

Trouble Ahead



A report to Mayor Eric Garcetti and the Los Angeles City Council on the City's fiscal future

From the Neighborhood Council Budget Advocates
April 2022

Trouble Ahead

“I strongly urge the City to refrain from adding any new, unaffordable expenditures in the coming budget as the money simply will not be there to do so. Additionally, the City should not contemplate using Reserve Fund dollars to pay for non-emergency expenditures. While Los Angeles justifiably tapped into these funds during the pandemic, the City must now stay focused on maintaining its reserves so they remain ready to assist in times of crisis.” Controller Ron Galperin’s Revenue Forecast Report

Overall Budget Recommendations

- Balance the Los Angeles City Budget without relying on the Reserve Fund
- Do not enter into any new labor agreements that result in a deficit

As a result of the infusion of almost \$1.3 billion from the Federal government, Los Angeles has been able to “balance” its budget for the last two years (2020-21 and 2021-22), and increase the Reserve Fund (including the Budget Stabilization Fund) to more than 10% of next year’s projected revenues, a long time goal of the City Administrative Officer.

In the upcoming fiscal year (2022-23), the Controller’s projected revenue of \$7.1 billion reflects an increase of almost 4% from the previous year’s estimated revenues once the second infusion of \$640 million from the American Rescue Plan and the \$85 million transfer from the Reserve Fund are eliminated.

However, for the upcoming fiscal year (2022-23), the City will not have the benefit of that \$725 million. Those monies helped fund ongoing departmental operations, services and housing for the City’s homeless population, and selected equity programs.

This will present a major challenge for the City due to the fact that the budgeted expenditures for the current fiscal year are \$7.5 billion, \$400 million more than next year’s projected revenue.

The coming fiscal year will also impose additional pressures on the budget. City employees deferred negotiated salary increases during the pandemic and will be entitled to recoup these in July. Selected union contracts will have to be negotiated, which will result in an increased compensation and benefits package for their members.

There will continue to be pressure to increase funding for services and housing for the homeless.

Although the worst may be over, there will be ongoing COVID-related expenditures which cannot be predicted at this point in the pandemic.

And there will be the omnipresent need to repair and maintain the City's streets, sidewalks, parks, information systems, human resources, and the rest of the City's infrastructure.

The Police Department is asking for a 12%, \$212 million, increase in its budget. And the General Managers of all departments are asking for additional resources as outlined in the department reports of the Budget Advocates.

2022-23 Budget

This "budget gap" is expected to be in excess of \$400 million (5.6% of projected revenues of \$7.1 billion). Closing the "budget gap" will be a major challenge for the Mayor, the City Council, and all City departments.

This may result in the elimination of services for the homeless and selected equity-related programs. It may require a reduction in staffing, the City's largest fixed cost expense, resulting in fewer services for all Angelenos.

The Budget Advocates are not in a position to recommend specific cuts in expenditures. Those will be negotiated by the Mayor and the City Council. However, the Budget Advocates strongly recommend that the City avoid any use of the Reserve Fund to balance the budget and maintain it at the 10% minimum to use only for emergencies such as earthquakes or the impact of a pandemic on revenues.

Furthermore, the Budget Advocates urge the City to limit cuts to areas that do not impact other departments' ability to operate i.e. Personnel, and ensure cuts do not affect revenue-generation, institutional knowledge, or have other unintended consequences.

Finally, the City must also maintain its infrastructure because the deferral of repairs and maintenance are more costly in the long run and can result in increased liability.

Infrastructure Recommendations

- Develop a comprehensive infrastructure plan
- Explore alternative financing strategies
- Prepare for the 2028 Olympics

In the past, the Chief Administrative Officer has indicated that the office is developing a comprehensive infrastructure plan that addresses our streets, sidewalks, parks, urban forest, and the rest of the City's infrastructure. This plan must also address the City's deferred maintenance which has been estimated by a previous CAO to be in the range of \$10 billion.

The infrastructure plan must also address the City's outdated information systems and hardware, as well as its ability to quickly replace needed personnel with qualified recruits. Of

critical importance is the need for management that can oversee and coordinate the efforts of all City departments in the rapidly changing environment.

This plan needs to identify sources of funding, both from the current budget and new revenue streams.

Pensions

- Establish a pension commission to review and analyze the City's two pension plans and make recommendations to limit the cost and risk to the City

Recent returns on their investments of around 30% for the City's two pension plans reduced the unfunded liability based on market values from \$12.1 billion (77% funded) to \$1.6 billion (97% funded). Unfortunately, bull markets do not last forever, especially given higher interest rates, 8% inflation, and the war in the Ukraine.

For years, the Budget Advocates have urged the formation of a pension commission that will review and analyze the City's two pension plans and make recommendations to reduce the risk to the City during economic downturns. The investment portfolio exceeds \$50 billion so even a small decrease can seriously impact the City which must cover the difference between the return and what they are obligated to pay out to retirees.

A pension commission will also allow for increased transparency of the pension plans, which in the past has been the City's single largest liability, and ensure clarity and accountability by those responsible for managing this money.

Trust and Confidence

- Establish an Office of Transparency and Accountability
- Implement Campaign Finance Reform
- Strengthen the Ethics Department

Recent indictments and plea agreements involving the City Council, the City Attorney's office, and the Department of Water and Power have eroded Angelenos' trust and confidence in City Hall and in our elected representatives. At the same time, there is the likelihood that voters will again be asked to approve ballot measures that will increase taxes to cover costs for projects for which there is supposedly no room in the budget.

To help restore trust and confidence, the City should establish an Office of Transparency and Accountability to oversee the City's finances and to keep Angelenos informed about the status of the budget and the City's current and future finances.

The City should follow up on the motions put forth by Councilmen Ryu and Koretz to eliminate Section 245 [e] of the Charter and establish an Office of Anti-Corruption and Transparency to oversee the City's land use policies.

The City should strengthen the Ethics Department by increasing its authority, resources, and independence.

The 2020-21 BUDGET ADVOCATES

Jennifer Goodie, Mid-City, Co-Chair

Glenn Bailey, Northridge East, Co-Chair

Barbara Ringuette, Silver Lake, Vice-Chair, Development

Kay Hartman, Palms, Vice-Chair, Outreach

Élice Hennessee, Empowerment Congress Southwest, Administrative Secretary

Liz Amsden, Historic Highland Park, Acting Corresponding Secretary

Lanira Murphy, Panorama City, Treasurer

Carol L. Newman, Lake Balboa, Parliamentarian

Sheryl Akerblom, Coastal San Pedro

Brian Allen, Granada Hills North

Lee Blumenfeld, Encino

Myrra Bolla, Van Nuys

Ernesto Castro, Westlake North

Kevin Davis, Foothill Trails District

Garry Fordyce, North Hills West

Elias Garcia, Central Alameda

Leslie Gamero, CANNDU

Jay Handal, West LA Sawtelle

Emilie Hill, Sun Valley Area

David Hunter, Echo Park

Howard Katchen, Sherman Oaks

Jon Liberman, South Robertson

Margarita Lopez, MacArthur Park

Gina Martinez, Wilmington

Brandon Pender, Greater Toluca Lake

Ronee Reece, Rampart Village

Hugo Rodriguez, United Neighborhoods

Danielle Sandoval, Harbor City

Jamie Tijerina, Historic Highland Park

Lynda Valencia, Arroyo Park

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RECOMMENDATIONS

ANIMAL SERVICES DEPARTMENT

- Fund the Animal Sterilization Fund in the amount of \$2.9 million, to save the City tens of millions of dollars in the future.
- Fund the Community Cat Program in the amount of \$1.4 million, to partially make up for no funding for 10 years, and to save the City millions of dollars in the future.
- Restore funding to the Animal Services Department to pre-COVID levels as soon as possible.
- Continue to work to get volunteers to return and to recruit new volunteers.
- Hire six additional Animal Care Technicians (ACTs), one Senior Project Coordinator for the Community Cat Program, two Management Analysts, Eleven Administrative Clerks, and one Systems Analyst.
- Reallocate one Animal Care Technician Supervisor to the position of District Supervisor.
- Continue work with State Fish and Wildlife Department regarding coyotes.
- Develop innovative programs to deal with the increased presence of coyotes in our neighborhoods in a humane manner.

DEPARTMENT OF BUILDING AND SAFETY

RECOMMENDATIONS TO THE DEPARTMENT

- Make the values of performance measures public so the people of Los Angeles are able to understand the progress of the Department [*no fiscal impact; increase transparency*]
- Continue to find efficiencies that can come from automation and virtualization, such as the virtual inspection program [*increase productivity*]

RECOMMENDATIONS TO THE CITY

- Develop a City-wide telecommuting policy that enables the efficiencies that can come from working from home [*increase employee satisfaction; such a policy can help compete with private industry for staff*]

OFFICE OF THE CITY ADMINISTRATOR

- Prioritize the building and maintaining a strong reserve fund over filling positions. [*Heed the lesson learned from the COVID emergency; be prepared for the next emergency*]
- Evaluate coronavirus-related programs; which met program goals and were cost effective; make recommendations for the next crisis [*Have plans in place to spend scarce funds where they do the most good*]
- Expedite hiring for essential positions; work with the Personnel Department to post exams for classifications where certification lists are exhausted [*Ensure sufficient staff to provide services for City residents and businesses; support the Quality of Life*]
- Provide an appropriate salary and benefits for auditors, clerical staff, engineers, and other job classifications where there is difficulty filling positions [*Be competitive with private and other public entities to attract and maintain qualified staff; ensure sufficient*]

staff to meet contractual requirements in order to continue funding with state and federal dollars]

- Provide educational benefits including tuition reimbursement coupled with contracts to maximize employee retention [*Compete with other employers to retain skilled employees in essential positions]*
- Conduct a cost/benefit analysis as to office space needed should robust telecommuting continue [*potential savings on leasing space and on utility expense]*

RECOMMENDATIONS ON THE HOMELESS INITIATIVE

- Increase the focus on preventing homelessness [*Get ahead of the ever-increasing numbers of newly homeless individuals and families; limit the cost to rehouse tenants]*
- Require LAHSA to improve data collection as to exits from housing projects serving the homeless [*Appropriate funds to maximize successful exists]*
- Identify and limit duplications of service as the city replaces some of LAHSA's homeless engagement services. [*Conserve funds so as many individuals as possible are served]*
- Work with the state to revise the Environmental Impact Review (EIR) process, to update the standards so they reflect actual living conditions in our neighborhoods and require mitigation of new construction impacts. [*Preserve/enhance the quality of life for all in the city; maintain/grow the population that support the City's economy]*

RECOMMENDATIONS ON AFFORDABLE HOUSING

- Develop strategies to work with city, state, federal, and private entities to preserve and increase existing affordable housing
- Explore public/private partnerships to expand and expedite housing for the homeless including rehab of existing structures [*Reduce construction expense and bring housing on line faster]*
- Expand the Rent Stabilization Ordinance (RSO) to cover units built later than 1985 [*Reduce tenant evictions; limit the number of homeless and the cost to rehouse them]*
- Require the replacement of RSO units in addition to very low income units in TOC housing [*Prevent permanent loss of workforce housing and resultant homelessness]*
- Increase incentives for renewals of covenants for affordable housing [*Maintain existing housing resources; limit the cost to rehouse tenants through government programs]*
- Create/expand incentives for the development of affordable housing [*Reduce the need to supplement housing costs with government subsidies]*
- Work with public funding sources and financial institutions to streamline funding for affordable housing projects [*Save developers interest costs for carrying properties until construction can begin; reduce overall construction expense and expedite housing]*

OFFICE OF THE CITY ATTORNEY

- Continue risk management efforts to try to reign in City liability
- Continue focusing on restorative justice programs to reduce recidivism and prosecution costs

- Implement internal personnel controls and greater supervision to prevent any repetition of the scandal in which the Office is currently involved

OFFICE OF THE CITY CLERK

- Improve knowledge of Neighborhood Council bylaws by elections personnel
- Increase election outreach for Neighborhood Councils
- Consider transferring all financial activities with the public to the Finance Department
- Develop better training of Neighborhood Council board members regarding financial responsibilities and authorities
- Incorporate financial operations of the Congress of Neighborhoods and the Budget Advocates into the Neighborhood Council Funding portal

OFFICE OF THE CITY CONTROLLER

- Update the Control Panel to bring sunshine to spending from the City Council discretionary funds
- Complete the transition to Workday, the new payroll system for the City
- Explore ways to digitize more City services and partner with ITA to make it happen
- Continue the new openness created by surveying employees about returning to the office by finding additional ways to engage
- Lead a taskforce to find ways to make the City as an employer competitive with the private sector

CITY PLANNING DEPARTMENT

- Increase funding for reviewing Environmental Impact Reports (EIRs), and everything related to California Environmental Quality Act (CEQA) to reduce development costs in the City
- Increase funding for Performance Management Unit for expanding the scope of research and publications available to the public in different digital formats. This includes ZIMAS and Planning Document Information System (PDIS)
- Update the fee schedule to remove regressive fees
- Remove fee tiers based on threshold, and replace with fees based on proportion of a variable
- Fund a grant writing team, especially for the REAP program

BUREAU OF CONTRACT ADMINISTRATION

- Approve the creation of the Inspector Trainee Class.
- Approve budget provisions to allow Contract Administration to continue to move towards a complete electronic working environment.

DEPARTMENT OF CULTURAL AFFAIRS

- Provide monies to upgrade facilities to ensure safety
- Fund existing approved but unfunded positions as required
- Provide funds as needed to reopen programs based on return on investment

- Encourage multi-year budgeting to clearly identify revenue needs
- Revisit how Cultural Affairs is funded to provide for a more consistent revenue stream and/or increase the department's reserve fund
- Fully fund expanded facilities and new programs at the time such are requested by the City Council
- Promote the City to tourists in ways to attract more visitors in the wake of the pandemic to increase revenues for the General Fund

DEPARTMENT OF CANNABIS REGULATION

RECOMMENDATIONS FOR THE CITY

- Fulfill the budget/personnel requests of the Department
- Fully fund all 21 positions as requested by the Department
- Expedite the listing of open positions on the City's job board
- Create an enforcement fund up to 5 million dollars to be managed by DCR and for the purposes of funding other departments as needed to fulfill DCR's mission

RECOMMENDATIONS FOR THE DEPARTMENT

- Do whatever is possible to address employee retention issues.

DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT

RECOMMENDATIONS TO THE CITY

- Approve the budget requests set forth in the Department of Neighborhood Empowerment's Proposed Budget for FY 2022-2023 and release funding for its Supplemental Budget Proposal subject to its compliance with performance stipulations
- Consolidate the processing of financial activities for the Congress of Neighborhoods and the Budget Advocates with the Neighborhood Councils under jurisdiction of the City Clerk

RECOMMENDATIONS TO THE DEPARTMENT

- Improve training programs for Neighborhood Council board members including providing repeat trainings on meeting protocols and methods to both new and existing board members
- Establish a working group or groups to focusing on Neighborhood Council system issues, protocols and concerns
- Address discrepancies in Neighborhood Council operations across the City.

ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT

- Expedite hiring of key personnel to provide support for the multiple programs funded with state and federal dollars [*assures program compliance in order to maintain EWDD's programs; safeguard against loss of reimbursement dollars; potential savings of overtime expense*]

- Continue to expand Workforce Development programs in areas of the city that need it the most [*readies those least prepared to hold down jobs; boosts the local economy by addressing the labor shortage*]
- Publicize the effectiveness of EWDD programs [*enhances public support for the City's programs addressing homelessness and transitioning folks to jobs; amplifies program success*]
- Enlarge youth programs combining education with full employment such as apprenticeships. [*prepares even more youth to become contributing members of the economy*]
- Develop/renew a training program for truck drivers [*addresses a shortage of truck drivers; mitigates supply chain disruptions to the economy*]
- Provide an appropriate salary and benefits for auditors and other job classifications having difficulty filling positions [*become competitive with private and other public entities to attract and maintain qualified staff; assure sufficient staff to continue city programs funded with state and federal dollars*]

EMERGENCY MANAGEMENT DEPARTMENT

RECOMMENDATIONS TO THE CITY

- Learn how to work efficiently and productively with the Department to address emergencies such as COVID
- Expedite filling existing vacancies [*already budgeted*]
- Prioritize funding to bring staffing back to pre-pandemic levels [*investing in the City's future survival*]
- Regularize existing Resolution positions [*retains existing knowledge/experience*]
- Fund necessary upgrades [*avoid greater costs later*]
- Establish an emergency fund that can be tapped immediately so as not to delay crisis response [*time is money and, in this case, can be lives*]
- Dedicate Olympic dollars to improving emergency response infrastructure

RECOMMENDATIONS TO THE DEPARTMENT

- Provide City with cost analyses on potential losses to justify the urgency to rebuild and upgrade the Department
- Develop better tools to market the Department and its services to its stakeholders
- Improve the website to reflect the Department's critical role in the City's emergency response

ETHICS COMMISSION

RECOMMENDATIONS TO THE CITY

- Fulfill the budget/personnel requests of the Commission
- Restore two salaried positions lost to SIP to the Commission's baseline budget
- Approve an additional \$40,000 for additional personnel related to the upcoming election
- Add an Investigator

- Raise the fines for ethics violations
- Allow the Commission to have its own outside counsel (charter change required)
- Allow the Commission to put legislation directly on the ballot (charter change required)

RECOMMENDATIONS TO THE ETHICS COMMISSION

- Approve the new lobbying ordinance with a monetary threshold rather than an hours threshold.
- Establish a social media presence to announce important meetings and educate the public on short-term goals and potential long-term goals.
- Avoid using phrases such as “the appearance of corruption” when “corruption” would be more accurate.

OFFICE OF FINANCE

- Initiate a complete review of the City’s financial operations in all departments
- Implement a Charter change to elect or appoint a City Financial Officer (CFO) to provide fiscal oversight of all City operations
- Review all City departments with financial operations (other than simply issuing requests for payments to be processed) with the intent of moving such financial activity under the CFO’s jurisdiction
- Create lines of direct communication and input between each department and the CFO for all fiscal operations
- Grant the CFO oversight of all direct spending and collections for each department.
- Establish a committee for oversight of all City financial transactions to ensure transparency and accountability

LOS ANGELES FIRE DEPARTMENT

RECOMMENDATIONS TO THE CITY

- Fund a minimum of four trainings a year for the next three years to match attrition rates, then sharply reduce overtime (*programming cost offset by long term savings in overtime pay*)
- Provide permanent funding for the expansion of an injury prevention unit using metrics from pilot program (*proven savings*)
- Fund a health officer position to coordinate the health elements already under LAFD jurisdiction (*salary / benefits for senior position, savings in rapid response*)
- Direct all departments to take a more proactive approach to fire prevention including clearing and removing brush around homeless encampment sites (*existing program funds, potentially significant savings*)
- Expand the successful health-based programs from the Venice Beach pilot for use in homeless communities citywide (*scalable cost, potentially significant savings*)
- Pursue funding for expanded use of Advance Fire Response units in high call-volume areas such as Skid Row (*scalable cost, potentially significant savings*)
- Add staff for planning approvals by the LAFD to expedite affordable housing (*remove bottleneck to multi-department program*)

RECOMMENDATIONS TO THE DEPARTMENT

- Develop policies to increase retention and consider ways to increase the number or size of trainings until overtime demand is sharply reduced across all positions (*savings plus improved quality of life*)
- Pursue accessing state funds dedicated to wildfire abatement (*significant return*)
- Request a standing line-of-credit from the appropriate City entity to reduce cash flow issues (*minimal cost, savings in time/aggravation*)
- Develop procedures to work with Neighborhood Councils and Council Districts on identifying and remediating community-specific hazards (*minimal costs to develop, potentially significant savings*)
- Establish training for employees and civilians on procedures for reporting / handling brush abatement (*minimal costs to develop, potentially significant savings*)

GENERAL SERVICES DEPARTMENT

- Expedite hiring of key personnel to provide support services for the 40 City Departments, Bureaus and elected officials [*ensure provision of essential supplies & services City-wide; potential savings in General Services Department (GSD) overtime expense*]
- Install Electric Vehicle (EV) chargers incrementally to keep pace with purchase of City electric vehicles [*initial expenditure for long term benefit of clean air; spend funds proportionate to the need*]
- Stockpile emergency supplies [*anticipate interruption of supply chain; potential cost to public health of being unprepared*]
- Expedite contracting procedures including single source contracting [*provide efficiencies*]
- Encourage continued interdepartmental automated systems [*maintain feasibility of GSD's investment in automation; get more done with fewer personnel*]
- Develop a City-wide comprehensive capital plan to refresh out of date equipment and replace current equipment as it ages out [*provide efficiencies to do the job; assure uninterrupted City operations*]

HOUSING DEPARTMENT

RECOMMENDATIONS TO THE CITY

- Fulfill the budget/personnel requests of the Housing Department
- Propose a pathway to address 100% of the City's housing needs, even if it requires assistance at the State and Federal levels of policy making

RECOMMENDATIONS TO THE DEPARTMENT

- Propose a pathway to address 100% of the City's housing needs, even if it requires assistance at the State and Federal levels of policy making.

- Draft a more ambitious mission statement and feature it more prominently on the Housing Department website.

INFORMATION TECHNOLOGY AGENCY

RECOMMENDATIONS TO THE CITY

- Fund replacement of obsolete equipment [*vs. cost of potential failure*]
- Fund end-point protection software to protect all assets against cyber incursions, especially during teleworking
- Fund staffing restoration [*their work reduces costs to other departments*]
- Stop other departments initiating technological systems and change without primary ITA involvement [*savings from avoiding duplication/cost of trouble-shooting conflicts*]
- Fully fund and let the ITA take point on developing a citywide procurement system
- Fund upgrade of 311 system [*essential for stakeholders to communicate to City*]

RECOMMENDATIONS TO THE DEPARTMENT

- Link up with other departments to develop and implement citywide free broadband
- Publicize projected savings for recommended improvements

LOS ANGELES PUBLIC LIBRARY

RECOMMENDATIONS TO THE CITY

- Improve the civil service process to expedite hiring so qualified personnel don't accept other offers in the interim and widen the search to increase the number of quality applicants to fully staff all libraries [*cost offset by benefit to all departments*]
- Revisit the appropriateness of charge-backs to the library and other departments with mandated funding [*will put sidewalk repairs et al back in the General Fund but it's doubtful voters intended Measure L to pay for such costs*]
- Develop a proof-of-vaccine documentation procedure that does not threaten or disenfranchise the undocumented and homeless members of our community so our libraries welcome everyone [*an equity cost beneficial to many Angelenos*]

RECOMMENDATIONS TO THE DEPARTMENT

- Develop an overall capital improvements plan to set forth the library's own needs [*in process, so no additional cost*]
- Prioritize safety by requiring proof of vaccine or medical exception and recent negative test results (including police) to protect staff and patrons until such time that the City lifts the mandate, AND require masking at all times (including police) during and for a sufficient period thereafter to ensure that the most vulnerable Angelenos are not put at risk [*possible increase in security costs offset by safety and equity benefits*]
- Keep up the good work [*no costs anticipated*]

FIRE AND POLICE PENSION SYSTEM

RECOMMENDATIONS TO THE DEPARTMENTS

- Prepare for market downturns

- Work to lower LAFPP's medical contributions
- Work with Personnel and the CAO on hiring for specialized positions
- Strengthen investment management
- Improve IT capabilities

RECOMMENDATIONS TO THE CITY

- Form a Pension Commission and develop recommendations for full funding
- Lower investment rate assumption
- Increase annual contributions to lower any unfunded liabilities
- Appoint qualified commissioners

PERSONNEL DEPARTMENT

- Overhaul the Civil Service system
- Moving forward during harsh economic times, insist the Mayor and Council DO NOT slide rule cut the department, causing years of rebuilding
- Approve all positions as requested in the new budget.
- Fully fund the department for all required services given to each department
- Approve funding for IT needs in order to streamline record keeping for efficiency and cost savings

LOS ANGELES POLICE DEPARTMENT / LOS ANGELES POLICE PROTECTIVE LEAGUE

- Recognize that public safety is a fundamental obligation of City governance and establish budgetary processes to right-size the staffing of sworn officers and civilian positions
- Fully fund a minimum of 294 additional sworn officers to bring the total number of sworn officers up to 10,000 officers within fiscal year 2022-23
- Restore, at a minimum, the 93 civilian positions lost in the current fiscal year to bring the total number of funded civilian positions up to at least 2,905
- Require the Personnel Department to upgrade their processing so that each class of trainees for sworn officers has a minimum of fifty qualified trainees enrolled in the class.
- Mandate that, as of July 1, 2022, the Personnel Department process police recruits for the LAPD within 90 days of receiving requests to hire
- Require the LAPD to submit a plan with funding requirements to provide for the training of up to 1,500 additional trainees during fiscal year 2023-24 to bring the LAPD up to strength
- Subject to such plan's approval by the LAPD and the City Council, fund such plan
- Fully fund and implement programs to improve morale in LAPD and improve retention including:
 - additional training and psychological testing for officers to reduce job stress
 - developing a program for family members of sworn officers to aid in the recognition and reduction of job-related stress levels

- Fully fund by fiscal year 2023-24 the rolling replacement of police cars and motorcycles to ensure sufficient vehicles are provided for officers to safely and reliably perform their jobs
- Continue to fund the modernization of LAPD technology
- Add civilian personnel to better respond to non-emergency/social issue calls, freeing up sworn officers to better address criminal activity

DEPARTMENT OF RECREATION AND PARKS

- Continue to protect position authorities and re-approve the funding that was approved to fill positions.
- Maintain authorized positions.
- Consider making a nominal increase in golf fees.
- Apply for State of California Grants for fire prevention and maintaining open space.
- Create new Council File for a ballot measure, and/or revive Council File 19-0302 to ensure that the serious and urgent infrastructure needs of facilities citywide are met and to avoid a looming crisis.
- Adding a new ranger station as part of the forthcoming aquatic center in the Sepulveda Basin; continue pursuing additional ranger stations citywide.
- Funding of summer camps, child care, kids programming should be a priority.

BUREAU OF SANITATION

- Replace aging trash collection trucks to reduce maintenance costs
- Request a Municipal Code change on building remodels to ensure full compliance with all City codes to avoid expensive infrastructure repairs
- Create an enforcement mechanism to compel all buildings are brought up to Code including a sliding scale of fines that will escalate for continued non-compliance
- Evaluate and act on recommendations to avoid spills such as occurred at the Hyperion Water Reclamation Plant in July 2021 and similar infrastructure failures
- Encourage the City to establish camping/homelessness zones with necessary facilities to reduce clean-up labor
- Accelerate moving residents and businesses towards the City's zero-waste goals to reduce environmental impact

BUREAU OF STREET LIGHTING

- Work with Neighborhood Councils in neighborhoods targeted for public wi-fi to receive their input on what they want and where they want it [*no additional cost; community involvement*]
- Extract Smart City Goals table from the 5-year strategic plan and publish on the Department's own web page where actual results can be shared with the public [*no additional cost; increased transparency*]
- Expedite a ballot initiative to increase lighting district funding [*could result in additional funds for maintaining lighting and fighting copper wire theft and power theft*]

YOUTH DEVELOPMENT DEPARTMENT

- Proceed as planned in developing Youth Development Strategic Plan
- Educate the public about Youth Development Department (YDD) and all youth programs
- Develop system of accountability in conjunction with the Working Group

LOS ANGELES CITY COUNCIL

- Provide budgets for the City Council Districts and for the CLA in the City Budget books, including expected discretionary fund allocations [*no additional cost; increased transparency*]
- Itemize the White Book's Exhibit G "Other Allocations" [*no additional cost; increased transparency*]
- Work with the Controller to add discretionary fund expenditures to his Control Panel so stakeholders can understand expenditures [*no additional cost; increased transparency*]
- Maintain the independence of the CLA
- Maintain and strengthen the Reserve Fund for its intended use, to protect the City in case of unforeseen emergencies [*no additional cost; prepare for future emergencies*]
- Expand funding for the Emergency Management Department and broaden its scope to improve preparedness for the next emergency [*increased cost to prepare for the next crisis*]
- Direct Councilmembers' deputies to attend meetings and work with the committees (Land Use, Transportation, etc.) of their Neighborhood Councils [*no additional cost; increased communication*]

ANIMAL SERVICES DEPARTMENT

Attendees at a meeting on November 1, 2021

For the Los Angeles Animal Services Department: Dana Brown, General Manager; Curtis Watts, Assistant General Manager; Sharon Lee, Senior Management Analyst

For the Budget Advocates: Brian Allen; Garry Fordyce; Jeffrey Mausner (Tarzana NC Budget Representative)

RECOMMENDATIONS

On Helping Achieve and Maintain No-Kill

- Fund the Animal Sterilization Fund in the amount of \$2.9 million, to save the City tens of millions of dollars in the future.
- Fund the Community Cat Program in the amount of \$1.4 million, to partially make up for no funding for 10 years, and to save the City millions of dollars in the future.
- Restore funding to the Animal Services Department to pre-COVID levels as soon as possible.

To Increase Volunteer Support for the Shelters

- Continue to work to get volunteers to return and to recruit new volunteers.

Regarding Staffing

- Hire six additional Animal Care Technicians (ACTs), one Senior Project Coordinator for the Community Cat Program, two Management Analysts, Eleven Administrative Clerks, and one Systems Analyst.
- Reallocate one Animal Care Technician Supervisor to the position of District Supervisor.

Regarding Coyotes

- Continue work with State Fish and Wildlife Department regarding coyotes.
- Develop innovative programs to deal with the increased presence of coyotes in our neighborhoods in a humane manner.

DISCUSSION

The Los Angeles Animal Services Department (LAAS) is one of the largest municipal animal shelter systems in the United States, with 6 shelters serving approximately 60,000 animals annually, and responding to approximately 20,000 emergency calls involving animals or people in danger each year. LAAS promotes and protects the health, safety, and welfare of animals and people.

For fiscal year 2019-2020, prior to the pandemic, Animal Services Department costs (including pensions) were approximately \$48.68 million, less than one-half of one percent of the City's \$10.7 billion budget. For fiscal year 2021-2022, during the pandemic, Animal Services costs were cut to \$39.77 million. That small share of the City budget has to cover the care for all of the animals in the City including those in the 6 City animal shelters, as well as pensions for retired employees. The Department's funding comes from the General Fund and Special Funds.

No-Kill

In 2017 the City Council passed, and the Mayor signed, City Council File 17-0170 to make the achievement and maintenance of No-Kill a high priority for the City. The City should not kill healthy, adoptable animals merely because of lack of kennel space.

Spay/neuter is the key to reaching and maintaining No-Kill. Spay/neuter also saves the City money in the long run. It is less expensive to spay/neuter dogs, cats, and rabbits than it is to care for generations of their offspring at the City shelters and ultimately have to put them to death when the shelters run out of space.

According to the Humane Society (<https://www.humane.org/services/no-birth-campaign-spay-neuter/>), female cats can breed three times a year and have an average of 4 kittens per litter. Dogs can breed twice a year with litters of 6-10 puppies. In 7 years, 1 unspayed female cat and her offspring can produce 420,000 cats and one unspayed female dog and her offspring can produce 99,000 dogs. While this is just the statistical possibilities and the numbers would be much less in the real world, it is clear that failure to spay/neuter just a few dogs and cats will lead to the birth of hundreds, if not thousands, of homeless dogs and cats over several years. Failure to provide adequate funding for spay/neuter of thousands of animals is penny wise and "pound" foolish.

Prior to 2015, \$1.1 million was transferred annually from the General Fund to the Animal Sterilization Fund. This was decreased to \$500,000 in fiscal year 2015-2016 and then no transfers were made in fiscal years 2016-2017 and 2017-2018. The Animal Sterilization Fund was about to run out of money, which would have eliminated spay/neuter services for low-income pet owners. The City Council stepped in to provide \$850,000 in May 2018.

The City Council provided \$400,000 in the fiscal year 2018-2019 budget pursuant to the recommendation of the City Administrative Officer (CAO). In May 2019 they appropriated an additional \$498,000 pursuant to the recommendation of the Los Angeles Neighborhood Council Budget Advocates. See http://clkrep.lacity.org/online/docs/2019/19-0600_pc_5-7-19.pdf pages 5-6 and http://clkrep.lacity.org/online/docs/2018/18-0600_pc_4-28-18.pdf

Additional funds of \$335,000 are needed and requested in the Second FSR this year to make up for years in which there was no funding or reduced funding, because there is an increase in the numbers of dogs, cats, and rabbits that need to be spayed/neutered.

After many years in which thousands of animals were killed in the City shelters for lack of space, the City has finally achieved No-Kill for dogs. (Over a 90% live save rate is considered No-Kill. The remaining 10% consists of animals who are too sick or injured to be saved or too aggressive to be adopted.) This is a monumental achievement for which the Animal Services Department, the City Council, the Mayor, Rescue Organizations, Shelter Volunteers, Animal Activists, Neighborhood Councils, and the entire City can be proud. This accomplishment will be jeopardized if the Animal Sterilization Fund is depleted. Decreasing the numbers of dogs and cats who are born is the basis for maintaining No-Kill. If spays/neuters decrease, in a few years the shelters will be killing dogs and cats again for lack of space. Housing and killing animals cost the City much more than the additional funds requested for the Animal Sterilization Fund.

The City has not yet achieved No-Kill for cats because of the former injunction against Trap, Neuter, Return (TNR). TNR is the program for controlling free roaming cats by trapping them, neutering them, and returning them to the place where they were trapped to live out their lives, but not produce additional offspring. Organizations that wanted to round up and exterminate free roaming cats obtained an injunction against the City's participation in TNR. After many years and the completion of an Environmental Impact Report, the TNR Injunction was lifted in 2021. The Animal Services Department can now assist non-profit organizations and individuals in carrying out TNR, including providing vouchers to reduce the cost of spay/neuter for free roaming cats (also known as community cats). Because of the TNR Injunction and the inability of LAAS to assist in TNR for 11 years, the feral cat population greatly increased. The budget for spay/neuter of community cats will have to be greatly increased for the next few years to make up for this and get the community cat population under control; \$1.4 million is needed for spay/neuter vouchers for community cats for the 2022-2023 fiscal year. This will provide for the spay/neuter of 20,000 community cats.

LAAS is working to divert more animals from having to enter the shelters, by assisting pet owners to keep their pets, or if that is not feasible, by helping them to find an adopter without the animal coming into the shelter. LAAS has implemented the Pet Food Pantry program, which gives donated dog and cat food to low-income families; Shelter volunteers are involved in distributing the pet food at three of the City Shelters. The Department's Home to Home program gives pet owners who can no longer keep their pets the opportunity to find new homes without having to surrender them to the shelter. The Department should think about further avenues to increase adoption. One idea is to produce a weekly commercial television show about the exploits of Animal Control Officers (ACOs), Animal Care Technicians (ACTs), and volunteers caring for and aiding the adoption of animals. Additionally, there might be a revenue opportunity here.

Coyotes

A common issue Neighborhood Council representatives hear from stakeholders is coyotes roaming the neighborhoods. Dogs and cats are being killed in people's backyards. Coyotes are stalking people in highly urban areas. The citizens of many neighborhoods are afraid, both for their pets and their families, including their children. Coyotes are not the responsibility of LAAS, but of the State Fish and Wildlife Department. In fact, under State Law, LAAS cannot trap

wildlife. Because this has become such a significant problem in some neighborhoods, it is recommended that LAAS increase its work with the State Fish and Wildlife Department to come up with an effective and humane way to deal with coyotes.

“Experts” say that for every coyote that is trapped and removed to a safe location, one or two new coyotes take its place. LAAS should explore whether a Trap, Neuter, Return (TNR) program managed by State Fish and Wildlife with assistance from LAAS would be effective. If not, what other programs might work? Determine whether a humane and effective solution to this could be funded under the City’s Innovation Fund.

The Tarzana Neighborhood Council Animal Welfare Committee is looking into the possibility of asking DWP to put watering troughs for wildlife into the Santa Monica Mountains. It is likely that wildlife prey of the coyotes, as well as the coyotes themselves, have been forced into urban areas looking for water during the drought, and the coyotes have followed their prey. We may have a temporary reprieve from that with the rainy season but will have the same problem again when the rains stop.

Volunteers

Prior to the pandemic, LAAS volunteers provided tens of thousands of hours of free labor to the Department. Without the volunteers, it would cost the City millions of dollars more to run the animal shelters. The volunteers greatly improve the quality of life of the animals in the shelters, taking dogs for walks, providing training, bringing dogs into play groups, providing recreation for the cats, allowing rabbits out of their cages for exercise, caring for the animals, assisting with adoptions, cleaning kennels and cages, etc. The animals would receive very little of this care if it weren’t for the volunteers.

From approximately March 2020 to May 2021, volunteers were not allowed into the six City animal shelters, because of COVID. Many of those volunteers have not returned. LAAS must continue to work to bring back the pre-COVID volunteers, as well as to recruit new volunteers.

LAAS should continue to work to get the RACO (Reserve Animal Control Officer) program going. This is a program to train and utilize volunteers to serve as Animal Control Officers. This program will save the City money and provide needed assistance to the Animal Control Officers. Stray animals on the streets of the City are increasing; dead dogs and cats can be seen on the streets and pose a health hazard.

Staffing

There is a shortage of Animal Care Technicians (ACTs) and Administrative Clerks at all of the six City shelters. Patrons often have to wait to adopt animals, and some patrons leave without adopting because they cannot get help; the front desk is unstaffed because ACTs are doing other tasks; and there is other work that goes undone because there are not enough ACTs. Funding is needed for the 2022-23 fiscal year to hire six additional ACTs and eleven Administrative Clerks. Funding is also needed to hire one Senior Project Coordinator, two

Management Analysts, one Systems Analyst, and reallocate one Animal Care Technician Supervisor to the position of District Supervisor.

SUMMARY

The above items, and in particular full funding of the Animal Sterilization Fund and restoration of funding cuts made because of the pandemic, are necessary to humanely and properly care for the animals of our City and to achieve and maintain No-Kill. They will result in only a slight increase to a budget that is one half of a percent of the City budget, and will ultimately save the City money.

DEPARTMENT OF BUILDING AND SAFETY

Attendees at a meeting on December 1, 2021

For the Building and Safety Department: Frank Lara (Director of Government and Community Relations); Veronica Salumbides (Assistant Chief, Resource Management Bureau); John Weight (Executive Officer, Superintendent of Building); Ana Mae Yutan (Resource Management Bureau Chief)

For the Budget Advocates: Kay Hartman, Carol Newman

RECOMMENDATIONS TO THE DEPARTMENT

- Make the values of performance measures public so the people of Los Angeles are able to understand the progress of the Department [*no fiscal impact; increase transparency*]
- Continue to find efficiencies that can come from automation and virtualization, such as the virtual inspection program [*increase productivity*]

RECOMMENDATIONS TO THE CITY

- Develop a City-wide telecommuting policy that enables the efficiencies that can come from working from home [*increase employee satisfaction; such a policy can help compete with private industry for staff*]

DISCUSSION

The mission of the Department of Building and Safety is to protect the lives and safety of the residents of and visitors to the City of Los Angeles, and to enhance the quality of life, housing, economic prosperity, and job creation City-wide. Utilizing timely, cooperative, and transparent processes, the Department advises, guides, and assists customers to achieve compliance with the building, zoning, plumbing, mechanical, electrical, disabled access, energy, and Green codes and local and state law to build safe, well, and fast.

Revenue

The Department of Building and Safety's budget increased by 14.7% from fiscal year 2019-2020 based on an increase in the Building and Safety Building Permit Fund, and then another 2.6% to the current fiscal year for a total budget of \$132.9 million. Ninety percent of the Department's funds come from the Building and Safety Permit Fund with 8.7% of the budget coming from the City's General Fund. The remaining funds come from special funds from the Planning and Housing Departments to cover inspections.

The Department is also funded by its own revenue that comes in fees paid into special funds. The funding is healthy and the Department doesn't think it needs more money.

The Enterprise Fund's money comes from plan check and permit fees and can only be used for Department of Building and Safety services. Inspection fees are included in the permit fees. A project can last years and enough of the inspection fees collected up front have to be available to fund the future inspections. There is a reserve account in the Enterprise Fund for these kinds of eventualities.

Annual inspections, such as for elevators, are paid at the time of service. Building owners tend to contract with elevator companies to maintain their elevators. The elevator company works with the Department to schedule inspections and then the building owner is invoiced by the Department.

Code enforcement for buildings that are not under construction is funded by the General Fund. The Department responds to 70% of complaints within 10 days. The speed with which the Department can respond is dependent on how much General Fund money it receives.

Work the Department performs for other departments is front-funded and then reimbursed. Some of the Department's projects can be as long as 10 years. The Los Angeles Airport always keeps the Department busy.

Staffing

Approximately 98% of the Department's budget goes toward staffing. The rest is equipment, supplies, and contracting services. Contractors are employed for short term projects in the range of 6 to 12 months.

When things get busy and they are short-staffed, the Department uses overtime to fill the gap. The Department averages \$9 million to \$12 million a year for overtime expenses. For the last and current fiscal years there was more overtime than normal, \$14.5 million per year, due to COVID.

The Department has a fair amount of resolution authority positions. 90 resolution authorities from last year's budget were deleted and added again. When the Department finds that a resolution authority position is re-added for a few years, it works to regularize that position.

The Department's employees were not eligible for the SIP.

The Department is just coming out of the hiring freeze and is starting to ramp up. When not in a freeze, it has a lot of attrition so it is hiring all the time. Sometimes hiring is difficult, sometimes not.

Inspectors are hired from the construction industry. When there's a construction boom the Department needs more people, but that is when people do well in private industry.

Cert lists are kept up-to-date for the most part. The Department sometimes hires by emergency appointment and that tends to encourage the Personnel Department to get moving if it is behind.

COVID

The Department sees its virtual inspection program, established in response to COVID, as one of its successes. Virtual inspections are offered now for simple, single item, inspections such as changing a water heater or installing an electrical panel or seismic shut-off valve. Some developers like the program and some don't. Those that don't continue to opt for in-person inspections. The virtual inspection program is efficient and will be maintained after the COVID emergency is lifted.

COVID provided unexpected challenges such as shutting down the counter. The Department made a strong effort around online submittals. There were also issues with staff being quarantined or sick. Many employees were diverted to the Disaster Workers Program. The Department thinks the challenges were good for it. They adapted, moved on, and are better for it.

The Department is working from home for the most part. They are required to have fewer than 25% of the staff in the office at any one time. Their view is that now there will always be a place for telecommuting. The City is looking to create a global telecommuting policy.

In the past, the Department had been successful in reducing resolution and response time for plan check and inspections. Resolution and response time took a hit this year due to COVID. Services are back to approximately 90% of pre-COVID levels with a hitch remaining here and there. They continue to work on improving.

Organization

The Department's organization includes sections that cover affordable housing, Accessible Dwelling Units, and Green Buildings. The Affordable Housing Section handled 3,000 projects this year. The ADU Section handled 3,500 projects this year. The Department sees its work on affordable housing as one of its successes.

The City Council created the City of Los Angeles Existing Buildings Energy & Water Efficiency Division. The program managed by the Division applies to City-owned buildings with a gross floor area of 7,500 square feet or more and privately owned buildings and buildings owned by a

local agency of the State with a gross floor area of 20,000 feet or more with some exemptions for the privately owned buildings.

BuildLA is a portal for development projects. The goal is to provide all services online. There are multiple departments involved in this program. The portal would help route an applicant to the needed department. The Department is currently in the process of moving from legacy systems to the cloud.

The executive group provides training for the staff. There is internal training for the engineers. They hold a weekly “tailgate” meeting for ongoing training. The Department is always seeking out candidates for promotion and training them so that when there is an open position, they have inside candidates ready to compete.

The Department has a set of [performance metrics](#) it uses to measure its own progress that can be found on its website. The metrics are used to measure how it is doing and are measured on a monthly, quarterly, and annual basis. Some of the proposed measures, specifically Structural Plan Checking, Green Buildings and Electrical and Mechanical Engineering, Grading Reports and Inspections, Residential Inspection, Commercial Inspection and Licensing, and Development Services Case Management, are documented in the budget, while the full list of items measured is available on the Department’s web page.

The full set of metrics to which the Department is driving is opaque. It’s not reasonable to expect stakeholders to find these measures in the budget books and tracking them on the web page gives the Department the opportunity to make its progress clear to the public. This would benefit the Department, providing publicity for its progress.

SUMMARY

The Department is almost completely self-funded through the fees it collects, which puts it on a solid budgetary footing. While COVID presented its share of challenges, the Department of Building and Safety stepped up and found improvements, many of which could become permanent.

OFFICE OF THE CITY ADMINISTRATOR

Attendees at a meeting on March 15, 2022

For the Office of the City Administrator: Matt Szabo (City Administrative Officer); Patricia Huber (Executive Officer); Ben Ceja (Assistant City Administrative Officer); Jacob Wexler (Finance Chief)

For the Budget Advocates: Barbara Ringuette, Kay Hartman

RECOMMENDATIONS

- Prioritize the building and maintaining a strong reserve fund over filling positions. [*Heed the lesson learned from the COVID emergency; be prepared for the next emergency*]
- Evaluate coronavirus-related programs; which met program goals and were cost effective; make recommendations for the next crisis [*Have plans in place to spend scarce funds where they do the most good*]
- Expedite hiring for essential positions; work with the Personnel Department to post exams for classifications where certification lists are exhausted [*Ensure sufficient staff to provide services for City residents and businesses; support the quality of life*]
- Provide an appropriate salary and benefits for auditors, clerical staff, engineers, and other job classifications where there is difficulty filling positions [*Be competitive with private and other public entities to attract and maintain qualified staff; ensure sufficient staff to meet contractual requirements in order to continue funding with state and federal dollars*]
- Provide educational benefits including tuition reimbursement coupled with contracts to maximize employee retention [*Compete with other employers to retain skilled employees in essential positions*]
- Conduct a cost/benefit analysis as to office space needed should robust telecommuting continue [*potential savings on leasing space and on utility expense*]

DISCUSSION

The City Administrator Officer is the chief financial advisor to the Mayor and the City Council, reporting directly to both. Among its duties, the Office assists the Mayor and the Council in the preparation of the City budget, plans and directs the administration of the budget, directs the development of work programs and standards, negotiates all labor contracts, and coordinates applications for federal and state grants.

Office Staffing

The Office has seen a significant turnover in staff. At the same time, all departments have been struggling to backfill vacated positions. Thus, filling vacant positions has been difficult.

The Office lost four positions to the Separation Incentive Program (SIP), at a cost for the balance of incentive pay this year of \$331,000 against \$360,000 saved. While this savings is minimal, next year's savings would be the full \$360,000, should all four positions remain deleted.

Three senior positions were filled by promoting analysts. A critical SIP position was retained. In addition to staff lost to the SIP, some staff left for promotions in other City departments, resulting in a loss of institutional knowledge. The certification lists for Administrative and Senior Analysts have been exhausted, stalling promotions in those classifications unless a transfer in from another department is found.

The Office added twelve equity and performance management positions; work descriptions must be developed before hiring for the new positions can begin.

A street engagement unit consisting of a director and five coordinators will do outreach to the unhoused; each worker will coordinate with three Council Districts. City Council also added five positions for a total of nine in the Homeless Initiative Program to assist with roadmap and funding resources.

City-wide Union Negotiations

When salary negotiations go forward, obviously there will be an across the board Cost of Living increase due to a few years of significant inflation. Also, the city will build into salary proposals the 4% raises deferred in July and for LAPD personnel - the combined 3% deferred in July plus the 1.5% deferred in January. Last year's budget saw a \$150 million in salary savings before it was certain the City would receive federal funding in the American Rescue Program to reimburse the costs of the coronavirus crisis.

The Office recognizes there are discrepancies in salaries paid by the proprietary departments vs. pay scales in other city departments; it's been a long-standing issue. The CAO is asking General Managers for budget proposals and to identify specific classifications where raises are appropriate.

It's not just salaries that set proprietary departments (DWP, Port Authority, and Airports) apart from the other city departments. Benefits also differ. For example, a DWP employee would have transferred to a position with the CAO except that he would have lost his tuition reimbursement. Engineers and other classifications have similar discrepancies as well as differences in retirement benefits.

Should negotiations for salaries and benefits not be finalized by the time the 2022-23 budget is adopted, some resources for mid-year adjustments must be added into the budget. Funds should not be taken from Reserves to cover anticipated personnel expense.

The Challenges of COVID

The Office had a limited supply of laptops. Switching to telecommuting required the purchase of laptops for those who had no home computer after the Office supply was exhausted. The purchase cost a few hundred thousand dollars. Older laptops will need to be replaced and new laptops, rather than desk-top computers, will be purchased for newly added positions.

Early in the coronavirus emergency the Office spent time and energy to route documents electronically, first using a Google program and then using a crowd operation system that indicates where the document is. The Office found the electronic tracking system useful and will continue with it whether or not telecommuting continues.

We are still just emerging from the pandemic. It makes sense to look at each of the programs to see what was effective meeting the challenges imposed by COVID and at mitigating the impacts. The many COVID-related programs will be discussed while preparing for the next budget. It takes a while to build a system even in an emergency; once a system is up and running, the City is efficient.

The City was "really good at getting rental assistance into the hands of tenants and property owners". Also, the City was "pretty successful at assisting businesses" financially. The City designed and constructed Bridge Home facilities and Tiny Home Villages to house the vulnerable unhoused population.

Some coronavirus-related programs may continue into the next budget year. Other programs previously in place were enhanced during the emergency, and their budgets may be adjusted. These decisions are for the Mayor to make in his annual budget.

Reserves

The City maintains budgetary reserves designed to help manage its risks and ensure sufficient resources to meet contingencies.

The CAO emphasizes there is nothing more important than building and maintaining strong reserves to mitigate the impact of future emergencies. The City of Los Angeles survived, did not contemplate bankruptcy, only because of its built-up, good-sized reserves. As a result of the coronavirus-related programs, reserves were nearly exhausted up until federal aid arrived from the American Rescue Program in May 2021.

Revenue

For the current fiscal year revenue is in line with projections; the city is tracking to stay within its revenue budget. About 63% of General Fund revenue comes from taxes including property tax, licenses & fees, business tax, sales tax, transient occupancy tax (TOT), and parking fines. Another 29% comes from Special Receipts. Some revenues are coming in ahead of projections; others will trail projections. Collectively, revenues are okay.

The second tranche of \$694 million from the American Rescue Program is due to arrive in May 2022, and with it, the City will make its revenue program this year. FEMA funds totaling \$75 million are expected in the 2022-23 fiscal year. The City has tracked FEMA-reimbursable expenditures since day one of the pandemic, and, therefore, is expecting timely reimbursement.

Telecommuting

The CAO is considering a more robust telecommuting policy, the details of which will have to go to bargaining with employee unions. There are space standards for each staff classification. However, it would be reasonable that a full-time telecommuter would not be guaranteed a cubicle. A small number of staff have chosen to work in the office rather than telecommute. Conversations with employees have begun; more work has to be done before any proposal may be forthcoming.

The possibility of cost savings exists. Perhaps one floor of a two-floor office space could be available for use by another department, resulting in saving on another lease and on utilities. However, it is unlikely that sufficient space could be carved out to accommodate housing in a city building.

CONCLUSION

The costs of coronavirus-related programs to keep people housed, to support businesses, and to provide meals were gigantic. Thanks to a good-sized Reserve in the Budget, the City was able to make the purchases necessary and pay for services needed during the crisis. Then, the American Rescue Plan provided the funds to reimburse the General Fund.

It's essential that Reserves remain a large portion of the City budget, that expenditures remain in line to be prepared for the next emergency, and there will be one.

The Office of the City Administrator is gearing up to meet the homeless crisis, doubling the Homeless Budget, evaluating programs and considering changes in service delivery models which should result in additional housing opportunities for the unhoused and more affordable housing for those priced out of market-rate housing.

OFFICE OF THE CITY ADMINISTRATOR HOMELESS INITIATIVE

Attendees at a meeting on March 15, 2022

For the Office of the City Administrator: Matt Szabo (City Administrative Officer); Patricia Huber (Executive Officer); Ben Ceja (Assistant City Administrative Officer); Jacob Wexler (Finance Chief)

For the Budget Advocates: Barbara Ringuette, Kay Hartman

Attendees at a meeting on March 18, 2022

For the Office of the City Administrator: Patricia Huber (Executive Officer); Jacob Wexler (Finance Chief); Margaret Wynne, (Homeless Initiative Analyst)

For the Budget Advocates: Barbara Ringuette, Kay Hartman

RECOMMENDATIONS ON THE HOMELESS INITIATIVE

- Increase the focus on preventing homelessness [*Get ahead of the ever-increasing numbers of newly homeless individuals and families; limit the cost to rehouse tenants*]
- Require LAHSA to improve data collection as to exits from housing projects serving the homeless [*Appropriate funds to maximize successful exists*]
- Identify and limit duplications of service as the city replaces some of LAHSA's homeless engagement services. [*Conserve funds so as many individuals as possible are served*]
- Work with the state to revise the Environmental Impact Review (EIR) process, to update the standards so they reflect actual living conditions in our neighborhoods and require mitigation of new construction impacts. [*Preserve/enhance the quality of life for all in the city; maintain/grow the population that support the City's economy*]

RECOMMENDATIONS ON AFFORDABLE HOUSING

- Develop strategies to work with city, state, federal, and private entities to preserve and increase existing affordable housing
- Explore public/private partnerships to expand and expedite housing for the homeless including rehab of existing structures [*Reduce construction expense and bring housing on line faster*]
- Expand the Rent Stabilization Ordinance (RSO) to cover units built later than 1985 [*Reduce tenant evictions; limit the number of homeless and the cost to rehouse them*]
- Require the replacement of RSO units in addition to very low income units in TOC housing [*Prevent permanent loss of workforce housing and resultant homelessness*]

- Increase incentives for renewals of covenants for affordable housing [*Maintain existing housing resources; limit the cost to rehouse tenants through government programs*]
- Create/expand incentives for the development of affordable housing [*Reduce the need to supplement housing costs with government subsidies*]
- Work with public funding sources and financial institutions to streamline funding for affordable housing projects [*Save developers interest costs for carrying properties until construction can begin; reduce overall construction expense and expedite housing*]

DISCUSSION

The Office of the City Administrator (CAO) is responsible for tracking and reporting the status of city funds, Prop HHH funds and state funds as a part of the City's Comprehensive Homeless Strategy. The CAO facilitates departmental coordination as well as assisting to identify A Bridge Home (ABH) sites and to find capital and operational funding for the ABH sites. The CAO advocates for increased funding for homeless services, permanent supportive housing, and affordable housing.

Housing

As of December 31st, 2021, the City has provided housing or shelter to 14,000 people, 6,566 of those in temporary shelters. Exit from housing could be to permanent housing, permanent supportive housing (PSH), or to a relative's home. The City is asking LAHSA for improved data collection on exits.

Challenges of COVID

Because of social distancing requirements, every available bed could not be used in double housing projects such as the Tiny Home Villages or Project Roomkey resulting in increased operating costs. In addition, there has been an added expense for Personal Protective Equipment (PPE).

Opportunities for hygiene facilities were increased to address the coronavirus emergency. Mobile vaccine clinics were set up as well as testing sites. Tracking of all city pandemic-related expenses was closely documented in order to apply for reimbursement from the Federal Emergency Management Agency (FEMA).

Staffing of the Homeless Initiative

The Office experienced a great deal of staff turn-over in the past six to eight months. A number of staff promoted or transferred to another department for career growth, or left during the Separation Incentive Program (SIP). There has been a lot of competition to hire off existing certification lists. Also, there have been internal transfers of duties.

In November 2021 the City Council directed the CAO to find funding for a homelessness coordinator dedicated to homelessness and outreach for each of the 15 Council Offices. At the same time the Council added six positions to the Homeless Initiative, a director and 5 workers

who have just come on board, one worker for each three council offices to support street engagement and outreach strategy. To assist with the huge addition to the Initiative's workload, the CAO requested five additional staff and three analysts, one a data analyst.

There is a vision towards stream-lining some of the work LAHSA's Homeless Engagement Teams (HET) have been doing, to identify contractors who can work in place of the HET teams. This program amounts to \$10 to \$11 million of the City's contract with LAHSA. Council Offices would choose to select providers from those identified on a list, to go with their own providers or to remain with LAHSA's program. As the City moves forward with developing its new model, it will be important to identify and limit duplications of service.

A Request for Proposal (RFP) for a new program - the Unarmed Model of Crisis Response seeks non-profit partners to implement a pilot program for mobile crisis response modeled after the Crisis Assistance Helping Out on the Streets (CAHOOTS) Program in Eugene, Oregon. The trained crisis response professionals would operate Citywide 24 hours per day, 365 days per year responding to non-violent calls for service impacting mental health, substance use, suicide threats, assisting people experiencing homelessness, etc. as an alternative to a law enforcement response.

A second RFP is for a new outreach program called Comprehensive Cleaning and Rapid Engagement (CARE+) sanitation. Workers will notify that cleaning of homeless encampments is scheduled and the need to move belongings; then workers will be present for the cleaning. Multiple service providers will be needed. The CAO representative is reaching out to perspective providers to inform of the upcoming RFP.

Revenue

The 2021-22 Adopted Budget was a 100% increase over the prior year's budget. Funds for Citywide Homeless and Housing Services are nearly doubled over the budget for 2020-21.

Police Department Homeless Services are reduced by about 37% from the 2020-21 budget. Funding for LAPD's proactive engagement support for public right-of-way clean ups consisting of 4 Sergeants and 40 Police Officers, was discontinued as a result of reductions in the police force. Police would respond if needed.

The City's General Fund provides \$221.6 million for the current Homeless Budget, amounting to more than one quarter of the total funding for the Homeless Services and Housing Program. Departmental Special Funds add another \$50.4 million.

Proposition HHH funds authorize the City to issue up to \$1.2 billion in General Obligation bonds to finance the development of permanent supportive housing, affordable housing, and facilities. Most, if not all of HHH funds have been allocated, yet, some of the projects have been delayed because of COVID-related issues. \$361.8 million of the total is allocated and expected to be expended in this year's budget.

State Grants

The Homeless Emergency Aid Program (HEAP) allocation of \$85 million received in October 2018 provided one-time funds to address emergency homeless needs such as A Bridge Home sites (interim housing), outreach teams and hygiene facilities. All the funds were spent by the June 2021 deadline, and the deadline of September 2021 to spend accrued interest was also met.

Grants under the Homeless Housing Assistance and Prevention Program (HHAP) and HHAP 2 provide over \$117 million and over \$55 million respectively and must be entirely expended by June 30, 2026. These grants were to continue programs funded under HEAP and also to address prevention and diversion, rapid rehousing, outreach and programs for youth. All the funds from HHAP have been allocated. HHAP 2 funds will be spent in the next fiscal year. The City intends to apply for HHAP 3 funds when the program opens. The hope is there will be an HHAP 4 and an HHAP 5. If there is not, then hard choices will have to be made.

Governor Newsom proposes an additional \$2 billion over two years to continue the state's efforts to address homelessness by investing in behavioral health housing and encampment cleanup grants. These programs intend to serve as a bridge to other related efforts such as Project Homekey. Also, the Governor speaks of a redesign to Medi-Cal, called California Advancing and Innovating Medi-Cal, to better serve Californians, including individuals experiencing homelessness and to provide long-term care.

The totality of funds available from state grants and from Prop HHH funds appears enormous until the huge cost of developing housing is factored in.

Appropriation of Funds

In the current budget the City provides over \$32 million in funds to LAHSA, a Joint Powers Authority acting on behalf of the City and County of Los Angeles to address homelessness. LAHSA manages 18 programs among them - Homeless Engagement Teams, the Coordinated Entry System, Bridge Housing, Rapid Rehousing, Operation Healthy Streets, the Annual Homeless Point-in-Time Count, Continuum of Care Planning, and the Skid Row Partnership.

The Shelter Program leverages over \$2 million from the US Department of Housing and Urban Development (HUD) to provide typically 80,000 emergency shelter bed nights within the city. The Homeless Management Information System leverages over \$37 million annually in McKinney-Vento Homeless Act funds through HUD.

Also in the 2021-22 Adopted Budget, is a new allocation of over \$1 million to provide (1) expanded temporary storage services and (2) additional funds for 24-hour bathroom facilities on Skid Row.

More than 19 City Departments and Bureaus are responsible for services to the Homeless. Major increases in the 2021-22 Homeless Budget include funding to extend and expand Project Roomkey shelter at hotels and motels; support for the Los Angeles Regional Initiative for Social

Enterprise (LA RISE) which helps prepare participants for employment; Comprehensive Cleaning and Rapid Engagement (CARE) and (CARE+) teams that remove waste from the public right of way and clean homeless encampments; increased funding for Additional Homeless Services (formerly Crisis and Bridge Housing Fund), and one-time funding for a one-year Homelessness Crisis Response Pilot to provide 24/7 community-based response; additional funds for Homeless Prevention and Eviction Defense; and one-time funding to pair housing insecure low-income older adults with homeowners willing to rent their Accessory Dwelling Units for five years.

Budget staff in the many City Departments track expenditures for their various programs assisting the homeless, reporting these to Budget teams managed by the individual CAO analyst for the department. These appropriations are outlined in the First, Second, and Third (Mid-Year) Financial Status Reports (FSRs) available on the Budget and Financial Information page of the CAO's website.

The Cost of Housing Projects

The City's cost for a new apartment using HHH funds is \$300,000 while the total development cost is more than twice that amount. Shelters and Tiny home projects, while pricey to construct, are cost effective on a per-bed basis.

Construction materials have become more costly and also scarcer, in part because of supply chain disruptions. The Americans with Disability Act Title II addressing housing provided by public entities and Title III requirements add to the construction expense.

Aids Health Care Foundation and SDS Capital Group are able to renovate housing for the homeless at a fraction of the overall cost of HHH housing. The average allocation of HHH funds has been \$300,000 per unit while the total cost of bringing a unit on line has risen from about \$531,000 in 2019 to \$600,00-\$700,000 today.

City efforts for acquisition and rehab of existing buildings for permanent housing has just started. Rehab for permanent housing may be cheaper where major reconstruction is not necessary, and is obviously faster. The City is looking to purchase newly built apartments that have not yet been occupied. The State is providing graduated funding, roughly 50% of the cost, with the City paying more on more expensive units.

The City's goal is to maximize the number of units with the level of public subsidy.

Ideas to Consider for Housing

The only way to effectively reduce the number of homeless is to prevent people from being unhoused in the first place. Currently the focus is on housing the unhoused. Yet, the numbers of people becoming unhoused seems to be growing faster than the numbers of unhoused finding shelter or permanent housing. More of the focus needs to be on preventing homelessness.

City-approved construction under Transit Oriented Communities (TOC) tears down affordable housing to be replaced with market rate apartments plus a few units for the very low income, resulting in a growing deficit of affordable workforce housing. The city must find a way to incentivize affordable housing. The City should require the replacement on a one for one basis of the number of RSO units destroyed in addition to setting aside very low income units to earn a density bonus.

More than constructing new units needs to be done. The City should reevaluate the EIR process, updating the standards to reflect actual living conditions in our neighborhoods and requiring mitigation of new construction impacts in our communities. Many, if not most, units in low and middle-income communities currently accommodate double the number of occupants than resided in them before the Great Recession of 2007-2008. This is a result of rents rising far faster than incomes. At the same time small lot subdivisions and housing built with density bonuses brought many more units into existing neighborhoods. With more people traffic has increased, parking woes have been exacerbated, and utility infrastructure, such as 90-year-old water mains continues to fail. Addressing the impacts of new construction is essential if the quality of life in Los Angeles is to be maintained.

SUMMARY

The Office of the City Administrator is adding programs and increasing staff to better address the homeless crisis. The City's Homeless Budget for the current year is double that of last year. The CAO is evaluating programs and considering changes in service delivery models which should, hopefully, result in enhanced housing opportunities for the unhoused and more affordable housing for those priced out of market-rate housing.

The most significant impact on homelessness would be to prevent homelessness in the first place. A number of the recommendations on affordable housing (above) could be a giant step in addressing this crisis.

OFFICE OF THE CITY ATTORNEY

Attendees at a meeting on October 29, 2021

For the Office of the City Attorney: Leela Kapur (Chief of Staff); Michiko “Mitchi” Reyes (Budget Director); Alma Zavaleta (Financial Manager, Liability Claims Section)

For the Budget Advocates: Carol Newman, Emilie Hill.

RECOMMENDATIONS

- Continue risk management efforts to try to reign in City liability
- Continue focusing on restorative justice programs to reduce recidivism and prosecution costs
- Implement internal personnel controls and greater supervision to prevent any repetition of the scandal in which the Office is currently involved

DISCUSSION

The Office of the City Attorney (“Office”) acts as legal advisor to the City, prosecutes all misdemeanor offenses occurring within the City, and defends the City in civil litigation. In addition, the Office initiates a variety of affirmative litigation, including actions to protect consumers and abate nuisances in Los Angeles’ neighborhoods. The Office contains four branches: Municipal Law, Civil Litigation, Proprietary, and Criminal and Special Litigation. The Office employs more than 500 attorneys and an approximately equal number of support personnel.

The Office’s budget for FY 2021-22 is about \$154 million, an increase of about \$17 million above the previous fiscal year. Approximately 93% of the Office’s budget comes from the General Fund. Salaries comprise about 95% of the Office’s budget.

What Has Happened Since Last Year

Last year, the Office reported that it was stretched to the limit by having 135 vacancies, resulting in part but not wholly from the Separation Incentive Program (SIP) and the pandemic-inspired hiring freeze. Since then, the Office has been given authority to fill a number of those vacancies and is actively recruiting. At the time of this meeting, the Office had filled ten to fifteen (10-15) vacancies and had thirty (30) new hires in the pipeline. One of the Office’s chief goals since last year has been to fund the hiring.

In the last year, the cases filed against the City have increased both in number and complexity, and this has taken a toll on the Office’s litigators. Challenges have been cases involving the homeless, COVID, law enforcement, rent relief, employment litigation, protest litigation, and cases stemming from the fireworks explosion in South LA. The Office has asked for outside counsel for the proliferating protest cases, because the Office does not have the resources to handle them.

The Office has prioritized hiring and retention of personnel for litigation units. There has been more turnover than normal because of both SIP and COVID. It has been difficult to recruit and retain litigators at the level needed, but the Office is doing it.

The Office is increasing the use of outside counsel in certain areas, such as the protest cases, both for added resources and to ensure that attorneys with the appropriate expertise are handling the cases.

Risk Management and Liability

In previous meetings with the Budget Advocates, the Office has reported on its progress with risk management, i.e., training other Departments to employ best practices to try to avoid litigation. That program had good momentum, but COVID slowed it down. The Office has identified high risk areas and needs to go back to that program, which is a partnership with the Mayor's Office, Councilmember Krekorian, the LAPD, the LAFD, Sanitation and Public Works. The Office has three (3) employees devoted to risk management, two (2) attorneys and a support person.

The City paid out approximately \$87 million in liability payouts last fiscal year, less than in previous years, but it is impossible to say whether this shows that the City's efforts to control liability are working yet, or whether this was an anomaly.

Criminal Branch

On the criminal side, the Office is emphasizing restorative justice programs, which are supported by Mike Feuer, the current City Attorney. In fact, the courts, which are overwhelmed, are now driving the expansion of such programs. The cases are taken out of the prosecution path pre-filing and moved to diversion so that the perpetrators can get stabilized and stay out of the system. One of the challenges is that diversion sometimes requires services be provided. Intervention in such cases is more effective at the misdemeanor level, which is the purview of the Office. (The District Attorney prosecutes felonies occurring in the City; the Office deals only with lower-level crimes.) The Office is trying to bring all the cases within one umbrella and to have the prosecutors work hand in hand with diversion. In short, the cases that must be prosecuted will still be filed but the less serious cases will not be. The Office has been successful so far in this endeavor, and its goal is to increase the diversion rates in the next six (6) months compared with 2019 (the last comparable period). Of course, the public defenders will also need to cooperate to make this happen.

Successes and Challenges

Among its successes in the past year, the Office says it has survived – this seems to be a common thread this year among many Departments. The staff has done incredibly well and has continued to produce. Additionally, as stated above, the Office has successfully integrated and produced results in novel legal arenas that it has not previously been faced with, on top of its regular work. The COVID work alone stemming from stay-at-home orders could have overwhelmed the Office, but it did not.

When asked if the Office would be seeking more money this coming year, the response was that the Office wants to at least maintain the status quo. The Office needs to hire litigators and support staff and is going to focus on civil litigation.

Regarding the criminal side, the Office will be replacing its 25-year-old case management system, consisting of both software and hardware that manages the cases, tracks them, and provides metrics and statistics. The system is currently not suited for electronic filing, which the courts are increasingly requiring. The City's ITA has done a good job supporting the Office in developing and managing the current system but cannot continue to support it. Replacement of the system should make the Office more efficient and able to handle the demands of the courts going forward.

Among its disappointments or challenges in the last year, the Office has faced a significant challenge in staffing, as suggested above. Because salaries already constitute 95% of the Office's budget, the Office does not have a lot of room to cut expenses. Upgrading the criminal case management system will help provide some flexibility. Additionally, the Office has not been able to focus as much on training as it would like to.

The Office Must Reclaim its Reputation and Standing

Finally, the Office was unable to comment on what changes it is making because of the years-long federal investigation of the Department of Water and Power (DWP), the Office, and other City personnel and agencies arising from the DWP billing scandal. Recently, Thomas Peters, the Office's former Chief of the Civil Litigation Branch, pled guilty to a felony count of aiding and abetting extortion, which is part of that scandal. To summarize very minimally what has occurred so far, persons involved in the scandal have admitted that the City orchestrated a sham class action lawsuit against the City so that the City could settle it favorably to the City, thereby precluding additional lawsuits, and then pursue the company which provided the billing system, Price WaterhouseCoopers (PWC), for damages. However, in the lawsuit the City filed against PWC, PWC discovered the collusion relating to the class action and notified the court, which brought the whole thing into the open. A recent media report has said that "[t]he sham lawsuit and subsequent kickbacks and bribes have cost the City at least an estimated \$50 million." More criminal charges are anticipated.

The U.S. Department of Justice's press release of January 10, 2022 concerning the Peters plea deal states that an unidentified "senior City Attorney's Office official" other than Peters was not only involved in the settlement of the class action but directed and authorized the strategy. Accordingly, the situation for the Office is getting worse, not better. Going forward, the Office must develop internal personnel controls and implement more supervision to assure that this situation with senior officials going rogue cannot ever happen again.

OFFICE OF THE CITY CLERK

Attendees at a meeting on November 2, 2021

For the Office of the City Clerk: Petty Santos (Executive Officer); Mayra Puchalski (Administrative Division Manager); Jinny Pak (Election Division Manager)

For the Budget Advocates: Brian Allen, Garry Fordyce, Jon Liberman

RECOMMENDATIONS

- Improve knowledge of Neighborhood Council bylaws by elections personnel
- Increase election outreach for Neighborhood Councils
- Consider transferring all financial activities with the public to the Finance Department
- Develop better training of Neighborhood Council board members regarding financial responsibilities and authorities
- Incorporate financial operations of the Congress of Neighborhoods and the Budget Advocates into the Neighborhood Council Funding portal

DISCUSSION

The recommendations in this report include previous recommendations for the Office of the City Clerk (the Department) found in the Budget Advocates' White Paper issued in 2019. We chose to include these past recommendations because the committee did not see any material improvement in the efficiency and effectiveness over the last two years.

Review of the operations of the City Clerk's office finds it continues to rely on the Department of Neighborhood Empowerment (DONE) to support monitoring and guidance of the 99 individual Neighborhood Councils (NCs) and their policies and procedures. The current level of operation does not warrant justification for additional or current level funding.

The support of the DONE NC funding operations has not improved the outlined issues. Enforcement of the guidelines for payment processing is not consistently applied. Pandemic aside, the workload from NCs has also declined.

Regarding NC elections, thorough review and compliance with NC bylaws are weak. The unique election standards (which do not comply with Federal law) make it difficult to develop conditions of efficiency from election to election.

There is no evidence that anything is being done to address these issues and to bring voting into a more standard environment. Too much unnecessary cost is being incurred due to special voting conditions that allow for different results than any other Federal, State or local elections.

Rather than providing more funding for a program that does not improve over time, we should first ensure that the employees are provided training. This improvement guarantees elections are handled properly and consistently, in a manner that both the public and the NCs can respect the effort and value of the outcomes. This would also eliminate the majority of confusion, errors, disgust and unneeded effort to fix election issues.

A majority of NCs do not employ financial individuals to handle the treasurer functions. Though the functions of a treasurer are not particularly difficult, any activity that has to be learned and is processed on unique timeframes with long periods of non-activity are problematic. Without better understanding of the conditions a treasurer has to work under a high level of errors or omissions will inevitably occur.

To solve this issue the departments that train and guide treasury activity need to use their funds to improve the staff's ability to be effective and accurate in the process of working with the NCs. Success in this area will, in itself, save funding.

Respect for the departments that oversee guidance and compliance with rules is mandatory and can only be accomplished by developing relationships through thoughtful communication. Less problems and more trust saves costs and develops efficiency.

Radical change in financial operations within the City governments is possible and may be a way to use taxpayer funds more effectively. Untried ideas are neither good nor bad. So we submit for consideration the idea of consolidating the processing of all financial collections with the public to the Office of Finance. While the calculation of just how and how much has not been evaluated, considerable dollar savings and efficiency of operations could be achieved.

The same would be true with the processing of financial activity of operations (like Congress of Neighborhoods and Budget Advocates) that are authorized to use taxpayer funding, to the same method as the NC system.

CONCLUSION

While the Office of the City Clerk is responsible for maintaining administrative operations for City elections of all kinds, NC elections as well as the NC funding system, it also oversees the financial operations of the various Business Improvement Districts. Additionally, the Office of the City Clerk maintains the administrative activities for City Council and its committees, ensuring compliance with the requirements of the Brown Act for all posting of their public meetings.

An important part of the Department's responsibilities includes maintenance and retention of all City departments' records.

Though the Office of the City Clerk maintains accounting for a number of accounts within the city it does not make payments since that function is the responsibility of the Office of the City Controller.

The previously mentioned activities of the Department have not changed over the last couple years. With the restrictions imposed on the Department from the pandemic coupled with the ongoing need for better training and adherence to following rules, we recommend their budget be maintained at the same level as FY 2021-22 but some of its funding be refocused to improve the training of current personal.

We also recommend that considerable thought be given to offloading activities such as financial operations for outside operations and using some of those savings to improve the efficiency and operations of the Office of the City Clerk's administration of City elections and City Council support.

OFFICE OF THE CITY CONTROLLER

Attendees at a meeting on Tuesday, December 14, 2021

For the City Controller's Office: Ron Galperin (City Controller); Crista Binder (Chief Deputy Controller); Christopher Concepción (Chief Deputy Controller); JoVonne Lavender (Management Services Division Chief); Jake Stotz (Senior Government Affairs Deputy)
For the Budget Advocates: Leslie Gamero, Kay Hartman, Danielle Sandoval,

RECOMMENDATIONS

- Update the Control Panel to bring sunshine to spending from the City Council discretionary funds
- Complete the transition to Workday, the new payroll system for the City
- Explore ways to digitize more City services and partner with ITA to make it happen
- Continue the new openness created by surveying employees about returning to the office by finding additional ways to engage
- Lead a taskforce to find ways to make the City as an employer competitive with the private sector

DISCUSSION

The City Controller is the elected paymaster, auditor, and chief accounting officer for the City of Los Angeles. Along with the Mayor and City Attorney, the City Controller is one of three officials elected every four years by citywide popular vote.

The budget for the Office of the Controller (Office) for the current fiscal year is approximately \$19.5 million, 2.6% less than the Fiscal Year 2019-2020 budget of \$20 million, the highest budget of the last 3 years.

The Office is justifiably proud of the audits it's published. It also counts among its successes reconciling accounts and making sure people are paid correctly.

Looking to the future, the Office is requesting money to better fund its Fraud Waste and Abuse Unit (FWA), support Workday when it goes live, upgrade the financial system, and perform Special Funds analysis.

Staffing

The Controller's Office employs a team of more than 160 employees who conduct independent audits, manage the City's payroll and spending, report on the City's finances, and provide City metrics. The salary budget is \$18.5 million, roughly 95% of the Controller's total budget.

The Controller's Office has staffing issues and must resort to borrowing positions internally to accomplish its goals. The Separation Incentive Plan (SIP) and the pandemic were a double hit on the staffing levels. The Office is crawling back from a 25% vacancy rate.

Human Resources and Payroll Administration (HRP) with Workday is a challenge. A big part of the new budget request is for this. To mitigate staffing shortages, the Office borrowed people from other projects within the Office, prioritizing the most important work.

The focus on HRP left empty spots for items like Special Funds analysis, and the FWA had only one employee at the time of the original meeting. While the last budget allocated an additional position, the City Council did not fund it until recently. This was especially problematic because waste, fraud, and abuse increase in times like this.

To fulfill the basic obligation of rooting out fraud, waste and abuse, the Office also borrowed a Management Assistant position from the Audit team to fill the remaining workload gap, a position that needs to be returned to Audit. The FWA, whose sole function is to save the City money, remains grossly understaffed and underfunded. The Controller's Office is working with the Personnel Department (Personnel) to obtain a list of potential hires and will prioritize FWA requirements over other positions.

For most positions, Personnel has been great. There was an instance or two where it took longer than the Office wanted, but service is improving.

Open Data Platforms

Since taking office in 2013 Controller Ron Galperin's office created two open data platforms. The Mayor has a separate, but related, platform. The Mayor's office is in the process of transferring its platform to the Office of the City Clerk to ensure continuity. The Controller's Office has not discussed with the Office of the City Clerk moving its two databases to the City Clerk. It plans to have the discussion if the next Controller is not interested in maintaining the platforms.

The Controller's Property Panel currently covers 90-95% of City and State government owned real property assets. Version 2 will cover all government properties. It is a challenge to keep the platform updated on a regular basis due to staffing issues.

The Control Panel is connected to the Financial Management System (FMS) and it reflects current data and it is updated in real time. The Control Panel is a valuable asset. Areas where it can be improved include:

- Spending from the City Council Discretionary funds: It could be made easier for the public to understand this spending, although there may be pushback from the City Councilmembers.

- Awarded contracts: Contract awards can be found on the City Clerk's web page. It's useful to know that a contract was let for \$80 million last year and only \$20 million this year (as an example) so Angelenos can understand why they have a decrease in service. The City revamped the system to make access to contract opportunities more user-friendly. It would be helpful to do something around awarded contracts.

Idle Special Funds

The Controller's Office began liquidating approximately 300 Special Funds looking for idle balances. The Office is currently working on an updated report about idle funds. In 2020 the Office worked with the City Administrative Officer (CAO) and the City Council Budget and Finance Committee to draw down idle funds. Some of the categories are more complicated because they are connected to ordinances. The Office's goal is to de-obligate idle Special Funds as quickly as possible. The ultimate goal is to keep money moving.

COVID

After Congress passed the American Recovery Plan (ARP), the U.S. Treasury asked the Controller for input on how to make it successful. When the bill passed, there were no procedures in place for how to respond to the incoming funds. The Controller created a methodology for it. Los Angeles plugged the money into revenue replacement, homelessness, rental assistance, and equity and justice. The City had projects that were ready to go and unfunded. This put it in a good position to take action when the money became available. Most of the money will be spent by end of this fiscal year and completely depleted by the end of next fiscal year.

When the pandemic hit, everybody started to work from home and it worked out well, but the policies around it were confusing. Also confusing were the policies around vaccine mandates.

The Office often felt stymied when trying to take action and move forward. It still feels like it is in limbo. What are we going to do going forward? Will we have in-person City Council meetings?

From a leadership perspective, the pandemic bogged the Office down in confusing mandates. It was overwhelming.

The City could have done better leading up to the pandemic. The Emergency Management Department (EMD) plans for earthquakes and natural disasters. The City didn't have anything for a pandemic. Digitizing City services so employees could work from home was not done beforehand. During the pandemic, requiring wet signatures, for example, lasted about three weeks. The Controller's Office worked with Personnel and the Information Technology Agency (ITA) to make this happen. Digitizing City services needs to continue.

How do we continue to allow employees to work from home? Industry is better at this than government. The government loses talent when people have options to work from home in the private sector. The City needs to answer the question of how it can make itself competitive.

As more people work from home, can the City sell or repurpose building some of its buildings? Instead of fixing an old building, maybe we could repurpose it. The paradigm of giving more real estate to people as they rise in the City hierarchy is passé. We can redo what we have.

It is noteworthy that several employees stepped up to disaster service and then came back to do their work.

The Controller's Office has employees who became severely ill. One employee retired and then passed away. The Office is being careful. It is watching departments do things to recover and it is learning. Management is not in a hurry to come back to the office. It surveyed employees to take their pulse. This action created a new openness.

SUMMARY

The Controller has been innovative during his term with the development of open data platforms. These are a valuable asset for the City. Both the Property Panel and the Control Panel can be improved and we look forward to the future changes.

Bringing Workday online successfully will be critical to the Controller Office's success in the coming fiscal year.

Somebody needs to take a leadership position on making the City more competitive with the private sector with respect to attracting and retaining talent. Why not the Controller? A good place to start is making the rest of the City competitive with the proprietary departments.

CITY PLANNING DEPARTMENT

Attendees at a meeting on October 22, 2021

For the Planning Department: Lisa Webber (Deputy Director); Shana Bonstin (Deputy Director); Arthi Varma (Deputy Director); Ly Lam (Administrative Services, Section Supervisor)

For the Budget Advocates: Élice Hennessee, Howard Katchen, Hugo Rodriguez

RECOMMENDATIONS

- Increase funding for reviewing Environmental Impact Reports (EIRs), and everything related to California Environmental Quality Act (CEQA) to reduce development costs in the City
- Increase funding for Performance Management Unit for expanding the scope of research and publications available to the public in different digital formats. This includes ZIMAS and Planning Document Information System (PDIS)
- Update the fee schedule to remove regressive fees
- Remove fee tiers based on threshold, and replace with fees based on proportion of a variable
- Fund a grant writing team, especially for the REAP program

DISCUSSION

Funding

The Planning Department receives 23% of its funding from the General Fund, and 77% from the Special Fund (see fig. 1). Money from the Special Fund mainly comes from the Case Processing Fund, general plan maintenance surcharge (long range planning), short term rental trust fund for extended home-sharing, and systems development surcharge.

2021-22 Funding for LA Planning Dept.

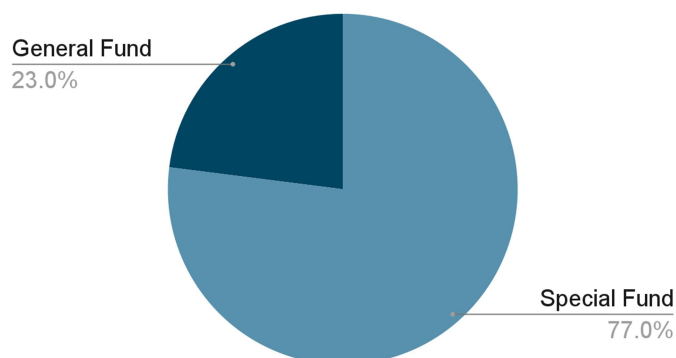


Figure 1.

Staffing

The Los Angeles City Planning Department (the Department) had many changes in staff and operation due to COVID. Many employees retired, and this has had a big impact on the Department. During December of 2021, the Department began the process of onboarding 19 new employees. It takes 2-3 months to hire new staff, and there is also a regular attrition rate of one to two employees per month.

In late 2020, the City Council passed the Separation Incentive Program, which resulted in the Department losing 23 active positions. The Department has been trying to fill vacancies, but has had impediments from: (1) additional work programs, (2) a hiring freeze, (3) the eligibility of applicants, and (4) a lack of staffing to manage the applicant examination process.

The Department has used a variety of sources to recruit replacements including e-blasts, social media, their website, and college recruiting.

Operations

Due to the COVID lockdown in 2020, and the requirement to work remotely, the Department was forced to shift away from paper-based operations, and towards using more technology to manage documents, communicate information, and visualize information.

The Department also created new application drop-off systems, allowing easier access and quicker turnaround times for applicants than the previous in-person over-the-counter method. Overall, even with operations adjustments due to COVID, the Department ultimately showed improvements in public access and operational efficiency.

Program Management

The Department believes the introduction of new racial justice programs and initiatives is critical. In 2020, the Department started the Office of Racial Justice. They have received grant funds for consulting on this project, but need additional staffing to manage program initiatives, including the addition of a Principal-level position.

Adding a grant-writing team and staffing the Office of Racial Justice would increase the Department's revenue sources, offsetting costs and potentially yielding a net budget gain.

Comprehensive Fee Updates

On October 19, 2021 the City Council voted to approve a comprehensive update to City Planning's application fees. The Department receives applications of all sorts including, but not limited to, applications for new developments, demolitions, and business alcohol permits.

The types of requests change over the years. As new grants and funds are made available to subsidize certain types of developments, such as Transit Oriented Communities (TOC), the Department sees different types of applications.

According to the City Planning website page on the comprehensive fee update:

- The new fees more accurately reflect current application trends and the associated staffing costs necessary to maintain vital City services.
- Under the previous fee schedule, the City recovered approximately 63% of the estimated full cost of providing project planning services. On average, this has resulted in annual revenue that is about \$14 million less than expenditures.
- The revised schedule is anticipated to bring the rate of cost recovery from 63% to 83%, resulting in savings of nearly \$8 million per year to the City's General Fund.
- While the cost of many applications will increase, the City will continue to subsidize community serving requests, such as non-applicant appeal fees and historic related applications, as well as local neighborhood uses like family day care centers and farmers markets.

As noted, the City will continue to subsidize applications, requests, and appeals from individuals who are not applying as businesses to ensure services are accessible to the public. However, the new fee schedule has numerous instances where the fee is based on a threshold, such as the \$5,389 application fee for the Child Care Conditional Use Permit which applies to businesses with less than 50 children. Instead of a stepwise fee schedule, a proportional fee schedule should be applied instead (e.g., a percentage of \$5,389 based on how many children are present). All fees in the updated fee schedule are regressive in nature, and can potentially act as a barrier to entry to small businesses.

Grants

The Department can apply for grants from the state of California, regionally from Metro, and from the Regional Early Action Planning (REAP) Grants.

Grants have been set aside as part of the housing element to hire a consultant to dive into the history of exclusionary racism in Los Angeles, and to come up with a plan to address the findings. Staffing is critical to implement the analysis and planning.

Housing in Los Angeles

According to the "Performance Metrics" page on the City Planning website, most dwelling units proposed, and approved, are market rate (see fig. 2).

MAYOR GARCETTI'S 100,000 UNIT GOAL (DWELLING UNITS APPROVED SINCE JULY 2013)

● Affordable Units Approved ● Market Rate Units Approved

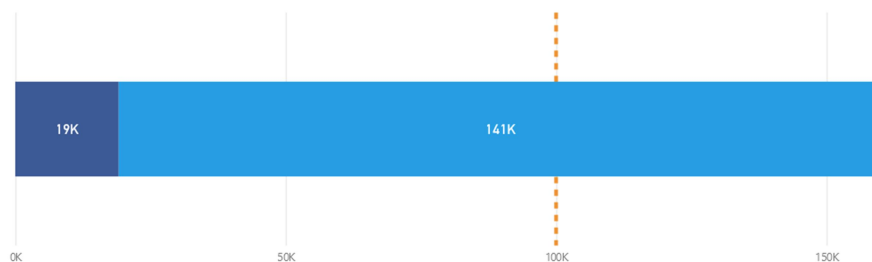
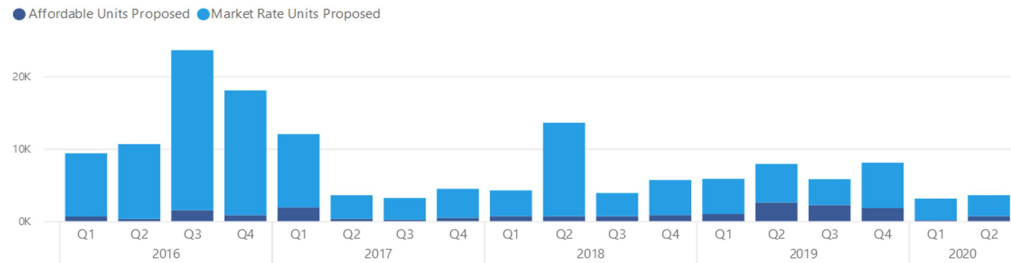


Figure 2.

Since July 2013, 19,000 affordable units have been approved compared to 141,000 market-rate units (see fig. 3).

DWELLING UNITS PROPOSED: AFFORDABLE VS MARKET RATE



DWELLING UNITS APPROVED: AFFORDABLE VS MARKET RATE



Figure 3.

Many people have left Los Angeles due to rising rents, so extra care must be taken to ensure that the approval process for 100% affordable housing is low-cost and expedited.

BUREAU OF CONTRACT ADMINISTRATION

Attendees at a meeting on January 7, 2022

For the Department: John Reamer (Director), Raul Mendoza (Assistant Director)

For the Budget Advocates: Kevin J. Davis

RECOMMENDATIONS TO THE CITY

- Approve the creation of the Inspector Trainee Class.
- Approve budget provisions to allow Contract Administration to continue to move towards a complete electronic working environment.

DISCUSSION

Inspector Trainee class

The Bureau is waiting for the City Council to give final approval on a position called “Inspector Trainee,” which is very similar to the Assistant Inspector class that already exists. Approval will allow the Bureau to do outreach into the community through education centers such as LA Trade Tech College.

This will not only enhance the Bureau’s efforts in equity but also provide opportunities for residents in the City of Los Angeles to become inspectors. The Bureau reports that there are candidates currently standing by. For this program, the City's Work Source centers will be where candidates can apply. The Bureau's desire is to start interviews for the first cohort of Investigator Trainees within the next fiscal quarter.

Enhancing the Electronic Environment

Contract Administration remains on the path to expand its electronic environment. The Bureau has recently moved to electronic signature due to its desire to be able to expedite payments.

Recently implemented, electronic signatures are part of everyday business operation now. The Bureau is looking to expand its paperless operation beyond electronic signatures to the ability to move, access, and even process electronic documents. This would not only cut down on physical interaction but also speed up the process of requests.

In terms of outside accessibility, the Bureau has two areas that it has been focusing on. This office is going to tie in both the compliance component and the inspection component so that at any given moment the Mayor or any Council Member would be able to not only see who did work, but where they did the work, what work they did, and who participated in doing the work.

One is a brand that the City has called *Accessing LA*. Three times a year, the Bureau has outreach seminars to work with the business community called *Build With, Rise With and Team With* that has a focus on personal services. It has a focus on construction for businesses with an emphasis on smaller local businesses in the City of Los Angeles.

The Bureau also has a Small Business Academy where it partners up with propriety departments to prepare private businesses to do work in the City.

SUMMARY

According to the Bureau, the services that Contract Administration provides are about 80 percent cost recovery. Because of this, Bureau operations do not have an impact on the City's General Fund to the magnitude that other City operations do. The Bureau provides two primary services – compliance and inspection.

The Bureau stated that 65-70 percent of costs are related to inspection with the remaining 30-35 percent compliance driven. The services are provided to City department and private contractors in which there is 100 percent cost recovery for the inspectors through permit fees that are charged to homeowners and businesses that do work in the public right away such as utility companies. The Bureau also provides services to proprietary city departments that are 100 percent cost recovery.

In terms of staffing, while the level of private development requests has remained steady, the Bureau is anticipating an increase of wastewater treatment facilities as well as transportation and other street related project which will result in the need for increased staffing. This reality is reflected in the recent budget request. The Bureau stated that one of the things that it has been focusing on is coordination of work in the public right of way, in partnership with many of the departments in the City.

The pandemic has also had an impact on the way the Bureau operates. Before the crisis, Contract Administration did not allow its employees to telecommute. Adapting to the new reality, approximately one in four staff members are currently telecommuting. Because the nature of the Bureau's work requires direct interaction between the inspectors and clients, the current technology available does not allow for an expansion of the number of employees able to stay home.

While inspectors are equipped with City-issued laptops and smartphones, there is currently a limit to the amount of information they can access remotely. On the other hand, many of the support staff are able to log into their workstations in the office and handle tasks from the safety of home. The Bureau credits ITA for allowing the transition with few hiccups.

COVID has placed increased challenges on two of the Bureau's offices – The Office of Wage Standards and the Office of Contract Compliance. These offices have been working to comply with Mayoral directives to preserve the economy within the limitations the pandemic has place on activity. The inspectors have been keeping projects working while ensuring that proper safety protocols are in place such as social distancing. The Office of Wage Standard has been ensuring that workers are being treated properly and both workers and businesses understand legal expectations, such as minimum wage and sick leave provisions.

Regarding the virtual office, the Bureau's goal is to tie in both the compliance component and the inspection component so that at any given moment the Mayor or any Council Member would be able to not only see who did work, where they did the work, what work they did and who participated in doing the work. The "who" would not just be the employer, the contractor and the developer, but it would also be the employees.

The City's labor agreements afford an opportunity to invest in local workers. With these contracts, the Bureau can identify a percentage of all work hours to be performed by men and women who live within the City. These local workers would be both apprentice and journey-level workers. The Bureau also seeks to ensure that transitional workers – individuals that have barriers to employment -- also have an opportunity to work.

According to The Bureau, the chief goals for the next three to five years will be maximizing what has been learned from COVID, identifying the benefits that can come through telecommuting and virtual interacting, as well as using new technology to expedite information and payments to help businesses and ensure that opportunity that exists across the board will ultimately result in increased quality of work.

DEPARTMENT OF CULTURAL AFFAIRS

Attendees at a meeting on February 11, 2022

For the Department of Cultural Affairs: Daniel Tarica (Interim General Manager); Felicia Filer (Acting Assistant General Manager); Alma Gibson (Administrative Services Director)

For the Budget Advocates: Ronee Reece, Dorsay Dujon (Budget Representative, West Adams)

RECOMMENDATIONS

- Provide monies to upgrade facilities to ensure safety
- Fund existing approved but unfunded positions as required
- Provide funds as needed to reopen programs based on return on investment
- Encourage multi-year budgeting to clearly identify revenue needs
- Revisit how Cultural Affairs is funded to provide for a more consistent revenue stream and/or increase the department's reserve fund
- Fully fund expanded facilities and new programs at the time such are requested by the City Council
- Promote the City to tourists in ways to attract more visitors in the wake of the pandemic to increase revenues for the General Fund

OVERVIEW

The Department of Cultural Affairs (DCA) is comprised of four divisions that work in conjunction to provide diverse arts and cultural opportunities and experiences for Los Angeles' residents and visitors.

These include the Community Arts and Public Art Divisions, under which the DCA mounts exhibitions, commissions and restores public art, and runs the Performing Arts Program, the Mural Program, the City Art Collection and the new Reimagine Public Art. There are 37 sites for exhibition and performance as well as live and virtual historic tours of art and theaters throughout the City.

The DCA also provides grants for non-profits and individuals which are a source of job creation and incubation of arts in Los Angeles.

The DCA has a marketing division responsible for amplifying messages to the public including the City's Festival Guide and the Heritage Month Guide while its Administrative Division oversees all grant contracts, accounting and payments, and manages its full and part-time employee payroll, and makes quarterly financial status reports on its budget.

DISCUSSION

During the pandemic, the DCA rose to the occasion by holding classes, exhibitions, and online programming. Without the constraints of four walls, the department expanded its services to the people of Los Angeles

Early in the shutdown, it provided emergency relief grants to artists. Over time, it found other ways to help its constituents during the ongoing emergency. The Marketing Division provided resource guides for those staying at home. The Public Art Division created a structure for emergency grants to specific communities and built online exhibitions to Reimagine Public Art.

This was an opportunity to retain some staff during the pandemic to renovate facilities and equipment at historic venues as well as for general maintenance.

Some outdoor live programming and events have taken place in the past year and the DCA is now preparing for the reopening of other facilities in the coming months. Hiring and expenditure freezes have been challenging, but the department has nevertheless had success working with existing resources while remaining a mostly virtual operation.

Revenues

The DCA is funded by 1% of the Transient Occupational Tax. Historically, this has run \$8 to \$10 million. However, the loss of tourists has dramatically reduced this source of revenue and the department's funding. To offset this, the General Fund may allocate some income the City received from the Super Bowl and other outdoor events. As well, the DCA will likely increase fees it charges.

Additional sources of revenue include partnership funding with the Musicians Union Trust Fund, Sony Pictures (the Sony Pictures Media Arts Program), Target stores (the Music L.A. Program), and NEA/LA Unified grants (the Big Read Program).

DCA's 2021-22 budget was \$20,294,815, approximately a 25% increase over the 2020-21 budget of \$15,698,000. Of the department's 2020-21 budget, \$10,183,694 was from Special Appropriations.

Budget Priorities

Near the end of 2021, the budget remained uncertain. The DCA was able to handle the hit of a 3% budget cut from existing reserves, in place to address revenue fluctuations. Ten positions were lost to the Separation Incentive Plan but the department fought to have them restored and was able to keep the position authorities.

Currently the DCA has 92 full time staff positions. The top priority for the upcoming fiscal year budget maintain sufficient positions and budget to operate at full capacity as the City reopens in the wake of the pandemic.

While the City Council supports adding new facilities, they have yet to provide additional funding or staffing. Additionally, facilities, especially older ones, have been chronically underfunded.

The Barnsdall Jr. Arts Center needs significant work to improve its level of safety. The Watts Towers Art Center requires increased investment in order to support its work. The Vision Theater, the Madrid Theater and the Tasko Theater need to complete ongoing renovations. And the DCA is also requesting funds to enhance the City Art Collection.

Presently the DCA spends slightly under \$7 million on grants, and a little over \$8 million on Community Arts. This year, Special Appropriations include \$250,000 for the Victims of 1871 Anti-Chinese Memorial, and \$250,000 for the Victims of Violence Memorial. A total of 441 Special Appropriations came to a total of \$10, 183,694. To support more programs and events, the DCA will need additional funding.

Budget Issues

The DCA budget request for 2022-2023 has focused on stabilizing the department by maintaining existing staffing levels and to provide additional services.

One request is to top up the department's reserve fund for revenue fluctuations while Mayor Garcetti and the CAO have requested it be depleted. Another request is to continue funding of the Lankershim Arts Theater and the Warner Grand Theater to create hubs similar to the Leimert Park and Madrid cultural hubs.

The most severe budget cuts in prior years were made to salaries. The salary savings raid reduced DCA services. Of the 2020-21 budget, over half – \$8,555,930 – went to salaries.

But before hiring requests from the DCA and other City departments can be processed in a timely manner, the Personnel Department has to address its own staffing needs. Although Budget cuts to the DCA were very surgical, the 150 temporary hires required to get the department through the past year has been very expensive. Funding of positions integral to the DCA's mission would be more cost-efficient in the long term.

Alternatively, a focus on expanding tourism in the wake of the pandemic which could lead to an increase in Transient Occupancy Tax revenue and, if part of the DCA's income will continue to be tied to entertainment industry productions, would certainly benefit both the City and the department.

The DCA would like to retrieve the \$750,000 debited from their funds annually for LAPD security services, so it can be spent on cultural programming.

Moving Forward

A multi-year plan is desirable in order to protect the department's ongoing projects even if the CAO discourages multi-year plans because of the fluctuations in City revenue. The DCA's main

concern is to keep funding streams stable and to do so, it needs the clarity longer range forecasting provides.

The recently authorized Metrics Management position is essential to clearly demonstrate the effectiveness of the department's programs through the Neighborhood Arts Profile, and help provide data needed to plan for the future.

DEPARTMENT OF CANNABIS REGULATION

Attendees at meetings on November 8, 2021 and December 9, 2021

For the Department of Cannabis Regulation (DCR): Cat Packer (Executive Director); Michelle Garakian (Assistant Executive Director); Rocky Wiles (Manager of Compliance and Operations); Jeff Cranmer (Management Analyst)

For the Budget Advocates: David Hunter, Budget Advocate; and stakeholders Ian McMillan, Laura Potter, and Tara Perry

RECOMMENDATIONS FOR THE CITY

- Fulfill the budget/personnel requests of the Department
- Fully fund all 21 positions as requested by the Department
- Expedite the listing of open positions on the City's job board
- Create an enforcement fund up to 5 million dollars to be managed by DCR and for the purposes of funding other departments as needed to fulfill DCR's mission

RECOMMENDATIONS FOR THE DEPARTMENT

- Do whatever is possible to address employee retention issues.

DISCUSSION

Purpose of the DCR and Recent History

The Department of Cannabis Regulation regulates the cannabis business throughout the city. It also manages the city's Social Equity Program (SEP), which has the explicit goal of ensuring that members of disproportionately affected communities are first in line for cannabis-related business licenses. This is an important task, as the city has a very real moral and civil obligation to pay.

Los Angeles instituted the SEP in 2017 to make sure that members of communities that were disproportionately harmed by the criminalization of cannabis were given every possible advantage to profit from the opportunities that legalization would provide. For example, statewide, it had been shown that, despite similar rates of use, Black people were twice as likely as white people to receive a cannabis-related misdemeanor conviction, and Latinx people 35% more likely. The SEP was designed to try to provide opportunities in the cannabis industry to those who had been harmed by criminalization.

However, the DCR has a difficult job and has had a bumpy road in its performance so far. The first round of SEP temporary licenses were dispensed first-come, first-served and disappeared within minutes to the applicants with the fastest internet connections, who may not have been the anticipated recipients of the licenses. Long wait times during the subsequent phases of the licensing process, coupled with poor communication, have led to distrust from the general

public, and in particular from the DCR's customer base of licensees. These missteps have been the subject of most of the negative press coverage the DCR has received.

Discussion with Budget Advocates

There were several stakeholders at the meetings with the DCR who had first-hand experiences dealing with the SEP's application process. The SEP requires multiple levels of application, as applicants must first be verified as eligible for the program's assistance, then must demonstrate that they are ready to do business under a temporary license, before finally receiving an annual license from the state (a stage which no SEP applicants have reached yet.) This process is brand new, and still being refined on the fly, which can lead to confusion. Meanwhile, changes made in the business plans of applicants during the long application process can lead to disproportionately long setbacks as the DCR struggles to reorient to new information. In some cases applicants have been forced to rent retail space in anticipation of being approved, and have ended up paying rent for space with no way to make the money back as they waited for their license.

Across two calls with DCR personnel, the issue that came up repeatedly was a lack of staff. Many people are needed to review licenses across the numerous stages of the process. Because of the freeze in hiring across all departments instituted in reaction to the pandemic, DCR fell behind in staffing at a critical time in the Department's development. The staffing shortage has snowballed through the Department, making it difficult for employees to dedicate themselves to the Department's more specialized functions that require the most on-the-job training; everyone is being called on to wear multiple hats. Most troubling, the DCR, which is restricted in whom it can hire by labor agreements, has had difficulty attracting and retaining staff. The lifting of the City's hiring freeze across so many departments has allowed qualified civil servants the ability to choose where they want to work, and the DCR's current backlog makes it a high-stress work environment.

Responding to reported delays in the application process, Councilmembers Curren Price and Marqueece Harris-Dawson co-authored a motion directing the DCR to make a series of policy adjustments. The DCR responded to this unusual attempt at micromanagement by reiterating their need for more staff. The motion is currently making its way through committees.

The DCR is currently looking to fill 21 positions. The two highest priority positions the Department wants to fill are in public relations, to help improve the Department's communication with the public. The Department also needs more license analysts, and is looking for funding to hire outside temporary staffing to absorb some of the less-specialized labor the DCR is behind on, such as vetting potential applications to make sure they meet the SEP's eligibility requirements.

Also brought up at the meetings was the idea of an "enforcement fund." The DCR has the job of determining which cannabis businesses are unlicensed, but enforcing the laws against operating unlicensed cannabis businesses falls to other departments, such as the LAPD and the Department of Building and Safety. These departments lack motivation to spend their own

budget on DCR business. A dedicated fund controlled by DCR that could only be used for LAPD enforcement would empower the Department to quickly shut down those businesses which both compete unfairly with SEP licensees and pose more of a nuisance to communities.

A portal on the DCR's web page allows community members the ability to raise concerns about both licensed and unlicensed cannabis-related businesses. Turnaround times to get these questions addressed have been very long. Fully staffing the Department would address this as well.

The Department has been pursuing grant money and is confident that they will receive a \$21 million grant from the state for jurisdictions with social equity programs such as ours. The expectation is for the grant money to come in this year at which point they will make an interim budget adjustment to get their staffing needs met this fiscal year.

The Budget Advocates recommend that the City meet the DCR's staffing requests as soon as the necessary grant money is obtained, and expedite the listing of positions in the DCR on the City's employment websites to give the Department every advantage in fill positions. We also support the Department's request for an "enforcement fund."

DEPARTMENT OF NEIGHBORHOOD EMPOWERMENT

Attendees at a meeting on November 5, 2021

For the Department of Neighborhood Empowerment: Raquel Beltran (General Manager)

For the Budget Advocates: Garry Fordyce, Jon Liberman, David Hunter, Brian Allen

RECOMMENDATIONS TO THE CITY

- Approve the budget requests set forth in the Department of Neighborhood Empowerment's Proposed Budget for FY 2022-2023 and release funding for its Supplemental Budget Proposal subject to its compliance with performance stipulations
- Consolidate the processing of financial activities for the Congress of Neighborhoods and the Budget Advocates with the Neighborhood Councils under jurisdiction of the City Clerk

RECOMMENDATIONS TO THE DEPARTMENT

- Improve training programs for Neighborhood Council board members including providing repeat trainings on meeting protocols and methods to both new and existing board members
- Establish a working group or groups to focusing on Neighborhood Council system issues, protocols and concerns
- Address discrepancies in Neighborhood Council operations across the City.

DISCUSSION

The Department of Neighborhood Empowerment (DONE) is supposed to be a support organization for the Neighborhood Council (NC) system. Over the last couple of years, it has faced many challenges, including on-the-fly changes during the pandemic and a concurrent loss of personnel.

In meeting with DONE, it is clear effort is being made to improve support and training for NC board members, but this has been hampered by significant turnover in the department's personnel.

Beyond the burdens caused by the pandemic, the 99 NCs still have major issues related to training.

To improve support for the NCs, DONE should expand its communications with them to address both previously existing and more recent concerns. Establishing one or more working groups to obtain input to identify NC needs and methods would benefit all concerned. New methods of training are required to implement new procedures to ensure operations are consistent across the NC system.

Despite increased obligations due to changing policies and responsibilities, staffing in the DONE's current budget remains below historical levels, and it will take time to both hire and train personnel to perform effectively.

The responsibilities of new hires must be reviewed in light of DONE's mission. At a minimum these should be clarified to ensure expectations are being met and, where warranted, reallocated.

For example, DONE's responsibilities are challenging enough, and the added effort to address issues of financial responsibilities and the intricacies of Monthly Expenditure Reports do not seem to be a specific part of DONE's mandate under the City Charter. Since it already handles funding for the NCs, these remaining financial duties should be delegated to the Office of the City Clerk to ensure consistency of response.

Additionally, to lighten the responsibilities of DONE, the processing of financial activity for the Congress of Neighborhoods and the Budget Advocates should also be moved to the Office of the City Clerk.

If DONE wishes to receive the increase of 63% requested in their budget when the Mayor had specified all budgets should reflect zero growth for General Fund costs, DONE must justify the need for such to the City. As election outreach spending is the largest part of the requested increase, the department must back up the request with metrics demonstrating its proposals will have the desired results.

As more experienced board members step down, NCs are losing institutional knowledge and, to combat this, DONE will have to provide paths to maintain a consistent knowledge base across the NC system. This need is being addressed through revised policies, outreach, and new training, but the effectiveness of these changes needs to be verified and adjusted as warranted.

While change is inevitable, the potential impact of changes requires a great deal of evaluation. When the decision is made to move forward with any change, greater effort is needed to smoothly integrate it into existing systems.

It is pertinent to discuss NC election support in that election outreach is the primary cost in the Supplemental Budget even though elections are every two years.

Despite the analysis and efforts DONE has made, the need to encourage stakeholders to run for NC board positions still remains a significant concern, as does stakeholder turnout for NC elections.

Implementation of programs to improve these requires clear objectives about how money should be spent for the most effective return on the investment. The General Manager correctly states that, despite elections being every other year, some funds are needed in the off year in order to maintain continuity and awareness among constituents.

The need for effective investment to generate the desired outcome i.e. identify what works and what doesn't, needs to be evaluated. However, with elections coming up next year and the existing lack of confidence in the process, we don't have the luxury of time to experiment.

One way to begin would be to initially fund some specific election outreach programs with clearly defined goals that can be accurately monitored in real time. Where the results meet or exceed levels of expectation, further funding could be released.

In our report two years ago, we wrote: "One area of concern [is] that all NCs are considered independently operating entities. Though that is true, the processes they use should be consistent across the system. To ensure the Department's ability to maintain consistent oversight of processes, the staff must be able to provide the same guidelines to each NC. This may mean an ongoing training and monitoring environment that will ensure performance is consistent between the Department's Neighborhood Empowerment Advocates (NEAs)."

In the years since, there is still appears to be an inconsistency of direction and assistance to the NCs by NEAs. In our opinion, the City should provide funding, but do so incrementally based on positive performances by DONE.

In the past, Budget Advocates recommended the department focus on providing better oversight of procedures and processes, direction on responsibilities, and consistency of the message when providing input to NCs. Unless this is addressed and NEAs interact more effectively and consistently with NCs across the City, additional funding for elections may distract from DONE improving its direct support for the NCs which should be its primary mission.

It takes time and a lot of effort to be successful. The cart should not be put before the horse.

CONCLUSION

With all the recent changes, the department faces no shortage of challenges. Besides the evolving regulatory obligations due to the pandemic, there is increasing pushback from those within the NC system on DONE's new policies and the differing interpretation of old ones.

The Budget Advocates recommend an incremental approach to FY2022-23 funding for DONE. Specifically that, while the department's budget should be approved, release of the additional (Supplemental) funds be contingent upon DONE meeting objective benchmarks based on the department's own criteria and as approved by the City Council.

Overall, DONE has worked hard to meet the challenges it has faced with the pandemic and staffing cuts, but now it needs to rebuild the trust of the NCs. This will take time since negative views tend to have a longer life than positive ones.

DONE should be given a second chance to regain the trust of the NCs and redeem its mandate but, at the same time, it must be held accountable for its actions if it cannot resolve the concerns set forth above.

ECONOMIC AND WORKFORCE DEVELOPMENT DEPARTMENT

Attendees at a meeting on November 30, 2021

For the Economic and Workforce Development Department: Gerardo Ruvalcaba, (Assistant General Manager); Anthony Sanchez, (Sr. Management Analyst II)

For the Budget Advocates: Barbara Ringuette, Emilie Hill, Élice Hennessee

RECOMMENDATIONS

- Expedite hiring of key personnel to provide support for the multiple programs funded with state and federal dollars [*assures program compliance in order to maintain EWDD's programs; safeguard against loss of reimbursement dollars; potential savings of overtime expense*]
- Continue to expand Workforce Development programs in areas of the city that need it the most [*readies those least prepared to hold down jobs; boosts the local economy by addressing the labor shortage*]
- Publicize the effectiveness of EWDD programs [*enhances public support for the City's programs addressing homelessness and transitioning folks to jobs; amplifies program success*]
- Enlarge youth programs combining education with full employment such as apprenticeships. [*prepares even more youth to become contributing members of the economy*]
- Develop/renew a training program for truck drivers [*addresses a shortage of truck drivers; mitigates supply chain disruptions to the economy*]
- Provide an appropriate salary and benefits for auditors and other job classifications having difficulty filling positions [*become competitive with private and other public entities to attract and maintain qualified staff; assure sufficient staff to continue city programs funded with state and federal dollars*]

DISCUSSION

The Economic and Workforce Development Department (EWDD) works to build a successful economy and a thriving job market for the City of Los Angeles. EWDD deals in crises both in the economy and the labor market.

During the COVID pandemic EWDD has continued its programs and continues to provide services. A major change involved the staff transitioning to telecommuting.

EWDD has three major program areas – (1) Economic Development is funded for \$3.5 million to promote projects and job creation by providing financial and technical assistance to small

businesses and real estate developers and owners through the City's Business Source System. EWDD is approving grants of \$5,000 to approximately 5,000 small businesses in need of support due to business interruptions or closures suffered as a result of the pandemic.

(2) Adult Workforce Development distributes grants to the City's WorkSource Centers, Rapid Response programs, and other career and employment training programs.

(3) Youth Workforce Development grants to the City's YouthSource Centers, Summer Youth Employment Program, and other youth re-engagement and career pathway programs.

Revenue

EWDD's funding works in parallel with unemployment. The federal Department of Labor under the Workforce Innovation and Opportunity Act and other grants including from California's Employment Development Department (EDD) provide funds for EWDD's programs.

Practically overnight 50% of our local labor force lost their jobs at the start of the pandemic as businesses cut back and closed. While unemployment surged, funding for EWDD's programs increased from \$65 million to \$100 million in a very short time.

Staffing

Despite the EWDD's increased revenue, and even while most of the increase in revenue is not General Fund dollars, like other city departments EWDD was subject to the Separation Incentive Program (SIP) and lost 14 significant staff members to the SIP. Then there was a hiring freeze.

As of mid-November, EWDD had 45 to 48 vacancies out of 150 positions including both program staff and those who work in administration. It's a struggle on a daily basis for remaining staff to keep on top of all that needs to be addressed.

At least 15 staff members are needed in the Workforce Development Unit alone. Especially important are filling auditor and other behind-the-scenes positions which are key to running EWDD programs. It is difficult for the department to retain auditors on staff. Additionally, clerical positions remain unfilled resulting in higher-level positions doing clerical work such as filing instead of the work they were hired to perform.

The hiring freeze was lifted in July. Now EWDD is competing with other City departments as well as the private sector to hire qualified new personnel. It plans to go through the City's targeted local hire programs to look for additional staff.

Challenges

EWDD's services are provided through twenty-three contractors - colleges, hospitals, non-profits, etc. To address coronavirus-related concerns, more of the contractors have moved their training programs on line.

EWDD staff is stretched thin resulting in the department being less responsive than it has been in the past.

This department has a fiduciary responsibility to ensure grant monies are used for their intended purposes. Funds are at risk if insufficient EWDD staff members are available to monitor the programs.

The Department of Labor and EDD could disallow costs, meaning that federal funds to repay program costs would have to be covered by the city's General Fund. EDD audits EWDD two or three times a year looking at different obligations in their contracts such as procurement, program elements, and monitoring guides.

Programs

EWDD offers its Workforce Development services to those who would not succeed without their assistance.

Coming out of the pandemic, people want to work. They are looking for higher wages, not low-paying jobs as in the past. There is a lot of demand for jobs paying \$18 to \$20 an hour, while there's little demand for jobs paying minimum wage.

EWDD has strong partnerships with employers and with training providers in sectors where there is high demand for new hires.

Three million dollars from the City's General Fund is allocated for LA Rise, a program for job seekers. Unique to the City the program partners with work source centers such as Chrysalis and Home Boy Industries to serve several populations. The program provides work experience and transitional employment to the homeless and those formerly in prison.

Due to the success of LA Rise in transitioning people into jobs, Los Angeles County has adopted the City's model. LA Rise began in downtown Los Angeles, the area with the largest portion of homeless. Centers are located in areas with the highest concentration of poverty and unemployment. Five of the sixteen centers are located in South LA and the department is pushing out the program to other areas of the City.

Youth Services Centers are focused on disconnected youth, those one in nearly three young people ages 16 to 24 who are disconnected from both education and employment. Centers are located in proximity to the schools with the largest numbers of dropouts. Prior to the pandemic 1 in 6 youth were not employed or enrolled in school. More than a decade of progress in connecting youth to education or employment has been lost as a consequence of the pandemic.

Youth development programs are key to welcoming young, disconnected people into the workforce. Training opportunities combining education with full employment can create a career path for a young person. EWDD places an emphasis on apprenticeships. Among

targeted populations are 3,000 homeless youth who are couch-surfing, some transitioning out of foster care.

EWDD has found that the first people to be laid off will be the last to be employed. To make a significant impact on getting the unemployed into jobs requires not only job training, but also mental health services, child care resources and more.

The City's Hire LA program through the Personnel Department offers an alternate pathway into City Civil Service. Positions are full time, paid, with on-the-job training. Vocational workers can find entry-level jobs in nine classifications or may work as office trainees.

Plans for the Future

A new General Manager joined the department in February. Previously she was Vice President of Workforce Development for the LA Economic Development Corporation. Her focus is on innovation particularly on the employer side.

A number of partnerships are in operation including LA Valley College for advanced manufacturing, Trade Tech for the construction trades, Martin Luther King Hospital and Children's Hospital for nursing programs, LA Clean Tech Incubator (where 50 people from Boyle Heights and Watts are in a training program), and Metro for bus driver training.

Additional programs within the green sector, info tech, biotech, and warehousing are in place or being developed. Renewing or developing a truck driver program would do more than train those needing a good paying job, it would address a serious shortage of truck drivers who are a vital link in the supply chain.

EWDD intends to expand on these programs. The federal infrastructure bill will bring funding for local projects, and likely many job openings for qualified workers. The department's Resource Development staff put together grant proposals and write the contracts between the City and resource providers.

Expanding staff to research and write these grants and then to identify and contract with resource providers is all important to expanding its programs while providing qualified applicants for job openings and supporting the local economy.

SUMMARY

EWDD is one answer to addressing the current employment crisis. Job openings abound with few applicants willing to work for low wages and yet not prepared for positions paying a living wage.

EWDD has emerged as a disaster recovery department. While understaffed, it struggles to complete the requirements to maintain the Federal and State grants that are the lifeblood of its work so they can continue to prepare applicants for employment.

EMERGENCY MANAGEMENT DEPARTMENT

Attendees at a meeting on November 2, 2021

For the Emergency Management Department: Carol Parks (General Manager), Thalia Polychronis (Assistant General Manager), Ellen Linaac (Admin/Finance Division Chief), and Anh Nguyen (Management Analyst)

For the Budget Advocates: Liz Amsden, Glenn Bailey, Chin Thammasaengsri (Mid-City NC board member)

RECOMMENDATIONS TO THE CITY

- Learn how to work efficiently and productively with the Department to address emergencies such as COVID
- Expedite filling existing vacancies [*already budgeted*]
- Prioritize funding to bring staffing back to pre-pandemic levels [*investing in the City's future survival*]
- Regularize existing Resolution positions [*retains existing knowledge/experience*]
- Fund necessary upgrades [*avoid greater costs later*]
- Establish an emergency fund that can be tapped immediately so as not to delay crisis response [*time is money and, in this case, can be lives*]
- Dedicate Olympic dollars to improving emergency response infrastructure

RECOMMENDATIONS TO THE DEPARTMENT

- Provide City with cost analyses on potential losses to justify the urgency to rebuild and upgrade the Department
- Develop better tools to market the Department and its services to its stakeholders
- Improve the website to reflect the Department's critical role in the City's emergency response

DISCUSSION

The mission of the Emergency Management Department (EMD) is to provide the City government and the people of Los Angeles with the resources necessary to survive an emergency, any emergency, be it natural (earthquakes, wildfires, epidemics) or manmade (terrorism, civil unrest).

This consists of planning responses before an emergency occurs in conjunction with other City departments and for the eventual recovery phase when the City returns to normal with a restored infrastructure and fiscal equilibrium.

This cannot be done overnight. It relies on investing in skilled and dedicated personnel. It relies on developing and maintaining a resilient infrastructure. It relies on detailed and continually updated planning.

All this does not come cheap but the cost is far, far less than if a disaster were to occur without this preparation.

Staffing

Due to retirements and the Separation Incentive Program, there are a lot of vacancies. The Department has been staffing the Emergency Operations Center (EOC) 8 hours a day throughout the pandemic but currently does not have the manpower to handle an emergency 24/7 as would be required for a major wildfire or earthquake.

It is essential for the EMD to develop and maintain close relationships with its counterparts at County, State and Federal levels as well as other departments and organizations within the City to work together on planning and response to all conceivable crises.

But to rely on other City and County agencies to help out in an emergency is counterintuitive since they would also be maxed out facing the same challenges.

The Budget Advocates' 2021 White Paper report noted that LA County was ranked highest in the nation for natural disasters in FEMA's 2020 Natural Risk Index. If the EMD had the recommended one person on staff for every 40,000 residents, there would be 100 people in the department. Instead, as of November 2, 2021, there are 18 filled positions, and 12 vacancies which include 10 resolution (temporary) authorities.

Filling vacancies, including two of four Division Chiefs, is being impeded due to partial fiscal year funding and by the existing Civil Service process. Although the Department would be better able to handle some situations once they are filled, the EMD is still a long way from full operational capability.

Resolution authorities, although often continued year-to-year, are the first to go in a fiscal crisis. Regularizing these would solidify existing staffing and allow for better continuity and planning.

Carol Parks, the new General Manager, is restructuring the Department to increase efficiency, ensuring EMD staff includes necessary specialty disciplines – strategists, analysts, experts on public health, climate change and supply chain resiliency – to shape the Department moving forward in today's world.

It can be harder to justify funding when a City Council doesn't have annual hurricanes and tornadoes to remind them of infrastructure frailties. Investing in our future must be a priority because building up the Department after a disaster when the City lies in pieces is not an option.

Having a robust EMD – a City this size needs triple the Department's present resources to meet the growing demands that they are now asked to address – includes hiring, training, outreach to other departments, agencies, community organizations and residents.

Furthermore, when an emergency happens, funds must be immediately available to start triage and not be delayed by bureaucracy. The City has resources and the CAO's office should work with the EMD to authorize access to, say, up to \$1 million for the Department to expedite response while the paperwork is being processed.

Infrastructure

The physical structure of the Department consists of the Emergency Operations Center (EOC), which will need expansion and upgrades in preparation for the Olympics and other major events scheduled for the next few years, and an Alternate Emergency Operations Center as a failsafe in the event the operation of the EOC is compromised.

The latter facility is still a work in progress with the hope it will move to low-level operation in February. What is needed is the political will to complete and staff it.

Currently EMD is updating the EOC with contingency funds including maintenance of AV capabilities as these are also used by the LAFD and LAPD, needed radio and ITA upgrades, and improvements to the video wall which allows real-time oversight of multiple incidents.

EMD's human infrastructure, to quote its website, consists of five divisions comprised of administrative staff and specialists that work with City departments, municipalities and an array of community-based organizations to ensure that the City and its residents have the resources and information they need to prepare, respond and recover from emergencies, disasters and significant events.

In light of the events of the past two years, its mission must continue but be updated to address the conflict between pending fiscal challenges and a future portending increasing risk.

Cost justification

Like other City departments, the EMD must focus on effective return on the investment in personnel and resources -- not what used to be considered necessary but what is needed now and in the decade to come.

There must be an emphasis on metrics, using ongoing strategical analysis to best prepare for disaster response as perceived risks evolve over time.

The General Manager's proposed restructuring of the Department to create a new division, Innovation and Development, in response to more recent issues – supply chain concerns (food, pharma, water, medical goods, shelter, etc.), cybersecurity threats, climate-related extreme weather and more – is a good first step.

Challenges include access to ongoing funding, the digital divide and the related equity concern that lower income neighborhoods, of which Los Angeles has too many, have fewer resources, are less resilient and often don't have the time for volunteer training and meetings that might ameliorate suffering in crisis situations.

Grants can solve one-time problems such as how to address issues for people with disabilities but can't pay for ongoing costs for programs.

The Department must develop, and justify by cost benefit analysis, a phased expansion to bring it back to pre-pandemic levels and, at the same time, lay out a roadmap to accomplish what else is needed and the resources that would entail.

Instead of relying on four supervisors to oversee a mish-mash of willing but unstructured volunteers across multiple neighborhoods, there needs to be a command structure of experienced coordinators who can develop and interface consistently with local residents.

Outreach

Outreach is a significant factor for the Department and it needs to make its presence better known within City government and the community so people understand its importance, and link with movie studios, sport venues, colleges and universities, hospitals, etc. to develop relationships and integrate approaches.

In an actual emergency, being able to connect both with responders and residents swiftly and accurately is paramount which means eliminating any element which hinders or delays the message including lack of connectivity, language barriers, ensuring plans are in place for the disabled and for those dependent on electrically operated equipment.

EMD also needs a makeover to sell its importance. It's "About EMD" webpage starts with Administrative Services – they need to reprioritize their image here and elsewhere by functions by importance on website and elsewhere by leading with Operational Readiness, Training, Planning, Community Preparedness and ending with the nuts and bolts of administration.

With their partners, the EMD should develop downloadable materials in multiple languages that every household can print for reference in general and for when traditional communication is disrupted, as well as instructions for kids to carry when away from home.

SUMMARY

Think of what would happen if all power, phones, and the internet go down, if roads become impassable. In the same way that the pandemic, a medical crisis, led to food insecurity, housing

challenges and civil unrest, one emergency can often cascade into others or deepen existing problems.

The City needs to ramp up its planning skills and engage in more relationship building, not relying on volunteers but making them an integral part of a process that is led by self-identified volunteers who already have the right mindset.

Arizona recently held a statewide drill to practice how it would respond to a migration of 400,000 people in case of a catastrophic California earthquake. Should Los Angeles do less?

Greater effort and assets devoted by the City of Los Angeles to minimizing the impacts of disasters, and planning for recovery in advance, will significantly reduce damages, cost and recovery time in the event of any future crisis.

ETHICS COMMISSION

Attendees at a meeting on November 28, 2021

For the Ethics Commission: David Tristan (Executive Director), Heather Holt (Deputy Executive Director)

For the Budget Advocates: Sheryl Akerblom, Brian Allen, David Hunter, Carol Newman, Garry Fordyce

RECOMMENDATIONS FOR THE CITY

- Fulfill the budget/personnel requests of the Commission
- Restore two salaried positions lost to SIP to the Commission's baseline budget
- Approve an additional \$40,000 for additional personnel related to the upcoming election
- Add an Investigator
- Raise the fines for ethics violations
- Allow the Commission to have its own outside counsel (charter change required)
- Allow the Commission to put legislation directly on the ballot (charter change required)

RECOMMENDATIONS FOR THE ETHICS COMMISSION

- Approve the new lobbying ordinance with a monetary threshold rather than an hours threshold
- Establish a social media presence to announce important meetings and educate the public on short-term goals and potential long-term goals
- Avoid using phrases such as "the appearance of corruption" when "corruption" would be more accurate

PURPOSE OF THE ETHICS COMMISSION AND RECENT HISTORY

The Ethics Commission defines its mission as preserving "public trust" and "public confidence" in city government, and its officers speak frequently about eliminating the "appearance" of impropriety. They fill a critical role, but habitually describe their own function indirectly, in terms of its public perception.

The Commission's primary functions are:

- Regulating campaign finance and lobbyists;

- Educating government officials, as well as those who interface with them, on current ethical guidelines;
- Empowering the public to have oversight over their government;
- Investigating potential breaches of ethics regulations, and
- Levying fines on offenders.

The Commission is also called on to make legislative recommendations. In 2018, after an FBI raid of City Hall and the subsequent indictment of a sitting City Councilmember on corruption charges, the Commission was formally requested by City Council to suggest reforms to address “the widespread perception [...] that there is a pay-to-play culture at Los Angeles City Hall.”

The recommendations that were made included banning campaign contributions from real estate developers with active projects in Los Angeles, or anyone in that developer’s sphere of influence, as well as the receipt of such donations. The Commission also recommended preventing such developers from making behested donations to the preferred charities of elected officials.

Though City Council requested these recommendations, ultimately, they passed very few of them into law. By the time this package of legislation was voted on in 2019, it had been dramatically whittled down. Developers with active projects in the city were banned from making campaign donations. But the scope of this ban was narrowed to only restrain the top executives behind these projects.

Meanwhile, behested donations were still allowed. It was not illegal to receive these donations, only to make them. Further, the implementation of the new law was delayed until 2022, to allow the Ethics Commission time to design an electronic database of developers, as elected officials would need to be able to easily identify the entities from whom it would be illegal to accept a donation, under the new law.

DISCUSSION

The design and launch of databases was the first 2020-2021 success noted during the meeting with the Ethics Commission and Budget Advocates. On the Commission’s website, several new, user-friendly databases allow the public to search through a trove of data, including information not only on developers, but also on registered lobbyists and electoral donations. This involved months of work pulling the data off of pdf forms, which is how they are recorded by the state government.

Other achievements include shortening the length of time required to complete election audits from eighteen months to six. This was accomplished by disciplined use of the Commission’s staff of auditors. The Commission hopes to shorten the turnaround even more, but has been short personnel.

Despite these accomplishments, the events of the recent past raise an important question.

Does the Ethics Commission need more independence from City Council, a body it is in their mandate to regulate?

Officers of the Ethics Commission suggested three ways that they could be given more independence from the council. First, they could be allowed to dictate their own budgetary needs, instead of needing approval from Council and the Mayor. Second, they could be granted authority to put legislation on topics under their purview directly on the ballot, that way circumventing Council. Third, they could be given their own outside counsel rather than rely on the City Attorney. All three of these suggestions are already implemented in other cities: New York City, San Francisco, and San Diego, respectively.

The Commissioners were careful to state that they didn't think they should be granted all three of these enhancements, as that would tilt the scales too far in their direction. They were honest about their preference of the three: fiscal autonomy. Yet, given the way that Council undermined a legislative reform push during a moment of high public awareness in 2019, the ability to place reforms right on the ballot seems perhaps more promising. Any one of these changes would require passing an amendment to the City charter.

The Ethics Commission is again pursuing legislative reform in 2022. The scope of the reforms they discussed appeared narrower than what was proposed in 2019. The Commission is recommending changing the threshold that would require an individual to register as a lobbyist from "30 hours worked," to "\$5,000 charged." It is much easier for the Commission to track the payments than to clock the hours.

A town hall is planned to raise the public's awareness of this recommended reform. However, the Commission has historically struggled with public visibility. The town halls that were held to discuss the last package of reforms were attended mostly by activists and directly impacted stakeholders.

Those town halls took place before COVID, however, when the shift to Zoom for all city meetings caused a spike of civic engagement, highly focused on government ethics. A podcast about recent corruption in City Hall currently has thousands of listeners. Thus, now would be a good time for the Ethics Commission to develop a social media presence, however slight, and see how much organic attention they can receive.

When asked, the Commission requested that its baseline budget be increased to include the salaries from positions that were vacated as a result of the City's Separation Incentive Package. They request an additional \$40,000 in funding for additional staff during the upcoming general elections (they have already received \$40,000 but normally receive \$80,000). They also requested the salary for an additional Investigator position, as they have recently expanded their area of oversight to include employees of the Department of Water and Power. Given that a former general manager of the DWP and others have recently pled guilty to accepting bribes, now would seem to be an apt time to ask.

The Budget Advocates endorse these requests. They also once more endorse the Commission's long standing request for higher imposed penalties for violations. Any additional money would go into the general fund, not into the Commission's budget; yet, the effect might be helpful in deterring malfeasance, which helps increase public confidence.

OFFICE OF FINANCE

Attendees at a meeting on November 3, 2021

For the Office of Finance: Diana Mangioglu (Director of Finance/City Treasurer)

For the Budget Advocates: Brian Allen, Garry Fordyce

RECOMMENDATIONS

- Initiate a complete review of the City's financial operations in all departments
- Implement a Charter change to elect or appoint a City Financial Officer (CFO) to provide fiscal oversight of all City operations
- Review all City departments with financial operations (other than simply issuing requests for payments to be processed) with the intent of moving such financial activity under the CFO's jurisdiction
- Create lines of direct communication and input between each department and the CFO for all fiscal operations
- Grant the CFO oversight of all direct spending and collections for each department.
- Establish a committee for oversight of all City financial transactions to ensure transparency and accountability

DISCUSSION

Over the years Budget Advocates have spent hours in meetings with City departments to obtain an understanding of, evaluate the efficiency, and make recommendations on how the departments can help improve services for City residents without breaking the budget.

Overall focus is designed to offer ideas that will best serve the City, its residents, and ensure the best use of the taxpayer's funds.

A few years ago, Councilmember Krekorian (chair of the City Council's Budget and Finance Committee) asked what departments we might suggest be eliminated. It may have been just a provocative statement, but it did not fall on deaf ears.

In reviewing, not only the Office of Finance but also those of the City Controller, the Chief Administrative Office, the City Clerk and others, this committee suggests that the financial operations of the City be reevaluated with the intent of reorganizing them.

As organizations, regulations, and technology evolve, financial systems need to be updated to ensure more efficient and more dependable operation.

Although the financial methods developed by City departments were sound and workable effectiveness.

In a typical business with spending equivalent to that of the City of Los Angeles, financial operations are organized under a Chief Financial Officer. Below the Chief Financial Officer would be all the operations and, depending on scale, these operation would be actual departments with their own managers.

Such design allows for consistency of applications including payments, collections, reporting, analysis, budgeting, and auditing.

While comparable operations do exist in the City, there is no central control. This leads to additional costs both from coordinating financial activity between different departments and in duplication of services for payments, collection, reporting and review.

Lack of consistent oversight can also lead to disconnects between the operations of the financial elements of different departments, which can add costs and reduce efficiency.

While standard financial controls are employed to ensure accuracy, due to the splitting out of oversight between layers of bosses and intermediate management in the various departments. This duplication wastes taxpayer funds. Due to different applications of financial procedures, both analysis and review of both financial data requires more time and more effort.

CONCLUSION

Though no in-depth review and analysis has been done of the City's overall financial operations department by department, it is highly recommended that such a review be done to determine the benefits and drawbacks of reorganizing the City's financial operations.

Reorganizing to improve efficiency and placing all financial matters under one person is not such a radical concept and could lead to significant operational improvement as well as considerable cost savings of City (and taxpayer) funds.

LOS ANGELES FIRE DEPARTMENT

Attendees at a meeting on October 14, 2021

For the LAFD: Kristin Crowley (Acting Chief Deputy, Administrative Operations), Emilio Rodriguez (Sr. Management Analyst, Budget Management)

For the Budget Advocates: Liz Amsden, Jason Hector (Budget Representative, Porter Ranch)

RECOMMENDATIONS TO THE CITY

- Fund a minimum of four trainings a year for the next three years to match attrition rates, then sharply reduce overtime (*programming cost offset by long term savings in overtime pay*)
- Provide permanent funding for the expansion of an injury prevention unit using metrics from pilot program (*proven savings*)
- Fund a health officer position to coordinate the health elements already under LAFD jurisdiction (*salary / benefits for senior position, savings in rapid response*)
- Direct all departments to take a more proactive approach to fire prevention including clearing and removing brush around homeless encampment sites (*existing program funds, potentially significant savings*)
- Expand the successful health-based programs from the Venice Beach pilot for use in homeless communities citywide (*scalable cost, potentially significant savings*)
- Pursue funding for expanded use of Advance Fire Response units in high call-volume areas such as Skid Row (*scalable cost, potentially significant savings*)
- Add staff for planning approvals by the LAFD to expedite affordable housing (*remove bottleneck to multi-department program*)

RECOMMENDATIONS TO THE DEPARTMENT

- Develop policies to increase retention and consider ways to increase the number or size of trainings until overtime demand is sharply reduced across all positions (*savings plus improved quality of life*)
- Pursue accessing state funds dedicated to wildfire abatement (*significant return*)
- Request a standing line-of-credit from the appropriate City entity to reduce cash flow issues (*minimal cost, savings in time/aggravation*)

- Develop procedures to work with Neighborhood Councils and Council Districts on identifying and remediating community-specific hazards (*minimal costs to develop, potentially significant savings*)
- Establish training for employees and civilians on procedures for reporting / handling brush abatement (*minimal costs to develop, potentially significant savings*)

DISCUSSION

The mission of the Los Angeles Fire Department (LAFD) is *Prevention, Preparedness, Response, Recovery*.

The LAFD receives about 15% of the City's General Fund budget, not a small amount but supported by most as an essential service. However, last year's approved allocation of \$732 million did not cover actual spending (\$769.5 million). This is an ongoing issue stemming from unrealistic expectations by the City Council.

This year, the Mayor has asked all departments to keep budget levels the same as last year and put a primary focus on equity. While this year's budget of \$746 million for the Fire Department reflects an increase from the 20-21 fiscal year budget, it is still significantly less than what was actually spent last year.

Financial matters

Budgeting is never easy because it involves choosing between objectives, many of which, for the LAFD, involve life-threatening situations.

Due to last year's austerity deferment, this year's cost-of-living increase is a double-whammy at \$75 million.

The LAFD must replace critical equipment, including their vehicles, as well as staff and maintain 150 fire stations that operate 24/7. It must take into account the need for sufficient staffing and human resources to fill vacant positions, cover those injured, taking time off, or working reduced hours because of seniority. On top of regular obligations, the LAFD must also staff special events including, most recently, COVID-testing and vaccination sites.

Of the \$708,571,196 budgeted for salaries and bonuses, over 30% is allocated to overtime. Not only is this fiscally unsustainable, working longer hours takes a toll on quality of life and increases the risk of accidents.

Providing necessary coverage and reducing hours would require the City to significantly increase its investment in human resources and personal equipment. When LAFD has done this in the past, such as after the Great Recession, compensated overtime dropped, helping to cover recruitment and training costs.

Adding personnel will also have less directly measurable but equally tangible benefits in reduced injuries, improved quality of life, and greater opportunities for fire prevention.

Capital improvements and maintenance upgrades are sorely needed in many fire stations. Technology improves the ability of the LAFD to perform their mission, but quality does not come cheaply. Everyone should work in a reasonably clean and well-kept environment. Flooring is a concern with boots tracking in carcinogens which build up in carpets, which is a health hazard.

Not only are funds to appropriately refurbish fire stations extremely limited, but the department must also find and commit funds before General Services will generate a cost to put in the budget. The City must rework estimating procedures through General Services so departments can realistically budget capital costs.

The focus on equity, both within the department as well as how its personnel relate to the people it serves, will add another million to its budget expenses.

In April 2021, Governor Gavin Newsom signed SB 85, which provides \$536 million for projects to improve forest health and build resilience in communities to help protect residents and property from catastrophic damage due to wildfires. The LAFD should explore accessing some of these funds for wildfire abatement within its jurisdiction.

Finally, the LAFD should look at working with the CAO to establish some kind of standing line-of-credit, one where it would not have to repeatedly go back to City Council to request bridge funding when the \$6 million wildfire allocation is tapped out, in part by the LAFD providing human resources and matériel for suppression elsewhere in the state.

Annual gross costs can be two or three times what is budgeted, and it is a waste of everybody's time when funds from FEMA or the State come six months or so down the road.

The LAFD already depends on outside sources to fund equipment – in some cases Neighborhood Council grants. There is a fundamental problem here: if funding sources beyond the City's control go away, what then?

The City MUST start budgeting for ALL essential costs for the LAFD to do its job.

Prevention

An ounce of prevention provides far more than a pound of cure when it comes to fires and medical emergencies.

It is difficult to quantify the savings in lives, buildings and memories in the wake of any disaster.

In these years of prevalent wildfires, proactive brush clearance is essential. There is no reason to restrict mandates to 200 feet from buildings since we can't train fire not to cross those lines.

All jurisdictions – the City and State, CalFire, CalTrans, the City’s Recreation & Parks and the County’s Parks & Recreation, as well as every community in and adjacent to Los Angeles must all work together to ensure no brush is left in which fires can take root and spread.

It would benefit everyone to proactively clear brush around known homeless encampments. Costs could be offset by significantly increasing fines on owners of vacant parcels, and other loopholes in the system must be identified and plugged. Clearing brush is not enough, however; the detritus must be removed, otherwise it provides opportunities for firebugs, such as what happened in the Mid-City area leaving Los Angeles responsible for damages and open to litigation.

Well-defined procedures for local residents and fire stations to handle all levels of prevention, including where to go to obtain immediate answers, need to be developed and widely circulated using the LAFD, City Council offices, Neighborhood Councils, and other local organizations.

Given the extensive physical nature of the work and training, pilot programs such as the injury prevention unit with its proven benefit in limiting injuries and reducing Workers’ Compensation claims, should be made permanent and expanded.

Risk management training should also continue in order to increase awareness of potential hazards and provide proactive measures to reduce harm to people, equipment, and structures.

Preparedness

Last year the LAFD requested four classes of recruitment training for the current year’s budget, but was only funded for three.

The department will again request funding for four classes for 2021-22. Without them, the department will not be able to effectively cover the estimated 200 vacancies from open positions, ongoing vacation and holidays, illnesses, accidents, and other absences. This places hardship on the people who have to work additional hours.

Overtime costs the City 50% more than straight-time staffing. Fatigue and stress increase risk.

Response times, a key metric for fire and ambulance services, have increased during the past year and this is directly attributable to lack of human resources and transports. The latter, while due in part to the virus and people deferring medical attention before symptoms deteriorate, is compounded by more time spent at hospitals leading to back-ups on resources for EMS calls, on top of delays in processing at medical facilities because of pandemic overload.

To keep unfilled positions at a manageable level, recruitment and training needs to accelerate, especially with a generation of staff who will need to be replaced once they age out in 2024.

The department would be on track with four recruitment trainings, but this would not begin to reduce the overtime. Six might be more appropriate.

Currently, the LAFD does not have the resources to handle more than four trainings a year, but now, the City needs to initiate funding to expand that ability so the department can accommodate additional training starting next year, especially considering the increased impact of climate change.

The urgent replacement of self-contained breathing apparatuses was budgeted over two years – half in the current year, half to come in 2021-22. One hopes. Replacing self-contained breathing apparatuses, vital equipment, is clearly a priority, but there remains the ongoing need to replace vehicles and other matériel as equipment ages out.

New employees must be outfitted and equipment updated as technology improves.

For the second year following the onset of the pandemic, the Budget Advocates strongly support funding a dedicated Health Officer to coordinate with county, state, and federal counterparts and other City departments in response to health-related issues including infectious diseases, water and air-borne pathogens, and tainted food and medications.

Response

The pilot drone program is continuing with seven to nine drone-trained fire inspectors to help identify fire sources, reduce risk, and make more effective use of human resources.

Funding requested to expand FireStatLA data tracking last year was not approved. This year, \$50,000 will be budgeted to maintain and consolidate databases as well as provide a better platform for telecommuting. As the Controller has shown, real time data is one of the best tools to address adversities of all kinds.

Recovery

Improvements in addressing prevention and caring for Angelenos at risk would put the City on the road to a successful future.

A pilot for a proactive homelessness approach took place at Venice Beach with Fast Response Vehicles and crews educating on fire and cooking safety, and basic medical care, which established communication on medical concerns and led to a measurable decrease in tent fires.

The Fast Response Vehicles can undertake tracking homeless encampments in order to reduce response time for fires, especially in high-risk areas.

The success of the Advanced Provider Response Unit (APRU) program, which provides on-site medical care to patients instead of taking them to emergency rooms, frees up hospital facilities and reduces costs. Expanding this program into areas experiencing similar types of frequently repeated calls is a benefit for the City, both financially and on a human level.

Adding LAFD staff to expedite plan checks would accelerate affordable housing projects.

CONCLUSION

The City needs more firefighters to ensure its safety. Fatigued firefighters are not safe firefighters. Moreover, quality of life must be maintained to keep firefighters on the job in an era of ever-increasing danger.

The City should consider mandating firefighters live within its jurisdiction, both for response issues and because residents of Texas or North Carolina cannot necessarily be expected to be as attuned to the worldviews of Angelenos, posing potential equity challenges.

The LAFD must develop and implement ways to work together with Councilmembers, Neighborhood Councils, and other community groups to not only identify neighborhood-specific dangers (e.g. brush, homelessness, infectious disease) but also ways to mitigate them. All parties need to work together, holistically.

When brush is cut as a hazard, it should not be left for days, despite repeated requests for removal, allowing it to dry out and attract potential arsonists, leading to potential damages to adjacent property.

GENERAL SERVICES DEPARTMENT

Attendees at a meeting on November 11, 2021

For the General Services Department: Valerie Melloff, Assistant General Manager, and Emily Mayeda, Director of Finance

For the Budget Advocates: Barbara Ringuette, Kay Hartman, Leslie Gamero, and Budget Representative Adriana de la Cruz

RECOMMENDATIONS

- Expedite hiring of key personnel to provide support services for the 40 City Departments, Bureaus and elected officials [*ensure provision of essential supplies & services City-wide; potential savings in General Services Department (GSD) overtime expense*]
- Install Electric Vehicle (EV) chargers incrementally to keep pace with purchase of City electric vehicles [*initial expenditure for long term benefit of clean air; spend funds proportionate to the need*]
- Stockpile emergency supplies [*anticipate interruption of supply chain; potential cost to public health of being unprepared*]
- Expedite contracting procedures including single source contracting [*provide efficiencies*]
- Encourage continued interdepartmental automated systems [*maintain feasibility of GSD's investment in automation; get more done with fewer personnel*]
- Develop a City-wide comprehensive capital plan to refresh out of date equipment and replace current equipment as it ages out [*provide efficiencies to do the job; assure uninterrupted City operations*]

DISCUSSION

The General Service Department (GSD) is an infrastructure department, supporting other City departments. The Department maintains 500 facilities, pays the City's utility bills, does all City procurement and purchasing, provides fuel services at 170 sites, repairs vehicles, tests materials, manages parking lots, runs a print shop, and fabricates City signage.

Some City departments receive all of GSD's services while others receive limited services. GSD provides helicopter maintenance for the Department of Water and Power and materials testing for the airport as well as testing materials for the Pavement Preservation Program.

GSD meets in interdepartmental groups to review how projects are going, looking at metrics, and discussing problems in the field and equipment issues, all for the purpose of getting the

work done. GSD develops equipment specifications with the departments, then puts bids out and purchases the equipment for the departments including high ticket items such as street sweepers and helicopters.

Importantly, GSD inventories all City department properties including real estate.

Revenue

69% of GSD's revenue comes from the General Fund, the remainder from 18 special and departmental funds. The City Administrative Office (CAO) calculates the cost of services provided to a City department including overhead, and the department reimburses GSD from its Special Fund/s.

Challenges

Likely this department along with the City as a whole has never experienced so many and varied simultaneous challenges as during the past two years.

The pandemic has been a logistic emergency. The first task for GSD was to ensure purchase of personal protective equipment (PPE) the departments needed, especially masks – N-95 masks and other masks as well. They bought vaccination supplies, COVID test kits, and provided fuel for generators at vaccination sites. Interestingly, the Department was able to piggy-back on state contracts to reduce the price for some of these pandemic-related necessities.

They staffed the Emergency Operations Center managing supply, fleet, and building maintenance services.

GSD upgraded air filtration systems in City buildings, installing Merv-13 filters.

The Department developed coronavirus-related signage for creating lanes and elevator occupancy at 26 buildings. Playing a major role with Project Room Key, GSD maintained and fueled trailers housing the medically vulnerable and homeless.

GSD implemented specialized cleaning on City-owned and leased properties with focus on where there was a coronavirus case.

Scientists in the Department developed a hand sanitizer when it was in short supply. The print shop printed face shields.

As part of the Mayor's Victory LA program, GSD now sells Personal Protective Equipment (PPE) to non-profits and schools. They assure the Department's warehouse has a 90-day supply of PPE on hand.

In addition to the innovative and enhanced activity within the Department's purview, GSD contributed to the City's total effort by deploying staff in the role of Disaster Services Workers

(DSWs) to work in Project Roomkey hotels, to do contact tracing, and to deliver meals for the Department of Aging.

Staffing

The Department lost 130 staff beginning in November 2020 due to the Separation Incentive Program (SIP) and is still trying to recover.

The City had to slow down hiring during the height of the pandemic. Based upon workload, staff had to deploy to alternate locations to ensure coverage, for example, to provide custodial services for LAPD, the Library, and municipal buildings. At times employees have been working overtime until 9 PM to get their jobs done.

The City Council renewed all 31 resolution authorities in GSD's 2021-2022 budget to meet the Department's workload needs, and in addition created a homeless intervention unit of four positions. Having been funded for all their positions, GSD is hiring, thanks in part to the American Rescue Plan.

The Department works with their Personnel liaison to request the CAO unfreeze positions. If approved, the Department consults an available civil service list, identifying those who are interested, then reviews resumes, conducts interviews, and makes a job offer. To bring an employee on board takes a minimum of 4 months, much longer if not already a City employee.

For positions where there is no civil service list, the Department advertises for a transfer from another City department, may try to fill in lieu of a similar position, or may request to do an emergency appointment.

GSD tries to promote staff from within. They welcome back good employees who have promoted out. A Leadership Empowerment Advancement Program (LEAP) helps prepare staff for promotions. Managers from the General Manager on down are responsible for training staff to do their own jobs.

It is a constant struggle to hire sufficient staff. The job market is very competitive especially in the accounting and the clerical series. Many staff would like to transfer to a proprietary department where salaries are higher, a City-wide structural problem.

The level of the Department's service is very important to the Department. GSD must make it work with the staff they have.

Equipment

The City's fleet of vehicles is very large and many vehicles are very old. More than 50% of equipment is beyond life cycle. Since 2019 GSD has been trying to catch up with purchases. The current GSD budget reapproved \$20 million and added another \$10 million for equipment.

Some pieces of equipment are very expensive such as street sweepers versus sedans for DOT's parking enforcement. Pre-pandemic, the City had a little bit more money for these big expenditures.

The City needs to expand plans and identify funds to refresh equipment before equipment ages out and becomes dysfunctional. Good maintenance can only extend equipment life cycles, not perpetuate useful lives indefinitely.

New City Departments

This past year several new City departments were created – Community Investment, previously a part of HCID; Youth Development; and Civil + Human Rights and Equity. GSD's role includes assistance with finding office space. GSD Construction built office space for the new Civil + Human Rights and Equity Department, and is responsible for cleaning and maintenance of all the offices.

Funding for office construction comes in the budget or the Construction Projects Report. For services, often GSD is not funded for the first year of services due to timing, and then funding for these services is requested in the quarterly Financial Status Reports (FSR). For the new departments that were created in 2021-22, GSD is requesting funding for custodial and building maintenance services, and postage in the 2022-23 budget.

Technology

GSD has seen productivity gains, managing their work from the Department's computers, using the cloud for storage. The Department relies upon a number of systems to manage its work.

The GSD Service Portal tracks the status of requests made by the various departments.

The Asset Management System has expedited the Department's inventory of all City properties. For each piece of equipment, the system has manufacturer's documentation, photos, leasing information, all of which is accessible from remote locations where service is needed.

The Fleet Focus System allows for keeping the entire fleet of City vehicles on the road and performing in a cost-effective manner, tracking location and maintenance history.

The Building Management System allows for monitoring and controlling the climate in different offices without having to be on site.

The Supply Management System – There are a myriad of requirements (instructions, conditions, and meetings to attend) for contractors/vendors bidding on any specific bid or project. The Business Inclusion Program (BIP) is a new social program designed and introduced by the Mayor's Office, to provide an equal opportunity in the performance of City contracts to a wide range of business enterprises.

Planning for the Future

The Department would like to see improvements in several areas. They would like to speed up the hiring process, and to become more competitive with proprietary and non-governmental entities in their search to hire and to retain the best-qualified staff.

GSD would like to simplify personal service contracts and other contracting processes to expedite the work of City departments.

CONCLUSION

GSD is a department of HEROES. The Department, operating with reduced staff, rose to the demands of the COVID pandemic in creative and impressive ways while continuing to provide essential services for City departments.

The General Services Department benefits greatly from technology advancements in their multiple systems. For that reason, they can provide at least minimal services with fewer staff than they have had in previous years.

However, the need for additional personnel to fill positions vacated due to SIP is great while hiring is very competitive, in part due to structural difficulties and inequities in salary and benefits; these should be addressed and mitigated across all City departments including the proprietary departments.

HOUSING DEPARTMENT

Attendees at meeting on December 1, 2021

For the Los Angeles Housing Department: Tricia Keane (Executive Officer)

For the Budget Advocates: Kay Hartman, Élice Hennessee, David Hunter, Elias Garcia

RECOMMENDATIONS TO THE CITY

- Fulfill the budget/personnel requests of the Housing Department
- Propose a pathway to address 100% of the City's housing needs, even if it requires assistance at the State and Federal levels of policy making

RECOMMENDATIONS TO THE DEPARTMENT

- Propose a pathway to address 100% of the City's housing needs, even if it requires assistance at the State and Federal levels of policy making.
- Draft a more ambitious mission statement and feature it more prominently on the Housing Department website.

DISCUSSION

Purpose of the Housing Department

The shortage of affordable housing in Los Angeles is a problem that concerns us all. Last year the City updated its Housing Element, as it does once every eight years, noting that “the City's residents experience the highest rates of housing cost burdens and overcrowding in the nation, one of the lowest homeownership rates, and the rapid loss of existing lower-rent housing.”

Meanwhile, the mission statement of the City's Housing Department (the Department) is relatively restrained and lacks any sense of urgency: “to promote livable and prosperous communities through the development and preservation of decent, safe, and affordable housing, neighborhood investment and social services.” The word “promote” sticks out in particular as suggesting the Department plans only to try to make a positive impact, however slight.

Discussion with Budget Advocates

What explains this disconnect between the dire problem and tepid response? In the meeting between the Department and the Budget Advocates one answer emerged: the Department does not see itself as “owning” the City's housing crisis and does not believe itself to be responsible for solving it, or even for advocating for comprehensive solutions.

The Department was asked directly why it lacked the scope to address the City's housing crisis. The answer was that addressing it would be such a massive undertaking that it is beyond the capability of the City to manage on its own. For the Department to scale up to the point that it

could develop the necessary housing on its own would require more than the City's entire General Fund.

What became clear is that because it is unreasonable for the Department to measure success against the overwhelming scale of the problem, the Department has instead invented its own internal benchmarks. There was a tautological and circular element to the way it marketed their successes, as if its message was "We are good at doing the thing that we actually do."

So what does the Housing Department actually do?

As reasonably frustrated as one might feel that the Department cannot solve the City's housing problems, the Department does have a large mandate. On the public-facing side, it maintains a database of all of the City's affordable housing. It also helps ensure that tenants are aware of the resources and legal protections available to them.

During the State of Emergency under COVID, this part of its job increased in significance, as the City introduced ad hoc tenant assistance programs such as the Emergency Rental Assistance Program, a fund for tenants experiencing COVID-related work interruptions, to which the Department steered its own resources to support.

But an even larger task for the Department is the oversight of the development and construction of over 60 publicly-funded affordable housing projects within the City limits.

In broad outline, the Department is able to secure various sources of grant funding for projects that help fill the City's massive shortage of affordable housing stock, or in its own words, "the gaps in the marketplace." The Department is only able to partially fund these projects.

The developers of these projects are instead responsible for putting together what is known as a "funding stack" by applying for funding at the City, state, and federal level, a process frequently described as "byzantine."

Most of the Department's currently available funding comes from Measure HHH, the 2016 Los Angeles County bond measure that created \$1.2 billion in funding to develop 10,000 units of housing, all targeted to people experiencing homelessness.

This is a significant enough portion of the Department's funding that it influences the Department's staffing needs. As most of the HHH funding has been committed, the Department's current budget requests have pivoted towards staff that can oversee the actual construction.

When asked "what's next," Department staff said that, as Measure HHH funding is close to being drawn down, the public must now approve another similar bond measure, perhaps even larger. This is where the Department's plan runs into obvious sustainability issues.

Because Measure HHH was never designed to fully address the City's homelessness problem, and because this problem has, in the meantime, only become more acute, the Measure is easily portrayed as a failure. Relying on the public to repeatedly authorize funding for projects that are not designed to produce results the public can see nor the results promised by the Measure, and before even those minimum results are fully realized, appears reckless and destined for failure.

There may be political constraints that make it difficult for the Department to tell the public that the current government response to a crisis is inadequate by design.

However, the Department cannot remain content to simply nibble at the edges while congratulating itself for its execution of the partial solutions it has unilaterally created.

There must be some level at which the Department comprehensively confronts the housing crisis at the scale it actually exists, even if only rhetorically.

If the solutions to the housing crisis require buy-in from the City, State, and Federal governments, as well as the public, the Department should make the public aware of that as part of its mandate.

A current request for the Department to take a position on legislation, proposed at the State level, to experiment in creating more public housing remains unanswered at this time along with other follow-up questions from the Budget Advocates and from the public.

INFORMATION TECHNOLOGY AGENCY

Attendees at a meeting on October 27, 2021

For the ITA: Ted Ross (General Manager); Tita Zara (Assistant General Manager), Donna Arrechea (3-1-1 Director)

For the Budget Advocates: Liz Amsden

RECOMMENDATIONS TO THE CITY

- Fund replacement of obsolete equipment [*vs. cost of potential failure*]
- Fund end-point protection software to protect all assets against cyber incursions, especially during teleworking
- Fund staffing restoration [*their work reduces costs to other departments*]
- Stop other departments initiating technological systems and change without primary ITA involvement [*savings from avoiding duplication/cost of trouble-shooting conflicts*]
- Fully fund and let the ITA take point on developing a citywide procurement system
- Fund upgrade of 311 system [*essential for stakeholders to communicate to City*]

RECOMMENDATIONS TO THE DEPARTMENT

- Link up with other departments to develop and implement citywide free broadband
- Publicize projected savings for recommended improvements

DISCUSSION

The Information Technology Agency (ITA) works to make Los Angeles “a fully digital and connected city.” At times this seems to be despite the actions of other departments and the City Council.

Failures

Replacing obsolete network equipment is a priority, especially with so many people working remotely. Over 60% of LA City network equipment is already past end-of-service, and more becomes obsolete every year. Although there is some funding approved for replacement of aging equipment, it’s below what is needed to keep pace.

If these systems were to fail, perhaps only one person or one floor might be down while repairs are made. But if the damage were to core equipment, it could affect 25,000 City employees. Even a 1% reduction would result in the loss of access to digital information and paperwork which, depending on how long repairs took, could snowball into hundreds of thousands of

employee hours being wasted. And if the system were the 911 Communications Center or other mission-critical equipment, the results could be devastating.

While the ITA took steps early in the pandemic to protect and defend the city government and remote workers from cyberattacks, significantly more needs to be done to ensure the City's infrastructure is safe from ransomware hacks and to upgrade cybersecurity.

Given the potential losses, \$500,000 for end-point protection software which would protect all internal equipment seems to be a wise investment.

Another infrastructure element that needs to be updated is the STRS radio system, which is used by every department except police and fire. This radio system has over 8,000 users across more than twenty departments. Failures would jeopardize Parks and Rec, StreetsLA, Sanitation, and more. However, this system has not received funding in over 10 years.

Staffing for ITA functions is increasingly problematic. In 2013, the department had a staff of over 800. Today it has 399. If someone is out ill, if someone quits, the ITA is hard-pressed to fulfill its commitments, such as televising City Council meetings.

This need was acknowledged at the Budget and Finance Committee hearings in May, and the ITA has generated a request for enough personnel to support the broadcast of City meetings, to maintain existing equipment and integrate updates, to staff the 311 Call Center 24-7 and reduce hold times, and to be prepared for emergencies.

Whether or not ITA's funding requests are approved in the upcoming budget will show how willing our City Council is to risk digital shutdowns over perhaps \$15 million a year.

If approved, the department has already been working with the Personnel Department on sourcing requisite skills so hiring can be expedited.

The ITA has invested time and money to develop and implement the first phase of a citywide procurement system which would amalgamate and simplify procurement across departments and, in doing so, reduce costs.

Unfortunately, this was in conjunction with the Mayor's procurement team – which seems to be leaving along with the Mayor. Although it will not travel as far, most likely to the CAO's office, the more significant improvements of the second phase need to be implemented to benefit businesses in Los Angeles.

The ongoing jurisdictional friction between other City departments and the ITA has occasionally been aggravated by the Mayor's pending departure to India. During the current perceived executive leadership vacuum, other departments have developed their own constituent services and 311 systems, some of which conflict or don't integrate well with what exists.

This creates more work for the ITA, and has the potential to create cybersecurity risks. All managers need to understand that the City is interconnected and their actions can affect the operation and efficiency of multiple departments.

Angelenos rely on the 311 Call Center – over 1,700,000 calls last year – to communicate with the City and relay service needs to departments. Ongoing complaints on delays to both calls and requests led to a recent audit by the Controller, who has recommended the engagement of a consultant to assess and devise better citywide fulfillment.

This will cost money but if it improves service times, detail of feedback, and stakeholder satisfaction, funding should be found. It is also a matter of equity, which the Mayor has mandated be addressed in this budget.

Additionally, the Call Center system is old and needs to be upgraded. This cost will run \$5 million but can be implemented over several years. At the same time better customer expectations can be established in rolling this out.

Equity

The ability to communicate service issues to the City easily and have them addressed expeditiously is a form of equity. A more tangible form is equal broadband access for every Angeleno. Digital inclusion, digital equity, should be a right, not a benefit for only those who can afford it.

So far the City has pursued a policy of subsidizing the needs of a few as complaints arose to address the digital divide. Piecemeal subsidizing through existing providers that does not include everyone is inefficient, discriminatory, and works to the benefit of the for-profit industry, not Angelenos.

Given the probability of an increasing disconnect from the Mayor's office as the regime changes, is there someone at the ITA who can take point on pursuing digital equity issues with parties throughout the City including the Library, StreetsLA, Council District offices, the LAUSD and others as determined?

Successes

Even with its limited resources, the ITA has used opportunities presented by the pandemic to implement security improvements. including Drupal website upgrades, establish e-signature procedures, update customer relationship management (CRM) services, and generally modernize solutions across departments (improving over 97 different City processes and systems since the start of the pandemic).

These not only protect digital data and improve internet safety to prevent losses, they also have the potential to decrease costs throughout the City. Savings would be more if the acceptance of change was increased - i.e. even with the replacing of landlines with cell phones, a number of departments want to hold on to their existing office phones. And those bills.

The integrated HR payroll system is reducing costs as it rolls out.

The ITA continues to develop and provide systems and apps to City departments that that save the cost and reduce the reliance on outside contractors whose costs along with licenses continue to escalate.

Greater savings – both in time and money – can be achieved by departments getting rid of the old when they get new equipment and systems.

Glitches were encountered in the Amazon web services virtual agent translation system due to the vagaries of remote operating so the department returned to the Verizon VCC (Virtual Contact Center). They were able to add five response languages to MyLA311 by the end of September – Spanish, Korean, Armenian and two forms of Chinese.

Ongoing

The multiyear LAFD Radio Site Improvements and Microwave Link Bypass continue to be funded, but everyone would benefit if this project was accelerated.

Replacing the Citywide Fiber Optic Network, particularly the elements that are no longer supported, is in the planning stage. Again, this would best be completed before failures compromise operation.

Fifty percent of the ITA's staff was able to work from home before the pandemic allowing them an easy transition to a fully remote environment. The new normal of a hybrid workforce will create its own challenges and the ITA will focus on finding the right tools for staff, vendors and all Angelenos to improve their mission.

Los Angeles has been named the #1 U.S. Digital City for three straight years, but the exponential growth of new technologies and increasing public expectations require new levels of coordination. The ITA's Smart City Strategy can be downloaded at:

<https://ita.lacity.org/smartla2028>.

Additional information on the City's Digital Strategy can be found at:

<https://ita.lacity.org/news/ita-publishes-city-los-angeles-digital-strategy-covid-19-pandemic-beyond>.

LOS ANGELES PUBLIC LIBRARY

Attendees at a meeting on October 19, 2021

For the LAPL: John Szabo (City Librarian), Madeleine Rackley (Business Manager)

For the Budget Advocates: Liz Amsden, Kay Hartman

RECOMMENDATIONS TO THE CITY

- Improve the civil service process to expedite hiring so qualified personnel don't accept other offers in the interim and widen the search to increase the number of quality applicants to fully staff all libraries [*cost offset by benefit to all departments*]
- Revisit the appropriateness of charge-backs to the library and other departments with mandated funding [*will put sidewalk repairs et al back in the General Fund but it's doubtful voters intended Measure L to pay for such costs*]
- Develop a proof-of-vaccine documentation procedure that does not threaten or disenfranchise the undocumented and homeless members of our community so our libraries welcome everyone [*an equity cost beneficial to many Angelenos*]

RECOMMENDATIONS TO THE DEPARTMENT

- Develop an overall capital improvements plan to set forth the library's own needs [*in process, so no additional cost*]
- Prioritize safety by requiring proof of vaccine or medical exception and recent negative test results (including police) to protect staff and patrons until such time that the City lifts the mandate, AND require masking at all times (including police) during and for a sufficient period thereafter to ensure that the most vulnerable Angelenos are not put at risk [*possible increase in security costs offset by safety and equity benefits*]
- Keep up the good work [*no costs anticipated*]

DISCUSSION

The purpose of the Los Angeles Public Library (LAPL) is to provide free and easy access to information and opportunities for life-long learning to all Angelenos. These opportunities include a variety of programs and services for infants, children, teens, and adults through the downtown Central Library, eight regional libraries, 64 community branches, four bookmobiles and the Internet.

The importance of the LAPL was recognized by Los Angeles residents through the passage of Measure L in 2011 after the City seriously reduced services in the wake of the Great Recession, which guarantees 0.03% of assessed property value in the City goes to library services and materials.

While branches have been community hubs for students, seniors, and the unhoused for years, the LAPL's importance for Angelenos during the pandemic was all the more evident from its ability to provide increased amounts of materials online, the Library-to-Go pickup service, pop-up COVID testing and vaccinations, ballot drop-off during elections and, most especially free online access with their branches functioning as hot-spots to underserved constituents.

Libraries started in-person reopening on May 3 and, by fall, many of the LAPL's pre-COVID services are scheduled to return, although in-person programming is still limited and will expand as health conditions improve.

The LAPL is facing a challenge between the City's vaccine mandate and equity considerations: ID demands in some cases can't be met or intimidate some communities and may disenfranchise those who need libraries most.

Requiring documentation and masking is triggering security issues. Although LAPD security guards are not armed, that they are uniformed feels threatening to some.

Anger and their inability to return to a previous normal due to the pandemic has led to patrons lashing out and concern for the safety of staff and others. LAPD can be called, but it would be best to prevent issues without the police where possible.

Resources

The demand for e-resources that ballooned during the pandemic has not gone away, while the demand for print material has leveled.

Currently, the LAPL budgets slightly under \$5 per capita to add physical and e-books, DVDs, CDs and streaming video to their collections. That is well below the target of \$8 to \$12 and up to \$18 per person in other library systems across the United States.

One way the City can improve spending on materials for Angelenos is to take back some of the facilities and maintenance costs allocated to the LAPL, costs these other library systems don't have to pay for.

The demand for other resources the LAPL developed during the pandemic – online classes and phone support – will continue, and preserving hours and staffing will be a priority as libraries reopen.

The LAPL has been at the vanguard of equity and inclusion.

Digital access for Angelenos is essential for bridging the digital divide and must be considered as a utility. Citywide broadband is still strongly recommended. It would benefit not only the library, but also many other departments as well as all Angelenos.

In the meantime, the LAPL's ongoing purchase of mobile hotspots that families can check out is a much wiser approach than the City entering into public private partnerships, which, as has been seen over the past year and a half, tends to emphasize short term corporate profit over public need.

Staffing

Between cuts and the challenges of working with the sclerotic bureaucracy of civil service hiring procedures, some libraries are having to limit hours due to lack of staffing.

The City must work with the Personnel Department to streamline the hiring process not only for the LAPL but for most other departments.

This would include a revamping of civil service procedures to ensure more accurate descriptions of jobs are advertised, ensuring these go out to all potentially qualified candidates with no advantage given to current City employees, preventing City employees from gaming the system for themselves and their friends, and creating an evergreen waitlist with a rolling testing mechanism.

Hiring must focus on addressing the department's needs not those of an outdated bureaucracy.

Programs

To ensure the library provides a safe and welcoming environment to all Angelenos, the LAPL helps with literacy, tenant rights, and immigration information as well as developing other programs for Los Angeles stakeholders. Some of these are in conjunction with outside partners including their partnership with the LAUSD, and others, such as the online tutoring program, by leveraging philanthropic contributions.

All LAUSD students had library cards even before the pandemic, and the LAPL has aligned e-book purchases with school requirements.

The Source that brings together multiple agencies to offer low and no-income residents resources was on hold during the pandemic, but is now restarting.

The LAPL is still building out its Library Experience Office. Funding has been approved for some social workers and customer service representatives but candidates will still need to navigate the civil service process.

Concurrently, the LAPL is developing qualifications for outside vendors to provide additional staff and services as needed.

Another issue is the need for more cost-effective and efficient solutions for security given police can be required to resolve serious challenges to safety while there remains a strong aversion by segments of the public to armed officers.

More recently, at the request of Councilmembers, the library allowed a non-profit to use some of its parking lots from an hour after closing to an hour before opening for those living out of their vehicles. Safe Parking LA takes care of security and cleaning so the library has the benefit of a security guard overnight while participants benefit from access to the LAPL's WiFi.

CONCLUSION

Measure L, as most voters understood it, was to guarantee that library services would not be cut when outside circumstances impacted the City's budget and that funds are available to purchase materials, both digital and physical.

While it is entirely appropriate for the LAPL to contribute a pro-rata share for certain services, it is doubtful Angelenos would consider sidewalk construction in connection with the Willits settlement to be an appropriate use of those dollars.

On the other hand, libraries need maintenance and repair, which does have to be funded from their operating budget. Each library has different needs. The LAPL is developing a facilities plan for the long term, an approach that should be part of every department's budget.

By converting to multi-year budgeting from which yearly plans could be drawn and approved, the City could then evaluate needs and allocate funds accordingly.

With long term planning, the City's budget would look very different. It would include bond measures for capital improvements and realistic plans for maintenance and repairs included in departmental operating budgets to optimize efficiency and reduce existing red-tape between departments.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM FIRE AND POLICE PENSION SYSTEM

Attendees at a meeting on November 17, 2021

For the Los Angeles City Employees' Retirement System (LACERS): Neil Guglielmo (General Manager)

For the Budget Advocates: Jack Humphreville, Peter Lasky (Stakeholder, Northridge West)

Attendees at a meeting on December 14, 2021

For the Fire and Police Pension System (LAFPP): Ray Ciranna (General Manager); Bill Raggio (Executive Officer, Administrative Operations); Joe Salazar (Assistant General Manager)

For the Budget Advocates: Jack Humphreville, Peter Lasky (Stakeholder, Northridge West)

RECOMMENDATIONS TO THE DEPARTMENTS

- Prepare for market downturns
- Work to lower LAFPP's medical contributions
- Work with Personnel and the CAO on hiring for specialized positions
- Strengthen investment management
- Improve IT capabilities

RECOMMENDATIONS TO THE CITY

- Form a Pension Commission and develop recommendations for full funding
- Lower investment rate assumption
- Increase annual contributions to lower any unfunded liabilities
- Appoint qualified commissioners

DISCUSSION

Operations

LACERS is charged with administering the \$23 billion pension plan for the City's civilian workers. It serves about 47,000 members, of which 22,000 are retired and 27,000 are active. LACERS has 175 positions (27 vacancies) and an administrative budget of \$33 million.

LAFPP is charged with administering the \$31 billion Fire and Police Pension Plans. It serves about 27,000 members, of which 14,000 are retired and 13,000 are active. The department has 125 positions and an annual administrative budget of \$25.2 million.

Both operations are self-contained, have offices outside of City Hall, and are well managed. Both have successfully transitioned to new data management systems, on time and on budget. These systems will allow these two operations to be more efficient and provide better service to City employees but require continuing IT support.

Total administrative expense of \$58 million is less than 5% of the City's Annual Required Contribution (ARC) of \$1.3 billion to the LACERS and LAFPP. The administrative budgets are approved by the respective Boards of Commissioners, not the Mayor or the City Council.

The balance of the City's \$1.3 billion ARC, along with employee contributions (estimated to be \$437 million), and investment returns on over \$53 billion of assets, fund the City's two retirement plans.

Total disbursements to members are expected to exceed \$2.7 billion.

Investment management fees, while totaling over \$200 million for both funds, are approximately 0.4% of assets, a level that appears to be reasonable.

Funding

As a result of extraordinary investment returns of 29% and 32% for LACERS and LAFPP, respectively, the unfunded liability for the two plans decreased from \$12.1 billion (77% funded) to \$1.6 billion (97% funded).

LAFPP is overfunded by \$2.5 billion (109% funded). However, its Other Post-Retirement Employee Benefit (OPEB) plan is underfunded by \$1.3 billion.

LACERS is underfunded by \$4.1 billion (85% funded). Its OPEB plan is short by \$190 million.

[Note: the above values are based on the market value of the assets and include both the pension and other post-retirement employee benefit plans. If actuarial values for the assets were used, the unfunded liability for the two plans would be almost \$9 billion (84% funded).]

The City needs to develop a plan to eliminate these shortfalls over the next 25 years. We recommend the formation of a Pension Commission to develop recommendations to achieve full funding. This would include lowering of the investment rate assumption to a more realistic level and the possibility of additional contributions.

We recommend that LACERS and LAFPP prepare their portfolios for the possibility of a down market, especially since the stock market has almost doubled over the last three years and interest rates are increasing because of the Fed's concern about inflation.

For the current fiscal year, the City is projecting to contribute \$1.3 billion to LACERS (\$586 million) and LAFPP (\$718 million). This contribution consumes about 19% of the City's General fund when adjusted for the elimination of money from Washington. This does not include

additional contributions of \$137 million to LACERS from Los Angeles World Airways (LAWA), the Port of Los Angeles (POLA), LACERS, and LAFPP or \$8 million from LAWA and POLA.

We recommend that LAFPP follow LACERS best practices in administering its retiree health program. Currently, LAFPP's retiree health subsidies are funneled through its unions while LACERS administers its program directly.

We understand that LACERS and LAFPP have requested additional flexibility and support from Personnel and the CAO regarding the hiring process, classifications, paygrades, and training for selected employees, including benefits specialists, IT, and investment managers. We agree with these requests.

LACERS and LAFPP have had adequate returns, in large part because they have a balanced portfolio of equities and debt. However, attracting more investment expertise is challenging because they do not have the ability to pay market rates for a professional investment staff. We recommend that they investigate developing a plan to hire and adequately compensate investment staff with a strong history of generating superior performance and have established relationships and experience working with top tier private equity firms.

We recommend that the City refrain from making investment decisions or recommending the elimination of selected stocks from the investment portfolios.

We also recommend that the Mayor appoint commissioners who have relevant experience because of the specialized nature of the pension plans and their liabilities.

SUMMARY

These two stand-alone departments are well-managed and self-sufficient. Our major concern is undue political interference from City Hall.

PERSONNEL DEPARTMENT

Attendees at a meeting on November 2, 2021

For the Personnel Department: Wendy Macy (General Manager); Jenny Yau (Manager, Administrative Services)

For the Budget Advocates: Jay Handal, Jennifer Goodie, Liz Amsden, Linda Gravani (Budget Representative, Lake Balboa)

RECOMMENDATIONS

- Overhaul the Civil Service system
- Moving forward during harsh economic times, insist the Mayor and Council DO NOT slide rule cut the department, causing years of rebuilding
- Approve all positions as requested in the new budget.
- Fully fund the department for all required services given to each department
- Approve funding for IT needs in order to streamline record keeping for efficiency and cost savings

DISCUSSION

Each fiscal year that the City is in fiscal crisis, the elected officials implement a slide rule cut to each department. The unintended consequence is that the Personnel Department remains extremely underfunded and understaffed, causing a log jam in hiring for up to 24 months after new dollars are allocated for positions. This causes revenue generating departments, as well as critical service departments, to remain shortly staffed and the citizens underserved. This practice must end.

This department is integral to the City and how quickly the City can recover and generate additional revenues to cover projected future short falls of revenues.

Out of 600, there was a loss of 62 positions (10%), creating effects of the Early Retirement Incentive Program (ERIP) all over again. Repercussions from loss of human resources reverberate throughout the City, causing economic damage and stalling recovery by most City departments due to lack of hiring.

And, as a consequence of the pandemic, demand on the department's staff is up 25%, with the executive team now working almost 100% on COVID-related projects.

Requiring the department to handle the logistics of COVID for the entire City government, including oversight of the vaccine mandate for over 50,000 employees, over 5,000 waivers, and

all necessary testing, has significantly undermined its ability to perform its primary obligation which is to service the hiring needs of all other departments.

The requested 106 positions is modest compared to the demand, and, in scope, these positions will help hire hundreds of approved positions needed to serve our City better.

In the meantime, a focus on this department is critical to getting the City back up to the quality of service our stakeholders pay for and deserve, which means hiring in important positions. The recommendations made can help achieve this goal sooner than later.

CONCLUSION

The City Council should fully review the Personnel Department's requests and act on them forthwith.

LOS ANGELES POLICE DEPARTMENT LOS ANGELES POLICE PROTECTIVE LEAGUE

Attendees at meetings with the Los Angeles Police Department on November 16, 2021, and December 2, 2021

For the Los Angeles Police Department: Dominic Choi (Assistant Chief); Annemarie Sauer (Police Administrator III); Thom Brennan (Police Administrator II); Patricia Paterno (Sr. Management Analyst II); Dorothy Russo (Sr. Management Analyst I)

For the Budget Advocates: Jay Handal, Jon Liberman, Brandon Pender, Jennifer Goodie, Garry Fordyce

Attendees at a meeting with the Los Angeles Police Protective League on January 20, 2022

For the Los Angeles Police Protective League: Craig Lally (President); Teresa Ochoa (Assistant to President)

For the Budget Advocates: Brandon Pender, Jay Handal, Jon Liberman, Garry Fordyce, Liz Amsden

RECOMMENDATIONS

- Recognize that public safety is a fundamental obligation of City governance and establish budgetary processes to right-size the staffing of sworn officers and civilian positions
- Fully fund a minimum of 294 additional sworn officers to bring the total number of sworn officers up to 10,000 officers within fiscal year 2022-23
- Restore, at a minimum, the 93 civilian positions lost in the current fiscal year to bring the total number of funded civilian positions up to at least 2,905
- Require the Personnel Department to upgrade their processing so that each class of trainees for sworn officers has a minimum of fifty qualified trainees enrolled in the class.
- Mandate that, as of July 1, 2022, the Personnel Department process police recruits for the LAPD within 90 days of receiving requests to hire
- Require the LAPD to submit a plan with funding requirements to provide for the training of up to 1,500 additional trainees during fiscal year 2023-24 to bring the LAPD up to strength
- Subject to such plan's approval by the LAPD and the City Council, fund such plan
- Fully fund and implement programs to improve morale in LAPD and improve retention including:
 - additional training and psychological testing for officers to reduce job stress

- developing a program for family members of sworn officers to aid in the recognition and reduction of job-related stress levels
- Fully fund by fiscal year 2023-24 the rolling replacement of police cars and motorcycles to ensure sufficient vehicles are provided for officers to safely and reliably perform their jobs
- Continue to fund the modernization of LAPD technology
- Add civilian personnel to better respond to non-emergency/social issue calls, freeing up sworn officers to better address criminal activity

BACKGROUND

This report differs from previous years in that the Budget Advocates are trying to look at the Los Angeles Police Department (LAPD) and the Los Angeles Police Protective League (LAPPL), which represents the sworn members of the LAPD, as a complete entity. This means combining both LAPD management and labor views in a single report to try and evaluate whether the LAPD currently meets the expectations of the City and its stakeholders.

There are several factors that go into this approach:

1. The LAPD is the largest single component of the City's General Fund budget. As such, the past year's budgeting have been influenced by extraneous factors such as projected revenue and the needs/desires of other City departments to advocate for their departmental "pet" projects, resulting in several LAPD line items being postponed or eliminated
2. The past two years of the COVID pandemic radically affected the country, both economically and emotionally

The nationwide protests over various police departments' involvement with deaths of people of color led to an initial response to defund the police. This has polarized the environment in which police officers are viewed, and has had a severe impact on police morale. It has also brought to the forefront a very legitimate question: are the police are being tasked with jobs that could be better undertaken by other professionals such as therapists or social workers.

DISCUSSION

Number of LAPD Sworn Officers

LAPD has historically asked for staffing of between 10,000 to 12,500 officers. The LAPD request for staffing in FY 2022-23 is for 9,800 sworn officers. In part it is based on retaining a significant portion of their existing staff. According to the LAPPL, the LAPD loses about five hundred officers a year due to retirement or other reasons. The LAPPL believes that this number is currently about eight hundred officers. For this reason alone, the total number of sworn officers should be brought back up to 10,000 by the end of fiscal year 2022-23.

However, there are legitimate concerns that with increased levels of violent crime in Los Angeles and the need to build up the LAPD force for the 2028 Olympics, this 10,000-member force may need to be increased significantly. According to Craig Lally, the last time that the Olympics were held in Los Angeles resulted in an increase in the force approximately four years prior to the Olympics.

Ten thousand should be considered an absolute minimum of what is needed, and there is support for a significantly higher number of sworn officers. Chief Moore, in his report to the Police Commission on November 18, 2021, stated that LAPD is committed to retaining response times of seven minutes for emergencies, 20 minutes for level 2 calls, and one hour for non-emergency calls. The goal should not be retaining of these response times, but that they be improved.

Personnel Department

A critical component of improving successful police recruitment in Los Angeles would be to reduce the processing time from the applicant completing an application to starting the academy, which, at the moment, exceeds 90 days.

The LAPPL reports that currently 20-40 officers are on loan to the Personnel Department to process background checks on the recruits removing them from performing their regular duties.

Neither is acceptable. The City must address the staffing problems of the Personnel Department now to ensure that it is adequately funded and staffed to operate efficiently on behalf of all other departments but, most importantly the department tasked with the safety of our City.

Civilian Employees

The LAPPL also noted that significant numbers of sworn officers are devoted to non-criminal related activities. Sworn officers are stuck behind desks at police stations functioning in clerical and administrative roles because LAPD has not been allowed to hire civilian employees to do these jobs.

Six hundred civilian hires would put 600 more pairs of feet back on the street without the premium costs of sworn officer salaries or the cost of their training.

Those officers on loan to the Personnel Department to handle background checks could easily be replaced by civilians, returning them to the work for which they were actually hired.

Another way to increase police performing police work is for the LAPD and the Personnel Department to work together and add civilian employees to respond to calls for assistance that are not related to criminal activity but arise from homelessness, relationship disputes, mental illness and other non-emergency issues.

These hires would not be sworn officers but would be civilian employees of the City drawn from the LAPD, other City or County departments or agencies, or be a contracted employee of a private company or non-profit, and be fully trained in confrontation de-escalation and dispute resolution.

Training of Recruits

The LAPD currently has the capacity to run thirteen classes a year for training recruits. These classes are limited to fifty recruits a class but that would still be 650 trainees enrolled each year if all classes were filled, although not all enrollees successfully complete the course.

This course costs over \$100,000 per trainee and the upside is that this is one of the pre-eminent training courses in the country. The downside is that other police departments are aware of this, and attempt to hire LAPD training graduates to fill their own rosters by offering signing bonuses ranging from \$5,000-\$50,000 as well as offering significant tax incentives for relocation.

The LAPPL noted that the need was not necessarily more classes but more and better recruiting by the Personnel Department. The class immediately prior to these meetings started with only thirty-six recruits out of fifty. If this is due to staffing shortage in the Personnel Department, the City must immediately provide it with sufficient resources to remedy the problem so it can fulfill its obligation to recruit and hire needed staff for the LAPD and other City departments.

The City should request statistics for the past 10 years about the number of police officers leaving the LAPD or retiring. This is a key factor in determining the number of recruits needed to create a sustainable force of sworn officers.

To retain an appropriate size police force and prepare for the future, the LAPD needs to more than double its capacity to train recruits, perhaps to as many as 1,500 recruits per year.

Morale of Sworn Officers

With the national attention on problems associated with inequitable treatment of people by some police officers due to race, creed, color or economic status, there has been a generalized blaming of all police officers as opposed to calling out those individuals who behave badly. This led to increased demoralization across the force.

Additionally, the lack of sufficient staffing has required more overtime at the same time that cash overtime payments have been reduced due to reduced income caused by COVID measures.

The obligation that the LAPD continue to be the primary point of contact for homeless issues, domestic disputes, and mental illness has led to further job dissatisfaction, leading LAPD officers to retire early or move to other police jurisdictions.

Self-image in the wake of the Black Lives Matter movement, time away from the family due to mandatory overtime, concern about the officer's safety while on the job, and the risks of driving poorly maintained City vehicles has also demoralized the spouses and families of LAPD sworn officers.

The comments of some elected Los Angeles City officials over the past two years have added to the morale problem by creating an impression that the Mayor and City Council are "anti-LAPD."

Modernization of the Patrol Fleet

In his November 18, 2021 report to the Police Commission, Chief Moore specified that the out-of-service rate of the patrol vehicles was at 15 %, above industry standard. In part because of budgetary concerns in fiscal years 2019-20 and 2020-21, far fewer black and white patrol cars were purchased. This has resulted in an aging fleet with high mileage on the cars. This was exacerbated by the difficulty to obtain parts and that a number of mechanics and supervisors accepted early retirement under the SIPS program and were not replaced.

The Chief is now projecting an out-of-service rate of 18% which is unacceptable. The inability of the police to respond to calls on a timely basis, and the increased chance of accidents due to poor vehicle condition puts both sworn officers and the public at risk.

It is time to recognize that the City can no longer continue to kick this can down the road. The current budget should be adjusted to resolve this problem within the next two fiscal years. Fifty percent of the necessary vehicle purchases should occur in fiscal year 2022-23 with the remaining vehicles purchased in fiscal year 2023-24.

The budget for civilian staff should be increased sufficiently this year to, at a minimum, replace the mechanics and supervisors that were let go during economic downturn of the past few years.

CONCLUSION

Police Chief Moore also stated in his report to the Police Commission that: "The primary goal of the Department's proposed budget is to have the personnel, both sworn and civilian, the equipment, and the technology that is necessary to achieve its core function of making the City safe and secure, protecting people and property and preserving peace in the community."

Based on our review of the LAPD, the Budget Advocates agree. With the influx of federal funds this year the City needs to take major strides to correct what was ignored for the past several years, and invest resources where they are needed to fulfill that core function.

DEPARTMENT OF RECREATION AND PARKS

Attendees at a meeting on November 8th, 2021

For Recreation and Parks: Michael Shull (General Manager) Noel Williams (Chief Financial Officer) Sondra Fu (Budget Management Analyst)

For the Budget Advocates: Glenn Bailey, Jamie Tijerina, Elias Garcia, Jason Hector (Budget Representative, Porter Ranch), Peter Lasky (Stakeholder, Northridge West NC)

RECOMMENDATIONS

- Continue to protect position authorities and re-approve the funding that was approved to fill positions.
- Maintain authorized positions.
- Consider making a nominal increase in golf fees.
- Apply for State of California Grants for fire prevention and maintaining open space.
- Create new Council File for a ballot measure, and/or revive Council File 19-0302 to ensure that the serious and urgent infrastructure needs of facilities citywide are met and to avoid a looming crisis.
- Adding a new ranger station as part of the forthcoming aquatic center in the Sepulveda Basin; continue pursuing additional ranger stations citywide.
- Funding of summer camps, child care, kids programming should be a priority.

DISCUSSION

On November 8th, 2021, a team of Budget Advocates, Budget Representatives, and Stakeholders from diverse neighborhoods in the City of Los Angeles met to discuss the status of the Department of Recreation and Parks and the necessary budgetary recommendations to ensure that the needs of all Angelenos can be met by the department. This report begins with a re-cap of a few key points from the previous year's report to provide the context under which the Department of Recreation and Parks has been operating in the past few years, and how it typically operates. This context is a key piece that will help underscore the recommendations for this upcoming Fiscal Year. It concludes with a set of recommendations for the upcoming fiscal year.

Pre-Pandemic

The Department of Recreation and Parks (RAP) is one of the few departments that generates revenue consistently through public benefit and provision of services to communities.

Prior to the pandemic, RAP's typical generated revenue was approximately \$60 million per year. Revenue sources included live events at city-owned venues such as the Greek Theater (netting approximately \$6 million per year after paying staff wages and other operational expenses, with gross revenue of \$35 million per year) and recreation fees, to name some sources.

During the Pandemic

Due to the required lockdowns to promote public health and safety, nearly all of RAP's usual operations pertaining to traditional events and programming were halted. This meant no more live events, no more team sports, and more. In 2020, RAP lost approximately \$50 million in revenues.

In 2021 RAP lost \$20 million in revenues. One of the few organized recreational activities that could continue during the pandemic was Golf offerings since this can safely be done in a socially and physically distanced manner. Golf has been a lifeline in terms of revenue for the department.

Despite the closing of some facilities, RAP has needed to continue maintenance operations of its parks and land. Even prior to the pandemic, the department faced challenges with staffing. But the pandemic has exacerbated these issues.

Although RAP's more traditional offerings were not able to continue normally during the early pandemic, it doesn't mean the department was inactive. On the contrary – RAP sprung into action, shifting gears to play a large role in the emergency response to COVID throughout the pandemic.

RAP placed many of its recreational facilities into use as 24/7 homeless shelters, as alternative learning centers for K-12 students, and for after-school programming. Additionally, RAP is operating four different vaccination sites. The homeless sheltering had staff on hand around the clock and provided food and shelter to those who needed it.

CARES Act funds allowed the learning centers to provide students with breakfast, lunch, and free access to wi-fi so they can safely attend their remote learning. To promote safety of staff and the public, staff are tested weekly for COVID. Existing lifeguard staff received training in order to be deployed to do temperature checks on people accessing the facility, and to monitor safety.

Prior to the pandemic, many of the recreation facilities were in need of wi-fi access, but the urgent need for access for students using RAP's learning centers resulted in expedited installation, which will enhance the abilities of the recreation facilities to serve its communities in the long-term, long after this pandemic ends.

The March 2020 CARES Act provided the City of LA and RAP with the resources needed to be able to add wi-fi services to 60 different recreation centers citywide within the short span of only one month in order to accommodate the needs of our LA students. In 2020-2021, this

same federal funding also allowed summer camp programming to be offered free of charge. However, for this upcoming fiscal year, this federal funding will be depleted.

SUMMARY

Continue to protect position authorities and re-approve the funding that was approved in the previous fiscal year for positions.

So far, over 120 positions, including essential positions that have been historically difficult to fill (such as garden caretakers and maintenance workers) have been filled. However, it is taking extra time to fill the over 400 open positions within the department, due to the importance of following all COVID protocols, as well as cuts within the personnel department in last year's budget.

It is critical that the city re-approve the funding and continue to protect those open positions, and restore the 140 positions RAP lost due to the Separation Incentive Program and the 72 lost to “restoring services.” The request is to keep those positions in next fiscal year’s budget for a total of 217 total authorized and funded positions.

Consider making a nominal increase to golf fees.

There has been an overwhelming demand for use of the golf facilities. They are booked out far ahead and well utilized given that this is an activity that can be enjoyed safely outdoors. Fees in LA City are low in comparison to similar courses run by LA County. A small, nominal increase in fees will help address revenue issues without jeopardizing affordability for Angelenos.

Apply for State of California Grants for fire prevention and maintaining open space.

Help ensure that adequate funding exists for fire prevention and maintenance of the open spaces.

Create a new Council File for an upcoming ballot measure and/or revive CF 19-0302.

Of the \$100MM capital improvements needed, RAP is about halfway toward achieving the improvements. These include mostly lighting, security cameras, and restrooms. The GM has warned of a looming infrastructure crisis. His warning is underscored by public outcries about the lack of restroom facilities and lighting. Many such outcries have been concentrated in Region 8, including but not limited to Garvanza Park, Highland Park, and Boyle Heights, but their concerns are shared citywide. There is an urgent need for a new Park Bond Measure as Prop K money is expiring within the next 6-7 years.

Something significantly more comprehensive than Prop K will be necessary to ensure that all infrastructure improvements can be completed, especially for the most severely dilapidated facilities. Los Angeles is only 6 years away from the LA2028 Olympic Games, but the city is not ready for such an undertaking if it can’t serve the people who live here. It is absolutely critical to avoid an infrastructure crisis by being fiscally and politically proactive and providing the Department of Recreation and Parks with the funding it needs to serve Angelenos here and now.

Adding a new ranger station as part of the forthcoming aquatic center in the Sepulveda Basin and continuing to pursue additional ranger stations citywide.

There has been little process in terms of the creation of new Ranger Stations, including those outlined in the 2018 Report. There is agreement that the Sepulveda Basin is in need of such a facility. There are still 20 ranger vacancies to fill; staffing of park ranger positions has been a longstanding issue due to a number of factors including the length of time of the onboarding process and training through the Police Academy, the educational qualifications, COVID, and more. This was also discussed in the 2018 report. Additionally, current rangers have been asking to be armed; this is currently under consideration by the LA City Council.

Prioritize the funding for summer camps, child care, and kids programming.

In 2020-21, summer camps were free because of federal funding. But in this upcoming fiscal year, that funding will be fully depleted. While camps and child care may be subsidized in some lower income areas, the one-time funding that made those programs entirely free will not be available. During a worldwide pandemic, when child care costs are soaring and families still need additional support, prioritizing funding summer camps, child care, and kids programming would be a major service to Angelenos.

BUREAU OF SANITATION

Attendees at a meeting on December 3, 2021

For Sanitation and Environment: Lisa B. Mowery (Chief Financial Officer)

For the Budget Advocates: Sheryl Akerblom, Lee Blumenfeld, Glenn Bailey, Liz Amsden; Budget Representative Jason Hector, and stakeholders John Wingler and Peter Lasky

RECOMMENDATIONS

- Replace aging trash collection trucks to reduce maintenance costs
- Request a Municipal Code change on building remodels to ensure full compliance with all City codes to avoid expensive infrastructure repairs
- Create an enforcement mechanism to compel all buildings are brought up to Code including a sliding scale of fines that will escalate for continued non-compliance
- Evaluate and act on recommendations to avoid spills such as occurred at the Hyperion Water Reclamation Plant in July 2021 and similar infrastructure failures
- Encourage the City to establish camping/homelessness zones with necessary facilities to reduce clean-up labor
- Accelerate moving residents and businesses towards the City's zero-waste goals to reduce environmental impact

DISCUSSION

The Bureau of Sanitation, aka LA Sanitation & Environment, (LASAN) is part of the Department of Public Works; accordingly, it encompasses four program areas: Clean Water (wastewater), Environmental Quality (livability) Program, Solid Resources (solid waste management) and the Watershed Protection Program (stormwater). These infrastructure programs collect, treat, recycle, and dispose of the solid and liquid waste generated by the nation's second largest city.

LASAN has a new Director and General Manager, Barbara Romero, who comes in with solid knowledge about the Bureau. Before taking on her current role, she was a commissioner at the Board of Public Works and then Deputy Mayor of City Services and has demonstrated a strong commitment to the environment.

Trucks

Since the cost to maintain existing vehicles, a significant number of which are 10 years old or more, will only increase as they age, the City should support providing sufficient funds to replace them.

Bids for the purchase of hybrid and electric vehicles must be predicated on those trucks having sufficient torque to operate in the City's hills and meet projected future capacity requirements. Again, LASAN must be transparent and up front with its customers to justify any needed rate increases.

LASAN should also apply for federal infrastructure funds for such one-time acquisitions as well as exploring other subsidies and grants to increase their purchasing power in addition to requesting monies through the Municipal Improvement Corporation of Los Angeles (MICLA).

Wastewater

Illegal private property connections are one of the primary causes of spills and costly repairs. LASAN needs an effective enforcement mechanism to require individual property owners to inspect and correct them.

As a first step, LASAN must call for a change to the Municipal Code to require building remodels to have a sewer lateral inspection and rehabilitation before a Certificate of Occupancy is issued or renewed.

In addition, LASAN must establish a reporting system for tree root issues, illegal construction and alterations, and other issues that affect sustainability in lateral and secondary sewer lines. It must then implement an effective system for notification of property owners, setting repair deadlines and enforcing fines for non-compliance.

Providing incentives for homeowners to inspect their sewers for invasive roots and incipient structural damage will allow for proactive repairs and limit costs to both customer and City.

A previous recommendation was to hire at least one in-house sewer construction crew to handle simple repairs, a cost to be offset by the savings on bidding and oversight, and rush charges. These could also expand use of proactive closed-circuit television assessments and repairs, at cost magnitudes less than when a sewer breaks and for indiscriminate chemical root clearing.

Federal infrastructure money should be sought to fund some of LASAN's capital improvement plans including the replacement of many of the City's 80 to 100-year-old sewers.

Rate Increases

After a six-fold increase between 2004 and 2008, the Solid Resources Fee has not been raised since, and the difference between LASAN's costs and what it charges customers is currently subsidized by the General Fund.

In these financial times, full cost recovery models are encouraged, but are they feasible? Certainly not using the one-size-fits-all approach that has hamstrung the City's operating ability.

To keep increases fair and equitable, it is essential that LASAN justify increased rates with improved services. Equally, it must provide support for those who need it and penalize those who disregard the rules, and keep everything transparent so people understand what is happening and why.

Giving people reasonable options where they can have a sense of control – i.e. reduce garbage or pay more – is more likely to be acceptable to people. Additionally, education and phasing-in periods which allow people to make lifestyle changes that cannot be made overnight while taking longer are far more likely to achieve success.

LASAN should develop a loan program for lower income families so they can address mandated sewer repairs which can be repaid over time, while abuses by better-off customers should be severely penalized. Too often flouters of the regulations, especially developers and the well-heeled, see fines as just a cost of doing business. There needs to be a sliding scale so maximum pain and gain can be exacted without jeopardizing basic family financial necessities.

Hyperion

In January a comprehensive report will be released on the July 2021 sewage spill at Hyperion Water Reclamation Plant that flooded the plant, damaged equipment and discharged sewage into Santa Monica Bay, closing beaches.

While the cost of the damage and repair is not yet known, and estimated in the millions of dollars, the city is on track to at least get part of the cost returned by a \$15 million dollar insurance payment.

Expected recommendations to improve the resiliency at the plant and system-wide will require more capital investment, funding for which should be sought through the federal infrastructure deal as well as MICLA.

Staffing

Staffing losses from last year's hiring moratorium and Separation Incentive Program, in addition to retirement, illness, migration to LADWP for higher salaries and the vaccine mandate, have had a significant impact on LASAN's ability to effectively provide services.

As was stated previously with regards to its drivers but is equally applicable to all positions, adequate staffing improves safety and morale, and benefits customers. Furthermore, proper staffing can reduce sick days and liability pay-outs – short-staffing can lead to exhaustion, burn-out and accidents.

As in all City departments, LASAN's Human Resources staff has spent a lot of time dealing with the vaccination mandate on top of losing personnel due to the mandate, which has further slowed the hiring process.

Revenue and expenses

LASAN has faced numerous challenges due to the pandemic including reductions to revenues, less efficiency due to illness and quarantine, and additional costs for personal protection equipment (PPE).

The loss in revenue was offset at least in part by the \$36 Million received from a new source, the Measure W Safe, Clean Water fees, so fiscal year 2020-2021 income remained about the same as the previous year at \$1.2 Billion. However, their costs – for mandatory upgrades, sewer repairs, garbage collection and homelessness-related costs – continue to increase.

Some of these are partially reimbursed by other programs and funds, but the City needs to take a holistic approach to addressing these costs before they spiral out of control.

Homeless Services

Livability Services continue to grow. The mayor included funding for additional CARE+ teams in the 2020-2021 budget, but no positions were added for the Bureau.

LASAN currently uses unappropriated funds to fully fund teams, ensuring one for each Council District. To address the challenge of finding space for the additional teams, they have gone to a second shift which can use the existing facilities and vehicles.

LASAN is also expanding the storage program for personal property collected during cleanups. Additional mobile hygiene centers are being deployed in 2022 and there is a new Request for Proposal that the CAO is working on for homeless outreach.

Two years ago, LASAN was spending over \$40 million on homeless encampment cleanups. The cost per cleanup can vary widely due to size, types of materials, etc. and funding can come from various sources. According to the 2021-2022 Blue Book, Bureau costs for running these programs were \$26,586,571 combined.

Restricting homelessness encampments to specific areas where those tasked with providing services can help might be one way to improve quality of life for all and make cleanups more efficient.

What is clear is that the City must address all aspects of homelessness to protect the interests of all Angelenos, and stop the patchwork quilt of programs and mitigations that are currently ineffective.

Senate Bill 1383

Effective January 1, 2022, state law requires everyone in California to separate organic material from their other garbage to curb methane gas emissions from organics as well as to reduce trash taken to landfills. Implementation of this law is being phased in neighborhood by neighborhood. Methane is a major contributor to global warming and is considered up to 80

times more toxic than carbon dioxide. Non-compliance could lead to fines of up to \$500 a day for residents and businesses while the City could be dinged \$10,000 a day per violation.

LASAN must use what they have learned from the Curb Your Food Waste LA pilot program to finalize an effective strategy for compliance.

Given that CalRecycle suggests that organic recycling would require a waste collection fee increase of less than 5% but, reportedly, a number of cities expect to raise rates as high as 20% or more, LASAN must also learn from the shortcomings of the RecycLA roll-out to transparently explain and justify any increases to all its customers.

SUMMARY

Priorities for LASAN are to align its progress in solid waste and water management with existing state and federal regulations and get ahead of the curve in improving its systems and its services to its customers and the environment.

At the same time LASAN must take necessary steps to balance its books while avoiding increased hardship for less well-off Angelenos.

Links to additional information: [Article on sewer concerns](#), [LASAN's Clean Water Capital Improvement Program](#)

BUREAU OF STREET LIGHTING

Attendees at a meeting on December 8, 2021

For the Bureau of Street Lighting: Megan Hackney (Assistant Director and Executive Officer); Kerney Marine (Assistant Director)

For the Budget Advocates: Kay Hartman, Carol Newman

RECOMMENDATIONS

- Work with Neighborhood Councils in neighborhoods targeted for public wi-fi to receive their input on what they want and where they want it [*no additional cost; community involvement*]
- Extract Smart City Goals table from the 5-year strategic plan and publish on the Department's own web page where actual results can be shared with the public [*no additional cost; increased transparency*]
- Expedite a ballot initiative to increase lighting district funding [*could result in additional funds for maintaining lighting and fighting copper wire theft and power theft*]

DISCUSSION

The mission of the Bureau of Street Lighting (BSL) is to provide reliable, safe lighting for all residents and visitors, lighting the way for Angelenos. It is responsible for the design, construction, operation, maintenance and repair of the street lighting system within the City of Los Angeles. There are currently more than 210,000 lights in the City consisting of more than 400 designs.

Streetlights provide illumination for city roadways and sidewalk areas. The main purpose of a lighting design is to provide comfortable visibility that will encourage vehicular and pedestrian traffic. All lighting installed in the City is designed to meet National Lighting levels that provide visibility and reduce sky glow and glare. All streetlights installed are tested for efficiency, safety, and maintainability.

The Bureau has a 5-year strategic plan covering 2020-2025. The 5-year plan includes a table with its Smart City goals for roll outs of 8 programs. It would be useful to extract this table to a web page and document actual achievement as compared to goals.

BSL's main goal for the next year is to keep the street lights on and maintain public safety. There are ideas for additional projects some of which are discussed in this report.

Revenue

The current fiscal year budget for the BSL is \$41 million, representing a decrease from the FY 2019-2020 budget of \$42.9 million and an increase from the FY 2020-2021 of \$40 million.

Approximately 92% of the BSL's budget is paid by special funds. Generally, the BSL receives very little General Fund money.

The BSL's primary source of funds, the City's Street Lighting District Assessment, has been frozen at 1996 levels because of Proposition 218. This is not a sustainable model, but due to Proposition 218 the City may not increase the fees or change the fee structure. BSL is planning a City ballot measure to update over 550,000 frozen parcels to current costs so it can properly maintain the streetlights.

BSL started a group dedicated to applying for grant money. There is a lot that can be done with street lights and there are a lot of them. The Bureau received a grant from NASA to measure air quality so now there are sensors on top of some poles.

Another important potential source of revenue for BSL and the City is the co-location program, in which telecommunication companies lease BSL's poles to install their equipment, primarily small cell antennas up to this point. BSL's staff does the work and recoups all of the costs, and the companies pay a lease fee to the City. BSL may be able to expand this program in the future with electric vehicle (EV) chargers, possibly broadband equipment, and "code the curb" equipment (to monitor parking spaces).

Staffing

BSL requested and was granted 16 positions to address copper wire theft and power theft from the poles. Still, the Bureau had a net loss of staffing. Twenty-seven positions, 8% of the staff, were lost to the Separation Incentive Program (SIP). The Bureau was required last year to cut its budget by 3% which made filling positions problematic. The sixteen new positions were for a half year so hiring can't start until January 2022.

Even after the SIP, 16% of the staff remains eligible for retirement. The Bureau is working on transferring historical knowledge and increasing training so people will be in the right positions to be able to move into promotions when they become available.

BSL is giving new engineers training in all aspects of the Bureau through a rotation system. It is also moving managers around to spread internal knowledge. This system was impacted by COVID and the Bureau is working to get it back on track.

The Bureau tries to treat its staff well. For example, when people were working in the office, there were ping pong clubs and lunch time training. There was good camaraderie. In general, people think BSL is a good place to work.

COVID

BSL has been able to maintain all services during the COVID emergency. Many services were moved online and are now fully electronic. On the other hand, the Bureau was not able to meet all of its milestones. This is understandable given staff being sick or quarantined and having to be reassigned. Ten percent of the Bureau participated in the Disaster Workers

Program (reassignment). A few employees are still working as contact tracers. The pandemic also caused materials and contracting work delays. The vaccines have improved the outlook for this year.

To mitigate the personnel outages, the Bureau staggered work shifts. Logistics were challenging as was maintaining a high morale. The COVID safety rules were hard on the field workers.

Field personnel have been coming in throughout the pandemic. Half of the Bureau's staff is working from home. BLS has had a good experience with telecommuting. It is not in a rush to undo it and is considering a hybrid model and trickling people back.

Public Wi-fi

BLS received a \$2.1 million grant to implement public wi-fi in disadvantaged neighborhoods. It released a Request for Information (RFI) to learn about the technologies and other aspects required for deployment.

As indicated above, the BSL works with telecommunication companies to attach small antennae to the street light poles. The telecoms want the antennae where they want them. The City wants antennae in communities where there is less connectivity. These existing antennae may or may not be useful to the program.

BSL is still figuring all of this out. What are the costs? Where does the IT come from? The Department of Public Works is in the right of way all the time. Can it tap into what already exists, such as fiber, while the ground is open?

It is clear public wi-fi is in its embryonic stage. Talking to Neighborhood Councils once the responses to the RFI are received could help provide another source of information to the Bureau.

Electric Vehicle Charging Stations

BSL is installing EV chargers around the city. A level 1 charger charges at 120 volts in an AC socket. A level 2 charger charges at 240 volts in an AC socket. While a level 2 charger charges at twice the rate of a level 1 charger, both require considerable time to charge, overnight or more. DC chargers (sometimes called level 3) charge at a much more rapid rate, but require wiring for a DC connection and can cause the car's battery pack not to last as long. The existing light poles are all wired for AC.

The Bureau has been installing 150 charging stations a year, although none were installed last year due to COVID. It has a 5-year plan to achieve a rate of 1000 charging stations installed each year with the goal of 10,000 EV chargers on our street lights. The plan is for 100% level 2 chargers.

The EV charging stations are funded exclusively through the Municipal Improvement Corporation of Los Angeles (MICLA) and the Special Gas Tax Improvement Fund. MICLA is a non-profit foundation that provides financial assistance to the City and is managed by the City's executive team. Some MICLA funds are loans; the funds for the EV charging stations are not loans.

Once installed, the charging stations may generate revenue that could directly support program maintenance while charging would be free in disadvantaged neighborhoods.

SUMMARY

The Bureau of Street Lighting did a good job of maintaining services during the COVID emergency and is working to recover. It is working on some interesting projects that promote a "Smart City." Fundamentally, it is working on keeping the street lights on and it is meeting that goal while handling challenges successfully.

YOUTH DEVELOPMENT DEPARTMENT

Attendees at a meeting on February 18, 2022

For the Youth Development Department: Lisa Salazar (General Manager); Ramon Covarrubias (Analyst)

For the Budget Advocates: Glenn Bailey and Jack Humphreville

RECOMMENDATIONS

- Proceed as planned in developing Youth Development Strategic Plan
- Educate the public about Youth Development Department (YDD) and all youth programs
- Develop system of accountability in conjunction with the Working Group

DISCUSSION

The Youth Development Department (YDD) is a new member of the City family. It is charged with developing a three year Youth Development Strategic Plan that will present a roadmap on how the department will coordinate the efforts of “City departments to strengthen service delivery, programming offerings, policy development, and overall outcomes for youth.”

YDD will also lead the Youth Development Interdepartmental Working Group consisting of the relevant city departments. This group will meet quarterly and will help YDD coordinate the delivery of services to LA’s youth.

YDD will also oversee the LA City Youth Council that consists of 30 members who will have the opportunity to learn how the city functions.

The Department will also work with other organizations such as the Los Angeles Unified School District and the Los Angeles Community College District.

Additionally, YDD is charged with exploring grant and other funding opportunities available for youth services at the local, regional, state, and national level. This includes the State which has over \$150 million to hand out statewide, including \$53 million to the city, through June 2024.

Overall, the city has \$178 million in 133 youth related programs across 26 departments.

REVENUE AND STAFFING

The YDD adopted budget is \$1.07 million, funded through the General Fund. Related costs are expected to be in the range of \$400,000.

The major expense is personnel. There are eight positions that are currently filled.

SUMMARY

While a new department, the General Manager has a good understanding of the city, its departments, and the related politics. She is sensitive to departmental budget issues. The main goal is to get everybody rowing in the same direction.

References:**References:**

Council File 21-0905

Youth Development and Engagement Strategies / Liaisons / City Departments / Youth Programs

<https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=21-0905>

Council File 21-1198

Youth Development Strategic Plan / Unappropriated Balance / Youth Development Department / Fund Transfer

<https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=21-1198>

LOS ANGELES CITY COUNCIL

Attendees at a meeting on November 15, 2021

For the Chief Legislative Analyst: Avak Keotahian (Assistant Chief Legislative Analyst)

For the Budget Advocates: Kay Hartman, Jack Humphreville, Barbara Ringuette

Attendees at a meeting on December 10, 2021

For Council District 3: Semee Park (Senior Legislative Deputy); Jeff Jacobberger (Legislative Deputy)

For the Budget Advocates: Kay Hartman, Barbara Ringuette

Attendees at a meeting on December 13, 2021

For Council District 7: Lex Olbrei (Budget Liaison)

For the Budget Advocates: Kay Hartman, Barbara Ringuette

Attendees at a meeting on December 16, 2021

For Council District 14: Sean Starkey (Legislative Deputy)

For the Budget Advocates: Kay Hartman, Barbara Ringuette

RECOMMENDATIONS

- Provide budgets for the City Council Districts and for the CLA in the City Budget books, including expected discretionary fund allocations [*no additional cost; increased transparency*]
- Itemize the White Book's Exhibit G "Other Allocations" [*no additional cost; increased transparency*]
- Work with the Controller to add discretionary fund expenditures to his Control Panel so stakeholders can understand expenditures [*no additional cost; increased transparency*]
- Maintain the independence of the CLA
- Maintain and strengthen the Reserve Fund for its intended use, to protect the City in case of unforeseen emergencies [*no additional cost; prepare for future emergencies*]
- Expand funding for the Emergency Management Department and broaden its scope to improve preparedness for the next emergency [*increased cost to prepare for the next crisis*]
- Direct Councilmembers' deputies to attend meetings and work with the committees (Land Use, Transportation, etc.) of their Neighborhood Councils [*no additional cost; increased communication*]

DISCUSSION

The City Council is the Legislative branch of the Los Angeles City government. The City is divided into 15 Council Districts (CDs) while Neighborhood Councils (NCs) work in conjunction with the CDs that include their respective communities.

The City Council has a budget in the current fiscal year of \$33.2 million, that is approximately 14% lower than the 2019-2020 budget of \$38.7 million, and 4% higher than the 2020-2021 budget of \$31.9 million.

On top of the City Council budget, there are \$60 million in other costs such as pensions, human resources, building services, utilities, and others documented in Exhibit G of the Budget White Book. The bulk of the \$60 million in other costs is \$45.5 million of “Other Allocations.” \$30 million of those “Other Allocations” are from the Neighborhood Service Enhancements (\$2 million for each CD for Council-directed projects) from the General City Purposes fund (GCP). \$5.9 million of the “Other Allocations” are from Council Community Projects also from the GCP. The remaining \$9.6 million comes from other parts of the GCP, the Unappropriated Balance, and capital projects.

The City Council budget is opaque. Examples include:

- How much of the budget goes to each Councilmember?
- The current budget allocates \$32.3 million to salaries. How much staffing is allocated to each Councilmember? How much is allocated to the Chief Legislative Analyst (CLA) whose funding comes from the City Council budget?
- What are the projections for the various funds to which CD offices have access? Without estimates, stakeholders have no way to evaluate the true nature of the City Council budget.
- What are the “Other Allocations” documented in Exhibit G in the White Book?

One CD office said the budget is intentionally murky. If there’s transparency, the money will go to the squeaky wheel instead of where the greatest need is. On the other hand, a murky budget leaves City residents and stakeholders without an understanding of where their taxpayer dollars are going.

It’s notable that each City Council district is larger than every other city in the County with the exception of Long Beach. These costs must be made clear.

Discretionary Funds

Each City Council office has access to discretionary funds. The discretionary funds are money each Council office can use for District activities. Other than the Street Furniture Revenue Fund, the funds are not distributed equally and depend on the assets of the district.

There was a time when discretionary funds did not exist. If a Councilmember wanted to spend \$500 for a picnic, there needed to be a motion. There was tension between the

Councilmembers over nickels and dimes. There was a rush at the end of each fiscal year to fund projects with a public purpose in the Districts.

Over the years, the size of the discretionary funds has grown. The money now comes from the following funds.

- Convention Center Revenue
- Arts and Cultural Facilities & Services
- Proposition A Local Transit Assistance
- Central Los Angeles Recycling and Transfer Station (CLARTS) Community Amenities
- Real Property Trust (when a City property is sold, half of the money goes into the General Fund and half goes to the City Council office in which the property is located)
- Jeopardy Balance the Odds Youth Program
- State AB1290 City (funding is based on former Community Redevelopment Agency areas)
- Street Furniture Revenue
- Venice Area Surplus Real Property
- Warner Center Mobility Trust

The last year for which total money in these funds is published is 2019-2020 at \$6.25 million.

The monies from some of these funds have restricted uses and others do not. For example, the Street Furniture Revenue Fund may only be spent for street and sidewalk improvements while AB1290 Fund money may be used for any purpose. Some funds are specific to individual CD. For example, the CLARTS Community Amenities Fund is for districts that have recycling plants, such as CD 14.

Public funds, which the discretionary funds are, may only be used according to the City Charter and the Administrative Code.

GCP and AB1290 funds may be transferred to a City department without a motion; they are processed by the City Clerk. All other discretionary funds expenditures must be approved by the City Council with the concurrence of the Mayor.

Gifts to the City

Gifts to the City may be made for any public purpose and are limited by the intent of the donor. For example, a community group could donate \$20,000 to buy bullet proof vests for the Police Department. This gift would be a tax-deductible gift to the City. Any gift over \$5,000 must be accepted by a vote of the Council.

These kinds of gifts to the City are accepted by the relevant City department. They may also be made to a City Council office. Then, if they are accepted by a vote of the City Council, they are deposited into the appropriate City fund and account.

Gifts in-kind valued over \$5,000 must also be accepted by a vote of the Council and the gift is included in the inventory of the relevant department.

Contributions of \$4,999.99 and less do not require a vote of the City Council, but are still gifts to the City and they must be deposited into a City fund and cannot be spent outside of the normal City budgetary process.

Staffing

All City Council staff members, including employees of the Chief Legislative Analyst (CLA), are at-will employees, and not subject to the Civil Service.

The City Council is allocated 108 regular authority positions, including the CLA. The budget allocates \$300 thousand for salaries on an “As-Needed” basis that is used for anything beyond the 108 positions.

The CLA’s office employs 45 people. For entry level employees the CLA advertises on college campuses. They do not go through the Personnel Department. It is a policy not to hire people from the Council offices.

Chief Legislative Analyst

The CLA is part of the City Council budget, and his or her mission is to serve the City Council. The CLA is available to do work for the Council as a whole, a City Council committee, or an individual Councilmember.

CLA analysts research information for the City Council motions and sometimes write the legislation itself. The CLA prefers to prepare motions for the Councilmembers and does so when asked. Some Councilmembers prefer to write their own motions. In those cases, the CLA will edit the motions if asked. One Councilmember, for example, refused to accept any redistricting motions that did not go through the CLA first.

The CLA also helps the City Council get through the budget process and issues the City Council’s report on the final budget.

Different analysts have different expertise and are assigned to committees where their knowledge can be put to its greatest use.

On behalf of the City Council President, the CLA is responsible for all motions and resolutions. The CLA decides what happens to a motion. Does it go to committee? Does it get heard today because it is an emergency? The City Council President then approves or modifies the decision.

When the CLA does not have expertise in-house to address a legislative topic, such as a public bank, he hires someone from the outside to do the work, but this is the exception and not the rule.

The CLA is currently independent and it is critical that this independence is maintained. Politicizing this office would cost the City a precious resource that enables the best functioning of the City Council.

The CLA staff includes calligraphers and photographers. The calligraphers create certificates of appreciation and resolutions that City Councilmembers gift to members of the public. The photographers cover all City Council meetings and civic events, maintain some of the Council District web pages, maintain the photo archive, maintain an automated photo request system for the councilmembers, and produce and update the City services handbook.

COVID

The challenges created by the pandemic were numerous and everywhere. The taxes and fees on which the City most relies crashed, including the hotel tax, parking revenue and fines, and recreation and parks fees. The financial damage was a \$600 million shortfall. There was massive unemployment. People needed food and housing.

At the beginning of the pandemic, the County wasn't stepping up, so the City did.

There was no game plan. The City Council prefers to reflect and make thoughtful decisions, but there was no time. The Councilmembers had to react immediately to get the word out and deliver programs and services to Angelenos.

In response, the City opened up the Department of Aging's meals program; it switched from providing meals at senior centers to delivering food.

Recreation centers were converted into facilities for the unhoused.

The L.A. Al Fresco dining program helped save some businesses. Parking was converted to seating, and to pickup and delivery areas.

The Information Technology Agency (ITA) enabled 18,000 City workers to work from home within 10 days. The City was lucky to have a great ITA manager who could, along with the ITA team, steward the City's transition.

Departments providing in-person services moved to remote models. Documents requiring physical signatures moved to electronic signatures. Going forward, the City should support a hybrid model.

Neighborhood Councils were given greater emergency powers to be able to act more flexibly and expeditiously in their communities.

Some Council offices used money from their discretionary funds to provide food, and residential and commercial rent relief. They provided sanitation stations for homeless encampments. For at least some of the Council offices, feeding vulnerable populations was a

priority. Some also used discretionary funds to provide face masks, hand sanitizer, and other equipment to first responders.

The Reserve Fund cushioned the financial impact. The City also borrowed from its Building and Safety Fund. Now, the Budget and Finance Committee is trying to protect the City's Reserve Fund at a level closer to the 10% which is the City's stated target.

Just in the nick of time, the \$240 million from the Federal CARES Act came in. It was used for testing and the vaccine rollout. The money from the American Rescue Plan that followed helped the City stabilize its finances. Last year's money was filling the hole. This year's money is revenue replacement. The City Administrative Office (CAO) is watching this money very carefully so none of it is clawed back.

The majority of the Federal money covers personnel costs, although some of it was used to create programs such as Guaranteed Basic Income, Los Angeles Reforms for Equity and Public Acknowledgement of Institutional Racism (LA REPAIR), and the Angeleno Corps. An additional \$10 million is allocated for bridging the digital divide.

The City was required to hire additional staff on the consulting/non-profit end. Over time, the process for this must be tightened.

The biggest failure in the pandemic response was the State's. The Employment Development Department (EDD) was unprepared. This caused the City to have to do more than it would otherwise have to.

The Emergency Management Department is set up to primarily handle earthquakes and fires. However, the scope of this pandemic made it an all-hands-on-deck crisis. Some of the emergency response is allocated to and conducted through programs like Ready Your Los Angeles Neighborhood (RYLAN). At least one Council office thinks EMD is underfunded and understaffed for its core mission.

Now, the City needs to focus on collecting its FEMA reimbursements. The City submitted hundreds of millions of dollars to FEMA for reimbursement and, so far, has received a fraction of what is due.

Neighborhood Councils

Deputies for CD offices attend NC board meetings and respond to communications from the Neighborhood Councils. NCs have the most power when they point out services on-the-ground that are not delivered.

However, none of the City Council officials who met with the Budget Advocates spoke of sending deputies to NC committee meetings although these are where the real work of the NCs is done, and where CD deputies could receive the most input and have the greatest impact on improving services for their constituents.

Housing

The City made unprecedented moves to address housing concerns in recent years, notably HHH and linkage fees. These are moving us in the right direction.

If we spend more money on housing, what do we spend less on? This is the challenge. The City is underinvested in a lot of areas.

Developers in the City want to build, but the City Council needs to structure the process so it achieves the desired results. It can't all be market rate and luxury housing.

Without homes for the workforce businesses depend on to build their projects, pump their gas, stock their shelves, and clean their offices, companies the City seeks to attract will follow the workers away from Los Angeles. Requiring inclusionary housing is a direction the City should be actively pursuing.

The City Planning Department's new Housing Element is attempting to establish a framework for this. The State did not approve the Element. City Planning is working to address the state's concerns while also achieving the City's needs for specific housing including workforce.

SUMMARY

The City as a whole, including the City Council, stepped up to the plate when the COVID emergency crippled its finances. The pandemic exposed areas of the City in which we are underinvested, including the Emergency Management Department.

The City Council's budget is opaque. The City's budget books must shine light on how the CD offices are funded and by how much. After each annual budget is finalized, the Controller's dashboard should be updated to make it easy for the public to understand how CD money is spent.

While the City has a lot of needs, if we learned nothing else from the pandemic, we should have learned how essential it is to maintain a strong Reserve Fund.

During last year's budget hearings, the Councilmembers chose to fund so many wish-list programs from the Reserve Fund allocation in the Mayor's budget that it reduced it from 9.5% to 6.85%. The Reserve Fund must be increased to and maintained at the 10% level.