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The Honorable Members of the Budget and Finance Committee
c/o Office of the City Clerk
City Hall, Room 340

CONSIDERATIONS FOR THE MAYOR'S FISCAL YEAR 26/27 PROPOSED BUDGET

Dear Honorable Members:

Thank you for the opportunity to provide context and comments on the Mayor's Proposed Budget. I want to take a moment to thank the Mayor and Council for making Los Angeles shine by using innovative solar lighting to augment repairs through both a partnership with DWP, and exploring the use of MICLA for solar assets. It is a significant down payment on much needed investments in our aging lighting system.

We now must ensure that the Bureau is sustainable –fiscally and operationally– in the long term. As you all know, the Bureau mailed half a million ballots on April 17 to property owners in Los Angeles to update the Assessment – its main funding source for lighting operations. All ballots must be received on or before June 2 in order to be counted. Unfortunately, the results of the ballot will be known well after the Council's budget process, making it difficult to predict the future state of the Bureau for this body's deliberation.

Should the Assessment pass, the Bureau, with the assistance of the CAO, will be required to present recommendations on appropriations and position allotments to effectuate Year One of its Long Term Plan to the Council and Mayor. The Bureau's proposed Assessment is based on a \$125M Budget that reconstitutes LED and pole replacement programs that were previously lost, and increases the size of the field office in order to meet lighting repair timeframes of less than a week for minor repairs, and less than a month for any major repairs, including theft & vandalism.

A core value of the Bureau is integrity, which we achieve through transparency. Any information on the new Assessment can be found at: https://lalights.lacity.org/residents/prop_218.html. The Bureau also has a dedicated email to answer any questions: Bsl-assessment@lacity.org.

Today, the Bureau's official repair time stands at one year. Without the Assessment and assuming the proposed budget, I expect more of the status quo – repair times to increase beyond a year with outages lingering longer. While the Bureau sees an increase of approximately \$206,000 to its total budget, it is primarily related to increases in salary costs. The Bureau's field response may be further muted with the loss of \$1M in Overtime funding and \$0.58M in hiring hall staff cuts from FY25/26.

Separately, there are key changes the Bureau would like to request and pertinent information for the Council to consider during this budget process in relation to Street Lighting.

KEY CHANGES

Accounting Clerk (Payroll Services) - The Bureau's highest priority request for FY26-27 is an Accounting Clerk resolution authority to support our two-person Payroll section, performing required and critical payroll functions to support over 300 full-time employees. Timely and accurate payment of staff is our obligation which we take very seriously. This dedicated resource is essential to manage the increased workload and complex troubleshooting requirements introduced by the citywide transition to the Workday payroll system. By expanding the current two-person unit, this position ensures the timely processing of payroll and prevents the processing delays that currently threaten staff compensation.

Action: Eliminate one Assistant Street Lighting Electrician's \$103,000 from the Fortification Program and add an Accounting Clerk at the cost of \$88,000.

Locate and Mark - The State requires undergrounded infrastructure to be marked before any digging for safety. The Bureau receives around 300,000 Dig Alert (811) requests and responds to less than 1% given current staff. The California Underground Safety Board recently sent an investigation notice for five incidents of failure to mark, which could cost the City between \$50,000 to \$250,000. We believe it to be more efficient and effective to contract this work as other entities such as telecom providers and the SoCal Gas already contract such work.

Action: Eliminate 2 Hiring Hall ECH's \$188,475 in Hiring Hall Salaries (Account 001100), \$149,491 in Hiring Hall Benefits (001120), \$89,900 in Operating Supplies (006020) and move funding to Account 003040 for Contractual Services for a total of \$427,866.

Digital Inclusion Fee Appropriation (Community Connectivity Projects in Crenshaw and Canoga Park) - The Bureau's proposed budget for FY 26-27 included a request for \$180,000 in appropriations from the Street Lighting Maintenance Assessment Fund (SLMAF) for Digital Inclusion that was not included in the Mayor's Proposed Budget. This requested appropriation is based on the expected revenues from a Digital Inclusion Fee that has been included in the Bureau's annual Co-Location lease fee structure since FY 19-20. These funds are necessary to pay for Internet service subscriptions and dark fiber lease fees in FY 26-27 that enable the public WiFi components of the Bureau's Community Connectivity Pilots in Crenshaw and Canoga Park. Without these funds, the Bureau will have to end WiFi service in Crenshaw and

Canoga Park by Q2 of FY26-27. The need for these funds is heavily exacerbated by the loss of \$300,000 in CTIEP funds that were designated for these purposes (“Angeleno Connect Access Program”) but swept in FY25-26.

INFORMATION FOR CONSIDERATION

Utility Lighting Program - The Proposed Budget restores, and the Bureau is fully supportive of, a Street Lighting Engineer II dedicated to DWP’s Utility Lighting Program that allows for lighting to be installed on utility poles. It should be noted, however, that any added lighting through this program may incur electrical or maintenance charges from the Department of Water and Power after five years of service and represents a potential fiscal liability to the General Fund. The City would either need to establish a Lighting Assessment for the added lights or identify a funding source for the cost. Neither the current Assessment nor the proposed Assessment (including its General Benefit portion) can be used for this purpose as it is restricted to the established district and its streetlights only.

EV Charger Installations - In March, the Bureau signed into a grant agreement with the County to receive \$820,000 from the California Energy Commission’s (CEC) Convenient High-Visibility Low-Cost Level 2 Charging (CHILL-2) grant. The grant required a match of \$800,000. Given that in previous years the Bureau had received \$1.2M in MICLA for EV Charger installations, the City proposed MICLA as the source of funds. The Proposed Budget does not include any EV Charger Installation funds and puts the grant at risk.

Street Lighting Energy Bills - As the CAO has similarly pointed out, the Bureau’s energy utility account is short by \$6,365,457 on Schedule 19. Underfunding this account will add to the Bureau’s outstanding balance owed to DWP which is currently over \$89M.



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