

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 9, 2026

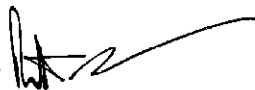
CAO File No. 0220-06415-0001

Council File No. 26-0955

Council District: Citywide

To: The Council

From: Matthew W. Szabo, City Administrative Officer



Reference: Motion (Hernandez, Yaroslavsky - Harris-Dawson) (C.F. 26-0955)

Subject: **FOLLOW UP REPORT ON BUREAU OF STREET LIGHTING FUNDING AND REVENUE OPTIONS**

RECOMMENDATION

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

1. Authorize the Controller to transfer \$3,133,526 from the Unappropriated Balance Fund No. 100/58, Clean Corridors Program Account No. 580461 to the following accounts within the Bureau of Street Lighting Fund No. 100/84 to support workforce and baseline service needs:

Account No.	Account Name	Amount
001100	Hiring Hall Salaries	\$ 1,740,848
001120	Hiring Hall Benefits	1,392,678
	TOTAL	\$ 3,133,526

2. Authorize the City Administrative Officer to make technical corrections as necessary to the transaction recommended in this report to implement the Mayor and Council intention to address funding needs for the Bureau of Street Lighting.

SUMMARY

On July 1, 2026, the Council approved Motion (Hernandez, Yaroslavsky - Harris-Dawson), which instructed this Office, with assistance from the Bureau of Street Lighting (BSL), to report with options identifying \$6.6 million for immediate use by BSL to maintain workforce and baseline services, including the feasibility of repurposing MICLA funding previously approved for use by the BSL by the Council and Mayor (C.F. 26-0955).

On August 26, 2026, the Public Works Committee directed this Office to report with budget reduction options, which exclude the Department of Public Works, to address \$6.6 million in funding

needs for BSL workforce and baseline services, including support for the Executive Directive (ED) 18, Solar Street Lights Initiative to Reverse L.A.'s Decade-Long Repair Backlog and Build a Safer, More Sustainable Los Angeles. This report provides an updated assessment of funding available to address those funding needs based on our review to date. Based on this review, this Office recommends a transfer of approximately \$3.13 million to partially address the funding needs for BSL. BSL anticipates that the recommended transfer, together with pending and anticipated interim transfers for work performed by Hiring Hall staff, will address its Hiring Hall funding needs through the end of the fiscal year.

BACKGROUND

BSL maintains the City's street lighting system primarily through property assessments that have remained unchanged since 1996 despite rising costs and service demands. Following the failure of the 2026 Proposition 218 assessment ballot, BSL identified a funding shortfall impacting its ability to maintain workforce levels and baseline services, including copper wire and power theft mitigation.

The August 21, 2026 CAO report evaluated BSL's funding needs, available funding sources, and MICLA eligibility, and reviewed its fee and commercial revenue proposals. At that time, the identified special funds were fully programmed in the 2026-27 Budget, and sufficient savings had not been identified to support the additional operating needs. This report updates the funding assessment using expenditure projections and special fund cash balances.

Bureau of Street Lighting Funding Needs

The August 21, 2026 CAO report evaluated \$6.6 million in funding needed to maintain BSL's workforce and baseline services, consisting of \$6,315,691 identified by BSL, \$135,000 for ED 18 solar lighting design overtime, and \$149,309 in additional operating supplies. These needs primarily support Hiring Hall salaries and benefits, overtime, staffing, and supplies necessary to sustain maintenance and copper wire and power theft mitigation efforts. The ED 18 funding supports BSL's design and plan review work for approximately 6,000 solar streetlights to be installed by LADWP. The table below shows the breakdown of costs by account which were evaluated by this Office:

BSL Funding Needs to Maintain Service Levels and Support ED 18	
Salaries General	\$103,517
Overtime General	\$1,000,000
Hiring Hall Salaries	\$2,653,305
Hiring Hall Benefits	\$2,122,644

BSL Funding Needs to Maintain Service Levels and Support ED 18	
Operating Supplies	\$264,309
Street Lighting Improvements & Supplies	\$321,225
Overtime for Solar Lighting	\$135,000
Total	\$6,600,000

Evaluation of Funding Sources

The prior report evaluated the Street Lighting Maintenance and Assessment Fund, Proposition C, Measure R, Measure M, Special Gas Tax, Road Maintenance and Rehabilitation Program funds, and the General Fund. Eligibility varies by source, with certain special funds limited to qualifying projects, installation costs, or reimbursement of eligible expenditures. At the time of that review, the identified special funds were fully programmed in the 2026-27 Budget, and no available savings had been identified to support the additional request. As part of our review subsequent to the release of that report, this Office has not identified available funding from these sources to address, in whole or in part, the \$6.6 million in funding needs for the BSL. At this time, the use of any of these funds to provide additional funding to BSL would require offsetting revenue or appropriation reductions. While the General Fund may support costs that are not eligible for these special funds, this Office recommends that any additional General Fund support be considered through the annual budget process.

Municipal Improvement Corporation of Los Angeles (MICLA) Funds

The August 21, 2026 report identified approximately \$2.2 million in MICLA proceeds that remained unspent as of April 2026 in Construction Fund Nos. 26U, 26Y, 27F, and 27J. These funds could support technical design work directly related to solar street lighting capital improvements under ED 18, including the \$135,000 in estimated overtime costs to support ED 18 solar installations included in the \$6.6 million in funding needs for BSL. Routine operating expenditures or related administrative activities, however, are not eligible uses for these funds. BSL must document eligible technical work for CAO review before charging costs directly to MICLA. This Office anticipates that eligible costs will be addressed through the 2026-27 Financial Status Reports (FSRs).

Executive Directive (ED) 18 Reimbursements and Current Savings

Based on updated information on the implementation of ED 18, the BSL is deploying Hiring Hall crews for ED 18 solar lighting field work. This Office anticipates that LADWP reimbursement under the City-LADWP MOU will address a portion of the identified Hiring Hall needs, however, the details on scale of those reimbursements for Hiring Hall costs are part of ongoing discussions between LADWP and BSL. The Bureau and DWP will agree to the reimbursement of eligible salaries and

applicable fringe benefits through their joint development of task orders. This Office will confirm the reimbursable scope and costs, distinguishing costs included in the existing funding request from additional ED 18 expenses, and provide updates to Council as part of the Financial Status Reports.

In order to ensure that the ED 18 program mitigates the Bureau's need for the full \$6.6 million it requested, it will have to send invoices to DWP, and DWP will have to pay those invoices, timely. In order to address temporary cash flow needs, this Office will work with the Bureau and recommend internal transfers, as required.

In addition, this Office projects a small net surplus in BSL's General Fund accounts that may offset a portion of the Bureau's overall \$6.6 million funding request. This potential offset is independent of ED 18 reimbursements and remains subject to updated expenditure projections and outstanding obligations.

Street Lighting Maintenance Assessment Fund (SLMAF) Cash Balances and Appropriation Support

This Office reviewed SLMAF year-end reversions, 2025-26 actual revenues and expenditures, and current projections for SLMAF expenditures in 2026-27 to determine if there were any potential savings to support BSL's workforce and baseline service funding requests. The review considered cash balances in relation to existing appropriations and outstanding commitments. At this time, this Office has determined that there are no SLMAF savings or prior-year reversions to offset these requests at this time.

Unappropriated Balance Funding

This Office reviewed non-departmental accounts and funds such as the General City Purposes Fund and the Unappropriated Balance (UB), to evaluate if any accounts had projected savings that could be used to address or offset the funding needs request for BSL. As part of this review and in alignment with our report on the Clean Corridors Program (C.F. 26-1334), this Office determined that the Clean Corridors Program requires \$7,849,362 for six-months of salaries and expenses, which leaves \$3,133,526 available to support a portion of BSL's funding request. Accordingly, this Office recommends transferring \$3,133,526 from the UB, Clean Corridors Program Account to the following accounts within the Bureau of Street Lighting Fund No. 100/84 to support BSL's workforce and baseline service needs. BSL anticipates that this funding, together with pending and anticipated interim transfers for work performed by Hiring Hall staff, will address its Hiring Hall funding needs through the end of the fiscal year:

Account No.	Account Name	Amount
001100	Hiring Hall Salaries	\$ 1,740,848
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	TOTAL	\$ 3,133,526

Insofar as this Office has not yet completed the First FSR of 2026-27, we remain unable to identify surpluses in other departments that could be used to further address the Bureau's funding request. This Office will continue evaluating departmental accounts and other potential offsets to address the remaining funding needs for BSL and report with updates through the Financial Status Reports.

FISCAL IMPACT STATEMENT

There is no additional General Fund impact from the recommendation of this report to transfer funding from the Unappropriated Balance, Clean Corridors Program Account, to the Bureau of Street Lighting's departmental accounts.

FINANCIAL POLICIES STATEMENT

The recommendations in this report comply with the City's Financial Policies in that current year costs are addressed by current year revenues.