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August 5, 2026

The Honorable City Council
c/o Patrice Lattimore
Office of the City Clerk
Room 360, City Hall

COUNCIL FILE NO. 25-0600-S108 – 2025 Budget Recommendation / R64 / Public Works / Engineering / Options for Long-Term Operations / Maintenance Funding

SUMMARY

Adopted Budget Recommendation, Council File No. 25-0600-S108, instructed the Bureau of Engineering (BOE), in consultation with Los Angeles Department of Building and Safety (LADBS), the Office of the City Administrative Officer (CAO), and City Attorney, to report to the Public Works Committee on the options for long term and maintenance funding for the BuildLA Project (Project), including City staff costs.

RECOMMENDATION

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

1. REQUEST the City Attorney to draft an ordinance revising the Los Angeles Administrative Code Section 5.321, the Los Angeles Municipal Code Section 61.17, and any other relevant code sections, to revise the applicability and/or administration of the DSTF and the One-Stop Permit Center Surcharge (Surcharge) in order for long-term maintenance, system hosting services, and City staff support to be an eligible expense of the DSTF.
2. INSTRUCT BOE to provide quarterly invoices to LADBS for maintenance and system hosting services of the Project.
3. INSTRUCT LADBS, as administrators of the DSTF, to process payment of maintenance and system hosting services of the Project, and to directly fund full-time positions within BOE to fully support the management, administration, networking support, and maintenance of the Project.
4. INSTRUCT LADBS, Department of City Planning (DCP), Fire Department (LAFD), Department of Transportation (LADOT), City Administrative Officer (CAO), and other participating Departments to support BOE's efforts in maintaining BuildLA.

BACKGROUND

In January 2011, the City hired a consultant to examine the City's development review process and recommend solutions that would create a more predictable, transparent, and efficient development review process. The resulting plan directed the City to pursue the Project with the Los Angeles Department of Building and Safety (LADBS) acting as the contract manager. A preferred vendor to implement the Project was selected in October 2014 and contract negotiations began.

On October 25, 2016, the City Council adopted an ordinance to increase the two percent Surcharge to three percent to fund the implementation of the Project and return the Surcharge to two percent when the CAO determines the Surcharge increase has recovered the \$21.76 million cost of the Project, based off the proposal of the selected vendor. However, the City and the vendor did not reach an agreement and contract negotiations ended in 2016. In April 2019, the Project Team, composed of staff from various City departments, worked to re-establish the BuildLA Executive Steering Committee, with BOE acting as the project manager.

In April 2021, the Board of Public Works awarded the issuance of a staff augmentation task order to a consultant for project management and programming services for the Project, using BOE special funds to begin the work. On August 9, 2021, the City Council adopted a Planning and Land Use Management Committee Report under Council File No. 21-0643 approving Surcharge funding for the first year of consultant services on the Project and instructing BOE to report annually on the Project. Annual updates and funding requests for the Project are under Council File Nos. 21-0643 and 21-0643-S1.

On July 31, 2024, the City Council adopted a Motion requesting the City Attorney, with assistance from other departments as necessary, draft an ordinance to align the Surcharge with the current budget and timeline of the Project (Council File No. 15-0316). This ordinance was adopted on May 12, 2026, and became effective on July 2, 2026. However, the potential applicability of Surcharge funding towards City staff and maintenance costs was not discussed.

DISCUSSION

Currently, City staff costs for the Project within BOE are being funded by the General Fund as another funding source for staff costs has not yet been identified. The Project will continue to be enhanced, and additional functionalities will continue to be implemented to improve the user experience as time goes on. The Project's consultant costs are primarily funded by the DSTF at this time, but staff costs are not an eligible expense of the DSTF. BOE currently does not have any funding source to pay for City staff costs for administration of the Project.

Additionally, maintenance funding and cloud hosting services of this Project will be needed in perpetuity. The Los Angeles Municipal Code Section 57.118.4.2 states that the DSTF Surcharge "shall not be used to pay for ongoing BuildLA costs such as

maintenance or system hosting services.” Therefore, in order for the DSTF to fund these incurring costs, the LAMC will need to be amended.

BOE identified three options for Council’s consideration, in order of preference. The report recommendations, above, reflect Option 1.

Option 1 - Directly fund the ongoing BOE staff support, maintenance, and system hosting services of the Project with the Development Services Trust Fund (DSTF) monies

1. REQUEST the City Attorney to draft an ordinance revising the Los Angeles Administrative Code Section 5.321, the Los Angeles Municipal Code Section 61.17, and any other relevant code sections, to revise the applicability and/or administration of the DSTF and the One-Stop Permit Center Surcharge (Surcharge) in order for long-term maintenance, system hosting services, and City staff support to be an eligible expense of the DSTF.
2. INSTRUCT BOE to provide quarterly invoices to LADBS for maintenance and system hosting services of the Project.
3. INSTRUCT LADBS, as administrators of the DSTF, to process payment of maintenance and system hosting services of the Project, and to directly fund full-time positions within BOE to fully support the management, administration, networking support, and maintenance of the Project.
4. INSTRUCT LADBS, Department of City Planning (DCP), Fire Department (LAFD), Department of Transportation (LADOT), City Administrative Officer (CAO), and other participating Departments to support BOE’s efforts in maintaining BuildLA.

Option 2 - Fund the ongoing BOE staff support, maintenance, and system hosting services of the Project with the LADBS DSTF monies on a reimbursement basis

1. REQUEST the City Attorney to draft an ordinance revising the Los Angeles Administrative Code Section 5.321, the Los Angeles Municipal Code Section 61.17, and any other relevant code sections, to revise the applicability and/or administration of the DSTF and the Surcharge in order for long-term maintenance, system hosting services, and City staff support to be an eligible expense of the DSTF.
2. INSTRUCT BOE to report annually on accrued maintenance costs of the Project, including cloud hosting and staffing costs, to the LADBS for reimbursement of said costs.
3. INSTRUCT LADBS, DCP, LAFD, LADOT, CAO, and other participating Departments to support BOE’s efforts in maintaining BuildLA.

Option 3 - Direct LADBS to take over the support, maintenance, management, administration, and system hosting services of the Project once substantially completed

1. INSTRUCT LADBS to support the Project once substantially completed as determined by BOE.

2. INSTRUCT BOE, DCP, LAFD, LADOT, CAO, and other participating Departments to support LADBS's efforts in maintaining BuildLA.

If no options are approved by the City Council and resources to BOE continue to be reduced as they have over the last several years, BOE will be significantly challenged to maintain the minimum requirements necessary to manage BuildLA.

FISCAL IMPACT

The recommendations in this report would result in annual savings to the General Fund for salaries and related costs.

Respectfully submitted,



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City Engineer

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cc: Andrea Greene, Office of the Mayor
Steve S. Kang, Board of Public Works
Faith Mitchell, Board of Public Works
Osama Younan, Department of Building and Safety