contract which the customer signs and the Auto Park remits their Parking Occupancy Tax to the City. It is recommended that Auto Parks with this business model not be required to have Revenue Control Equipment since they operate on a low volume and their records provide an appropriate audit mechanism.

While researching the feasibility of imposing the installation of Revenue Control Equipment, two meetings were held with Mr. Robert Hindle, Chairman of the Los Angeles Parking Association, which represents approximately 70% of the Auto Park operators in the City. Mr. Hindle stated his Association is supportive of the requirement of Revenue Control Equipment as long as the operator has the ability to choose to either permanently install equipment or use the portable or handheld device.

To assist the City in collecting the delinquent parking occupancy taxes from Auto Park operators, CID, Permits Section, has requested from the Office of Finance a listing of permitted Auto Park operators who are delinquent tax payers to the City. Using this list, CID will send a letter to those Auto Parks operators informing them that their permit will not be renewed for calendar year 2012 if they do not bring their tax payments current by no later than December 31, 2011.

Should you have any questions please contact me at (213) 236-1400.

Respectfully submitted,



RICHARD M. TEFANK, Executive Director  
Board of Police Commissioners

Attachments

BOARD OF  
POLICE COMMISSIONERS

Approved *October 11, 2011*  
Secretary *Marwa Silva*

**FACT SHEET**  
**October 5, 2011**

**ISSUE**

Pursuant to Los Angeles City Council Motion (CF No. 11-0595), the Office of Finance and Los Angeles Board of Police Commissioners are to report to the Audits and Governmental Efficiency Committee on the feasibility of requiring the installation of Revenue Control Equipment by all auto parks businesses prior to the renewal of their Auto Parks police permit.

**BACKGROUND**

On April 12, 2011, Councilman Dennis Zine, Chair of the Audits and Governmental Efficiency Committee, introduced a Motion requesting the City of Los Angeles pursue uncollected Parking Occupancy Tax debt owed to the City.

The City Attorney has been instructed to amend the Los Angeles Municipal Code (LAMC) to provide a statutory framework for enforcement. Under the amendment, reinstatement of a suspended Police Permit is contingent upon the operator—(a) paying all outstanding delinquent business taxes and parking occupancy taxes; and (b) installing, at the permit holder's expense, automated and approved Revenue Control Equipment at each parking location. The intended effects of the LAMC amendment are to recover delinquent taxes, decrease fraud and reduce recurring violations. With the contemplated objectives in mind, this report will consider the feasibility of requiring the installation of Revenue Control Equipment within the City of Los Angeles parking facilities and will examine the potential contributions of such equipment in eliminating or significantly reducing delinquent Parking Occupancy Tax debt and fraud. The City Attorney is responding directly to the Audits and Governmental Efficiency Committee.

**DISCUSSION**

In efforts to comply with the Motion, the following research was conducted by the Los Angeles Police Commission staff.

*Permanently installed Revenue Control Equipment*

The Federal APD was contacted by staff to obtain information regarding estimated cost of purchasing and installing Revenue Control Equipment in parking facility locations throughout the City of Los Angeles. The estimates obtained were based upon the following variables: the number of entrances and exits; requirement of validation; and whether attended or unattended. The following five scenarios were presented:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Number of Gates	2	4	4	4	8
Universal One TD-Silver Package	1	2	2	2	4
SCANNER Central Management Software System	1	1	1	1	1
Viking Intercom Package	1	2	2	2	4
Pay-in-Lanes system	1	2	2	2	4
Auditor Powerpad4			2	2	2
Merchant Validator				10	10
<b>COST</b>	\$45,500	\$79,224	\$97,682	\$108,954	\$172,881

\* Taxes, Installation Concrete, Electrical & Freight are NOT included.

\* Parking Booth available at and additional \$8,500 each.

\* Automated Pay on Foot Available at \$32,000

When presenting the estimates above, Federal APD noted there are varying types of operators that need to be considered for the parking stations: Attended, Un-Attended, Small Attended, Flat Rate, Monthly-Only, Validation, and Multiple Operations.

Additionally, Integrapark provided estimates for "Pay by Space" and "Gated Revenue Control System" equipment. A "Pay by Space" display station would cost approximately \$10,000 (including installation) per 50 spaces. The "Gated Revenue Control System," consists of the Revenue Control System, Barrier Gates, Fee Computers, and Pay Stations. Installation of such a system for a two-lane parking facility (one entry lane, one exit lane) would cost approximately \$150,000; the required annual accounts receivable system of \$3,000 and \$350 annual licensing fee bring total initial cost estimate to \$153,350. Installation of such system for a four-lane structure (two entry lanes, two exit lanes) increases the estimated cost to approximately \$253,350.

*City of Los Angeles Parking Facilities*

The following information provides the total number of auto park facilities permitted by the City of Los Angeles:

City of Los Angeles Auto Parks	
Parking Spaces	No. of Auto Parks
Unidentified	426
0 – 50	304
50 – 100	231
100 – 150	108
150 – 200	71
200 – 250	64
250 – 300	53
300 – 350	33
350 – 400	34
400 – 450	25
450 – 500	28
500 – 1000	115
1000 – 2000	47
> 2000	12
Total # Auto Parks:	1551
** Above represents approximate figures from 2010	

As indicated in the chart above, 643 of the approximately 1,551 Auto Parks (42% not taking into account the 'unidentified' auto parks) are surface lots with fewer than 150 parking spaces. Of the larger parking structures with 500+ spaces (i.e. Westfield, Century Park, Hollywood & Highland), most have some type of Revenue Control Equipment already installed and operational. For example, the six-story parking structure located at 725 South Grand Avenue is a four-lane facility (two entry lanes and two exit lanes each with gates) with Revenue Control Equipment. Similarly, the surface lot located at 808 South Olive Street is a two-lane facility (one entry lane and one exit lane each with gates and an attendee) with Revenue Control Equipment. However, the large parking structures at 1945 South Hill Street (Lot 60 B) and 131 South Olive Street (Lot 17) both have four lanes (two entry lanes and two exit lanes with attendees but without gates) and no Revenue Control Equipment installed; these lots offer jury and monthly parking. Currently the Los Angeles Municipal Code (LAMC) requires an attendant when an Auto Park is receiving payment for vehicles parking at the location.

Surface parking facilities with between approximately 200 and 500 parking spaces tend to have multiple entrances (many have three or more), no Revenue Control Equipment, attendants working the booths, and alley ways which would increase the difficulty of keeping accurate figures on how many vehicles actually utilize these facilities. Additionally, most of these

facilities also offer monthly parking rates and validation for the various surrounding businesses. For instance, the 250+ parking structure located at 717 South Olive Street (same as 710 South Grand Avenue) is a six lane facility (three entry lanes and three exit lanes with attendees but without gates). The Structure at 931 South Hill Street is a three lane facility (three lanes all used for both entrance and exit) and offers validation and monthly parking. The surface lot at 918 South Broadway has seven lanes (seven lanes all used for both entrance and exit) and offers validation and monthly parking rates. While many of these surface structures may have "Main Entrance/Exits", there are multiple driveways from which the lots can be accessed.

Smaller facilities within the City of Los Angeles (less than 150 spaces) can have as many as two driveways but usually consist of one main driveway used for both entrance and exit. For example, the surface facilities located at 630 and 645 South Hill Street has one driveway for both entrance and exit with two attendees working. However, most of these smaller facilities (e.g., around the Jewelry District) have insufficient space for installation of large or bulky equipment without the loss of significant percentage of parking spaces. For example, in the 700 block of South Hill Street (731 and 747 South Hill Street), there are four adjacent small parking structures separately owned and operated by different entities. These four structures have one main entrance each, yet because they tandem park cars for maximum volume, they share one mutually-connected exit through an alley, thereby making it unpractical and logistically difficult to install independent large equipment. One possible solution for smaller lots is demonstrated by the surface lot adjacent to the parking structure at 950 South Olive Street. This surface facility has a "pay by space" display station similar to those found for some street parking in the cities of Pasadena and Glendale. While seemingly designed to be automated and un-manned, the particular station was manned by two attendees on the day the field inspection was made.

Additionally, the City of Los Angeles also has 33 parking facilities that are operated by General Service Department (GSD). Of those 33 facilities, 11 have Revenue Control Equipment installed and operational. The GSD obtained estimates on the Revenue Control Equipment installed in those facilities from Amano McGann Inc. ("Amano"). Amano provided GSD with the following estimates: \$15,000-\$20,000 per fee computer; \$20,000-\$25,000 per ticket dispenser; \$15,000-\$20,000 per gate arm; \$10,000-\$15,000 per ticket validator; \$5,000 per fee display; and \$45,000-\$55,000 per license for software requirements such as access, count, revenue, with installation costs varying based on location and equipment.

At the present time, GSD uses the "Modern Access System" at the L.A. Mall and Parking Lot 2. On the other hand, the Pershing Square Garage, Broxton Garage, Studio City Garage, San Fernando Valley Garage, Westwood Library, Pico Library, and the Robertson Garage use the Amano Parking equipment. Both systems are designed for paying upon exit. In figures provided by GSD, the Modern Access System parking equipment installed at the L.A. Mall (230 spaces) and Parking Lot 2 (225 spaces) cost \$180,000, with cost savings achieved by using the existing network system (three fee computers, five gate arms, three fee displays, three ticket dispensers, three ticket scanners, and the parking control software). Parking Lot 2 is a two-lane facility (one entry lane with gate and one exit lane without gate) set up for pay-in-advance. L.A. Mall is a four-lane facility (two entrance lanes, two exit lanes all with gates) with a pay-on-exit option. Besides having Revenue Control Equipment installed in these larger facilities, the



Department of Transportation (DOT) has also installed pay stations at some of their surface facilities.

### *Portable and Handheld Revenue Control Equipment*

An alternative to permanently installed Revenue Control Equipment is the use of portable and handheld devices which allow attendants to print uniquely numbered receipts. The portable device is placed on a podium while the handheld device is held by the attendant; both have a scan device attached to the bottom to accept cards and is connected to a printer that is on the podium or carried by the attendant. The device is similar to that which is used by rental car companies when a rental car is returned. The system software allows the attendant using the device to issue uniquely numbered parking permits and receipts in less than eight seconds. It also allows for the acceptance of different payment methods including cash, credit cards, and Automated Teller Machine (ATM) cards.

These devices allow for pre-sale of parking spaces and offer reservations for events by name. It also allows for the real time tracking of parking occupancy levels in order that parkers can be re-directed to lots with available spaces.

The software provides a complete audit trail which gives the ability to track parking transactions from every event – minimizing shrinkage for the parking operator while increasing revenue. The software also allows for a number of reports to be accessed relative to activity, payments received and method of payment.

These devices are best utilized at a flat rate parking lot versus an incremental payment parking facility. A flat rate parking facility is one which has a fixed payment. Incremental lots are those that have a minimum payment and then additional payments in increments of 15 minutes for example with a maximum amount reached in a very short time frame.

There is a wide range of ruggedized portable and handheld devices available at a cost ranging from approximately \$2,250.00 to \$4,500.00 per device. Additionally, the portable device requires back office support software to operate the system at a cost of approximately \$3,000.00 regardless of the number of units connected; and, an annual software support fee of approximately \$600.00 per device. This option is clearly less expensive than permanently installed Revenue Control Equipment and accomplishes the same task.

## **CONCLUSION**

The Police Commission found that requiring all auto parks facilities in the City of Los Angeles to install Revenue Control Equipment is feasible. This equipment will not only provide a benefit to the City but also to the auto parks facilities. For the City, it will provide greater accountability of revenues received by these facilities and will ensure the proper reporting and payment of Parking Occupancy Tax. For the facilities, it can help avoid shrinkage and internal theft by employees.

However, we found that requiring all auto parks facilities to permanently install Revenue Control Equipment is not practical or business friendly when taking into consideration the cost and that many of these lots are surface lots that may very likely be replaced with other uses such as office buildings.

The Police Commission believes a viable and practical alternative is the use of advanced technology and the portable or handheld equipment. Portable or handheld equipment achieves the same goal of improved auditing for the City and operator, flexibility, ability for the customer to pay by cash, credit card or ATM card.

For those lots that are incremental pay, they would have to make a business decision to remain incremental pay and permanently install Revenue Control Equipment or move to the portable or handheld equipment to avoid the additional costs.

During the research and evaluation of the feasibility of requiring the installation of Revenue Control Equipment, two separate meetings were held with Mr. Robert Hindle and representatives of the Los Angeles Parking Association. The use of the portable or handheld device was discussed with their Association and they were supportive of using this device as an alternative to permanent installation of equipment. Additionally they were supportive of allowing the operator to determine from their business operation, volume of parking and location if the installation of permanent equipment or the handheld device was best suited for their operation.

### ***RECOMMENDATION***

The Police Commission recommends that the auto parks facilities be provided with the option of installing permanent Revenue Control Equipment or to use a portable or handheld device.

CITY OF LOS ANGELES  
CALIFORNIA

JUNE LAGMAY  
City Clerk

HOLLY L. WOLCOTT  
Executive Officer



ANTONIO R. VILLARAIGOSA  
MAYOR

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

When making inquiries relative to  
this matter, please refer to the  
Council File No.

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

April 29, 2011

To All Interested Parties:

City Attorney (w/blue sheet)

The City Council adopted the action(s), as attached, under Council File No. 11-0595,  
at its meeting held April 27, 2011.

City Clerk  
io

TO THE COUNCIL OF THE  
CITY OF LOS ANGELES

Your AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE

reports as follows:

AUDITS AND GOVERNMENT EFFICIENCY COMMITTEE REPORT relative to requesting the Controller, Office of Finance, and City Attorney to report on Parking Occupancy Tax collections including the current audit; and pending and ongoing litigation concerning uncollected parking occupancy tax revenue.

Recommendations for Council action, as initiated by Motion (Zine – Wesson – Garcetti):

1. NOTE and FILE Motion (Zine – Wesson – Garcetti) relative to requesting the Controller, Office of Finance, and City Attorney to report on Parking Occupancy Tax collections including the current audit; and pending and ongoing litigation concerning uncollected parking occupancy tax revenue.
2. REQUEST the City Attorney to report back to the Audits and Governmental Efficiency Committee on the following:
  - a. Draft language to amend the Los Angeles Municipal Code (LAMC) to authorize the denial of a business Police Permit application for a new permit for non-payment of business taxes and/or parking occupancy taxes.
  - b. Draft language to amend the LAMC to authorize the denial of a business annual Police Permit renewal for non-payment of business taxes or parking occupancy taxes.
  - c. Draft language to amend the LAMC to authorize that prior to reinstatement of a Parking Lot Operator's revoked or suspended Police Permit, the permit holder be required to:
    - 1) Pay all outstanding delinquent business taxes and parking occupancy taxes and any penalties and assessments.
    - 2) Install, at the permit holder's expense, automated and approved Revenue Control Equipment at each parking lot location that has had a Police Permit revoked or suspended (CF 09-0177).
  - d. Work with the Office of Finance to report back on the legal possibilities of requiring all parking lot operators to obtain a bond for each location to satisfy any delinquent tax similar to the regulation in the City and County of San Francisco, in addition the possibility of obtaining a lien on the property for non-payment of parking occupancy tax.

3. REQUEST the Los Angeles Board of Police Commissioners' general counsel to provide a status report to the Audits and Governmental Efficiency Committee on the Valet Parking Ordinance (CF 09-0206), and how it can incorporate the above recommendations.
4. INSTRUCT the Office of Finance and REQUEST the Los Angeles Board of Police Commissioners to report back to the Audits and Governmental Efficiency Committee on the feasibility of requiring the installation of revenue and control equipment for all business annual Police Permit renewals.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted

Summary:

At a special meeting held April 12, 2011, the Audits and Governmental Efficiency Committee considered Motion (Zine – Wesson - Garcetti) relative to requesting that the Controller, Office of Finance, and City Attorney report on Parking Occupancy Tax collections including the current audit; and pending and ongoing litigation concerning uncollected parking occupancy tax revenue. Pursuant to the Motion, representatives from the Offices of the City Attorney, Controller, and Finance, and from the Board of Police Commissioners' Commission Investigation Division (CID), appeared before the Committee to provide reports.

To open the discussion on this matter, the Committee Chair expressed concern that in light of the City's \$350 million projected deficit as of July 1, 2011, the City needs to be more vigilant in collecting what's owed to the City, especially since a large portion of that uncollected debt is uncollected parking occupancy tax revenue from parking lot operations (in fact, the Office of Finance reports that 9 of the City's top debtors are parking lot operators). Since parking lot operations are predominately cash businesses, they are prone to theft, fraud, and abuse which results in operators failing to remit the City's parking occupancy tax. Since 2008, approximately \$23 million of uncollected parking occupancy tax is in active litigation with the City Attorney, and this \$23 million represents 230 police officers on the streets, or 230 firefighters, or over 77 miles of street resurfacing. Therefore, the Committee Chair stated that there is an immediate need to examine the parking occupancy tax process and how to better collect the tax revenue that is owed to the City.

The representative from CID provided a brief overview to the Committee of the application process for parking lot operators to obtain a Police Permit, and what actions CID is authorized to take to bring into compliance parking lot operators who fail to obtain a permit prior to going into operation, or who fail to remit the parking occupancy tax. CID also reported that in a number of cases, individuals with a tax liability under one company will reorganize and obtain a permit under a new company without a tax liability and open a lot and keep that lot current, thereby walking away from the original tax liability. CID stressed that their only authority is over the police permit, regulation and enforcement of the permit, and over revocation cases referred to them by Finance.

CID also reported that the valet parking industry is currently unregulated in the City of Los Angeles. Public Safety Committee heard a Motion and CLA report relative to regulation of valet parking approximately 2 years ago (CF 09-0206). Off-street (hotels, restaurants, etc.) is not so much the issue as on-street valet parking. The City Attorney is in the process of moving the ordinance forward. CID recommended that regulation valet parking also be included in the proposed parking occupancy tax ordinance. The Committee Chair requested a status update on CF 09-0206 relative to the valet parking ordinance at the next meeting of the Audits and Governmental Efficiency Committee.

The Office of Finance then briefed the Committee on its processes and collection efforts relative to the parking occupancy tax. Finance recommended that the proposed parking occupancy tax ordinance provide the authority for CID to deny a police permit for those parking lot operators who are delinquent on remitting parking occupancy taxes. The Committee Chair concurred and indicated this was an additional loophole that needed to be closed to prevent parking lot operators from continuing to operate while failing to remit parking occupancy taxes. Additionally, the Office of Finance discussed the use and effectiveness of the contracted outside auditor, The Parking Network and expressed satisfaction with the services that this vendor is providing to the City toward onsite investigation, surveillance, and financial auditing and assisting the City with collecting an additional \$8.1 million of parking occupancy tax and that the vendor's pay is based on the identified and collected tax.

An Assistant City Attorney then briefed the Committee on the various litigation cases they are pursuing against parking lot operators and reported that there are currently 30 cases against parking operators, 21 are pending, 7 have been settled, and 2 have filed bankruptcy and City Attorney has actively followed those two entities into bankruptcy court to ensure the City receives what is owed to it. Additionally, the City has won a substantial judgment against Prestige Parking of \$5 million total on the criminal and civil sides. As an aside, the Assistant City Attorney noted that valet parking operators are indeed subject to the City's parking occupancy tax, however, the regulatory aspect is not in place at this time but the City Attorney is pursuing cases against them.

During the discussion, the Committee Vice Chair inquired about the use of revenue and control equipment and whether there was such a requirement. CID reported that there currently is no such requirement, but if there were, CID would be the enforcement agency for ensuring its installation. The Committee Vice Chair recommended that the City Attorney amend the proposed parking occupancy tax ordinance include language regarding installation of revenue and control equipment, that CID be the regulatory agency for it, and explore the feasibility of requiring the installation of the equipment for permit renewals, new lots, and change of ownership of lots.

After hearing from the Office of the Controller, and from representatives of the parking lot industry, and after providing an opportunity for public comment, the Committee recommended noting and filing Motion (Zine – Wesson – Garcetti) inasmuch as the Offices of the Controller, City Attorney, and Finance have complied with the requests presented in the Motion; and recommended approval of the recommendations brought forth during the committee meeting. This matter is now submitted to Council for its consideration.

Respectfully submitted,

AUDITS AND GOVERNMENT EFFICIENCY COMMITTEE

APR 20 2011

CONTINUED TO APR 12 9 2011

MEMBER VOTE

ZINE YES  
PARKS YES  
SMITH ABSENT

REW  
4/14/11  
11-0595\_rpt\_age\_04-12-2011 spcl mtg

**ADOPTED**  
as amended  
APR 27 2011  
\* See attached Motions  
LOS ANGELES CITY COUNCIL

Not Official Until Council Acts

**MOTION**

I HEREBY MOVE that Council ADOPT the following recommendations relative to requesting the Controller, Office of Finance, and City Attorney to report on Parking Occupancy Tax collections including the current audit; and pending and ongoing litigation concerning uncollected parking occupancy tax revenue (Item No. 7, Council file No. 11-0595):

1. REQUEST the City Attorney to Prepare and Present an Ordinance amending the Los Angeles Municipal Code to:
  - a. Authorize the denial of a business Police Permit application for a new permit for non-payment of business taxes and/or parking occupancy taxes.
  - b. Authorize the denial of a business annual Police Permit renewal for non-payment of business taxes or parking occupancy taxes.
  - c. Authorize that prior to reinstatement of a Parking Lot Operator's revoked or suspended Police Permit, the permit holder be required to:
    - i. Pay all outstanding delinquent business taxes and parking occupancy taxes and any penalties and assessments.
    - ii. Install, at the permit holder's expense, automated and approved Revenue Control Equipment at each parking lot location that has had a Police Permit revoked or suspended (Council file No. 09-0177).
    - iii. Install, at the permit holder's expense, automated and approved Revenue Control Equipment at each parking lot location if a non-permitted parking lot operator is delinquent on their business taxes and/or parking occupancy taxes; and require payment of all outstanding City taxes as a condition for either reinstatement or granting of a Police Permit.
2. AMEND Recommendation No. 3 of the Audits and Government Efficiency report as follows: Request the Los Angeles Board of Police Commissioners' general counsel to, as soon as possible, provide a status report to Council on the Valet Parking Ordinance (Council file No. 09-0206), and how it can incorporate the above recommendations.

PRESENTED BY \_\_\_\_\_  
DENNIS ZINE  
Councilmember, 3rd District

SECONDED BY \_\_\_\_\_  
PAUL KORETZ  
Councilmember, 5th District

**ADOPTED**

April 27, 2011

APR 27 2011

CF 11-0595

LOS ANGELES CITY COUNCIL

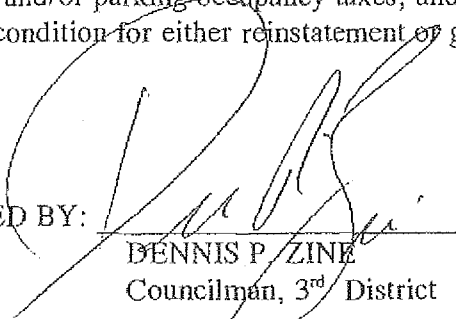
Item No. 7-A

MOTION

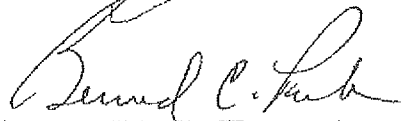
I MOVE that the matter of the Continued Consideration of Audits and Governmental Efficiency Committee Report relative to requesting the Controller, Office of Finance, and City Attorney to report on Parking Occupancy Tax collections including the current audit; and pending and ongoing litigation concerning uncollected parking occupancy tax revenue, Item No. 7 on today's Council Agenda, (CF 11-0595) be amended to add a third requirement to Recommendation 2 (c), as follows:

3. Install, at the permit holder's expense, automated and approved Revenue Control Equipment at each parking lot location if a non-permitted parking lot operator is delinquent on their business taxes and/or parking occupancy taxes; and require payment of all outstanding City taxes as a condition for either reinstatement or granting of a police permit.

PRESENTED BY:

  
BENNIS P. ZINE  
Councilman, 3<sup>rd</sup> District

SECONDED BY:



April 27, 2011  
ak

ADOPTED

APR 27 2011

LOS ANGELES CITY COUNCIL



ORIGINAL