

FINDINGS OF THE COLLECTIONS BOARD OF REVIEW
REPORT NO. 110718

Pursuant to the provisions of Sections 5.182 through 5.184 of the Los Angeles Administrative Code, the Collections Board of Review (Board) held a hearing to review, authorize and/or recommend delinquent accounts for write off. The meeting was held on November 7, 2018, in the Controller Conference Room 350B at City Hall East, Los Angeles, California. The Board consists of the following members:

- Shane Min, Sr. Management Analyst II, representing the City Controller
- Saul Romo, Chief Management Analyst, representing the Office of Finance
- Melissa Krance, Inspector General of Revenue and Collections, representing the Office of the City Administrative Officer

The Board's agenda included consideration for removal of various uncollectible accounts receivable from the active accounts of the Los Angeles Departments of Fire, Police, Housing and Community Investment, Building and Safety and Public Works – Bureau of Sanitation. The Board may approve the write offs of accounts less than \$5,000 each as authorized by the City Council (CF 09-1735). The Board may recommend the write off of accounts \$5,000 or more for approval by the City Council. The results of the Board's review are summarized below.

Los Angeles Fire Department (LAFD)

LAFD presented three (3) write off requests before the Board as follows:

- I. August 31, 2018 report requesting the write off of 60 uncollectible invoices totaling \$30,896.30 representing accounts less than \$5,000.

Discussion. LAFD provided a list of 60 uncollectable invoices (55 accounts) totaling \$30,896.30 consisting of charges for fire safety inspections billed from FY 2009-10 to FY 2016-17. According to LAFD, these invoices have been sent to primary and secondary collections and returned as uncollectable. LAFD continues collection efforts for those still in statute even after write off.

Board's Decision. The Board agreed that all reasonable efforts have been exhausted in the collection of these accounts and additional efforts could be disproportionately costly in relation to the probable outcome. Therefore, the Board unanimously approved the write off request from LAFD to remove from its active accounts receivable, 60 invoices totaling \$30,896.30.

- II. August 31, 2018 report requesting the write off of 32,681 uncollectible accounts totaling \$35,227,787.74 representing accounts less than \$5,000.

Discussion. LAFD provided a summary by month of 32,681 uncollectible emergency ambulance billing accounts totaling \$35,227,787.74. The accounts are for the period

August 2012 to August 2017. These accounts are covered by the Health Insurance Portability and Accountability Act (HIPAA) and are being considered by the Board of Review under special procedures instituted for HIPAA related accounts. These accounts have been adjusted for partial collections. LAFD bills these invoices through ADPI to the customer, to insurance providers and Medicare/Medical as required. ADPI also conducts the primary collection functions. If the invoices are unpaid, they are then sent to the collection agency Harris and Harris. All the accounts listed have been returned as uncollectible by Harris and Harris.

Board's Decision. The Board agreed that all reasonable efforts have been exhausted in the collection of these accounts and additional efforts could be disproportionately costly in relation to the probable outcome. Therefore, the Board unanimously approved the write off request from LAFD to remove from its active accounts receivable, 32,681 invoices totaling \$35,227,787.74.

III. August 31, 2018 report requesting the write off of 8,358 uncollectible invoices totaling \$548,087.73 representing amounts less than \$5,000.

Discussion. LAFD provided a list of 8,358 uncollectable invoices totaling \$548,087.73 consisting of charges for brush initial inspection fees billed from June 2010 to June 2014. According to LAFD, these invoices have been sent to primary and secondary collections and returned as uncollectable. LAFD continues collection efforts for those still in statute even after write off.

Board's Decision. The Board agreed that all reasonable efforts have been exhausted in the collection of these accounts and additional efforts could be disproportionately costly in relation to the probable outcome. The Board unanimously approved the write off request from LAFD to remove from its active accounts receivable, 8,358 invoices totaling \$548,087.73.

Los Angeles Police Department (LAPD)

LAPD presented one write off request before the Board as follows:

I. September 11, 2011 report requesting the write off of 1,798 uncollectible account totaling \$673,350.97, representing amounts less than \$5,000.

Discussion. LAPD provided the Board with a list of 1,798 uncollectible alarm permit fee accounts totaling \$673,350.97 for the period from April 2014 to September 2014. The totals were corrected to reflect collections and waivers in the interim. The revised totals are 1,792 accounts (2,298 invoices) with an outstanding amount of \$673,343.13.

Board's Decision. The Board agreed that all reasonable efforts have been exhausted in the collection of these accounts and additional efforts could be disproportionately costly in relation to the probable outcome. Therefore, the Board unanimously approved the write off request from LAPD to remove from its active accounts receivable, 1,792 accounts (2,298 invoices) totaling \$673,343.13.

Los Angeles Housing and Community Investment Department (HCIDLA)

HCIDLA presented two write off requests before the Board as follows:

- I. September 26, 2018 report requesting the write off of 2,854 uncollectible invoices (1,617 owners, 1,621 unique APNs) totaling \$939,395.88, each account owing less than \$5,000.

Discussion. These invoices are 12 different invoice categories ranging from REAP inspection, legal case fees, administrative investigation fees and SCEP fees. These invoices have been submitted for write off as they have been identified as uncollectible. HCIDLA has exhausted all reasonable collection efforts.

Board's Decision. The Board has reviewed the uncollectible accounts. The Board agrees that further efforts will be disproportionately costly in relation to the possible outcome. The Board unanimously approved the write off request from HCIDLA to remove from its active accounts receivable, 2,854 invoices totaling \$939,395.88, each account under \$5,000.

- II. September 26, 2018 report requesting write off of 57 uncollectible invoices ((21 owners, 31 unique APNs) totaling \$233,641.27, each account owing equal to or more than \$5,000.

Discussion. These invoices are 5 different invoice categories – Complaint Inspection, RSO, Interagency Task Force, TRIP benefit and SCEP fees. These invoices have been submitted for write off as they have been identified as uncollectible. HCIDLA has exhausted all reasonable collection efforts.

Board's Decision. The Board has reviewed the uncollectible accounts. The Board agrees that further efforts will be disproportionately costly in relation to the possible outcome. The Board unanimously recommends the City Council approve the write off of 57 accounts totaling \$233,641.27, each account owing more than \$5,000.

Department of Building and Safety (LADBS)

LADBS presented one write off request before the Board as follows:

- I. September 28, 2018 report requesting the write off of 2,118 uncollectible invoices (1,784 accounts) totaling \$1,844,411.67, representing amounts less than \$5,000.

Discussion. These invoices are all past statute of limitations. LADBS has exhausted all reasonable collection efforts. The invoices are for inspection fees for pressure vessel inspection, elevators, fire sprinklers, non-compliance fees, and demolition fees.

Board's Decision. The Board has reviewed the uncollectible accounts. The Board agrees that further efforts will be disproportionately costly in relation to the possible outcome and unanimously approves the write off of 2,118 uncollectible invoices (1,784 accounts) totaling \$1,844,411.67, representing accounts less than \$5,000.

Los Angeles Department of Public Works – Bureau of Sanitation (PW-BOS)

PW-BOS presented one write off request before the Board as follows:

- I. September 28, 2018 report requesting the write off of 1,132 uncollectible invoices (661 accounts) totaling \$148,729.55 representing accounts less than \$5,000.

Discussion. These invoices were generated by the PW-BOS for industrial waste water permit fees. These invoices are over three years old and the statute of limitation for collections has passed on all these invoices. The accounts have been referred to primary and secondary collections and have been returned as uncollectible.

Board's Decision. The Board agreed that additional efforts to collect could be disproportionately costly in relation to the probable outcome. The Board unanimously approves the request from PW-BOS to remove from its active accounts receivable 1,132 uncollectible invoices (661 accounts) totaling \$148,729.55 representing accounts owing less than \$5,000.