



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR DISCUSSION ONLY”

DATE: NOVEMBER 22, 2021

TO: AUDIT COMMITTEE OF THE BOARD OF HARBOR COMMISSIONERS

SUBJECT: REVIEW OF UNCOLLECTABLE ACCOUNTS OF AMOUNTS UNDER \$100,000

Submitted for your review and consideration are various uncollectable accounts for write-off. Board Resolution No. 5400 (Transmittal 2) authorizes the City Attorney to settle and compromise monetary claims up to \$50,000 and the City Attorney with the concurrence of the Executive Director up to \$100,000. Resolution No. 5400 also stipulates that write-off may be pursued when it is determined that efforts to collect money due to the Harbor Department would be disproportionately costly relative to the probable outcome of the collection efforts or that it is otherwise in the Harbor Department's best interest to do so. The accounts being sought for write-off meet these criteria, a list of the accounts has been provided within Transmittal 1.

The Board must approve all write-offs in excess of \$100,000. Staff will bring an item to the Board requesting write-offs for accounts in excess of \$100,000 at a Board meeting in the first quarter of 2022.

Attachments:

Transmittal 1: Write-off of Uncollectable Accounts under \$100,000

Transmittal 2: Board Resolution No. 5400

MARLA BLEAVINS
Deputy Executive Director &
Chief Financial Officer

MB/FL/Accounting Division
Author: L. Hillyer

Write-off - Accounts up to \$10,000			
Customer Name	Account No.	Period Covered	Proposed Write-off Amount
Hanjin Shipping Co., LTD	1776 01	Pilotage August 2016; Penalties October 2016 - May 2017	\$ 7,051.00
Harbor Recycling Corp.	1855 01	Teup 1301 Rent 5/12/2012 - 7/24/2012; Penalties December 2012	\$ 6,121.58
Isidro's Pioneer Grill	3095 01	VP 117 - July 2011 - December 2011	\$ 555.16
Legacy Logistics	3786 01	AWO 280-8198 - March 2013	\$ 1,100.69
Arsenal Trucking, LLC	4356M02	Clean Truck Fees - November 2011 and Penalties June 2012 - January 2013	\$ 3,520.96
Big G Transportation, Inc.	4356N02	Clean Truck Fees - November 2011; Penalties - July 2012 - December 2012	\$ 1,498.00
Jose and Maria Express, Inc.	4356K02	Clean Truck Fees - November 2011 and Penalties June 2012 - March 2014; NSF fee	\$ 5,243.46
Metro Cruise Services	4450D01	Accommodation work order invoice - December 2012 and Penalties March 2013 - Jun 2021	\$ 5,783.23
Nathan Parameswaran	5090F01	Penalties June 2012 - December 2012	\$ 431.21
Nattie Son dba J.J. Fashions	5712 01	Rent from July 1 through Aug. 3 2015, Penalties January 2020	\$ 999.51
Union Pacific Railroad	6385 04	Penalties, Feb and Oct 2014 & March 2015	\$ 714.15
US Department of Homeland Security	6481 01	Rent invoice, April 2008	\$ 1,026.68
US Lines LLC	6461 01	Penalties, Dec 2014 - May 2015	\$ 2,761.05
		Total:	\$ 36,806.68
Write-off - Accounts up to \$50,000			
Customer Name	Account No.	Period Covered	Proposed Write-off Amount
Ace Roll Off Rubbish Service, RP 01-04	0012 01	Default Judgment - December 29, 2009	\$ 13,671.60
Michael's Transportation, Inc.	4356P02	Clean Truck Fees - November 2011; Penalties - July 2012 - December 2012	\$ 22,773.86
		Total:	\$ 36,445.46
Write-off - Accounts up to \$100,000			
Customer Name	Account No.	Period Covered	Proposed Write-off Amount
Cobos Transportation Express, Inc.	0885 01	Clean Truck Fees - November 2011; Penalties - January 2012 - December 2012	\$ 94,287.20
Hill Transport, Inc.	4356O02	Clean Truck Fees - May 2012; Penalties - July 2012 - December 2012	\$ 53,488.60
Meyer Trucking, Inc.	4356C02	Balance of Clean Truck Fees - June 2011 and February 2012	\$ 70,333.34
		Total:	\$ 218,109.14
		Grand Total:	\$ 291,361.28

ACCOUNT DETAILS AND COLLECTION EFFORTS

Uncollectable Accounts Proposed for Write-off - Accounts Up To \$10,000						
Item No.	Account/Customer Name	Account No.	Proposed Write-off Amount	Period Covered	Open Invoice Descriptions	Reason for Write-off
1	Hanjin Shipping Co., LTD	1776 01	\$ 7,051.00	Pilotage August 2016; Penalties October 2016 - May 2017	Pilotage and Penalties	Opinion from City Attorney - Customer filed for bankruptcy and the Port is not a party to that bankruptcy. The cost to enter the proceedings and litigate would exceed the amount to be written off.
2	Harbor Recycling Corp.	1855 01	\$ 6,121.58	Teup 1301 Rent 5/12/2012 -7/24/2012; Penalties December 2012	Storage of scrap recycling containers and Penalty	Per C/A, this amount was included in a larger judgment against Harbor Recycling and would be paid from any monies paid. Nothing has been paid toward the judgement.
3	Isidro's Pioneer Grill	3095 01	\$ 555.16	VP 117 - July 2011 - December 2011	Permission to operate two catering trucks in Los Angeles Harbor district and NSF fee.	Unable to contact customer. Phone was disconnected and mail returned. Statute of Limitations to Collect has expired.
4	Legacy Logistics	3786 01	\$ 1,100.69	AWO 280-8198 - March 2013	Company driver damaged a gate arm on Port property.	Unable to contact customer. Certified mail returned. Turned over to collection agency in October 2014. Unable to collect. Statute of Limitations to Collect has expired.
5	Arsenal Trucking, LLC	4356M02	\$ 3,520.96	Clean Truck Fees - November 2011 and Penalties June 2012 - January 2013	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in May 2012 when Concession Agreement was revoked.	Unable to contact customer. Mail was returned. Turned over to collection agency in October 2014. Unable to collect. Statute of Limitations to Collect has expired.
6	Big G Transportation, Inc.	4356N02	\$ 1,498.00	Clean Truck Fees - November 2011; Penalties - July 2012 - December 2012	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in May 2012 when the Concession Agreement was revoked.	Unable to contact customer. Mail was returned. Turned over to collection agency in October 2014. Unable to collect. Statute of Limitations to Collect has expired.

ACCOUNT DETAILS AND COLLECTION EFFORTS

7	Jose and Maria Express, Inc.	4356K02	\$ 5,243.46	Clean Truck Fees - November 2011 and Penalties June 2012 - March 2014; NSF fee	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in April 2012 when the Concession Agreement was revoked.	No response from customer. Turned over to collection agency in July 2015. Unable to collect. Statute of Limitations to Collect has expired.
8	Metro Cruise Services	4450D01	\$ 5,783.23	Accommodation work order invoice - December 2012 and Penalties March 2013 - Jun 2021	Customer disputed the invoice saying there is no proof that their staff caused the damage.	Account was referred to City Attorney who opined that without a photo or video of the accident, Port cannot collect payment and recommended amount for write-off. Statute of Limitation to Collect has expired.
9	Nathan Parameswaran	5090F01	\$ 431.21	Penalties June 2012 - December 2012	Penalties assessed on AWO invoice paid by customer past the due date.	Port staff made numerous attempts to collect until statements were returned in the mail undeliverable. Statute of Limitations to Collect has expired.
10	Nattie Son dba J.J. Fashions	5712 01	\$ 999.51	Rent from July 1 through Aug. 3 2015, Penalties January 2020	Unpaid rent under RP13-17 which was terminated effective 8/4/15.	Customer declared bankruptcy and stopped making payments. Unable to collect. Recommended for write-off as chance for recovery is very low.
11	Union Pacific Railroad	6385 04	\$ 714.15	Penalties, Feb and Oct 2014 & March 2015	Customer disputed penalties along with a penalty invoice that RE granted for reversal.	Statute of Limitations to Collect has expired on 92% (\$652.05) of balance owed. Recommended for write-off as chance for recovery is very low.

ACCOUNT DETAILS AND COLLECTION EFFORTS

12	US Department of Homeland Security	6481 01	\$ 1,026.68	Rent invoice, April 2008	Customer payments for RP 98-15 were going to the City of LA and a special forfeiture account along with payments for other City contracts. Port staff were able to recover payments from Oct 2014 to Jan 2015. Customer provided a copy of their remittance advice for this invoice but City could no longer assist in pulling any record of receipt/payment. Account was also combined with USDHS account 6481A01 intended for grant receipts.	USDHS signed a restoration agreement to pay \$31,353.30 in June 2016 which terminated the RP effective 7/18/16. This amount should have been written off when payment of the restoration obligation was received by the Port. Statute of Limitations to Collect on the April 2008 invoice has expired.
13	US Lines LLC	6461 01	\$ 2,761.05	Penalties, Dec 2014 - May 2015	Penalties assessed for late payment of pilotage invoices.	POLA received the customer's last payment in May 2015. Account has been inactive since then. Recommended for write-off as chance for recovery is very low.
Total Recommended Write-off		\$ 36,806.68				

ACCOUNT DETAILS AND COLLECTION EFFORTS

Uncollectable Accounts Proposed for Write-off - Accounts Up To \$50,000						
	Account	Proposed				
	Customer Name	No.	Write-off	Period Covered	Open Invoice Descriptions	Reason for Write-off
	Account/		Amount			
14	Ace Roll Off Rubbish Service, RP 01-04	0012 01	\$ 13,671.60	Default Judgment - December 29, 2009	RP rent, February 2006 - December 2006 and July 2007 - August 2007; Penalties December 2005 - April 2009	City Attorney attempted to place a lien on their bank account but it was closed.
15	Michael's Transportation, Inc.	4356P02	\$ 22,773.86	Clean Truck Fees - November 2011; Penalties - July 2012 - December 2012	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in May 2012 when the Concession Agreement was revoked.	Unable to contact customer. Mail was returned. Turned over to collection agency in October 2014. Unable to collect. Statute of Limitations to Collect has expired.
Total Recommended Write-off			\$ 36,445.46			

ACCOUNT DETAILS AND COLLECTION EFFORTS

Uncollectable Accounts Proposed for Write-off - Accounts Up To \$100,000					
Account/Customer Name	Account No.	Proposed Write-off Amount	Period Covered	Open Invoice Descriptions	Reason for Write-off
16 Cobos Transportation Express, Inc.	0885 01	\$ 94,287.20	Clean Truck Fees - November 2011; Penalties - January 2012 - December 2012	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in November 2011 when the Concession Agreement was revoked.	Unable to contact customer. Turned over to collection agency in July 2015. Unable to collect. Statute of Limitations to Collect has expired.
17 Hill Transport, Inc.	4356002	\$ 53,488.60	Clean Truck Fees - May 2012; Penalties - July 2012 - December 2012	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in May 2012 when the Concession Agreement was revoked.	Unable to contact customer. Turned over to collection agency in July 2015. Unable to collect. Statute of Limitations to Collect has expired.
18 Meyer Trucking, Inc.	4356C02	\$ 70,333.34	Balance of Clean Truck Fees - June 2011 and February 2012	Avoided Clean Truck fees by providing false information in the Port's registry. Port billed the fees in June 2011 and February 2012 when the Concession Agreements were revoked.	Unable to contact customer. Turned over to City Attorney. Received a judgment May 2014. City Attorney was going to attempt a levy. No monies collected.
Total Recommended Write-off		\$ 218,109.14			

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JONATHAN P. NAVE
DEPUTY CITY ATTORNEYS

ATTORNEYS FOR
BOARD OF HARBOR COMMISSIONERS

OFFICE OF
CITY ATTORNEY



JAMES K. HAHN
CITY ATTORNEY

HARBOR DIVISION

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JUNE 1, 1994

RECOMMENDATION APPROVED AND
RESOLUTION NO. 5400 ADOPTED
BY THE BOARD OF HARBOR COMMISSIONERS

6-15-94
9

THE HONORABLE BOARD
OF HARBOR COMMISSIONERS

June 15, 1994

SECRETARY

SUBJECT: PROPOSED RESOLUTION INCREASING THE AUTHORITY DELEGATED
TO THE CITY ATTORNEY TO SETTLE CLAIMS AND LAWSUITS

Honorable Members:

RECOMMENDATION

It is respectfully recommended that the Board of Harbor Commissioners approve the proposed Resolution, which would:

1. Increase the authority of the City Attorney to settle and compromise monetary claims and lawsuits brought by or against the Harbor Department from the existing limit of \$15,000 to \$50,000; and
2. Authorize the City Attorney, with the concurrence of the Executive Director, to settle lawsuits brought by or against the Department in an amount not to exceed \$100,000.

DISCUSSION

1. Under Resolution No. 4854, adopted by the Board in July 1985, the City Attorney is currently authorized to settle claims and lawsuits brought by and against the Department to a maximum of \$15,000 as to any one person, firm or corporation, without further approval of the Board.
2. Effective February 3, 1994, the City Council approved Ordinance No. 169,312 (copy attached), which amended Sections 5.173 and 5.175 of the Los Angeles Administrative Code, increasing the City Attorney's settlement authority over monetary claims and lawsuits to \$50,000. In addition, the City Attorney is given authority to settle lawsuits in excess of \$50,000 but not more than \$100,000, with the approval of the chairperson of the Council's Budget and

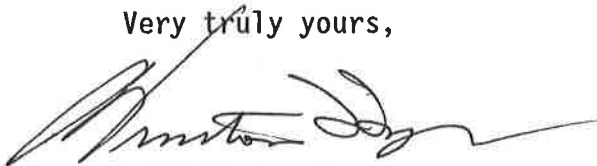
JUNE 1, 1994

Finance Committee.¹ Within these limits, approval of the full Council is not required.

3. The proposed Resolution would conform case settlement practice within the Harbor Department to these recently approved changes for City departments controlled by the Council. Other than the increased dollar limitations and the requirement for the Executive Director's concurrence in settlements above \$50,000, no other changes in existing Resolution No. 4854 are presented. The City Attorney will continue to submit to the Board quarterly reports of all settlements pursuant to this Resolution, which will significantly reduce the number of routine claims and lawsuits which now require action by the Board.

4. The Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article III, Section 2(f) of the Los Angeles City CEQA Guidelines.

Very truly yours,



WINSTON F. TYLER
Sr. Assistant City Attorney

WFT:CHV:cw

Transmittals: Resolution
Ordinance No. 169,312

¹ Both the ordinance and the proposed Resolution treat claims and lawsuits separately to conform with applicable provisions of the California Tort Claims Act, specifically Government Code sections 935.4 and 949. As to claims, section 935.4 allows a local government entity to authorize an employee to settle claims up to \$50,000 by ordinance or resolution; a charter amendment is necessary to delegate claim settlement authority beyond that limit. Once suit has been filed, however, there is no limit on the authority of the governing body of a local government entity to delegate settlement authority pursuant to section 949.

RESOLUTION NO. 5400 1

A Resolution of the Board of Harbor Commissioners increasing the authority of the City Attorney to settle claims and litigation by and against the City of Los Angeles, the Board of Harbor Commissioners, the Harbor Department and its officers and employees.

Section 1. Authority to make settlements of claims or actions against the City.

(a) The City Attorney is hereby authorized to pay, settle or compromise any monetary claim or legal action pending against the City of Los Angeles ("City"), the Board of Harbor Commissioners ("Board"), the Harbor Department ("Department"), or any officer or employee thereof, for which the City, the Board, or the Department may be ultimately liable, in an amount not exceeding Fifty Thousand Dollars (\$50,000) as to any one person, firm or corporation, without the necessity of first receiving the approval of the Board, subject to the provisions of subsection (c) herein below.

(b) With the approval of the Executive Director of the Department, or, in his absence, the Executive Director's designee, the City Attorney is authorized to pay, settle or compromise any monetary legal action pending against the City, the Board, the Department, or any officer or employee thereof, for which the City, the Board or the Department may be ultimately liable, in an amount exceeding Fifty Thousand Dollars (\$50,000) but not exceeding One Hundred Thousand Dollars (\$100,000) as to any one person, firm or corporation, without the necessity of first receiving the approval of the Board, subject to the provisions of subsection (c) herein below.

(c) No payment, settlement or compromise under the provisions of this section shall be made unless both of the following conditions exist:

1. A proper claim has been filed within the appropriate time limitation; and

2. The City Attorney, upon investigation, finds conditions indicating a probable liability, conditional or absolute, on the part of the City.

(d) For the purpose of paying, settling or compromising any claim or legal action pursuant to this section, the Executive Director is authorized to draw demands upon the written request of the City Attorney.

Section 2. Authority to make settlements of claims or actions initiated by the City.

(a) Subject to the provisions of subsection (c) herein below, the City Attorney is authorized to settle or compromise any monetary claim or legal action initiated by the City, acting by and through the Board, against any person, firm or corporation, where the amount by which the claim or action is to be reduced does not exceed Fifty Thousand Dollars (\$50,000), without the necessity of first receiving the approval of the Board.

(b) Subject to the provisions of subsection (c) herein below, the City Attorney, with the approval of the Executive Director of the Department, or, in his absence, the Executive Director's designee, is authorized to settle or compromise any monetary claim or legal action initiated by the City, acting by and through the Board, against any person, firm or corporation, where the amount by which the claim or action is to be reduced exceeds Fifty Thousand Dollars (\$50,000) but does not exceed One Hundred Thousand Dollars (\$100,000).

(c) Where the claim or action involves damage to City property arising out of the ownership or operation of any vehicle, the amount to be accepted in settlement or compromise shall not be less than fifty percent (50%) of the total amount claimed by the City for such damage, exclusive of any amount for loss of use of any City vehicle; provided, however, in such cases, the City Attorney may waive any claim for loss of use. The amount so waived shall not be included in the computation of the amount by which the claim is to be reduced.

Section 3. Authority to execute and deliver writings in connection with settlement of claims and actions.

The authority to settle or compromise claims and legal actions granted to the City Attorney in this Resolution shall include the authority to execute and deliver, or cause to be executed and delivered, any and all releases, covenants not to sue, dismissals, satisfactions of judgments and any other instruments in writing necessary or advisable to be executed and delivered in connection with the settlement or compromise of claims or legal actions by or against the City.

Section 4. Settlement in the City's best interest.

The City Attorney is authorized to close the files on matters referred to the City Attorney for collection and to settle, compromise and dismiss any claim made or litigation initiated by the Department against any person, firm or corporation when the City Attorney determines that efforts to collect money due the Department would be disproportionately costly with relation to the probable outcome of the collection efforts or that it is otherwise in the City's best interest to do so, without prior approval of the Board so long as such action does not involve a claim or suit in excess of Fifty Thousand Dollars (\$50,000). The City Attorney shall report any actions taken pursuant to this section to the Department's Chief Financial Officer, who shall thereupon remove from the accounts receivable any amount found to be uncollectible or which has been allowed by way of compromise.

Section 5. Transmittal of funds.

All funds received by the City Attorney in settlement of claims and litigation shall be immediately transmitted to the Department's Chief Financial Officer for deposit with the City Treasurer to the credit of the harbor revenue fund.

Section 6. Government Code conformance.

Pursuant to Section 935.4 of the Government Code, the City Attorney is authorized to perform those functions of the Board as described in Part 3, Division 3.6, Title I of the Government Code; provided that the authority hereby delegated is limited as provided in Section 1 of this Resolution.

Section 7. Transmittal of claims or suits

Upon receipt of any claim or lawsuit against the City, the Board, the Department or any officer or employee thereof, the Secretary of the Board shall immediately transmit such claim or lawsuit to the Office of the City Attorney for handling as prescribed by this Resolution, with a notation of the time and date of receipt in the office of the Secretary.

Section 8. Reports.

The City Attorney shall submit quarterly reports to the Board describing all payments, settlements and compromises made pursuant to the authority of this Resolution.

Section 9. Prior Resolution superseded.

Resolution No. 4854, adopted by the Board at its meeting of July 31, 1985, is hereby repealed.

I HEREBY CERTIFY that the foregoing Resolution was adopted by the Board of Harbor Commissioners of the City of Los Angeles at its meeting held


JUN 15 1994



Board Secretary

APPROVED AS TO FORM

May 17, 1994
JAMES K. HAHN, City Attorney

By 
WINSTON F. TYLER, Sr. Assistant

WFT:CHV:cw
5/17/94

ORDINANCE NO. 169312

An Ordinance amending subsection (a) of Section 5.173 and subsection (a) of Section 5.175 of the Los Angeles Administrative Code, to increase the City Attorney's settlement authority.

THE PEOPLE OF THE CITY OF LOS ANGELES

DO ORDAIN AS FOLLOWS:

Section 1. Subsection (a) of Section 5.173 of the Los Angeles Administrative Code is hereby amended to read:

(a) Without the necessity of first receiving the approval of the City Council, the City Attorney is authorized to pay, settle or compromise any monetary claim or legal action pending against the City of Los Angeles, or any officer or employee thereof, for which the City may be ultimately liable, in an amount not exceeding Fifty Thousand Dollars (\$50,000.00) as to any one person, firm or corporation, and pay, settle or compromise any monetary legal action pending against the City, or any officer or employee thereof, for which the City may be ultimately liable, in an amount exceeding Fifty Thousand Dollars (\$50,000.00) but not exceeding One Hundred Thousand Dollars (\$100,000.00) as to any person, firm or corporation with the concurrence of the Chairperson of the Budget and Finance Committee of the City Council or, in the event of the inability to contact the Chairperson during his or her absence from the City, the Vice Chairperson of the Budget and Finance Committee. No payment, settlement or compromise under the provisions of this subsection shall be made unless both of the following conditions exist:

1. A proper claim has been filed within the appropriate time limitation; and

2. The City Attorney, upon investigation, finds conditions indicating a probable liability, conditional or absolute, on the part of the City.

Sec. 2. Subsection (a) of Section 5.175 of the Los Angeles Administrative Code is hereby amended to read:

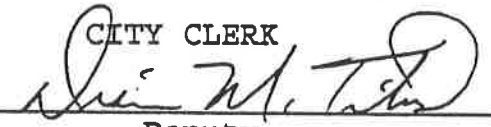
(a) The City Attorney is authorized to settle or compromise any monetary claim or legal action initiated by the City of Los Angeles against any person, firm or corporation, without the necessity of first receiving the approval of the City

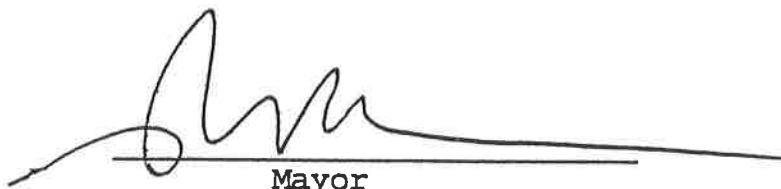
Council, where the amount by which the claim or action is to be reduced does not exceed Fifty Thousand Dollars (\$50,000.00), and where the amount by which the claim or action is to be reduced exceeds Fifty Thousand Dollars (\$50,000.00) but does not exceed One Hundred Thousand Dollars (\$100,000.00) with the concurrence of the Chairperson of the Budget and Finance Committee of the City Council or, in the event of the inability to contact the Chairperson during his or her absence from the City, the Vice Chairperson of the Budget and Finance Committee. Where the claim or action involves damage to City property arising out of the ownership or operation of any vehicle, the amount to be accepted in settlement or compromise shall not be less than fifty percent (50%) of the total amount claimed by the City for such damage, exclusive of any amount for loss of use of any City vehicle, provided, however, in such cases the City Attorney may waive any claim for loss of use. The amount so waived shall not be included in the computation of the amount by which the claim is to be reduced.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and cause the same to be published in some daily newspaper printed and published in the City of Los Angeles.

I hereby certify that the foregoing ordinance was introduced at the meeting of the Council of the City of Los Angeles and was passed at its meeting of DEC 14 1993 DEC 07 1993

Approved DEC 23 1993


CITY CLERK
By 
Deputy


Mayor

Approved as to Form and Legality

December 6, 1993

JAMES K. HAHN, City Attorney

By 
Ronald Tuller
Assistant City Attorney

File No. 93-2238