J. MICHAEL CAREY
City Clerk

FRANK T. MARTINEZ
Executive Officer

When making inquiries relative to this matter refer to File No.

CITY OF LOS ANGELES
CALIFORNIA

JAMES K. HAHN
MAYOR

Office of the
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 978-1043
General Information - (213) 978-1133
Fax: (213) 978-1040

HELEN GINSBURG
Chief, Council and Public Services Division

88-1876-S5 et al.

PLACE IN FILES
JAN 30 2002
DEPUTY VM

January 18, 2002

Honorable James Hahn, Mayor
Councilmember LaBonge
Councilmember Holden
Chief Legislative Analyst
City Administrative Officer
City Attorney

RE: RECEIVING AND FILING EIGHT INACTIVE FILES

At the meeting of the Council held January 16, 2002, the following action was taken:

Motion adopted to approve communication recommendation(s)..... X
Mayor concurred.....
FORTHWITH.....
Ordinance adopted.....
Ordinance number.....
Effective date.....
Publication date.....
Mayor approved.....
Mayor vetoed.....

J. Michael Carey

City Clerk
vdw

steno\881876.5

M 1-30-02

Recyclable and made from recycled waste.

COMMUNICATION

TO: **LOS ANGELES CITY COUNCIL** **File No. 88-1876-S5 et. al.**

FROM: **COUNCILMEMBER TOM LABONGE, CHAIR**
AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE

	Yes	No
Public Comments	___	XX

COMMUNICATION FROM CHAIR, AUDITS AND GOVERNMENTAL EFFICIENCY COMMITTEE relative to receiving and filing eight inactive files.

Recommendation for Council action:

RECEIVE and FILE the following Council files, inasmuch as the subject matter is obsolete and/or actions have been taken on subsequent Council files, no Council action is required:

a. 88-1876 S5 — Motion (Hernandez - Woo) requesting report from the City Administrative Officer (CAO) and City Attorney on the legal status of the City's MBE/WBE contracting policies and procedures.

b. 89-1245 — Motion (Woo - Flores) requesting CAO to conduct a management audit of Department of Airport's joint venture programs for Disadvantaged Business Enterprises.

c. 89-1975 S1 — Motion (Bernardi - Wachs) requesting City Attorney to review current statutory provisions which grant the City power to issue administrative subpoenas.

d. 90-0488 S1 — Motion (Hernandez - Ridley-Thomas) requesting CAO to report on fees and their relationship to the City's actual cost in connection with fee for businesses which handle hazardous materials.

e. 90-1869 — CAO report requesting Telecommunications Department to obtain annual report from franchisees with respect to MBE/WBE efforts.

f. 94-0664 — Motion (Wachs - Svorinich) recommending changes to City's purchasing system with respect to shipping charges.

g. 96-0100 — Review of the City's Human Resources Management System.

h. 96-1867 — Motion (Svorinich - Wachs) requesting loss report in connection with City-owned barricades, pylons or cones.

Fiscal Impact Statement: Not applicable.

Summary:

On December 12, 2001 the Chair of the Audits and Governmental Efficiency Committee considered the above listed Council files for Receive and File, inasmuch as the subject matter is obsolete and/or actions have been taken on subsequent Council files, no Council action is required on these matters.

The Chair now forwards this matter to Council for its consideration.

Respectfully submitted,

Councilmember Tom LaBonge, Chair
Audits and Governmental Efficiency Committee

mk
12-26-01
#881876.5

ADOPTED
MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATION
JAN 16 2002
LOS ANGELES CITY COUNCIL

COUNCIL VOTE

Jan 16, 2002 10:16:33 AM, #2

Items for Which Public Hearings Have Not Been Held - Items 10-29
Voting on Item(s): 13-21,23a-26,28-29
Roll Call

BERNSON	Absent
GALANTER	Absent
GARCETTI	Yes
HAHN	Yes
HOLDEN	Absent
LABONGE	Yes
MISCIKOWSKI	Yes
PACHECO	Yes
PERRY	Yes
REYES	Yes
RIDLEY-THOMAS	Yes
WEISS	Yes
ZINE	Yes
*PADILLA	Yes
	Absent

Present: 11, Yes: 11 No: 0

PRINT-VIEW RECORD(S) ▼ Next Record

Record 1 of 2

DOCID
94-0664
STATUS
O
CHNGDATE
12/3/01
TITLE
94-0664
AUTHOR
Wachs Mover 1994 - Svorinich, Jr
SUBJECT
Mo - City of Los Angeles is wasting millions of dollars each year by mistakenly paying sales tax on tens of millions of dollars of shipping charges which are not subj to state tax. State Revenue & Taxation Code Section 6011 (c)(7) specifically excludes separately stated shipping charges from total purchase price of goods subj to sales tax. This amt generally ranges from bet 5% & 15% of total cost of an item. THEREFORE MOVE that GE Comt recommend immediate changes in City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, & save city taypayers millions of dollars every year
DATEREC
4/22/94
ACTIONS
4-22-94 - This days Ccl session
4-22-94 - Ref to GE Comt
4-28-94 - File to GE Comt Clk
12-3-01 - DUPLICATE ORIGINAL FILE MADE THIS DAY
12-3-01 - File to Audits and Governmental Efficiency Committee Clerk

Simple Search | Advanced Search

PRINT-VIEW RECORD(S) ▼ Next Record

Retrieval software: DB/Text *WebPublisher*, provided by INMAGIC

Simple Search | Advanced Search

PRINT-VIEW RECORD(S)

Retrieval software: DB/Text *WebPublisher*, provided by INMAGIC

February 1, 2000

TO: File

FROM: barclay

CF 94-0664 — separating freight charges on billings to the City to reduce sales tax bite.

Unsigned 7/94 Committee report on file recs NOTE & FILE because City was going to contract with County for freight management and that would take care of it.

Talked to Bob Jensen today. City no longer contracts with LA County for freight management (CF 94-0369). He admits that the concern raised in motion is valid and should be addressed. However, the solution is not simple. Some vendors don't want to do it because it complicates their billing process. City can require freight to be bid separately but that also complicates City's bid evaluation process.

GSD should be instructed to require this "to the extent feasible" on new contracts for goods. However, a new report from GSD is needed. They are snowed under right now and I hate to dump one more thing on them. Jensen will discuss with his staff but we should wait a month or so before asking for updated report.

On my calendar to talk to Jensen about it in mid-March. Maybe have Clerk send a letter to GSD at that point and give them a month or so to respond.

COULD SEND LETTER NOW AND GIVE THEM A COUPLE OF MONTHS TO RESPOND.

letter

PLACE IN FILES
APR 18 2006
DEPUTY

PRINT-VIEW RECORD(S)

Record 1 of 1

DOCID
94-0369
STATUS
C
CHNGDATE
1/1/75
TITLE
94-0369
AUTHOR
Mayor / CAO 0150-05841 (A)
SUBJECT
Req Ccl authorize GM, GSD to enter into an agreement on behalf of the City with Los Angeles County Internal Services Department - Traffic Management Division for a City Freight Traffic Management Pilot Program
DATEREC
2/28/94
ACTIONS
3-2-94 - For ref
3-3-94 - Ref to AS Comt
3-7-94 - File to Svorinich, Jr Chrprsn
3-18-94 - File to AS Comt Clk for rept
7-12-94 - AS Comt rept ADOPTED to:
1. APPROVE AND AUTHORIZE the GM, GSD to enter into an agreement on behalf of the City with the Los Angeles County Internal Services Department - Traffic Management Division, for a one year City Freight Traffic Management Pilot Program, with four one year renewal options, with the County to receive a percentage of the annual savings realized by the City starting at 50% and declining 5% a year to 30% for the fifth year of the contract
2. INSTRUCT GSD to report back in 18 months following implementation of this program with a report to your Committee and Council on the cost savings generated by this program
3. REQUEST the City Proprietary Departments to review the staff report on this pilot program and report on current or pending freight traffic management programs in their respective departments
7-14-94 - File to Mayor
7-21-94 - Mayor's message concurred in action of 7-12-94
7-27-94 - File to AS Comt Clk OK
7-29-94 - File in files

Simple Search | Advanced Search

PRINT-VIEW RECORD(S)

Retrieval software: DB/Text *WebPublisher*, provided by INMAGIC

12/15/99

Ian,

Mike Barclay recommended R&F.

Angelica Gomez

PRINT-VIEW RECORD(S) | Previous Record

Record 2 of 2

DOCID
94-0664
STATUS
O
CHNGDATE
1/1/75
TITLE
94-0664
AUTHOR
Wachs Mover 1994 - Svorinich, Jr
SUBJECT
Mo - City of Los Angeles is wasting millions of dollars each year by mistakenly paying sales tax on tens of millions of dollars of shipping charges which are not subj to state tax. State Revenue & Taxation Code Section 6011 (c)(7) specifically excludes separately stated shipping charges from total purchase price of goods subj to sales tax. This amt generally ranges from bet 5% & 15% of total cost of an item. THEREFORE MOVE that GE Comt recommend immediate changes in City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, & save city taypayers millions of dollars every year
DATEREC
4/22/94
ACTIONS
4-22-94 - This days Ccl session
4-22-94 - Ref to GE Comt
4-28-94 - File to GE Comt Clk

Simple Search | Advanced Search

PRINT-VIEW RECORD(S) | Previous Record

Retrieval software: DB/Text *WebPublisher*, provided by INMAGIC

PLEASE COMPLETE THIS CARD
TO BE HEARD BEFORE THE BOARD OF PUBLIC WORKS

3

DATE 5-4-94 AGENDA ITEM NO. _____ FOR ( ) AGAINST ( )

SUBJECT FREIGHT

NAME (Print) MARVIN LANDON

ADDRESS 15726 HIGHKNOLL RD. ENCINO PHONE NO. 818-784.9000

The following information is required in compliance with the City Ethics Commission:

CLIENT PAYING YOU TO SPEAK FDSI MANAGEMENT GROUP INC.

ADDRESS 3500 W. OLIVE BURBANK PHONE NO. 818-953-7800

YOUR RELATIONSHIP TO CLIENT (check as many as apply):

( ) ATTORNEY (✓) EMPLOYEE OF CLIENT'S COMPANY
( ) LOBBYIST ( ) OTHER (Please Specify)

_____

PLEASE GIVE THIS CARD TO THE BOARD SECRETARY
WHO WILL INFORM THE BOARD OF YOUR DESIRE TO BE HEARD

HOLD IN COMMITTEE PER GREG - 7-13-94

TO THE COUNCIL OF THE CITY OF LOS ANGELES

File No. 94-0664

Your GOVERNMENTAL EFFICIENCY Committee

reports as follows:

	Yes	No
Public Comment	X	

GOVERNMENTAL EFFICIENCY COMMITTEE REPORT in response to Motion (Wachs-Svorinich) relative to requiring vendors to list shipping charges separately so that they can be excluded from sales tax calculations.

Recommendation for Council action:

NOTE and FILE Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year, inasmuch as the Council approved (7-12-94) contracting with the County of Los Angeles Freight Management Service (Council File No. 94-0369) which, as a component of this service, automatically lists shipping charges separately.

SUMMARY:

On July 6, 1994, the Governmental Efficiency Committee recommended that the Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year, be noted and thereafter filed, inasmuch as the Council approved (7-12-94) contracting with the County of Los Angeles Freight Management Service (Council File No. 94-0369) which, as a component of this service, automatically lists shipping charges separately.

Respectfully submitted,

GOVERNMENTAL EFFICIENCY COMMITTEE

KC
7/13/94
#940664

GOVERNMENTAL EFFICIENCY COMMITTEE

WEDNESDAY - JULY 6, 1994

2:00 PM - ROOM 340, COUNCIL CHAMBER - CITY HALL

MEMBERS: COUNCILMEMBER JOEL WACHS, Chair
COUNCILMEMBER RICHARD ALARCÓN
~~COUNCILMEMBER HAL BERNSON~~

Konrad Carter - Legislative Assistant - 213.237-1615

Council Committee meetings are now audiocast live via "Council Phone." In Los Angeles, call (213) 621-CITY, or check your local telephone listing for the "Council Phone" number applicable to your area.

DEPARTMENTS SUBMITTING WRITTEN REPORTS OR MATERIALS DURING THE COMMITTEE MEETING MUST PROVIDE COPIES TO EACH COMMITTEE MEMBER AND TWO ADDITIONAL COPIES TO THE CITY CLERK - ONE COPY FOR THE COUNCIL FILE AND THE SECOND COPY TO BE MADE AVAILABLE FOR PUBLIC INSPECTION DURING THE MEETING.

FILE NO. SUBJECT

(1)

94-0612 CONT. FROM PREVIOUS MEETINGS
Motion (Wachs-Chick) relative to examining the City's purchasing system and recommendations to improve efficiency of said system.

DISPOSITION _____

(2)

94-0664 CONT. FROM PREVIOUS MEETINGS: GEN. SVCS. DEPT. TO REPORT
Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year.

DISPOSITION (Concur w/ AS Comte recs on CF 94-0369 ~~94-0664~~ RTF Motion)

FILE NO. SUBJECT

(3)

94-1119 Transmittal from the Mayor and City Administrative Officer report relative to Second-Year City Attorney Special Emphasis Victim Assistance Program grant application.

DISPOSITION _____

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN THE COMMITTEE'S SUBJECT MATTER JURISDICTION

ge0706.agd

GOVERNMENTAL EFFICIENCY COMMITTEE

WEDNESDAY - JUNE 15, 1994

2:00 PM - ROOM 340, COUNCIL CHAMBER - CITY HALL

MEMBERS: COUNCILMEMBER JOEL WACHS, Chair
COUNCILMEMBER RICHARD ALARCÓN
COUNCILMEMBER HAL BERNSON

Konrad Carter - Legislative Assistant - 213.237-1615

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FILE NO. — SUBJECT

(1)

94-0612 CONT. FROM PREVIOUS MEETINGS
Motion (Wachs-Chick) relative to examining the City's purchasing system and recommendations to improve efficiency of said system.

DISPOSITION _____

(2)

94-0664 CONT. FROM PREVIOUS MEETINGS
Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year.

DISPOSITION Cont to 7-6-94 GSD to Report

(3)

93-2225 S1 CONT. FROM 1-5 AND 2-2-94
Motion (Alarcon-Goldberg) and Personnel Department and City Administrative Officer reports relative to cost sharing health care coverage.

DISPOSITION _____

FILE NO. SUBJECT

(4)

92-1682 City Administrative Officer report relative to the Victim Assistance Program, 13th year funding application and proposed agreement with the County of Los Angeles.

DISPOSITION

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN THE COMMITTEE'S SUBJECT MATTER JURISDICTION

ge0615.agd

GOVERNMENTAL EFFICIENCY COMMITTEE

WEDNESDAY - JUNE 1, 1994

2:00 PM - ROOM 340, COUNCIL CHAMBER - CITY HALL

MEMBERS: COUNCILMEMBER JOEL WACHS, Chair
COUNCILMEMBER RICHARD ALARCÓN
COUNCILMEMBER HAL BERNSON

Konrad Carter - Legislative Assistant - 213.237-1615

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DEPARTMENTS SUBMITTING WRITTEN REPORTS OR MATERIALS DURING THE COMMITTEE MEETING MUST PROVIDE COPIES TO EACH COMMITTEE MEMBER AND TWO ADDITIONAL COPIES TO THE CITY CLERK - ONE COPY FOR THE COUNCIL FILE AND THE SECOND COPY TO BE MADE AVAILABLE FOR PUBLIC INSPECTION DURING THE MEETING.

FILE NO. — SUBJECT

(1)

92-1443 S2 — Communication and proposed contract from the City's Audit Committee relative to 1993-94 Annual Financial and Single Audits.

DISPOSITION _____

(2)

94-0612 — CONT. FROM 4-27 and 5-4-94 FOR REPORTS
Motion (Wachs-Chick) relative to examining the City's purchasing system and recommendations to improve efficiency of said system.

DISPOSITION _____

(3)

94-0664 — CONT. FROM 4-27 and 5-4-94
Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year.

DISPOSITION NOT CONSIDERED / DISCUSSED

FILE NO.	SUBJECT
	(4)
93-1046	CONT. FROM 1-5 AND 2-2-94 City Administrative Officer's management audit of the Los Angeles Fire and Building and Safety Departments' inspection programs of multi-unit residential structures, as recommended by Motion (Hernandez-Ferraro).

DISPOSITION _____

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN THE COMMITTEE'S SUBJECT MATTER JURISDICTION

ge0601.agd

Note Room Change - This Meeting Only

GOVERNMENTAL EFFICIENCY COMMITTEE

WEDNESDAY - MAY 4, 1994

2:00 PM
Room 350 (Board of Public Works) - City Hall

MEMBERS: **COUNCILMEMBER JOEL WACHS, Chair**
COUNCILMEMBER RICHARD ALARCÓN
COUNCILMEMBER HAL BERNSON

Konrad Carter - Legislative Assistant - 213.237-1615

FILE NO.	SUBJECT
	(1)
94-0429 S2	CONT. FROM 4-6-94 City Attorney report relative to the City Council's and the Board of Water and Power's authority to limit overtime for certain employee groups in the Department of Water and Power. DISPOSITION _____
	(2)
94-0612	CONT. FROM 4-27-94 Motion (Wachs-Chick) relative to examining the City's purchasing system and recommendations to improve efficiency of said system. DISPOSITION _____
	(3)
94-0664	CONT. FROM 4-27-94 Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year. DISPOSITION Cont to Special Meeting

COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN THE COMMITTEE'S SUBJECT MATTER JURISDICTION

DEPARTMENTS SUBMITTING WRITTEN REPORTS OR MATERIALS DURING THE COMMITTEE MEETING MUST PROVIDE COPIES TO EACH COMMITTEE MEMBER AND TWO ADDITIONAL COPIES TO THE CITY CLERK - ONE COPY FOR THE COUNCIL FILE AND THE SECOND COPY TO BE MADE AVAILABLE FOR PUBLIC INSPECTION DURING THE MEETING.

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ge0504.agd

GOVERNMENTAL EFFICIENCY COMMITTEE
Wednesday - May 4, 1994

#3

94-0369

FYI

CF 94-0369

Submitted in Cal

TRANSMITTAL

0150-05841(A)

TO	DATE	COUNCIL FILE No.
The City Council		
FROM The Mayor		COUNCIL DISTRICT

FREIGHT TRAFFIC MANAGEMENT SERVICES CONTRACT

Transmitted for your consideration. See

City Administrative Officer report attached.

MAYOR

CAO 649-d

REPORT FROM

CITY ADMINISTRATIVE OFFICER

TO	DATE	CAO FILE No.
The Mayor	2/18/94	0150-05841(A)

REFERENCE	COUNCIL FILE No.
Transmittal from General Manager Department of General Services, dated August 25, 1993	

SUBJECT	COUNCIL DISTRICT
Freight Traffic Management Services	

SUMMARY

Per transmittal dated August 18, 1992, the Department of General Services (GSD) transmitted a request to enter into a contractual relationship with the Los Angeles County Internal Services Department-Traffic Management Division (County) for freight traffic management services of the City's purchased goods and supplies. Freight traffic management allows a municipality to manage the cost of freight associated with the purchase and delivery of its goods and supplies by contracting directly with the carriers (trucking companies) at a negotiated reduced rate. Savings are accrued from:

Sales tax savings on freight, since freight charges are exempt from sales tax.

Discounts provided governmental agencies under the Interstate Commerce Act.

Volume freight discounts through negotiating shipping requirements with one or two common carriers at local shipping points.

Filing over charge claims with the Interstate Commerce Commission.

The proposed contract is for one year, with four one year renewal options. Under the terms of the proposed contract, the County provides labor, supervision, equipment and supplies as well as payment of the freight charges. In return, the County will receive a percentage of the annual savings realized by the City according to the following compensation schedule:

(Summary continued)

K. Connor

CITY ADMINISTRATIVE OFFICER

CAO 649

Contract Year	Percent of Total Savings
Year One	50 %
Year Two	45 %
Year Three	40 %
Year Four	35 %
Year Five	30 %

The City will also pay the County for (a) analytical studies performed; and (b) presentation by the County before any regulatory bodies. It is the intent of the County to transition the program from the County to the City within five years so that the City can develop its own freight traffic management program.

Freight traffic management is feasible due to the deregulation of the transportation industry by the Federal Government. Prior to deregulation most carriers charged equal rates, thereby making it convenient to have the goods and supplies vendor make the inbound transportation decisions. After deregulation, the freight carriers were able to offer discounts to vendors at below published tariff rates. Vendors have not necessarily passed on the discount savings to the buyer if the goods and supplies were purchased on a Freight on Board (FOB)- Destination basis. When products are purchased FOB-Destination, both product and delivery are purchased. Sales tax is applied by the vendor on the purchase price (including product price and the freight). The City currently makes its purchases on a FOB-Destination basis.

For nearly thirty years, the County has had a freight traffic department responsible for controlling the transportation costs of its materials and supplies. The County purchases its goods and supplies on a FOB-Origin basis. FOB-Origin allows for the purchase of products without transportation, which becomes the purchaser's responsibility. In 1991, the County established its Traffic Management Program (TMP) to offer its services to other government agencies, thereby enabling them to use their buying power to create savings. The County reports savings of approximately $2 million annually.

In reviewing GSD's August 1992 proposal, this Office was concerned about the sole source nature of the proposed contract and recommended that GSD conduct a survey of private and other governmental agencies to determine if freight traffic management services could be provided by any other entity than the County.

Per transmittal dated August 25, 1993, GSD notes that, in compliance with the recommendation, it conducted a survey of twenty private freight traffic management companies as well as the Metropolitan Transit Authority (MTA), the Los Angeles Unified School District (LAUSD) and the Department of Water and Power. The County provides freight traffic management services to the MTA and LAUSD. The State of Kansas is the only other governmental agency which currently has a fully operating freight traffic management program. DWP's program is still in a beginning stage and is unable to accommodate City needs at this time.

(Summary continued)

Recyclable and made from recycled waste.

Based on its findings, GSD recommends that the City enter into a contractual agreement with the County. This recommendation is based on the County's extensive experience and fully trained staff, its willingness to front payment of freight charges and its stated intent to train the City to provide for its own freight traffic management at the end of five years. None of the private vendors offer such incentives. Furthermore, GSD sees the proposed contractual relationship with the County as a pilot program for a small amount of City purchases, which would be expanded as the City's expertise and experience with the program increases. Given the City's current budgetary constraints and the County's extensive experience (and staffing) with the program, contracting this service out to the County is in the City's best interests. It is therefore recommended that GSD be given the authority to enter into this contractual relationship with the County.

RECOMMENDATION

That the Council, subject to approval of the Mayor, authorize the General Manager Department of General Services to enter into an agreement, on behalf of the City, with the Los Angeles County Internal Services Department-Traffic Management Division for a City Freight Traffic Management Pilot Program, subject to approval of the City Attorney as to form and legality.

HWB:dbu

22695C43

RANDALL C. BACON
GENERAL MANAGER

CITY OF LOS ANGELES
CALIFORNIA

TOM BRADLEY
MAYOR

DEPARTMENT OF
GENERAL SERVICES
ROOM 800
CITY HALL EAST
200 NO. MAIN ST.
LOS ANGELES, CA 90012
(213) 485-5801
FAX NO. (213) 620-9149

August 18,1992

Honorable Tom Bradley, Mayor
City of Los Angeles
Room 370, City Hall

Attention: Anton Calleia, Chief Admintrative Assistant to Mayor

SUBJECT: PROPOSED TRAFFIC MANAGEMENT CONTRACT

In accordance with Executive Directive No. 16, the attached agreement is submitted for your review.

It is proposed that the City enter into an agreement with the County of Los Angeles' Traffic Management Division. Under this agreement , the County Traffic Management Division will provide labor, supervision, equipment, and supplies necessary to provide the City with Traffic Management Services. A number of benefits can be realized by establishing a Traffic Management Program within the City. Principle benefits include monetary savings, reduction in traffic, increased effectiveness at our unloading docks, and increased control over the quality of service a freight carrier is providing.

In order to fully manage vendor deliveries, a Freight Management Division was established within the County of Los Angeles. The Division is staffed with personnel trained in traffic management, and has been very successful in realizing monetary savings for the County of Los Angeles. As a result of this success, the County has extended its services to a number of Government agencies. Currently, the County has Traffic Management agreements with RTD, LA Unified School District, and the County of Riverside.

The City is entering into this agreement under the provisions of Section 23008 of the Government Code. The City has complied with all City procedures and applicable laws and policies relative to this award.

The Purchasing Division of the Department of General Services will be responsible for administering this agreement.

Recyclable and made from recycled waste

The Contractor is not an employee of the City, and is free to make recommendations and perform the services specified in the contract independent of the control of City Officials, and has no authority with respect to the City's decision beyond fulfilling the provisions of the agreement.

Randall C. Bacon
General Manager

Enclosures.

TRAFFIC MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made by and between the County of Los Angeles (hereafter "County") and the City of Los Angeles (hereafter "City").

RECITALS:

a. City desires to contract with the County for certain services provided by the Traffic Management Division, (hereafter "Traffic Management") of County's Internal Services Department.

b. Traffic Management routinely provides such services for County departments.

c. This Agreement is authorized by Section 56 3/4 of the Charter of the County and Section 23008 of the Government Code.

THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. County shall provide the services described in Section A (Scope of Services) of Appendix A, attached hereto and incorporated herein by reference.

2. The items listed in Section B (Implementing Procedures) of Appendix A are necessary to the delivery of services. City shall make its best efforts to complete and follow the items listed. It is understood that a non-completed item may affect County's performance.

3. To review Appendix A at six (6) month intervals to determine whether changes are appropriate. This shall not preclude changes at other times as mutually agreed. Any changes shall be made pursuant to Paragraph 18 hereof.

4. County shall, at its cost and expense, furnish all necessary, as determined by County, labor, supervision and equipment to provide said services. Further, if correspondence on City letterhead is issued by County on behalf and at the request of City, City shall, at its cost and expense, furnish such letterhead and any related special forms or notices. Notwithstanding the foregoing, if County and City mutually agree on the desirability of a Traffic Management employee working at a City office, City shall, at its cost and expense, provide suitable, as determined by City, space and working conditions.

5. County shall be compensated for the services in accordance with Section C (Compensation Arrangements) of Appendix A.

6. For any and all payments made by Traffic Management for freight transported for the account of City, County shall render, at the close of each calendar month, to City an itemized invoice, including a copy of all audited bills and proof of payment, for all payments rendered during said month. City shall pay the County within forty-five (45) days after the date of said invoice. Should payment not be received within forty-five (45) days, County may, at its discretion, suspend any and all services hereunder.

7. This Agreement shall become effective upon execution by County's Director, Internal Services Department or designee (hereafter "Director"), and shall extend for a period of one year with four (4) one year renewal options. Renewal shall be by mutual consent of Director and City. In the event City desires to renew, Los Angeles City Council shall, not later than the tenth (10th) of the month preceding the expiration of this Agreement, so notify Director. Notwithstanding the foregoing, either party may terminate this Agreement at any time for any reason by giving thirty (30) days prior written notice to the other party.

8. To comply with applicable requirements of Section 23008 of the Government Code.

9. County shall keep accurate and complete records concerning the transactions conducted hereunder in accordance with policies and standards established by County's Auditor-Controller. Such records shall be open for examination by City during County's regular business hours.

10. City employees, agents and all others acting on behalf of City who may have access to carrier rate quotations obtained hereunder shall, before access, execute a written acknowledgement that such information is confidential.

11. Excepting obligation for money owed, County and City's obligations hereunder shall cease as of the effective date of termination or expiration of this Agreement.

12. This Agreement is by and between County and City and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between County and City. The employees and agents of one party shall not be, or be construed to be, the employees and agents of the other party for any purpose whatsoever.

13. Neither party may assign its rights or delegate its duties under this Agreement or both, either in whole or in part, without the prior express written permission of the other party. Any assignment of delegation without such prior written consent shall be null and void.

14. No waiver by either party of any breach of any provision of this Agreement shall constitute a waiver of any other breach or of such provision. Failure of either party to enforce at any time, or from time to time, any provision of this agreement shall not be construed as a waiver thereof. The rights and remedies set forth in this Paragraph shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

15. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby.

16. Each party shall indemnify, defend and save harmless the other, its agents, officers and employees from and against any liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever arising from or connected with the indemnifying party's acts or omissions relating to this Agreement.

    County's maximum obligation hereunder shall be limited to the aggregate amount actually paid by City under this Agreement for the calendar year in which the claim arose. In no event shall County be liable for consequential or incidental damages even if County has been advised of the possibility of such damages. County will not be liable for any damages claimed by City based upon any third (3rd) party claim.

17. All notices or demands required or permitted to be given or made under this Agreement shall be in writing and shall be hand delivered with signed receipt or mailed first class, registered or certified mail, postage prepaid, addressed as set forth below. Addresses may be changed by either party giving ten (10) days prior written notice thereof to the other party.

    If to the County:
    Chrys Varnes
    General Manager
    Purchasing and Central Services
    Internal Services Department
    County of Los Angeles
    2500 S. Garfield Avenue
    Commerce, California 90040

    If to City:
    Anthony Riolo
    Director of Purchasing II
    Department of General Services
    201 Main Street, Room 854
    Los Angeles, California 90012

18. This Agreement shall only be changed by an amendment executed by Director and City.

IN WITNESS WHEREOF, City, by order of its City Council, caused this Agreement to be signed and the County of Los Angeles, by order of its Board of Supervisors, has caused this Agreement to be subscribed by its Director, Internal Services Department.

CITY OF LOS ANGELES

By _____
Chairman of the City Council

COUNTY OF LOS ANGELES

By _____
Director
Internal Services Department

Approved as to form:

DEWITT CLINTON, COUNTY COUNSEL

By _____

APPENDIX A

Section A: Scope of Services

County agrees to provide the following services:

1. Traffic Management will include in its agreements with carriers (defined as for-hire entities providing transportation, including, but not limited to, common carriers, contract carriers, brokers, shippers associations, shippers agents, freight forwarders) the provision that goods shipped for the account of City will be entitled to the same discounted and reduced rates as those applicable to County.

2. Traffic Management will furnish to City and periodically update a Routing Guide which provides instructions and lists those carriers which, from all major points of origin, offer lowest-cost transportation at acceptable service levels.

3. Traffic Management will provide traffic analysis and recommend transportation arrangements for shipping origins not included in the Routing Guide, items weighing over 5,000 pounds, shipments which require expedited delivery or special handling, and also for cost estimates for purchase order encumbrances. Requests for traffic analysis may be made by phone or fax using the County-provided form. Traffic Management will respond within three (3) County working days of receipt of request for analysis.

4. Traffic Management will make payments to those carriers which transport goods for the account of City when purchase order terms dictate City payment responsibility. The carriers' invoices (freight bills) will be matched with corresponding receiving reports and audited before payment. Payments will reflect the discounted rates negotiated by County and any other cost savings achieved through such audits. Such invoices will be paid within fifteen (15) days of the date of invoice presentation, or as otherwise provided in individual carrier tariffs, contracts or tenders. Payment terms will conform to Interstate Commerce Commission 49 CFR 1320.2.

5. Traffic Management will audit the freight portion of vendor invoices sent to City for payment, match with corresponding receiving reports, and will claim refunds on the behalf of City, reflecting the difference between the rate charged to the vendor and discounted rates negotiated by County. These refunds, payable to City, will be verified for accuracy and forwarded to City.

6. Traffic Management will claim refunds for overcharges and payments for lost or damaged shipments on the behalf of City, which refunds and payments will be payable to City. Traffic Management will receive these refunds and payments, determine correctness, and forward to City.

7. Traffic Management will train City's buyers in the use of the Routing Guide and implementation procedures for the Traffic Management Program. Warehouse, stores, and other receiving personnel will also be trained in procedures related to the inspection and reporting of goods received, with the objective of minimizing liability to City and maximizing the substantial potential savings that can be achieved if proper procedures are followed. The number of sessions, content, instructors and materials will be at the sole discretion of County.

8. Traffic Management will represent City's interests as a receiver of goods before the regulatory bodies (e.g., CPUC, ICC, Maritime Commission) as requested by the City.

9. Traffic Management will conduct analytical studies pertaining to traffic, warehousing, and distribution as requested by City.

Section B: Implementing Procedures

City shall:

Carrier Designation

1. Include as a condition in requests for quotations and vendor agreements City's right to designate carriers when vendor proprietary equipment is not used and to deduct from invoices all additional costs incurred as a result of vendor failure to adhere to shipping terms as specified in purchase orders.

2. Designate in purchase orders those carriers identified in the Routing Guide in all instances when carriers are used in delivery.

3. Designate FOB origin deliveries to the extent feasible.

Audit and Payment of Carrier Invoices

1. Provide authorization to Traffic Management pursuant to this Agreement to receive and pay carrier invoices for goods shipped to City when purchase order terms indicate City is responsible for payment.

2. Identify City personnel authorized to receive and sign for deliveries.

3. Provide Traffic Management with data to verify receipt and acceptance of delivered goods by carriers, and a copy of the carrier delivery receipt.

4. Provide Traffic Management with copies of all purchase orders covering purchases of materials, supplies and equipment.

Auditing of Vendor Invoices

1. Provide copies of vendor invoices and associated receiving reports (with delivery receipts) when freight costs exceed twenty-five dollars ($25.00).

Section B: Implementing Procedures

Loss and Damage

1. Notify Traffic Management of loss or damage of transported goods by phone and written confirmation using a form to be provided by Traffic Management.

2. Retain damaged goods and containers for carrier inspections.

3. Forward copies of carrier waivers of inspections.

4. Dispose of damaged goods per carrier instructions.

Section C: Compensation Arrangements

City shall compensate County as follows:

1. County shall be entitled to the following percentages of the total savings realized by City under this Agreement: Year 1 - 50%, Year 2 - 45%, Year 3 - 40%, Year 4 -35%, Year 5 - 30%, provided that such savings are fully documented by Traffic Management and are the direct result of:

   a. Adjustments to carrier freight bills reflecting County's reduced rate levels, including discounts from published tariff rates.

   b. Overcharge claims filed by Traffic Management reflecting the difference between vendor prepaid freight charges (included in vendor invoices to City) and County's discounts and reduced rates.

   c. Adjusted or recovered payments from carriers or vendors as a result of commodity misclassifications, rate misapplications, computational errors, or other unwarranted transportation charges.

2. Fifty dollars ($50.00) per hour for analytical studies pertaining to traffic, warehousing, and distribution performed by Traffic Management and explicitly requested by City in writing by the Director of Purchasing or designee.

3. Any representation before regulatory bodies by Traffic Management at the request of City at the rate of Fifty dollars ($50.00) per hour plus any related travel and per diem costs (City will be given prior notification of any necessary travel and per diem costs, and such costs will conform to guidelines and levels established by the Los Angeles County Board of Supervisors).

County shall invoice City as follows:

1. Percentages: At the conclusion of each calendar month.

2. Hourly rates: Within thirty (30) days of the conclusion of the service.

Such amounts shall be due and payable forty-five (45) days from date of the invoice.

S U P P L E M E N T A L A G E N D A

3

SPECIAL MEETING

GOVERNMENTAL EFFICIENCY COMMITTEE

WEDNESDAY - APRIL 27, 1994

1:30 PM

ROOM 350
(BOARD of PUBLIC WORKS)

MEMBERS: COUNCILMEMBER JOEL WACHS, Chair
COUNCILMEMBER RICHARD ALARCÓN
COUNCILMEMBER ~~HAL BERNSON~~ SVORINICH

Konrad Carter - Legislative Assistant - (213) 237-1615

Council Committee meetings are now audiocast live via "Council Phone." In Los Angeles, call (213) 621-CITY, or check your local telephone listing for the "Council Phone" number applicable to your area.

DEPARTMENTS SUBMITTING WRITTEN REPORTS OR MATERIALS DURING THE COMMITTEE MEETING MUST PROVIDE COPIES TO EACH COMMITTEE MEMBER AND TWO ADDITIONAL COPIES TO THE CITY CLERK - ONE COPY FOR THE COUNCIL FILE AND THE SECOND COPY TO BE MADE AVAILABLE FOR PUBLIC INSPECTION DURING THE MEETING.

FILE NO. SUBJECT

(Item #1 is shown on the Special Meeting Agenda)

(2)

94-0664 Motion (Wachs-Svorinich) requesting the Governmental Efficiency Committee to recommend immediate changes in the City's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save the city taxpayers millions of dollars every year.

DISPOSITION Cont to 5-4-94

GE0427SU.AGD

SPEAKER CARDS - GOVERNMENTAL EFFICIENCY COMMITTEE

Special Meeting 4-27-94

MEETING STARTED: 1:50
MEETING ADJOURNED: 5:30

1:50 WACHS
2:05 ALARCON
2:10 SVORINICH
2:12 CHICK
2:17 LAPD OFFICER
2:22 ZUCKERMAN (MAYOR)
2:25 TUTTLE
2:35 COMRIE

C 1

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE _____

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: _____

SUBJECT: _____

3PM

NAME: (PLEASE PRINT) PAULA PETROTTA

ADDRESS: CMSN ON STATUS OF WOMEN

CITY: _____ ZIP CODE _____

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO [ ]

I AM A PAID REPRESENTATIVE FOR _____

(1)

City Clerk Form No. 201 (R.5/89)

CARDS ON CF 94-0612
(Considered w/ 94-0664)

C 1

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE _____

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

3:05

COUNCIL FILE NO.: 94-0612

SUBJECT: Governmental Efficiency Committee
Examination of City's Purchasing system

Name: Arnie Nettka - Harbor Department

Street: _____

City: _____

Telephone: _____

Are you speaking on your own behalf? YES [ ] NO [✓]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

(2)

(over)

C

3:15

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE _____

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: 94-0612

SUBJECT: Purchasing System

NAME: (PLEASE PRINT) Richard Moore

ADDRESS: DWP

CITY: _____ ZIP CODE _____

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO [ ]

I AM A PAID REPRESENTATIVE FOR _____

3

City Clerk Form No. 201 (R.5/89)

→ 3:30 - DAVID HUEBNER - Productivity Comsn — C

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE _____

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: _____

SUBJECT: Purchasing System Reform

3:35

NAME: (PLEASE PRINT) John M. Franco

ADDRESS: Bureau of Engineering

CITY: _____ ZIP CODE _____

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO [X]

I AM A PAID REPRESENTATIVE FOR _____

4

City Clerk Form No. 201 (R.5/89)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. 1 TODAY'S DATE 4/27/94

I am speaking FOR [X] AGAINST [ ] the Agenda Recommendation

3:50

COUNCIL FILE NO.: 94-0612

SUBJECT: MOTION TO EVALUATE EFFICIENCY OF PURCHASING DEPTS —

Name: W.I.S.E. INC - JUDITH G. COWAN (OWNER)

Street: 10900 S. VERMONT AVE.

City: L.A.

Telephone: 213 757-3164

Are you speaking on your own behalf? YES [X] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name:

Street:

City:

5a

(over)

Same

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. 2 TODAY'S DATE 4/27/94

I am speaking FOR [X] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: 94-0664

SUBJECT: MOTION TO SEPARATE FREIGHT & SHIPPING CHARGES

Name: W.I.S.E. INC - JUDITH G. COWAN (OWNER)

Street: 10900 S. VERMONT AVE.

City: L.A.

Telephone: 213-757-3164

Are you speaking on your own behalf? YES [X] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name:

Street:

City:

5b

(over)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 4/27/94

3:58

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: _____

SUBJECT: STREAMLINING OFFICE SUPPLIES PURCHASING

Name: JOHN J. MALONEY EVP OFFICE DEPOT

Street: 3366 E. Willow

City: SIGNAL HILL, CA

Telephone: (310) 490-9110

Are you speaking on your own behalf? YES [X] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

6

(over)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 4/27/94

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: _____

4:10

SUBJECT: Staples General Manager - 1st St
Denice McCuvey

NAME: (PLEASE PRINT) ~~GEORGE~~ STRATOS

ADDRESS: 52 ASPEN WAY

CITY: ~~ROLLING HILLS~~ EST ZIP CODE 90274

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO [X]

I AM A PAID REPRESENTATIVE FOR STAPLES (THE OFFICE SUPERSTORE) RETAIL OPERATIONS

7

City Clerk Form No. 201 (R.5/89)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 04-27-94

4:12

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: _____

SUBJECT: _____

NAME: (PLEASE PRINT) ROLAND TOLAN

ADDRESS: 1301 PEERLESS WAY

CITY: MONTEBELLO CA. ZIP CODE 90640

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [X] NO [ ]

I AM A PAID REPRESENTATIVE FOR STAPLES DIRECT

(8)

City Clerk Form No. 201 (R.5/89)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

L

AGENDA ITEM NO. _____ TODAY'S DATE 4/27/94

4:20

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: _____

SUBJECT: PURCHASING / OFFICE SUPPLIES

(1) DOWN CABLES

(1) Name: MIKE FARRELL / NATIONAL OFFICE SUPPLY

Street: 1819 BUSINESS PARKWAY

City: ONTARIO CA

Telephone: 213-263-9772

Are you speaking on your own behalf? YES [ ] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

(9)

(over)

CV

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE _____

FOR [ ] AGAINST [ ] THE AGENDA RECOMMENDATION

4:35

COUNCIL FILE NO.: _____

SUBJECT: DWP M/WBE Co-Chair

NAME: (PLEASE PRINT) BEVERLY HAWKINS

ADDRESS: CHAIR, DWP'S MBE/WBE ~~OUTREACH~~ ADVISORY COMMITTEE (NOT A DWP EMPLOYEE. A VENDOR)

CITY: _____ ZIP CODE _____

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO [ ]

I AM A PAID REPRESENTATIVE FOR _____

10

City Clerk Form No. 201 (R.5/89)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 04-27-94

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: _____

SUBJECT: PURCHASING PRACTICES

4:45

Name: GEORG OLSEN - WEARHOUSE UNIFORMS

Street: 3734 SAN FERNANDO RD.

City: GLENDALE, CA, 91204

Telephone: (818) 243-4440

Are you speaking on your own behalf? YES [ ] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: _____

Street: _____

City: _____

11

(over)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 4-27-94

I am speaking FOR [ ] AGAINST [ ] the Agenda Recommendation

COUNCIL FILE NO.: _____

5 PM

SUBJECT: [illegible] share with [illegible] the benefits of using a purchasing card

Name: MAUREEN MILLER "Purchasing Card

Street: 10686 KURT ST

City: LAKEVIEW TERRACE CA

Telephone: (213) 683-4991

Are you speaking on your own behalf? YES [ ] NO [ ]

If NO, and you are being compensated to speak for or represent someone other than yourself, please disclose who you are representing:

Name: [illegible]

Street: [illegible]

City: First Chicago

(over)

(12)

I WISH TO BE HEARD BEFORE THE CITY COUNCIL

AGENDA ITEM NO. _____ TODAY'S DATE 4/27/94

FOR [✓] AGAINST [ ] THE AGENDA RECOMMENDATION

COUNCIL FILE NO.: _____

5:12

SUBJECT: CONTRACT 52379 & CONTRACT 54201

NAME: (PLEASE PRINT) ANNA VIRGEN ~~ADTEC~~ (BUSINESS MACHINE

ADDRESS: 737 S. LA BREA AV.

CITY: LOS ANGELES, CA ZIP CODE 90036

REGISTERED AS LOBBYIST WITH CITY CLERK: YES [ ] NO ~~[ ]~~

I AM A PAID REPRESENTATIVE FOR N/A

(13)

City Clerk Form No. 201 (R.5/89)

ELIAS MARTINEZ
City Clerk

J. Michael Carey
Executive Officer

When making inquiries relative to this matter refer to File No.
94-0664

CITY OF LOS ANGELES
CALIFORNIA

RICHARD J. RIORDAN
MAYOR

Office of
CITY CLERK
Council and Public Services
Room 395, City Hall
Los Angeles, CA 90012
Council File Information - (213) 485-5703
General Information - (213) 485-5705

Pat Healy
Chief Legislative Assistant

April 26, 1994

GOVERNMENTAL EFFICIENCY COMMITTEE

At the meeting of the Council held April 22, 1994 the motion (Wachs - Svorinich) attached to the file was referred to the GOVERNMENTAL EFFICIENCY COMMITTEE.

Elias Martinez
City Clerk
bs

940664

Recyclable and made from recycled waste.

MOTION

GOVT. EFFICIENCY
APR 22 1994

#2

Stop the Needless Payment of Sales Tax on Freight Charges

The City of Los Angeles is wasting millions of dollars each year by mistakenly paying sales tax on tens of millions of dollars of shipping charges which are not subject to the state tax.

The State Revenue and Taxation Code Section 6011 (c)(7) specifically excludes separately stated shipping charges from the total purchase price of goods subject to sales tax. This amount generally ranges from between 5% and 15% of the total cost of an item.

Unfortunately, the city has been negligent, and has mistakenly paid sales tax on the entire amount of its purchases, including shipping charges. Instead of requiring vendors to list freight charges separately, the city permits them to be included in the overall cost, and then needlessly pays sales tax on the entire amount.

Given the fact that the city purchases an estimated $700 million of goods each year, the sales tax overpayment could range as high as $2.5 million to $7.5 million a year. Even taking into account those items which are delivered free of charge, the yearly overpayment is still in the millions.

This practice is shocking. Every year city officials go to Sacramento and beg the State Legislature not to take away our money, and yet here we are, unnecessarily giving the state millions of dollars on a silver platter because we don't calculate our sales tax payments properly.

I THEREFORE MOVE that the Governmental Efficiency Committee recommend immediate changes in the city's purchasing system to require vendors to list shipping charges separately so that they can be excluded from sales tax calculations, and save city taxpayers millions of dollars every year.

Presented by: _____
JOEL WACHS
Councilman, 2nd District

Seconded by: _____

April 22, 1994