

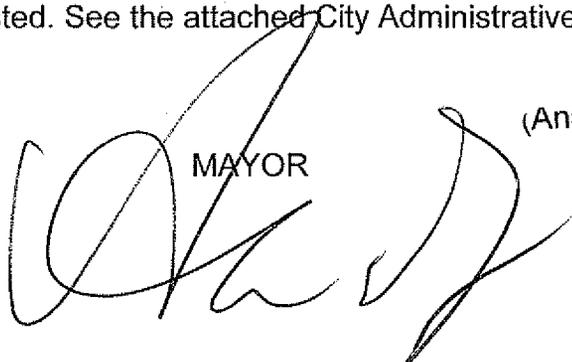
0150-10123-0000

TRANSMITTAL

TO The Council	DATE 1/21/14	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT n/a	

**Authority for the Director of Finance to execute a contract
with Estate Research Associates, Inc. to provide information
on and recover an unclaimed City asset.**

Approved as requested. See the attached City Administrative Officer report.


MAYOR (Ana Guerrero)

MAS:ECM:01140043c

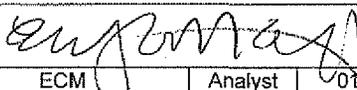
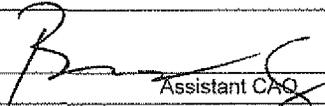
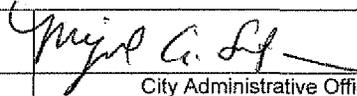
Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 01/16/14	C.D. No. n/a	CAO File No.: 0150-10123-0000				
Contracting Department/Bureau: Office of Finance		Contact: Monique Earl (213) 978-1781					
Reference: Transmittal from the Office of Finance dated December 30, 2013							
Purpose of Contract: To provide information on and recover an unclaimed City asset							
Type of Contract: (x) New contract () Amendment		Contract Term Dates: One year					
Contract/Amendment Amount: Compensation will be 20 percent of the net value of the asset.							
Source of funds: Compensation will be 20 percent of the net value of the asset.							
Contractor: Estate Research Associates, Inc., 111 Deerwood Road, Suite 230, San Ramon, CA 94583							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose			X	a. Equal Employmt. Oppty./Affirm. Action	X		
2. Appropriated funds are available			X	b. Business Inclusion Outreach			X
3. Charter Section 1022 findings completed	X			c. Equal Benefits Ordinance	X		
4. Proposals have been requested		X		d. Contractor Responsibility Ordinance	X		
5. Risk Management review completed	X			e. Slavery Disclosure Ordinance	X		
6. Standard Provisions for City Contracts included	X			f. Bidder Certification CEC Form 50	X		
7. Workforce that resides in the City: 0%							*N/A = not applicable

COMMENTS

The Office of Finance (Department) requests approval to execute an agreement with Estate Research Associates, Inc. (Contractor) to provide information on and recover an unclaimed City asset valued at approximately \$1 million. The term of the agreement is one year from execution with no options to renew. The City Attorney has reviewed and approved the proposed contract as to form.

In 1992, the Council authorized the Controller to execute agreements with firms to recover unclaimed City assets as long as 1) the asset did not result from a tax obligation; 2) the fee did not exceed 20 percent of proceeds; 3) the City is not obligated to make payment if the asset is not delivered to the City; and 4) all expenses incurred in recovery of unclaimed asset are borne by the contractor. The City Attorney has since advised the Controller and Department that it is more appropriate for the Department to execute and manage these types of contacts. The City Attorney has also opined that because the Controller, not the Department, was authorized by Council to enter into agreements to recover unclaimed assets, that the Department must seek Council approval to execute this agreement.

		
ECM Analyst 01140043	Assistant CAO	City Administrative Officer

The Department was approached by the Contractor in March 2012. The Contractor offered to reveal the asset for a 25 percent fee. The Department contacted Council controlled departments, checked the Los Angeles Superior Court and searched unclaimed property websites and lists for an asset valued at \$1 million, but was unable to find an asset valued at \$1 million.

Under the terms of the agreement, the Contractor shall provide the Department complete information about the unclaimed asset and initiate a claim to recover it. The Contractor is prohibited from using any threats of legal action or delegating duties to another person or entity without the City's consent. The Contractor shall not attempt to recover assets belonging to proprietary or semi-proprietary departments.

Compensation will be 20 percent of the net amount recovered. The Contractor shall not be compensated if no collection is made or if the asset 1) belongs to a proprietary or semi-proprietary department; 2) is an outstanding debt for City services or a tax liability; or 3) is unclaimed or abandoned property held the State of California or any other state.

In accordance with Charter Section 1022, the Personnel Department has determined that City employees cannot perform the work being proposed for contracting.

To the best of our knowledge, the Contractor has complied with all standard provisions for City contracts, as well as City contracting requirements.

RECOMMENDATION

That the Council approve, and authorize the Director of Finance, or designee, to execute a one year contract with Estate Research Associates, Inc., to provide information on and recover an unclaimed City asset.

FISCAL IMPACT

The recommendation in this report is in compliance with the City's Financial Policies in that funding is provided on a contingency fee basis to the contractor from revenues recovered.

Attachment

ANTOINETTE CHRISTOVALE
DIRECTOR of FINANCE
CITY TREASURER

CITY OF LOS ANGELES
CALIFORNIA

OFFICE OF FINANCE
200 N. SPRING ST.
ROOM 220 - CITY HALL
LOS ANGELES, CA 90012

(213) 978-1774



ERIC GARCETTI
MAYOR

2014 JAN -2 PM 3:50
CITY ADMINISTRATIVE OFFICER

December 30, 2013

The Honorable Eric Garcetti, Mayor
200 North Spring Street, Room 303
Los Angeles, California 90012

Attention: Mandy Morales, Legislative Coordinator

SUBJECT: UNCLAIMED CITY ASSET FINDER SERVICES AGREEMENT WITH ESTATE RESEARCH ASSOCIATES, INC.

SUMMARY

In accordance with Mayor's Executive Directive No. 3, the Office of Finance (Finance) requests approval to execute a sole source contract with Estate Research Associates, Inc. (ERA) for the recovery of an unclaimed asset belonging to the City of Los Angeles and valued at approximately \$1,000,000 (one million dollars).

BACKGROUND

In February 1992, the Office of the City Controller (Controller), under authority granted by City Council (CF 92-0055), contracted with a firm to assist the City with the recovery of an unclaimed asset. Soon after, more proposals were received from firms wanting to assist with recovery of unclaimed assets belonging to the City. As a result, the Controller requested and received approval from Council to execute agreements with firms, as needed, for the recovery of unclaimed City assets, provided that the agreements: a) did not involve assets resulting from tax obligations; b) did not include an agency fee in excess of 20% (twenty percent) of the recovery; c) did not obligate the City to make payment if the asset was not recovered; d) stipulate that expenses incurred in the recovery of the unclaimed asset would be borne by the contractor; and, e) are approved to form and legality by the City Attorney's Office.

Finance was advised by the City Attorney's Office that the Controller's authority to engage firms for services to recover unclaimed assets is antiquated. Moreover, that this function is more appropriately administered through Finance since the City Charter gives the Director of Finance the power and duty to collect the City's revenue, which includes collection of unclaimed assets.

PROPOSED CONTRACT

The proposed contractor (ERA), is a private investigation firm licensed through the State of California and specializes in matters involving inheritance, decedents, unclaimed assets, and estates. ERA initially contacted the Controller in March 2012 and later Finance in December 2012 with a proposal to disclose a specific City asset worth approximately \$1 million, for a proposed finder's fee of 25% (twenty-five percent).

In light of this information, Finance made various attempts to uncover the asset ERA referenced in its proposal. Finance contacted Council controlled departments for any knowledge of an outstanding City asset worth about \$1 million. None of the departments contacted indicated that they were aware of this asset. Finance also researched various websites that

The Honorable Eric Garcetti, Mayor
December 30, 2013
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list unclaimed assets, including the California State Controller's Office website for Unclaimed Property. No listings were found that correspond to the amount specified by ERA. In addition, Finance contacted the City Attorney's Office, which is responsible for monitoring unclaimed funds with the Los Angeles Superior Court, and was informed that no unclaimed funds exist at this time. Since unable to locate the referenced asset through its own efforts, Finance recommends executing a one-time sole source contract with ERA for disclosure and recovery of the referenced City asset worth approximately \$1 million. Under Charter Section 371 (e) (10), sole source contracting can be allowed if only one company or person has the specific skills or knowledge to perform the work, which in this case, is applicable. Also, based on a Charter Section 1022 Determination, the Personnel Department found that there were no City employees that had the expertise to perform the services being proposed.

The proposed contract with ERA is attached for reference. Compensation to ERA will be contingent on actual recovery of the asset by ERA and limited to 20% (twenty percent) of the net value of the asset. Moreover, ERA will not be compensated for recovery of the referenced asset if the holding:

- Belongs to any of the City's proprietary departments, which include: Department of Water and Power, Los Angeles World Airport and Harbor Department;
- Belongs to any of the City's semi-proprietary departments, which include: Library Department and Department of Recreation and Parks;
- Is the result of a tax liability or consumer debt; or
- Is unclaimed or abandoned property held by the State of California or any other state.

RECOMMENDATION

Authorize Finance to execute a one-year contract with Estate Research Associates, Inc., substantially in form to the attached proposed Agreement, to provide information on and recovery of an unclaimed City asset.

If you have any questions, please contact Monique Earl, Revenue Manager, at (213) 978-1781 or by e-mail at monique.earl@lacity.org.

Sincerely,

For 
Antoinette Christovale, CPA
Director of Finance/City Treasurer

Attachments: Proposed Contract
Sole Source Determination

cc: Ana Guerrero, Mayor's Chief of Staff
Rick Cole, Deputy Mayor for Budget and Innovation
Zara Bukirin, Deputy Budget Director, Mayor's Office
Emily Mayeda, Office of the City Administrative Officer
Fernando Campos, Office of the City Administrative Officer
Monique Earl, Revenue Manager