

## MOTION

It is in the best interest of the City of Los Angeles to ensure that parties doing business with the City are financially stable. A formal professional credit review and analysis program to evaluate the financial strength and resources of existing and potential contractors and suppliers to the City of Los Angeles represents a component of prudent due diligence in the City's contracting process.

Centralizing this credit review activity and providing appropriate resources to support this function ensure a consistent, efficient and effective approach to assessing financial stability of the City's major contractors and helps protect the City from the actual or potential loss of funds from the selection of or renewing the contracts of non-performing contractors.

The Office of the Treasurer is ideally situated to perform this review as it currently performs extensive financial and credit reviews for, not only the financial institutions doing business with the City, but for the other contractors supporting the City's financial functions. Additionally, in many major organizations, this financial credit review function resides within the treasury.

**I THEREFORE MOVE** that the Office of the City Treasurer be designated as the City department responsible for performing this critical credit review and analysis function.

**I FURTHER MOVE** that the City Treasurer, with the assistance of the Chief Legislative Analyst, report to the Personnel and Budget & Finance Committees in sixty days on:

1. The creation of the credit review and analysis function that would review and report on the financial viability of the City's major contractors, including but not limited to: performing periodic credit reviews, assessing the company's financial stability, and exploring the financial implications of any regulatory sanctions; and
2. The resources for this new function, including but not limited to: staffing, technology, equipment and space requirements.

PRESENTED BY: 

DENNIS P. ZINE  
Councilmember, 3<sup>rd</sup> District

SECONDED BY: 