

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 22, 2019

CAO File No. 0220-03529-0020

Council File No. 14-0955-S4

Council District: --

To: The Mayor and Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Board of Police Commissioners Transmittal dated August 7, 2019; Supplemental information received November 13, 2019

Subject: **2019-20 REAL ESTATE FRAUD PROSECUTION GRANT PROGRAM**

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Authorize by resolution the continuance of the following existing positions within the Los Angeles Police Department (LAPD) through June 30, 2020:

<u>No.</u>	<u>Class Code</u>	<u>Class Title</u>
1	2223-2	Detective II
1	2223-3	Detective III

2. Authorize the Chief of Police or his designee to:

- a. Retroactively apply for and accept the grant award for the 2019-20 Real Estate Fraud Prosecution Program Grant in the amount of \$630,000 from the County of Los Angeles, for the period of July 1, 2019 through June 30, 2020;
- b. Execute the Grant Agreement with the County of Los Angeles for the period of July 1, 2019 through June 30, 2020, subject to the approval of the City Attorney as to form;

3. Authorize the Controller to:

- a. Establish a grant receivable and appropriate \$630,000 to appropriation account, account number to be determined, within Fund No. 339, Department No. 70 for the receipt and disbursement of the 2019-20 Real Estate Fraud Prosecution Program Grant Funds;

b. Transfer appropriations within Fund No. 339, Department No. 70 as follows:

<u>From:</u>	<u>Fund/Dept</u> 339/70	<u>Account No.</u> 70XXXX	<u>Account Name</u> To Be Determined	<u>Amount</u> \$229,168.19
<u>To:</u>	<u>Fund/Dept</u> 339/70	<u>Account No.</u> 70XXXX	<u>Account Name</u> Related Costs	<u>Amount</u> \$229,168.19

c. Increase appropriations on an as-needed basis from Fund No. 339, Department No. 70, 2019-20 Real Estate Fraud Prosecution Program Grant appropriation, account number to be determined, to Fund No. 100, Department No. 70, account numbers and amounts as follows:

Account No. 001012, Sworn Salaries	\$349,235.28
Account No. 001092, Sworn Overtime	\$45,000.00

4. Authorize the Los Angeles Police Department (LAPD) to:

- a. Spend up to the grant amount of \$630,000 in accordance with the grant award agreement;
- b. Submit grant reimbursement requests to the grantor and deposit grant receipts into Fund No. 339, Department No. 70; and,
- c. Prepare Controller instructions for any technical adjustments, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions.

SUMMARY

The Los Angeles Police Department (LAPD) is seeking retroactive approval to accept a \$630,000 grant award for the 2019-20 Real Estate Fraud Prosecution Grant Program (Program) from the County of Los Angeles Real Estate Fraud Prosecution Trust Fund Committee (County) for the period July 1, 2019 through June 30, 2020. This is the nineteenth year of funding for this program. The Department also requests continuance of resolution authority for one Detective III and one Detective II to staff the program.

BACKGROUND

The Real Estate Fraud Prosecution Trust Fund (Trust Fund) is funded by a filing fee for real estate documents recorded in the County, as provided by California Government Code Section 27388. The Trust Fund supports the efforts of local law enforcement and prosecuting agencies to investigate and prosecute real estate fraud. The County evaluates applications for funds and provides grant awards to selected jurisdictions. The level of annual funding provided by the fee is dependent upon the number of document titles filed within the County of Los Angeles.

The grant reimburses a portion of the annual cost of the LAPD's Real Estate Fraud Unit (REFU). The REFU, which is within the LAPD's Commercial Crimes Division, is responsible for administering the City's Real Estate Fraud Prosecution Program. This unit handles white-collar real estate crimes within the City. The REFU is currently comprised of four full-time staff. Currently, three of the positions, one Detective III and two Detective IIs, are authorized by Council Resolution and are funded by the grant, leaving one regular authority Detective II position funded by the General Fund. The Department requests that the resolution authority positions be reauthorized for 2019-20.

The REFU opened 78 new cases in the 2018 calendar year, in addition to the cases carried over from 2016-17. The REFU made 14 arrests from the cases filed by REFU Detectives. These cases tend to be complex, usually developing into multiple victims being identified. The Department also states that identity theft often becomes a starting point for real estate fraud cases. Under the grant agreement, the County will reimburse the City for expenses incurred as follows:

Expense Category	Amount
Sworn Salaries	\$349,235
Fringe Benefits	229,168
Sworn Overtime	45,000
Travel/Training	1,000
Subscription Service	100
Equipment – Cell phones and service	4,075
Office Supplies	1,422
Total	\$630,000

The LAPD will utilize \$578,403 to finance 100-percent of the salary and fringe benefit costs of one Detective III position, one Detective II position, and 59-percent of one additional Detective II position. The remaining cost of the partially-funded Detective II position and one additional Detective II position is funded in the LAPD's 2019-20 Adopted Budget. The LAPD will also utilize \$45,000 in grant funds for sworn overtime expenses for the Detectives assigned on an overtime basis. This allows the LAPD to dedicate additional resources to case investigations, including interviewing victims and witnesses. The LAPD will also use \$1,000 for REFU personnel to travel to and attend trainings that will enhance their knowledge and subject matter expertise as it relates to real estate fraud. The balance of \$6,675 will be utilized for a subscription service, equipment, and office supplies.

Note that the recommendations in this report differ from those in the correspondence from the Board of Police Commissioners dated August 13, 2019 (C.F. 14-0955-S4) as the Department subsequently submitted a budget modification to the County which altered the positions to be funded from two Detective IIIs to those reflected in this report (one Detective III and one Detective II). The County approved the change in positions on September 20, 2019.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will allow for the expenditure of the 2019-20 Real Estate Fraud Prosecution Grant Program award totaling \$630,000. The grant will provide

100-percent of the salary and fringe benefits costs of two resolution authority positions, consisting of one Detective III position and one Detective II position; the grant will also provide 59-percent of the costs for one regular Detective II position, overtime funding for sworn personnel, and other expenses. No matching funds are required for this grant. All other sworn salary and fringe benefit costs supporting this grant program are already funded in the 2019-20 Adopted Budget and do not represent any additional General Fund impact.

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