

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 19, 2020

CAO File No. 0220-03529-0021

Council File No. 14-0955-S5

Council District: --

To: The Mayor and Council

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

Reference: Board of Police Commissioners Transmittal dated September 1, 2020; supplemental information received September 17, 2020

Subject: **2020-21 REAL ESTATE FRAUD PROSECUTION GRANT PROGRAM**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Authorize by resolution authority the following existing positions within the Los Angeles Police Department (LAPD) through June 30, 2021:

<u>No.</u>	<u>Class Code</u>	<u>Class Title</u>
2	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 Fiscal Year (FY) 2020-21 Real Estate Fraud Prosecution (REFP) Program grant in the amount of \$700,000 from the County of Los Angeles for the period of July 1, 2020 through June 30, 2021;
 - b. Execute the 2020-21 REFP Program Grant Agreement with the County of Los Angeles, subject to the approval of the City Attorney as to form;
3. Authorize the LAPD to:
 - a. Spend up to the grant amount of \$700,000 in accordance with the grand award agreement;
 - b. Submit grant reimbursement requests to the grantor and deposit grant receipts in the Police Department Grant Trust Fund No. 339, Department 70;
 - c. Prepare Controller instructions for any technical adjustments as necessary to implement Mayor and Council intentions, subject to the approval of the City Administrative Officer, and authorize the Controller to implement the instructions; and,

4. Authorize the Controller to:

- a. Establish a grant receivable and appropriate \$700,000 to appropriation account, account number to be determined, within Fund No. 339, Department No. 70, for the receipt and disbursement of the 2020-21 REFP 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> 70XXX	<u>Account Name</u> To Be Determined	<u>Amount</u> \$202,070.40
<u>To:</u>	<u>Fund/Dept</u> 339/70	<u>Account No.</u> 70XXX	<u>Account Name</u> Related Costs	<u>Amount</u> \$202,070.40

- c. Increase appropriations on an as-needed basis from Fund No. 339, Department No. 70, FY 2020-21 REFP 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	\$427,929.60
Account No. 001092	Sworn Overtime	\$60,000

SUMMARY

The Los Angeles Police Department (LAPD) is seeking retroactive approval to apply for and accept a \$700,000 grant award for the 2020-21 Real Estate Fraud Prosecution (REFP) Program grant from the Los Angeles County Real Estate Fraud Prosecution Trust Fund Committee (County) for the period of July 1, 2020 through June 30, 2021. This is the twentieth year of funding for this program. To support this program, the Department also requests to continue two existing resolution authorities for one Detective III and one Detective II, and the addition of one new resolution authority for one Detective II as additional grant funding was allocated this year. The new resolution authority is being requested for tracking purposes and to ensure compliance with grant restrictions in not supplanting other sources of funds with grant funds.

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 costs 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 consisting of one Detective III and two Detective II resolution authorities funded by the grant, and one Detective III regular authority funded by the General Fund. The Department requests that the resolution authority positions be reauthorized for 2020-21.

The REFU opened 80 new cases in the 2019 calendar year, in addition to the cases carried over from calendar year 2018. Additionally, REFU made 12 arrests from cases filed by REFU Detectives. These cases tend to be complex, usually developing into multiple victims being identified, with identity theft continuing to be the starting point for real estate cases. The chart below details the total case workload and number of arrests made in recent grant years.

Calendar Year	No. of Cases Under Investigation	No. of Opened New Cases	Total No. of Cases	No. of Arrests
2015	105	97	202	18
2016	103	120	223	19
2017	125	80	205	17
2018	150	78	228	14
2019	136	80	216	12

Under the grant agreement, the County will reimburse the City for expenses incurred as follows:

Expense Category	Amount
Sworn Salaries	\$ 427,930
Fringe Benefits	202,070
Sworn Overtime	60,000
Travel/Training	1,000
Equipment – cell phones and service	4,000
Office Supplies	4,000
Other Costs*	1,000
Total	\$ 700,000

*Other Costs include court reporter fees, and other miscellaneous expenses Detectives may incur in relation to investigative work.

The REFP Program grant provides \$427,930 to finance 100-percent of the salary for one Detective III and two Detective II positions, as well as \$202,070 to fund 100-percent of fringe benefits for one Detective III and 94-percent of fringe benefits for one Detective II position. The remaining cost of \$104,841 in fringe benefits will be funded by the General Fund. The REFP Program grant also provides \$60,000 for sworn overtime expenses for Detectives assigned on an overtime basis. This allows the LAPD to designate additional resources to case investigations, which includes interviewing victims and witnesses. In addition, the grant provides \$1,000 for travel and training for REFU personnel to enhance their knowledge and subject matter expertise relating to real estate fraud. The balance of \$9,000 will be utilized for equipment, office supplies, court reporter fees, and other miscellaneous fees that the detectives may need to pay in relation to the investigations.

It should be noted that the Department’s budget modification that was submitted to the County on August 11, 2020 and approved on September 16, 2020, was not included in the Board of Police Commissioners’ transmittal dated September 1, 2020, and is therefore included as an attachment to this report.

FISCAL IMPACT STATEMENT

Approval of the recommendations within this report will allow for the expenditure of the 2020-21 Real Estate Fraud Prosecution Program grant award totaling \$700,000. The grant will provide 100-percent of the salary costs of three resolution authority positions consisting of one Detective III position and two Detective II positions; 100-percent of the fringe benefit costs of one Detective III position; 94-percent of fringe benefit costs for one Detective II position; overtime funding for sworn personnel; and, other expenses. No matching funds are required for this grant. The remaining fringe benefit costs of \$104,841 that is not supported by this grant program will be funded by the General Fund.

FINANCIAL POLICIES STATEMENT

The recommendations provided in this report are in compliance with the City's Financial Policies in that one-time grant funding will be utilized for grant-eligible program expenditures.

RHL:ED:04210027

Attachment

BUDGET DETAIL FORM

ATTACHMENT II

Name of Agency: Los Angeles Police Department

FY 2020-21 REAL ESTATE FRAUD GRANT

Performance Period: July 1, 2020 through June 30, 2021

Allocation: \$700,000

Original Budget
 Budget Modification**A. Personnel:**

List each position by title of employee. Show the annual salary rate and the percentage of time to be devoted to the project. Compensation paid for employees engaged in grant activities must be consistent with that paid for similar work within the applicant organization. Include a description of the responsibilities and duties of each position in relationship to fulfilling the project goals and objectives in the narrative.

Title	# of Pos.	Annual Salary	Monthly Salary	% of Time	Length of Time	Salary Cost
Detective III	1	\$ 153,114.96	\$ 12,759.58	100.00%	12	\$ 153,114.96
Detective II	2	\$ 137,407.32	\$ 11,450.61	100.00%	12	\$ 274,814.64
Total Personnel Costs:						\$ 427,929.60

Personnel Narrative:

The Los Angeles Police Department (LAPD) is seeking to fund the salaries of three full-time investigative positions assigned exclusively to the LAPD Real Estate Fraud Unit (REFU). The investigative positions are: one Detective III with an annual salary of \$153,114.96, who is the Unit's supervisor and subject matter expert; and two Detective II investigators, with annual salaries of \$137,407.32. The REFU is responsible for investigating real estate fraud cases in the City of Los Angeles. The funding will also be utilized by REFU investigators for overtime in the amount of \$60,000.

B. Taxes and Fringe Benefits (FB)

Fringe benefits should be based on actual known costs or an established formula. Fringe benefits are for the personnel listed in budget category (A) and only for the percentage of time devoted to the project. Fringe benefits on overtime hours are limited to FICA, Worker's Compensation, and Unemployment Compensation.

Title	# of Pos.	Basis Monthly	Basis Monthly	Benefit Rate	FB Cost
Detective III	1	\$ 12,759.58	12	71.72%	\$ 109,814.05
Detective II	2	\$ 11,450.61	12	71.72%	\$ 92,256.35
Total Taxes and Fringe Benefit Costs:					\$ 202,070.40

FB Narrative:

As of the submission of this application, the federally approved Cost Allocation Plan (CAP) for the sworn employees of the LAPD is 71.72%, CAP 40 is attached. The total FB for the three positions is: \$427,930 x 71.72% = \$306,911.40. Grant funds will go towards 100% FB for one Detective III, and about 94% FB for one Detective II. Due to the grant award not being sufficient to pay for the remaining FB, the City of Los Angeles will pay for the remaining \$104,841.00 in FB costs -- approximately 6% of the FB for one Detective II and 100% of the FB cost for another Detective II.

C. Overtime

Detective IIIs and Detective IIs	572.00	hours	\$104.90	per hour	\$	60,000.00
Total Overtime:						\$ 60,000.00

D. Travel/Training

Item	Computation	Travel Cost
Travel/Training Expenses Associated With REFU investigations		\$ 1,000.00
		\$ -
Total Travel Costs:		\$ 1,000.00

E. Cellular Phones/Equipment

Item	Computation	Equipment Cost
Cellular Phone Equipment & Charges		\$ 4,000.00

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Original Budget
 Budget Modification

	\$	-
Total Equipment Costs:	\$	4,000.00

Equipment Narrative:

The REFU have five cellular lines to enhance communication within the unit and to use during its investigations. This line item is to fund the cellular phone equipment and lines for grant period of July 2020 - June 2021

F. Office Supplies/Misc. Expenses

List items by type (office supplies, postage, training materials, copying paper, and other expendable items such as books, hand held tape recorders) and show the basis for computation. Generally, supplies include any materials that are expendable or consumed during the course of the project.

Supply Items (Itemize)	Computation	Supplies Cost
Office Supplies		\$ 4,000.00
		\$ -
	Total Supplies Costs:	\$ 4,000.00

Supplies Narrative:

Provide copies of supplies receipts when submitting invoices for payment.

This line item is to purchase supplies to support for the Real Estate Grant Program. Items include, but are not limited to: paper products, pens, binders, standing desks, printer ink.

G. Other Costs (Itemize)

List items (e.g., rent, reproduction, telephone, janitorial or security services, and investigative or confidential funds) by major type and the basis of the computation. For example, provide the square footage and the cost per square foot for rent, and provide a monthly rental cost and how many months to rent.

Item	Computation	Other Costs
Miscellaneous Expenses		\$ 1,000.00
		\$ -
		\$ -
		\$ -
	Total Other Costs:	\$ 1,000.00

Other Costs Narrative:

This line item is to cover miscellaneous funds related to REFU investigations. Items include, but are not limited to: document/certificate fees, transcripts, court reporter fees, title searches, etc.

Budget Summary – When you have completed the budget worksheet, transfer the totals for each category to the spaces below. Compute the total direct costs and the total project costs.

Budget Category	Amount
A. Personnel	\$ 427,929.60
B. Fringe Benefits	\$ 202,070.40
C. Overtime	\$ 60,000.00
D. Travel	\$ 1,000.00
E. Equipment	\$ 4,000.00

BUDGET DETAIL FORM

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FY 2020-21 REAL ESTATE FRAUD GRANT

Performance Period: July 1, 2020 through June 30, 2021

Allocation: \$700,000

 Original Budget Budget Modification

F. Supplies	\$	4,000.00
G. Other Costs	\$	<u>1,000.00</u>
Total Projected Costs	\$	<u>700,000.00</u>