

MOTION

BUDGET & FINANCE

OCT 1 1 2006

Pursuant to Section 91.7006.5 of the Los Angeles Municipal Code, before a permit is issued for extraction or fill of 250 cubic yards or more of earth in a hillside area, the owner of the property is required to file a surety with DBS. A bond or cash deposit is required to assure that the grading work, if not completed in accordance with the approved plans and specifications, will be corrected to eliminate any hazardous conditions. The Department of Building and Safety (DBS) accounts for the cash bond collections in the Building and Safety Trust Fund.

Once the grading work is completed satisfactorily, DBS is required to refund the cash deposit or bond to the owner. However, a recent City Controller's Financial and Compliance Audit of the Department of Building and Safety found that many of these bonds have never been claimed by their owners.

The Trust Fund currently has a balance of \$12.7 million. The Controller's Audit found that approximately \$2.8 million has been in the account for more than three years, including an amount that has been on deposit since 1969.

I THEREFORE MOVE that the City Council direct the Department of Building and Safety to determine the status of each inactive grading project with outstanding cash bond deposits over two years and report to the Planning, Land Use, and Management Committee within 90 days;

I FURTHER MOVE that the City Council direct the CAO, in cooperation with the City Attorney, to review these findings and report back on whether unclaimed bond deposits qualify as unclaimed property under Section 50050 of the California Government Code;

I FURTHER MOVE that any such funds be transferred to the City General Fund;

I FURTHER MOVE that the Council direct the CAO and Department of Building and Safety in cooperation with the City Attorney, to develop appropriate policies and necessary controls to ensure proper disposition of grading projects and cash bonds collected, and report to the Budget and Finance Committee within 90 days.

PRESENTED BY: [Signature]
JOSE HUIZAR
Councilmember, District 14

SECONDED BY: [Signature]
06-2442

W6
OCT 1 1 2006
October 6, 2006