

City of Los Angeles



Neighborhood Council

Budget Advocates

White Paper

2015

A NEW VISION for LOS ANGELES

Neighborhood Council Budget Advocates are committed to work with the Mayor and City Councilmembers in order to make Los Angeles

A WORLD-CLASS CITY

Mayor Eric Garcetti has called for this year's budget to be organized around five over-arching outcomes:

- Make Los Angeles the best-run big city in America
- Promote good jobs for Angelenos all across Los Angeles
- Create a more livable and sustainable city
- Ensure our communities are the safest in the nation
- Partner with residents and civic groups to build a greater city

To advance these outcomes, Budget Advocates met with key players from thirty Departments and Bureaus as well as Council Members or their key staff of the fifteen Council Districts to learn their concerns, and distilled five key action items that will help advance the Mayor's objectives, including rebuilding the confidence of residents and businesses in their elected officials and ensuring the prosperity and sustainability of our city.

These are to:

- Redefine our City's budget processes, practices and philosophy in order to lay out a clear direction for making forward-looking decisions, including resolving the retirement plans and other structural deficits, and change the way the City prepares budgets to focus on planning for economic downturns, in addition to readjusting to the present economic circumstances
- Create 21st century information management systems dedicated to providing integrated and efficient support to stakeholders and facilitation interdepartmental communication
- Rebuild and improve Los Angeles' infrastructure to standards that exceed the best in the world to take care of our citizens and attract new businesses
- Streamline the City's hiring processes to proactively anticipate future needs, including potential replacement of the 25% of employees now eligible for retirement as well as attracting and developing a sustainable workforce
- Implement a citywide collections system to realize uncollected revenue, develop more income sources to offset structural deficits, and create the permanent position of Inspector General

Budget Processes, Practices, and Philosophy

The 2020 Commission Report pointed out that Los Angeles is treading water while the rest of the world moves forward, and that the City needs to adapt to the 21st century.

The City must make better use of the great resource it has created in the Neighborhood Council system which not only empowers the public at a local level to have democratic input into all

levels of the City government but also provides the City with a depth of experience and resources unrivaled in most big cities.

In recent years the structural deficit, increasing retirement plan obligations, the impediment of a failing infrastructure and the lack of resources and personnel to implement long-term planning has led to uncertainty during the fiscal year in regards to ongoing labor negotiations, service delivery and longer term planning. In addition to the real costs associated with unsettled finances, this cloud of uncertainty has hampered productivity, impaired employee morale, and limited operational vision.

The Mayor, City Council, and all Departments must embrace a coherent and consistent philosophy that will reverse these problems and build Los Angeles into a city for the 21st century.

The Budget Advocates recommend:

- The City determine what is feasible under its current financial structure and what must be changed to set Los Angeles on a better course for the future
- All budgets, present and future, contain provisions to maintain every infrastructure element to ensure that the livability and safety of our City is maximized, and to justify future investments in infrastructure
- The City establish a realistic plan for ensuring the delivery of retirement benefits to past, current, and future employees and integrate this plan into all budgets
- All Departments commit to a Performance/Zero-Based Budgeting approach and using then-current data and incorporating multi-year obligations, budget only for results, starting each year at zero with each Department accepting accountability for their share of annual and long-term costs
- The City implement a realistic, balanced, five-year budget and 30-year plan, both to be updated yearly and approved together with the annual budget, with the multi-year amortized costs integrated with those of day-to-day operations so future shortfalls will be identified and addressed thoughtfully and transparently long before they can impact day-to-day operations
- The City reconfirm its commitment to the Neighborhood Council system and: 1) approve the Department of Neighborhood Empowerment's proposed exempt positions and immediately fill all vacancies so as to adequately support the councils; 2) restore annual Council budgets to previous levels and allowing a percentage of funds to rollover for continuity; and 3) fund the online voting for next year's Neighborhood Council elections, which could also be a test-run for holding city elections online
- The City immediately establish a short-term independent citizens committee pursuant to the recommendations of the 2020 Commission to address the City's overwhelming and increasing pension and healthcare obligations and to evaluate solutions which will contain that expense, take care of the City's past, present, and future workers and also be sustainable in our present and future economic environment

Information Technology Upgrades and Interdepartmental Communication

The need for a dramatically improved Information Technology (IT) system was a near universal concern in our investigations into the City's budget. Several themes within the broader context of an improved IT system arose, including: 1) A lack of coordination of IT services across City Departments; 2) An aging IT workforce; 3) An unreliable internal network; and 4) A consistent lack of long-term investments in our IT infrastructure.

The Budget Advocates recommend:

- A single individual (or team) be empowered to coordinate the IT efforts within the City to avoid redundancies and decrease inefficiencies across Departments, including working closely with departmental IT staff to integrate City needs seamlessly with the ongoing use of proprietary systems and *fully* testing every added component to ensure that each is compatible with all existing systems before the new infrastructure is allowed to go active
- The introduction of new technologies be complemented with a comprehensive plan to train and expand IT employees to provide improved and expanded services
- The City hire the next generation of IT workers based on their having relevant experience, with skill sets compatible to the new systems, and pay competitive salaries
- The City establish a strong IT infrastructure backbone that is scalable, and modernize the City's data center operations through public and private cloud options
- The appropriate agent undertake a long-term cost-benefit analysis for all major IT projects before entering into any agreement that might ultimately cost the City more money than it would save

Significant investment in the City's IT infrastructure has the potential to save millions of dollars in the long run provided, however, the needs and concerns of all Departments and the outside agencies that would be affected by such large-scale projects are adequately addressed. Furthermore, the City should require each Department to review the long-term costs and value of these projects and budget accordingly.

Our IT infrastructure cannot continue to be supplemented with only modest changes. To be able to handle the IT needs of a world class city, our IT infrastructure needs to make a 'quantum leap' in IT service and delivery. This entails investing in the high-quality 21st century technologies that will enable the City to achieve its potential.

Infrastructure Modernization

Facing the consequences of the significant infrastructure problems that have developed over many decades of deferred maintenance, the City must assess what needs to be done and lay out a plan, first to fix what is broken and then to establish a program of new construction with ongoing maintenance and upgrades, to make our City attractive to investors, hospitable to its residents, and sustainable into the next century.

The Budget Advocates focused on the infrastructure that is paid for from the General Fund. This includes streets and sidewalks, curbs and corner access ramps, street lights, parks and the urban forest, the fleet of aging vehicles, buildings and facilities (including its internal workings such as plumbing, electrical, cable fiber, and HVAC systems), and IT management information and communication systems.

The City does not have a centralized database that tracks the condition of its infrastructure. Most Departments do not have an infrastructure plan.

The City does not have an accurate estimate of the cost to repair and maintain its infrastructure.

The City's current deferred maintenance budget is estimated to be in the range of \$10 billion and the City has been reluctant to conduct a comprehensive survey of its infrastructure because of the expense of a survey. Yet this vital expense would be just a small percentage of the overall cost. The *real* cost is not the expense of the survey, but in the erosion of the public's confidence in the City for the lack of comprehensive infrastructure maintenance.

The City can no longer ignore its failing infrastructure. The rate of failure will accelerate over time, resulting in disproportionately higher costs.

Without repairs, the deteriorating infrastructure will make it harder for the City to attract businesses and maintain its status as a tourist destination, and its economy will suffer.

The City must regain the trust of a skeptical populace which believes that their tax dollars have been diverted to pay for increased salaries, pensions, and benefits for City employees. This will require reform of the City's finances.

The Budget Advocates recommend:

- The City Administrative Officer determine the status of all of the City's infrastructure, Department by Department, and the related deferred maintenance costs
- The City develop a detailed operational and staffing plan to repair and maintain all of its infrastructure, Department by Department to ensure that our streets, sidewalks, and the rest of the City's infrastructure will be maintained in good condition for the next 100 years
- The City develop a comprehensive financing plan which, to earn the trust of the voters, should establish an independent oversight committee consisting of qualified individuals who have the appropriate background, training, and adequate resources to monitor the repair and maintenance of the City's infrastructure
- In the event the financing plan requires the approval of the voters, the City must place on the ballot a measure that comprehensively addresses the City's financial constraints by including requirements that the City balance its budget and fund its retirement plans along with the repair and maintenance of its infrastructure

The City should seek to pass bonds now when interest rates are low and the costs of improvements, including materials and labor, are less expensive than they will be in the future. This would create well-paying jobs for many of our stakeholders, encourage people and

businesses to remain, and attract new investment and business opportunities from outside the City.

We need to establish and enforce performance benchmarks and accountability to ensure that the City does not need to go back to the residents to add to these bonds due to inefficiencies. It is essential the City develops solid and sustainable ways to increase income generation consistent with population growth and stakeholder demands.

Personnel and Hiring

The Department of Personnel, like most other departments, suffers from being underfunded and understaffed in the aftermath of the 2008 recession. A concern of many departments is the need to retain institutional memory by hiring qualified staff now to be trained before experienced personnel retire. The Personnel Department faces a number of regulations that hinder the employment of suitable candidates, do not allow the flexibility to adapt to a rapidly changing world, and do not allow the City to hire personnel for which funding has already been approved.

The City needs ways to attract engaged and innovative staff for all Departments, retaining them with exciting challenges, appropriate training and employee recognition programs to increase morale.

Due to disproportionate cuts dating back to the 2008 economic crisis, the current budgetary request from the Personnel Department barely serves to allow the Department to meet current mandates and, as job classifications change, their obligations in the short term increase, leaving them less likely to effectively catch up, let alone incorporate training and anticipate future needs.

The Budget Advocates recommend:

- The City include in its upcoming budget up to \$5 million to engage outside contractors as necessary to process the entire backlog of testing and hiring of applicants within twelve months including bringing all job descriptions up-to-date
- All emergency appointments be extended by up to one year or until every Department's backlog is cleared
- The City fund general metric analysts plus clerical support for the Personnel Department to proactively plan for the next 5 years of staffing, including, but not limited to, the projected 25% to 40% retirement of current staff
- The City authorize the development and long-term funding of an automated payroll system with HR modules to consolidate and modernize City payroll for all Departments and the Council
- The City fund and the Department of Personnel implement: 1) Expanded in-house and new hire training; 2) Cross-training to ensure flexible staffing during economic fluctuations as well as provide additional short term support for Departments experiencing unexpected staffing demands; 3) An apprenticeship program in conjunction with colleges and vocational schools so people can learn skills on the job

and be promoted; 4) Increased summer and first-job youth employment programs with existing federal and state grants; and 5) A streamlined hiring process, proactively anticipating departmental requirements and avoiding delays to fill positions on a timely basis

Part of the City's current problems stem from insufficient staffing due to the 2008 economic downturn coupled with a projected rate of retirement which could reach 40% over the next five years. A major concern of many Departments is to retain institutional memory by bringing on qualified hires to be trained before the exit of those with the most experience.

The City should take aggressive steps to improve morale of its employees who provide the services which make the City function and are the face of the City to residents, business people, and visitors.

Historically, municipal employment has provided enhanced job, health, and retirement security, but the City now needs to work with the unions to ensure workers' rights and interests are protected while allowing the flexibility for the City to provide efficient and economical services to its stakeholders.

Ongoing evaluation of staffing and compensation is needed to accommodate the changing nature of employment in the 21st century, allowing for increased job mobility, both within and between the City and private enterprise, so employees may evolve and grow as the City does.

Revenue and the Function of the Inspector General

As Inspector General, Fernando Campos has begun to bring order to the collections process for the City. When he started, he was faced with forty Departments and thirty-three billing systems working in isolation. Now thirteen are integrated, billing collections have been expedited and consolidated and he is working to concurrently increase transparency across the board and phase in the remaining Departments.

He has identified \$75 million in collectibles from rebilling, grants and disaster assistance including \$30 million still owed from the Northridge earthquake alone. Of 550 recommendations made so far, many by the Budget Advocates, 45% have been implemented and 30% are in process.

The Budget Advocates recommend:

- The City make the position of Inspector General permanent
- The City fund the Inspector General's suggestions when the return will exceed the cost including: 1) Centralization of all City collections; 2) Direct assessment and systemic code enforcement of costs and fees be integrated and expanded; 3) An improved collection of parking fees, specifically from garages and rental car companies be developed and implemented; and 4) \$300 thousand be allocated for his Department to pursue the \$3 million owed by the top 25% of scofflaws
- The City encourage the DWP to replicate the Inspector General model if their collection efforts continue to be ineffective

- The appropriate departments evaluate what is driving lawsuits against the City and accelerate regulations to limit the City's exposure in regards to infrastructure and environmental hazards, vehicle liability, police misconduct and personnel cases
- The City expand Deputy Mayor Rick Cole's mandate to incentivize the development of new income sources and reward innovation by encouraging more citizen participation

The economy has and will always ebb and flow. The City needs to plan for the inevitable economic downturns. Every Department should immediately develop realistic plans to be updated regularly including how to control costs and income during such periods, and the City should adjust its reserves accordingly.

A World Class City

Los Angeles needs to use California's reputation for leading edge environmental legislation as well as our City's well-deserved reputation for innovation and productivity to attract new green, high-tech and creative enterprises in addition to problem-solving think tanks and boutique businesses across the job spectrum. With our current drought, the City should reach out for companies offering ways to mitigate the impact of global warming and improve the City's resilience across the board. Los Angeles could become the new epicenter for innovative application of green energy and sustainable solutions and a leader for government action across the country.

We need to link cause and effect for each Department and work back from the effect desired to the actions that will achieve what's needed based on workload, delivery of services, cost-benefit analysis and the effort involved.

All of this must be addressed at every level of City services and it must be done as a City working together, not as individual Departments, with the following questions in mind:

- How to assess where the City stands?
- What are the *real* costs if intangibles, quality of life, training, infrastructure upgrades, education and road impact are included?
- How can the City hold development and businesses accountable for their actions when they break regulations, dodge taxes and abuse incentive programs?
- What taxation systems could be implemented that are truly fair and progressive?
- How can increasing workers' wages to allow them to stay in their neighborhoods be used to increase City income?
- What other resources exist? And how do we measure success?

In conjunction with the foregoing, and especially with regards to efficiency and transparency for both cost-cutting and income generation, the City needs to establish a panel of Angelenos to provide a view from outside City Hall and to act on behalf of stakeholders to provide parameters, monitor compliance and track improvements year to year and help make Los Angeles the World Class City of the Mayor's vision.

Budget Advocates' White Paper on the Los Angeles City Budget

Respectfully submitted,

The 2014-2015 Budget Advocates

Jay Handal, West Los Angeles, Co-President
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Danielle Lafayette, Empowerment Congress West, Co-Vice President
Linda Lee, Olympic Park, Co-Vice President
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Erik Sanjurjo, Hollywood United
Ken Schwartz, Tarzana
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Krisna Velasco, Grenada Hills South
Joanne Yvanek-Garb, West Hills

plus non-Budget Advocate participants

Steve Quat, Studio City
Daniel Wiseman, M.D.
George Wolfberg, Pacific Palisades

White Paper Report on the City Administrative Office

Friday, October 31, 2014

Present: Benjamin Ceja, Assistant City Administrative Officer; Patty Huber, Assistant City Administrative Officer; Liz Amsden, Budget Advocate; Jeanette Hopp, Budget Advocate; Erick Morales, Budget Advocate

Recommendations:

Need to evaluate trade-off between CAO controlling payroll costs with demand from other departments attempting to find performance solutions and savings > if ROI over all departments & Council would validate, should fund additional staff as justified

If the uptick in demand continues in connection with the performance budgeting approach and the need for more effective spending, need to evaluate charging back work to departments and council members.

Review and ensure coherent structure is in place to address and track various parts of the department's obligations including staffing and ROI

Develop policies to improve management of assets (owning vs. renting, leasing equipment vs buying, etc.)

Needs:

Build Reserve Fund to cash flow emergencies in the short term with the intent of being reimbursed by FEMA, etc. (earthquakes, riots, fires)

Create a budget stabilization fund so can be more resilient when income dips

Request more personnel to evaluate and set up reporting necessitated by change in federal government criteria on grant reporting.

Request additional personnel to handle new innovation fund.

Request temporary personnel to see the streetcar project through – evaluate as public-private enterprise.

Request more personnel to run 'what if' scenarios including all underlying documentation

Overview:

Mandate is to report back for the various departments and their budget is a reflection of the needs and requests from the other departments including the Councilmembers' offices on whether concepts are feasible

Problems started before economic crash when previous administration funded ongoing expenses based on volatile revenue streams i.e. doc transfer fees on real estate

Previous budgeting method was to take the base budget from the previous year (i.e. the status quo) then ADD to maintain level of service then ADD more for any issues prioritized by the mayor et al

Current budgeting method will be to break out the base budget and look at it by sections under the 5 priorities set by the mayor (every \$ spent needs to move the city towards at least one of: to make LA the best run city in the US; promote good jobs; create a more livable, sustainable city; ensure safe communities; increase partnerships between residents & civic groups to build a greater city) to look for efficiencies and what can be cut vs what needs to be added.

The general fund is the only source available for this work although they do charge back costs to the proprietary departments (DWP, Harbor & Airport) as well as certain departments such as Sanitation which have special funds. The majority of CAO expense is included in Controller's cost allocation fund for city overhead. The current increase in demands is a function of the new budgeting approach which, hopefully, will find savings and efficiencies that will pay off and reimburse the general fund as they come on line.

Raising minimum wage to living wage will not have significant impact on city payroll since so few under \$15/hour but will impact vendors who will pass costs on, savings from lifting people out of poverty will benefit state & federal budgets

Major income comes from county tax transfers, sales tax, etc. automatic & predictable, improving on other collections by continuing to have departments issue invoices & receipts but now after 45 days turned over to unit in Finance department to pursue rather than relying on departments to follow up, centralized & more accountable

85-90% of CAO budget is personnel (does not include pension which is budgeted in pension [WHY?]) but pre-pay lump sum on all department and generates some income from pre-paying P&H a year in advance

Does not see any savings in their personnel costs since council members are increasingly asking them to evaluate efficiencies in their district and policy work [current council chair more efficient in terms of requests – better thought-out, more coherent than under B. Parks]

Resistance to sharing staff & facilities as each GM is held accountable for their work and don't want to be prioritized, focus on accountability

Have to balance OT at 1.5x vs additional hires since don't pay health & pension on OT, need for experience drives much OT since have lost institutional knowledge in some departments due to layoffs and retirements, need to prioritize the safety of the city & its people over costs

2nd tier system offers cost mitigation – but political & legal issues

Can bill back on some sanctioned events (LA King's parade) but can't abrogate First Amendment rights

CAO budgets for liability claims, have not enforced holding property owners responsible, Patty's understanding is that the 1970s sidewalk issue held the property owner responsible unless due to tree growth – [need to address who is more likely to be sued, does homeowner insurance cover]

Major claims are trip & falls, fire department personnel; waiting on settlement of ADA access suit, info confidential for now.

Also handles asset management, tracking physical assets – land, plants, municipal facilities, rents – focus now LAPD impound needs new home

Does not provide direct services outside of support for mayor & departments

Implementation of performance budgeting software means will run in tandem with current system at least through April when mayor presents next year's budget to make sure can deliver requiring double-entry until sure there are no glitches

Current progress:

Budget is a work in progress

Inspector General relatively new position based in CAO created to address outstanding AR – however significant amounts are phantom – actuals in excess of caps on Medicare/Medicaid payments (ambulances for the indigent, parking tickets outside of the statute of limitations)

Continued implementation of performance budget model

Getting out from under solving for deficit each year so can focus on budgeting to provide needed services, want to stop having to fix problems before moving forward.

NCBA's REPORT ON THE DEPARTMENT OF ANIMAL SERVICES

221 N. Figueroa Street, Suite 500

Los Angeles, CA 90012

November 7th, 2014

PARTICIPANTS

Erick M. Morales, NCBA (Committee Co-Chair)

Jon Liberman, NCBA (Committee Co-Chair)

Krystee Clark, NCBA

John D. Chavez, Department of Animal Services, Assistant General Manager

John S. Forland, Department of Animal Services, Senior Management Analyst II

RECOMMENDATIONS

The Committee hereby asks that the City of Los Angeles adopt the following recommendations:

- The Los Angeles City Council should pass CF 13-1513, which will increase revenue to the General Fund, increase the live rate in the City's shelters, and allow for the Department of Animal Services to do its job better and possibly hire more personnel in areas of need such as Animal Control Officers.
- Work with the Information Technology Agency to both (1) find and employ a smartphone application for Animal Control Officers to read microchips in the field and (2) find and employ a compatible database software so that fewer Department employees spend time manually transferring data between systems.
- Allow for the Department to hire a few more Animal Control Officers, with the salaries and benefits of the Officers to be covered by the increased collection of animal licensing fees and fines. An estimate into such a hiring program should be conducted by another City Department.

BACKGROUND

Charged with the responsibility to "promote and protect the health, safety and welfare of animals and people" in Los Angeles, the Department of Animal Services takes on a variety of responsibilities, which include the operation of six shelters throughout the City, the deployment and usage of their own officers to protect both animals and people, the licensing of pets and providing vouchers to those who can't afford to spay-and-neuter their pets. Animal Services' purview extends beyond the dog and cat to horses, bears, coyotes, and other wildlife.

In the 2014—2015 Budget Year, Animal Services was allocated a total department budget of \$23,192,781, of which \$21,466,339 (almost 93%) was allocated for salaries. The Department's Funding comes from the General Fund with \$23,008,446 (99.2%) and the Animal Sterilization Fund, or funding from a source other than the City, with \$184,335 (0.8%). Adding related and indirect costs, the total cost of the Department of Animal Services to the City is \$43,976,967 for the budget year. Animal Services maintains a staff of 332 spread out in different divisions, with 230 (almost 70%) working in Animal Care Centers or shelters.

CONCERNS AND DISCUSSION

Messrs. Chavez and Forland discussed many of the NCBA's concerns at this meeting, as well as their own concerns within the Department. One concern of note is that most of the data

(adopters, licensing, etc.) within the Department is in incompatible systems, so the Department must constantly have staff transfer information manually. If a compatible system were used, staff could be used to perform other tasks. It can also be difficult for the Department to hire for positions; specialized positions such as animal care technician require a certain type of knowledge and employee, making it difficult to find a qualified candidate.

The Department is trying to become no-kill by 2017. At the time of discussion, the Department's live rate (the percentage of animals that leave the shelters alive) was around 71%; this rate used to be between 56 and 60%. The Los Angeles City Council is deliberating whether to raise the limit of number of cats owned by a resident to five (CF 13-1513); General Manager Brenda Barnette has sent a letter to Councilmembers Koretz, Fuentes, and O'Farrell of the Personnel and Animal Welfare Committee to endorse the motion and state that the motion will "provide additional General Funds through permit fees to help cover the expense of annual inspections." CF 13-1513 will also help the Department in its goal to reduce the number of animals that come into the shelter in the first place. By reducing the intake of animals, the Department can focus its resources on procuring homes for "harder-to-adopt" animals and increase its live rate. Using the Department's New Hope Partners, 230 non-profits that work with the Department to adopt out certain animals they have a hold on (animals are selected by a New Hope Partner; if the choice animal(s) are not adopted over a certain period of time, then the New Hope Partner may adopt them out). The American Society for the Prevention of Cruelty to Animals (ASPCA) also works with the Department in adoption, shelter management, and sterilization (in a South L.A. clinic).

Addressing the NCBA's concerns from the past year, the Information Technology Agency is currently looking at a smartphone application that may be applied by the Department by Animal Control Officers to detect microchips in the field. This smartphone application would decrease shelter intake by allowing ACOs to return animals home instead of taking them to the shelter. The Department would like to hire more ACOs to limit shelter intake and service the City of Los Angeles, but this conflicts with the Mayor's goal of decreasing the workforce by 3%. However, the Department believes that the ACOs will pay for themselves because more ACOs tend to generate more licensing revenue that can cover salaries and other costs. Regarding reserve ACOs, a program that many neighborhood councils have put funding towards, the Department claims that it has had difficulty generating a class for the program; there are specific qualifications for participants that few meet. At the time of this meeting, General Manager Brenda Barnette planned to discuss the funds the neighborhood councils have put towards the program with Grayce Liu.

A NCBA's concern from last year regarded office space and whether the Department was using its office space for storage. Mr. Chavez informed the NCBA's the Department used to preside over the entire fifth floor of the building when it had over 400 employees. Now, with fewer employees, the Department only has a portion of the floor. Nevertheless, the General Services Department is responsible for office space use and cubicles throughout the City, not the individual Departments.

RESPECTFULLY SUBMITTED BY:
ERICK M. MORALES
2014—2015 NCBA's SECRETARY

DEPARTMENT OF BUILDING & SAFETY (DBS)

On November 7th Darlene Atkins and Barbara Ringuette met with Steve Ongele, Chief Financial Officer of the Department.

RECOMMENDATIONS

- 1) Provide funding for additional Code Enforcement staff to reduce response time to preferably 5 business days from the current 25 days.
- 2) Positions for Condition Compliance
- 3) Positions for customer feedback survey

DISCUSSION

We discussed the Department's core services, updates to services, challenges, feedback from customers and the public, department funding, neighborhood concerns and city-wide planning as well as the 2014-2015 budget and budget requests for 2015-2016.

The approved budget for 2014-2015 included most everything the Department requested. However, the process for hiring is lengthy and it can take a year for staff to be on board.

Staffing:

54 new positions in Code Enforcement were requested for 2014-2015 to reduce the time to address complaints from 25 business days to 10. 14 positions are in the budget but 6 were deleted so there has been a net increase of 8 effective January 1st.

The Condition Compliance Unit received 6 positions which have not been filled because the funding is not in place. This is essential for our neighborhoods whose Neighborhood Councils spend many meetings fashioning conditions for which there currently is no effective enforcement. DBS is working with City Planning and a Matrix consultant to reestablish effective enforcement of conditions.

The Bureau of Engineering got 90% of the staff positions needed for the plan check function. The soft story program for earthquake safety will require 6 new staff. Build LA Technology is getting started slowly; a vendor will be selected.

Updates:

Saturday inspections have begun at no additional expense to the customer. Inspection Case Management is working with small project developers to help with the multiple approvals in getting a Certificate of Occupancy.

Development Services is partnering with the fire prevention bureau on a customer feedback survey.

Top three DBS requests for the 2015-2016 Budget:

- 1) Additional staff for Code Enforcement to reduce response time to preferably 5 business days
- 2) Positions for Condition Compliance
- 3) Positions for customer feedback survey

This Committee supports all three departmental requests for the 2015-2016 Budget.

White Paper Report on the Office of the City Clerk

Monday, November 3, 2014

Present: Glenn Robison, Division Manager, Administrative Services; Liz Amsden, Budget Advocate; Macky Fortu, Budget Advocate; Jeanette Hopp, Budget Advocate; Erick Morales, Budget Advocate

Recommendations:

Explore what functions from other departments could be included in their efficiencies using the metrics they provide as a basis since the City Clerk already has an administrative function for most departments.

Evaluate City Clerk's office handling all payroll data entry and calculation, going then to the respective department heads for approval then to the Controller's office for payment.

Request that the \$791K deducted from the department's current budget be returned to the City Clerk before it affect in their cash flow and leads to emergency funding requests and that, since the refunds to the City Clerk's office in connection with other entities elections is paid into the general fund anyway, no such deductions be done in the future.

Suggest that a policy be established that once the costs of services for outside elections is calculated and submitted, that follow up on such reimbursements be put in the hands of CAO's Inspector General .

Overview:

Covers administration and elections. Budget for administration runs \$8.9M per year with \$16M added every two years for the elections.

Charter Amendments for shifting the city and school elections to even years to reduce costs by sharing with county is on the March 3rd ballot. Potential issue in the way LA County has ballots set up limits number of contests. Some elections in OC now electronic, touchscreen voting available 2016, may attract younger voters. Will have time after the next elections to work on the issues.

Elections has a dedicated staff of 20, working on various projects including program to ID registered voters who don't vote. They also handle LACCD & LAUSD elections (fully reimbursable – billed back). Elections involve 1200 polling places, 1600 precincts (down from 1800 2 years ago), 10,000 poll workers

Total staff down to 97 from 159 5 years ago.

3-4 person payroll office handles payroll processing for the 650 staff of mayor and council members' offices as well as processing payments for all of the City Clerk's vendors. Controller's office cuts the checks.

Provide support for mayor and council including contracts, transfers, agendas, reports, setting up contributions by council members, payment of rewards, processing travel and expenses for council and others.

Handle special assessments for Business Improvement Districts (39), collect \$ on their behalf, pay through the business council & audit

CPS staff & run council meetings & committees, voting, agendas, tracking approvals, electronic submission of reports, posted online within 24 hours

Records managements, 190K boxes warehoused now, earthquake proof building after 1992 quake, retention varies, 3, 5, 20 years, archives (manage historical archives)

Administer 47 trust funds for council districts (if city parcel sold in CD 75% goes to general fund, balance to real property fund for that CD; pipeline franchise fee – districts receive fee charged by miles of gas lines in district)

Systems divisions, 90 projects currently to improve the department, outreach, access, departments, more for less

Good IT, funded properly

Needs:

To replace electronic vote tally system which is 25 years old, looking at purchasing in conjunction with LA County to defray cost which could run \$25M

\$791K was removed from the funding for the 2015 March and May elections. This represents the costs of the LAUSD run-off in July. Due to the amounts involved and the complexity of the calculation and, depending on the audit of their invoice by the LAUSD, this could take months and then will be paid into the General Fund, not to the City Clerk's office – leading to further delay in obtaining needed money. If the funds are not received before the elections, would require them to go to the City Council with an emergency request which could cause further delays and expense.

Current progress:

Focusing on innovation.

Developing:

- paperless automated agendas
- new metrics for every division
- performance-based budgeting
- any request needs back up with metrics

Have taken over payroll for some departments such as DONE, and assists with DONE elections (alternate years) to avoid conflict of interest issues.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

OFFICE OF COMMUNITY BEAUTIFICATION

On 2/9 Erik met with Paul Racs, Director of the Office of Community Beautification (OCB), a program under the jurisdiction of the Board of Public Works.

RECOMMENDATIONS

- 1) The City should once again sponsor State legislation to allow Los Angeles to propose a tax on the sale of aerosol cans and felt-tipped markers (Sharpies) to raise funds to remove graffiti. Such a proposal passed the State Senate in 2010 but died in the Assembly. With multiple State leaders hailing from Los Angeles, this can be done.
- 2) Include in City Budget a total of how many square feet of graffiti have been removed citywide, in addition to statistics about response times, as four times as much tagging is removed by roaming crews as is painted over due to calls from constituents or the City.

SUMMARY OF MEETING

The Department of Public Works (PW) is made up of five different bureaus and one five-person civilian board, the only paid commissioners within the City of Los Angeles.

Our committee met in person with each Bureau, except for Engineering, representatives of which the chair interviewed by phone. We also met with the president of the Board.

The Office of Community Beautification's budget makes up just under half of the Board's expenditures (\$6.7M out of \$14.7M). Their main responsibility is to oversee the City's efforts to eradicate graffiti. The current challenge faced by the office is the loss of 10% of its anti-graffiti funding due to a change in the way that the U.S. Department of Housing & Urban Development calculates eligibility categories.

OCB was able to work with the Mayor's office to identify one-time funding from a Capital Improvement account to restore \$1M lost due to cuts during the Great Recession for the current fiscal year, but they are still \$600,000 under budget due to the CDBG cuts. If the City fails to locate an additional \$1.6M for the next fiscal year OCB will be out 25% of its budget.

This would be the equivalent of losing 15-18 daily crews. Given that the bulk of graffiti removal (80%) happens from roaming crews, while only a fifth stems from calls for service, such a loss would not only slow down the response times for graffiti removal crews but also limit how many individual incidents of graffiti that could be removed in a typical fiscal year.

From FYs 2010-11 to 2014-15 OCB saw its average 24-hour response time dip from 63 to 46%, its 48-hour response percentage drop from 74 to 53, and 72-hour response drop from 80 to 63. While Mr. Racs estimates that his crews may be closing in on 60% for 24-hour response this fiscal year, there is no question that the recent cuts in funding have lengthened service times.

The City has moved to consolidate graffiti removal efforts in OCB, cutting positions for painters for a number of departments who used to paint over tags. General Services offers a removal service but charges departments for this work, so many rely upon their local OCB-funded graffiti contractors to handle the job. OCB does not charge the public or the City for its work.

The Mayor instituted a robust anti-graffiti program (UNTAG) while the representative for the 13th District, which engaged the local community in identifying locations where tagging exists in order to quickly have it removed by OCB-funded crews. The program by all accounts was a tremendous success, except for the fact that it drove up the cost of providing services to the 13th District at the expense of the other two Council districts that shared the same contractor.

The City needs to identify a permanent funding source to support the work of OCB, particularly as it moves toward a business model in which departments rely on each other to provide services and are expected to pay to support this work. With the Mayor's emphasis on a "Back to Basics" approach to City services, graffiti removal should be high on the list of priorities to fund.

SIDEWALKS

As far as participating in a City sidewalk program, Racs stated that 3 of his 13 graffiti contractors currently do this type of project. A few others could do so with the right amount of training. The City Council has approved a handful of positions in Street Services to work on sidewalk repairs around public buildings, which will likely not be filled until FY2015-16. These positions and existing staff at the Bureau might be able to help train apprentices or staff at the various anti-graffiti contractors, thereby substantially bringing down the City's costs for doing the work.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

CONTRACT ADMINISTRATION

Erik and Jon met with Director John Reamer and Chief Management Analyst Lawrence Williams on 11/6.

RECOMMENDATIONS

1. Ask the CAO and Personnel to explore creative ways to address the long-term staffing needs of the Bureau by creating an apprenticeship program, in partnership with local trade unions and tech schools, to train a new “bridge” generation of inspectors who can pass on to become full-time City employees after an appropriate period of training.
2. Explore increasing the medical component of the living wage from the current \$1.50 an hour to closer to the \$5 an hour offered by the Airports.
3. Consider breaking the Bureau into two divisions, one that handles work on the private and proprietary side and another that handles regular City departments. Allow the first group to hire a larger number of administrative staff so long as they can recover cost.

SUMMARY OF MEETING

The Bureau of Contract Administration’s primary responsibility is to enforce the living wage ordinance across all Council controlled departments as well as the proprietaries. They ensure that workers are paid properly and are largely complaint driven. Their budget is \$45 Million and they oversee over \$2 Billion worth of City projects. They currently have 290 out of 315 authorized positions filled and use a number of hiring hall workers for temporary work assignments, mainly as inspectors.

Like the other Bureaus, Contract Management (CM) has seen a large (15%) drop in the size of its workforce in recent years and may lose up to half its staff by 2017 if retirement patterns hold. Their employees are often embarking on second careers and only stay for around 10-15 years. Since their workload tends to fluctuate along with the number and size of ongoing projects they are given some flexibility through their MOU to bring on temporary inspectors.

The Director expressed a desire to be able to hire off of open lists, not just promotional ones, which requires the Personnel Department to hold exams and prepare them as well as the CAO to permit new hiring. The discussion largely focused on the possibility of creating a hybrid

model to create a new class of apprentices who might earn the right after a set time working on a temporary basis at a reduced rate to be considered for hire, on a lower promotional list tier.

One fact that came as a surprise to the interviewers was that, although L.A. has one of the higher living wages in the state, the amount that City departments pay to cover medical costs is less than a third of what LAWA offers. Taken together, the City's total living wage is still hard to live off of in a city as expensive as Los Angeles and is smaller than many other jurisdictions.

CM generates a small profit for the City off work it does for the private sector and proprietary departments. In all, the Bureau brings in \$36 Million in revenue, yet they have lost the majority of their administrative staff in recent years. While invisible to the public, this impacts their ability to properly execute their responsibilities. Unlike inspectors, the Bureau cannot hire administrative staff from the hiring hall, so they are reliant upon the civil service system.

White Paper Report on the Office of the Controller

Friday, November 7, 2014

Present : Daniel Tarica, Deputy Controller; Suzy Jack, Deputy Controller; Liz Amsden, Budget Advocate; Jeanette Hopp, Budget Advocate; Erick Morales, Budget Advocate

Recommendations

Request detailed estimates of costs and returns to justify positions as well as contracted audits and based on the results, fund on an ongoing basis additions to increase in-house auditing staff AND provide sufficient money for outside audits.

Fund at least one full time tech and one coder for the year 2015-16 and develop a plan to upgrade and energize its Information Technology Agency for the benefit of ALL departments including overall projected costs and return on investment

Provide for an immediate assessment of an electronic payment system including ability to accurately track income & expenditures and include sufficient funds to implement it in the 2015-16 budget.

Evaluate current positions to see which could take on part-time succession planning & support

Funding for succession planning costs

Look at aligning payroll functions so City Clerk's administrative function handles up to check cutting for consistency.

Study ways to keep funds IN the city – look at current buy LA/buy local policies, quantify and standardize threshold requirements for vendor preference on Requests for Proposals (RFPs) to increase benefit to local economy, based on jobs in Los Angeles, etc.

Needs:

Additional auditors & support staff which not only should recover funds from the targeted vendors but should also pay off handsomely as vendors know department is currently short-staffed, so every vendor will clean up act if some are pursued

Resources to rebuild tech support team to 5 people from one part-time Information Technology Agency tech (ITA lost 40 positions (20% of department, currently only has one person under 35, 40% of current staff eligible for retirement), need coding & data experience to update systems to use existing programs, improve ability to project costs & income

Updated IT infrastructure – data access & electronic payments will cut costs, increase accuracy, reduce redundant data entry/mistakes, will benefit all departments and vendors; currently at risk of not meeting deadlines – could be expensive, hinder effectiveness of providing services; streamline services, increase effectiveness

Succession planning – to be more efficient, grow with times, provide support for all departments

Develop accurate and timely process by which all departments can provide accurate data for analyses

Overview:

By choice Ron Galperin has been an advocate for issues beyond what is defined as Controller

Ron keeps politics out, up to the public to keep the department honest

Can only address some issues retroactively once there is data showing costs to the city arising from issues, can then go to Council and work with them to make policy changes to reduce these costs

Functions of the department include:

- conducting audits of all city departments and any entity receiving funds from or controlled by the City Council (includes independent financial, performance, contract compliance and information systems audits)
- cutting checks for city payroll & accounts receivable
- handling financial reporting on income & expenses (Finance department handles collections)

Audits can identify problems and suggest solutions or open the issue up for discussion (street resurfacing)

Return on investment for audits has run 3.46:1 [see audit division accomplishments on website].

Staffing cuts (lost one more auditor plus one support current year) and budget cuts of consulting funds (cut from \$1M to nothing).

Have used rollover savings to fund 4 or 5 outside audits a year (@ approx. \$150K each) since need auditors with specific experiences on many audits and cost/time frame does not justify carrying them in house.

Best practice for internal audits is 7 auditors per \$1B auditable accounts, currently have 15 for \$20B. Maintains a certified list of qualified auditors, updated yearly, for outside audits.

City Attorney advised that any Buy Local policies needed to extend to LA County, procurement data on website, already working with point system on Requests for Proposals (RFPs) to keep money in local economy

Current progress:

Seeking innovative solutions to improve performance both inside and outside the department

NCBAs REPORT ON THE DEPARTMENT OF DISABILITY

201 N. Figueroa Street, Suite 100

Los Angeles, CA 90012

November 3rd, 2014

PARTICIPANTS

Erick M. Morales, NCBA (Committee Co-Chair)

Jon Liberman, NCBA (Committee Co-Chair)

Stephen D. Simon, J.D., Executive Director, Department on Disability

RECOMMENDATIONS

The Committee recommends that the City of Los Angeles adopt the following suggestions:

- Digitize the Department on Disability's records so that the training process for future employees can be easier and faster.
- Move towards making the City as ADA compliant as possible to avoid lawsuits that the City must settle.

BACKGROUND

The Department on Disability is a small agency within the City of Los Angeles that is designed to craft policy, programs, services and activities to improve the lives of those with disabilities, to guide the City through the process of becoming ADA compliant, and provide ADA compliance training for both City Departments and private organizations. The Department's audience is vast, including all persons with disabilities in the City, persons with HIV/AIDS, City employees, elected and appointed policymakers, and more.

In the 2014—2015 Budget Year, the Department on Disability was appropriated a total budget of \$1,961,633. This total budget includes \$1,490,978 (76%) on salaries, \$316,792 (16%) in expenses such as printing, transportation, and office supplies, as well as \$153,863 (8%) for a special AIDS Prevention Program. The Department's funding comes from the General Fund with \$1,374,490 (70%) and the Community Development Trust Fund, a federal block grant program that provides funds for the development of viable urban communities through the U.S. Department of Housing and Urban Development, with \$587,143 (30%). Adding related and indirect costs, the total cost of the Department on Disability to the City is \$2,687,080. The Department has a total of 11 employees spread throughout different divisions with 6 (54.5%) working in ADA compliance.

CONCERNS AND DISCUSSION

Mr. Simon told the NCBAs that his Department was a small, internal Department, with most of its work in ADA compliance. A large portion of the City remains inaccessible to people with disabilities, which generates frequent lawsuits that the City must settle constantly. The Department must also do risk management work and partner with other City agencies to complete its mission.

Mr. Simon comes from doing policy work and would like for the Department to advocate for policy at various levels of government. The Department is also very small; issues of homelessness and mental health must be deferred to the County or City-County Partnerships.

Three people will reach retirement age in the Department in the next five years; with the size of the Department, this is a significant percentage. Many employees in the Department are also used to using thick binders and printed materials to do their work and not computers or the Internet. Because of this, Mr. Simon says that hiring a new employee will require a lengthy training process.

Mr. Simon told the NCBA's that he likes running a small Department, especially on a shoestring budget where he doesn't ask for money frivolously.

RESPECTFULLY SUBMITTED BY:
ERICK M. MORALES
2014—2015 NCBA's SECRETARY

Economic and Workforce Development Department
General Manager: Jan Perry
1200 W 7th St 6th Floor
Los Angeles, CA 90017

Recommendations

The City needs to add funding specifically to handle the additional reporting obligations on grants required by federal agencies.

The City needs to implement a standardized data entry system for all departments.

The Council Members and other elected officials should actively assist in setting up partnerships to expand existing programs and implement new ones.

Attendees

Jan Perry – General Manager, Economic and Workforce Development Department
Zita Davis – Administrative services Division, Economic and Workforce Development
Danielle Lafayette – Budget Advocate/Economic Development Committee member
Liz Amsden - Budget Advocate/Economic Development Committee member
Krystee Clark - Budget Advocate/Economic Development Committee member

Report

The Economic and Workforce Development Department has been 98% grant funded. In the dissolution of the Community Redevelopment Agency, it is now taking over some of its activities and expects to receive the associated funding.

The Department's goals are set by the Mayor and Council and are established by ordinance to leverage resources for job creation and include 17 newly-created WorkSource Centers. They were re-bid out to agencies that have a ratio of private or in-kind support to deliver technology to clients and focus on vets, the homeless, and the criminal justice system.

Their focus is to partner and collaborate with the LAUSD and multiple other agencies at all levels of government in order to leverage the department's ability to provide the services for which they are responsible. They are currently having success with working through the Los Angeles Neighborhood Initiative (LANI) which focuses on improving public transportation corridors, urban greening and business district projects.

Beyond the current unemployment rate, there is a real need for a living wage and career positions not just low-level jobs, and the Department's focus on youth and young adults includes connecting them with resources in our communities for education and on-the-job training.

The City Council's job is to deliver the services required by the residents and attract and expand commerce – there are currently about 283,000 small businesses in the city as well as the large corporations – all of which are sources for jobs.

There is a concern about the current gross receipts tax driving jobs out of Los Angeles but the Council needs to address how they will replace the loss to the General Fund so it does not create further budget problems.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

ENGINEERING

On 12/2 Erik spoke to Deputy City Engineer Kenneth Redd and Director of Communications Mary Nemick by phone.

RECOMMENDATIONS

- 1) Request that the Bureau of Engineering revamp its process for determining the estimated completion date for projects to incorporate the benchmarks currently being developed for contracting firms.

SUMMARY OF MEETING

The Bureau of Engineering (BOE) designs and manages the construction of new City facilities, including streets, sewers and most public buildings. Like most other City departments, their staffing has dropped down significantly during the Great Recession, seeing a more than 25% reduction in authorized positions between 2009-10 and 2013-14 (894 to 666). Going back to their high water mark in the late 1980s/early 1990s, they had 1,600 budgeted authorities.

BOE utilizes the hiring hall for some surveying work but generally goes out to consultants if they need additional help. They have established lists of engineering firms and hire the ones with the best priced bids. The Bureau was allowed to hire 30 new engineers last year, though because of retirements their net gain was only 6. They hope to receive permission to hire another 10-20, which will be needed as 42% of their current workforce will soon be of retirement age.

The major trend ongoing within the bureau appears to be a shift from General Funded to Special Funded positions, which has made water-related projects their single largest category (46.6%). Like Contract Administration, BOE has set percentages that it charges departments for its services, using a sliding scale depending on the size of the project to reflect overhead costs. Overall, their budget has increased slightly in recent years, from \$71.6M to \$73.3M in 2014-15.

One service issue that the Bureau acknowledged is in need of attention is in accurately predicting when projects will be completed. They are currently developing benchmarks for each stage of the process to insert in future agreements with contractors, which will allow them to charge late fees for the missing of deadlines, which will in turn help to finish projects on time.

The Bureau has asked for a half dozen positions this fiscal year to support the Mayor's Great Streets Initiative, as well as anticipated work repairing sidewalks using the \$27 Million that has been set aside for this purpose. There was some hesitancy to predict whether these positions would be approved as both of these projects lack clear implementation timelines. Similar to the

Department of Transportation, since most of their projects are for two to three years in duration, BOE has a hard time guaranteeing that they will have ongoing work for new hires.

White Paper Report on the Office of Finance

Monday, November 3, 2014

Present: Antoinette Christovale, General Manager; Saul Romo, Assistant General Manager; Ed Cabrera, Assistant General Manager; Liz Amsden, Budget Advocate; Macky Fortu, Budget Advocate; Jeanette Hopp, Budget Advocate; Erick Morales, Budget Advocate

Recommendations:

Proactively look at better solutions to attract business than phasing out the business tax (will remove revenue while costs for related audits etc. will continue for 3 years); look at how other cities handle, etc.

Evaluate if the mayor should appoint a tech 'czar' who can coordinate moving towards IT and financial standardizations in all departments as well as addressing current concerns such as cybersecurity.

Aggressively address reducing bank fees – asses if an immediate transition to electronic payments would help?

Assuming options to increase enforcement have been adequately identified, fund those which have the top return on investment for the 2015-16 budget year.

Fund infrastructure suggestions, including facility/personnel for live chat option, for coming budget year.

Budget guesstimate for upgrading of infrastructure to fulfill payment card 3.0 (see below).

Address charging back some of the costs to provide data to council members and other departments to cover costs of additional personnel to handle these requests effectively.

Explore going through NCs to help business stakeholders and facilitate tax education – info, requirements, etc.

Provide proposal to develop contingency plans – can this be done part-time with existing personnel?

Needs:

Address cybersecurity issues and establish protections asap.

Need to upgrade infrastructure to fulfill payment card 3.0, be in compliance with credit card industry after recent hacks; need funding but won't know needs or costs till December

Need to replace IT staff lost to DWP and the public sector during cutbacks. Face competitions from private sector for staff, need to pay competitive wages to get IT staff that are trained in cutting edge technology, current staff aging out, need to invest in technology, staff. IT infrastructure always aging. Need cutting edge IT experts working with ITA to facilitate performance.

Need to develop infrastructure for live chat – more cost efficient than phone support as personnel can handle multiple inquiries at the same time but will require new technology & personnel with a different skill set. Have been talking to the FTB which has used for the past 4 years so, if Finance parallels the FTB set-up, most of the bugs should have been worked out.

Would like ability to increase enforcement – would this be better handled by the Inspector General?

Want to expand education and webinars which will prepare businesses and their financial advisors to interact more efficiently with the city.

In the long term would like to increasingly build on technology advances and stay ahead of the game to make it easier for customers – phone apps, etc.

Overview:

Antoinette focusses on investing the money on the books, Saul deals with budgets & banking, Ed with taxes, permits, audits, AP, revenue collection.

The city of Los Angeles' finances are comparable to large companies, small states and some countries.

Department has been reinventing itself over last 14 years lost 18% staff to cutbacks but has identified efficiencies & increased effectiveness, using technology and automation to maintain level of service, shifting to e-file, etc. 70% of businesses now e-file.

Finance department manages the city's portfolio with 4 in-house staff for under \$1M, better than most managed accounts. These investments mitigate risks. Also addresses and handles bond requirements for the city.

General maintenance costs have stayed flat but basic bank costs have gone up due to credit/debit fees.

Provides customer services in supporting vendors, educating taxpayers, presentations to accountants and other interested parties to improve compliance and accuracy.

Collects fire, alarm, park and occupancy fees and taxes. Business and other taxes bring in about \$450M. Collect 25% of income themselves, approx. \$100K. Turn to collection agencies for outstanding amounts of \$5K or under, typically charge 15% to 25% but these fees are charged to the delinquent account (and these agencies only paid if actually collect) so no loss to city.

Current collection rate is 94-95%, constantly looking at enacting ordinances to facilitate collection, can now refer to Inspector General to pursue.

Provides reports for all departments so they have accurate data for their own budgeting, projections, etc.

Reconciles monthly: 750 accounts, all departments, special accounts, debt portfolio, etc. And, when necessary, transfers monies from accounts to departments that need additional cash flow to avoid fees and fines.

Handles in-house audits of all collections.

Have own computer system & programming for tax purposes which is monitored by ITA, but they contract out maintenance of program (subscription covers databases) as it is too specialized/not cost effective for work in house but would support tech improvements for city hall infrastructure for working with other departments.

Feels working through existing banks which are widely available, provide customer service and convenience for vendors is better than looking at a city bank. Losses of city funds are limited under California's government code which requires that depository banks for governments have to be collateralized 110%, in position in front of others if there are bank failures in the future.

Current concerns:

As part of the performance budgeting process and looking for efficiencies, City Council offices and other departments are exploring various proposals and relying on the Finance department to provide data and options which is increasing demand on their personnel.

Want to continue expanding enforcement, education & webinars (through Ch 35, available 2015 on a variety of subjects).

Building Spanish language website.

Staffing reallocations on treasury side.

Developing contingency plans, especially for scenarios of extended power losses caused by natural disasters, etc. Need to network on contingencies, if city down, will need access to buildings, plants, info, infrastructure so as not to default on payments. If miss payments, creditors have no history of forgiveness and extract huge fees.

Working on efficiency, working with other departments to ensure efficient, working with Inspector General to identify efficiencies

Exploring how to leverage live chat and other new technologies, which appeal to the next generation, and are more efficient than phone and face-to-face support?

Currently assessing credit card issues/compliance which need to be phased in during the next budget year,

NCBA Committee Report:

Brett Shears, Chair

Ken Schwartz

Kevin Davis

Meeting with the General Services Department (GSD) Thursday, November 6th

In attendance:

- Valerie Melloff, Assistant General Manager, Administration & Building Services
- Victor Yee, Director of Finance
- Lisa Gabriel, Assistant Director of Finance
- Brett Shears, Budget Advocate and Chair of the ITA and GSD Committee
- Kevin Davis, Budget Advocate

Recommendations:

Continue the partial exemption from “managed hiring” restrictions for the General Services Department. The City should allow for as many exemptions as possible, but filling vacancies should be prioritized based on their positive benefit-cost ratio as determined by the General Services Department.

Empower the GSD with the ability to hire temporary or seasonal workers. Due to the highly variable nature of the work at GSD, in which services are often provided on-demand to the various departments, temporary workers are integral. For the GSD to be a truly effective organization it needs dexterity. The ability to hire temporary workers can provide that.

Fund a modern Asset Management System. The internal efficiencies the GSD and the City as a whole can gain from having a comprehensive and accessible platform of the City’s assets is incalculable. Further, by implementing and then connecting the asset management system to the [LA Open Data portal](#), the GSD has the potential to make transformative data available to the citizens of Los Angeles and its employees to improve decision-making across the board.

Key themes

- The dexterity (i.e. the need and ability to deal with highly variable things) of a department like the GSD may actually hurt them in the sense that it causes budget instability and may make requests for city officials to change service priorities easier.
- High vacancy rates are a top priority.
 - The department was subject to severe staffing cuts over the last six years.
 - A few filled vacancies can have enormous returns; a cost-benefit analysis is desperately needed to create a compelling case to fill those vacancies.
- As with all departments funded by the general fund, the GSD will be subject to 3% budget cuts.
- Servicing other departments requires higher budget dexterity because they must account for the highly variable needs of other departments.
 - GSD budgets are adversely affected by the needs of other departments.

General Stats

- ~850 Facilities.
- 135 maintenance staff to maintain those facilities.
- Purchase 16 million gallons of fuel each year for the Fuel Services Division.
 - They are shifting from traditional fuel sources to alternative fuel sources and that means they are also shifting to be able to service alternative fuel sources engines (especially electric) for the fleet service repairs.

Top priorities

- GSD is unique among departments in that they are really meant to service the other departments and the City more generally. They are highly varied in their services, and so are their priorities as a result.
- Asset management system. Such a system would be new, but it is not yet funded.
 - This system would require getting their data “cleaned up” and into a workable system.
- A building maintenance management system is also much needed.
 - Many of these existing systems rely on very old technology, including old operating systems for which there are no available updates.

Biggest Challenges

- Facing 3% budget reduction (this universal for all general fund departments).
 - This especially affects things like custodial services which are usually among the first things to go.
- Over the last six years there has been an 35% reduction in staff at GSD
- There is significant emphasis on “preventive maintenance.”
 - Currently only 65% of preventive maintenance work is being done.
 - GSD is asking for 10 positions specifically for preventive maintenance with the goal of bring that figure up to 80%.

Staffing

- GSD maintenance has lost ~95 employees (~225 to ~130) over the last six years.
 - Many of these employees were tied to painting services and graffiti removal.
- GSD has partially resolved the “Managed Hiring” problem faced by other departments (wherein you can’t just hire someone to replace and outgoing employee) because they got a partial exemption.
- Valerie Melloff said that they are “Hoping it goes away” (in reference to the Managed Hiring policy).
- There are high vacancy rates for “equipment mechanics.”
- They want to make being able to hire temporary or seasonal workers a priority because of how well they work in the GSD.

Process

- Requests for service are prioritized.
 - Example of ITA being denied for air conditioning for their servers.

- The GSD is required to provide a certain level of service for vehicles and buildings; thus, much of the prioritization is based on that required minimum level of service.
- All maintenance requests are treated “equally.”
- All construction services are done through the annual budget process.

Appendix (Advance Questions to GSD provided by email)

- What are the General Services Department's top priorities for the coming fiscal year?
- What are the General Services Department's biggest challenges/problem areas?
- How does the GSD work with other departments to help them secure their infrastructure needs? (For example, the ITA to possibly help with their [or another department's] technological capacity.)
- Does the GSD have any plans in the works to help the ITA update the city's tech infrastructure?
- GSD maintains various city real estate. In this market should any of these properties be sold and leased back?
- What is the current vacancy rate for our leasable city-owned buildings/facilities? And does this differ from other usage rates that consider facilities in a state of disrepair?
- The Department operates on a relatively low budget and takes pride in having reduced it's staff significantly. How will more staff help GSD do its job better?
- GSD has taken pride in that it has reduced its workers comp. expense considerably. Can this program be replicated by other departments?
- After fixed obligations are paid to other departments, how is the rest allocated?
- Is the department involved with other department budgets? If so, is there any kind of review of the requests or is the money just divided up under some formula?
- As the City's chief purchasing agent, what steps or rule changes would the department suggest be taken to maximize the City's buying power of goods, services and infrastructure?

BUDGET ADVOCATE REPORT FOR LOS ANGELES HOMELESS SERVICES AUTHORITY

On 11/17 Jon, Erick and Erik held a conference call with Clementina Verijian, Acting Director of the Policy & Planning Department for the Los Angeles Homeless Services Authority (LAHSA). Below are our recommendations and a summary of our discussion.

RECOMMENDATIONS

1. Encourage the City and County to renew their commitment to finding a joint, regional solution for homelessness by pooling together their resources and making sure that the majority of funding is going toward the areas and types of projects that LAHSA has determined should be the highest public priority.
2. The City should adopt Councilmember Huizar's proposal to create a "czar" or liaison on homeless issues to the County. This individual, who ideally should work out of the office of the Mayor or CAO, would be empowered to speak for the City on issues related to the allocation of funding by the County and participate in discussion at the City level along with City Council members, as appropriate.
3. LAHSA should begin providing homeless count data by health district, not just by SPA region or for those cities and communities that perform their own counts.
4. Encourage the City and County to develop a way in their respective annual budgets to credit government programs and nonprofit agencies that help reduce government costs for servicing the homeless so that they can expand their efforts and taxpayers can see the connection.
5. The City should continue to lobby Congress, and coordinate with the County in this effort, to permit urban areas to utilize statistical sampling methods as part of their homeless counts so that hard to reach groups of people are not missed.

SUMMARY OF DISCUSSION

With a staff of just 75 individuals and a budget of \$11 million, LAHSA has a very large mandate that requires a great deal of collaboration. They are currently in the process of preparing their 2015-16 City and Council budget requests. Locally, LAHSA is most similar to Metro in that it is a City-County agency whose mission is to coordinate

services to the homeless population across Los Angeles County and the 88 different cities within it. The result of a lawsuit between the City and County of Los Angeles, the agency has not been completely embraced by all parties, leading to some of the difficulties that were outlined our conversation with the LAHSA representative.

Few new units of housing were built countywide during the last few Notice of Funding Availability (NOFA) applications. Instead, the \$91 Million the County received from the U.S. Department of Housing & Urban Development (HUD) went largely toward proving housing vouchers and rental assistance for families at risk of becoming homeless. There are several reasons why housing is not being built, starting with the length of time it takes to construct a project and the comparative ease with which officials can find existing places that will rent to homeless individuals utilizing the Section 8 program.

Approximately \$16 Million from LAHSA's budget was set aside for providing vouchers for 1,200 rental units. The rest of its funding was used for emergency (shelter) and transitional (short-term) beds. The agency partners with the United Way to provide rental assistance to families at different income levels at risk of losing their homes.

Clementina mentioned that Los Angeles faces a housing crisis for housing for single adults as well as youth. The agency is attempting to identify bridge housing to assist these groups. LAHSA is stymied in its ability to respond to the needs of the homeless by County policies that allow Supervisors to hold onto tens of millions of dollars for projects of their own choosing, which may or may not reflect the highest and best use of these funds. Oddly, the Supervisors can make allocations without input from LASHA.

LAHSA is capable of performing gaps analyses of each community in the County and advise funding agencies on which services are most needed. The current process is too dependent upon interpersonal relationships between elected official and individual service providers, which can lead to favoritism. The County also would benefit from a more defined timeline for the expenditure of funds, so that Supervisors do not rush to spend homeless service funds at the end of the year, precluding LAHSA from providing their expert advice. The recent retirement of the County CAO/CEO as well as the inauguration of two new supervisors provides an opportunity to rethink this process.

LAHSA currently uses 8 Service Planning Areas (SPAs) to track homeless populations, each covering more than 1 million people (about the size of Dallas, TX). They also provide information within the City by Council district and for the 90 individual cities and communities that perform their own homeless count efforts. Ideally, the County would utilize its own sub-SPA measurement, the 35 districts or communities developed by the Health Department. This would provide far more homogeneous data for areas of under 300,000 residents with names that refer to recognizable communities, not numbers.

The federal government asks that local homeless service agencies perform a count each and every year, which LAHSA has determined to be a poor use of their resources. They

instead do a survey every other year, except during the taking of the U.S. Census. The federal government refuses to allow modern survey sampling techniques to be used, so their counts are usually much lower than LAHSA's, as the agency attempts to estimate how many individuals who are homeless live in encampments outside of the public eye, their vehicles, or in the homes of friends or family as temporary guests. With the GOP's capture of the U.S. House this discrepancy is unlikely to be changed any time soon.

The 2013 Homeless Count found an increase of 26% in the estimate of homeless individuals in the City of Los Angeles, up to 29,682 from 23,539 in 2011. Most (68%) of this increase came from the category of the hidden homeless, or those not easily seen on the street or at a shelter. One bright spot in the report was that family members now make up just 14% of the homeless, down from 22% in 2011, so efforts to focus on this group appear to be paying off. The most alarming statistic from the survey was the 67% jump in the percentage of unsheltered homeless, meaning people living on the streets. This was blamed on the end of federal housing programs such as ARRA.

LAHSA is already planning for the 2015 Count, with regional coordinators hired to work across each SPA with local governments and service agencies to set up canvassing operations. The City and County have yet to commit to funding the 2017 homeless survey. Another issue that Clementina brought up as needing future attention was that California is one of the few states lacking an inter-agency council on homelessness. While the State does not play a major role in helping to end homelessness this might be an area in which it could help to play more of an oversight role on what is done locally.

One area where the City could be of greater help would be to build a stronger linkage between LAHSA and its services and its own work source centers. Understandably, these have been focused more on helping the recently unemployed to obtain employment, but as the economy improves and the unemployment level drops the City should be able to put a greater emphasis on connecting the formerly homeless with jobs. The Housing First model has proven enormously effective in getting individuals off the streets and into a home, but these people need to work in order to fully blossom.

For its part, the County has focused largely on pilots like Project 50 and Project 500 to move individuals off the street who were utilizing a high degree of services. This approach has expanded into Frequent Users Systems Engagement (FUSE), which seeks to take the 10% of the homeless who incur the greatest public cost off the street and find them housing. This group utilizes nearly ten times as many services as the other 90%. To date, however, the City and County have not developed budgeting methods to credit agencies such as LAHSA with savings to the budgets of fire, police and hospitals.

DEPARTMENT OF HOUSING AND COMMUNITY INVESTMENT

On November 10th Elvina Beck, Barbara Ringuette, and Connie Acosta met with Luz Santiago, Administrative Deputy, and Angelica Samayoa. This is the Budget Advocates' first meeting with the Department.

RECOMMENDATIONS

- Renew \$500,000 funding for domestic violence shelter providers.
- Provide funding for family services including counseling – Funding for the public service category is cut by 30%. Approximately 2 million dollars will keep these programs whole.
- Identify additional resources to provide affordable housing – \$30 million in grants is available; however, projects are restricted in number for each category. There are more qualified proposals than there is funding available. The Department partners with proposers and provides gap funding which permits additional well-qualified projects to begin construction years sooner. These low income projects are for homeless, transitional housing and seniors.

DISCUSSION

We discussed the Department's multiple services, challenges, feedback from customers and the public, department funding, neighborhood concerns and city-wide planning as well as the 2014-2015 budget and budget requests for 2015-2016.

Services provided by the Department are very broad, covering 20 different programs.

The Department is funded both by fees and by grants.

The Housing Department, funded by fees, conducts Systematic Code Enforcement of rental properties, both:

- 1) proactive site visits every 4 years while the goal is every 3 years and
- 2) complaint based responses.

At the request of the Mayor the Community Investment section moved from the Community Development Department to the Housing Department. That section is seen as "Community Builders".

Community Investment programs are funded largely by the federal government including a HUD consolidated block grant which the Department's staff administers.

During the 2014-2015 budget year the federal entitlement program for domestic violence shelter providers was cut by \$500,000. For the first time last year the Department made a request for funds from the General Fund. The city General Fund restored the cut funds, and the Department is requesting the same for 2015-2016.

Staffing:

The Department has 612 employees and 106 authorized but unfilled positions for a total of 740 authorized positions.

The target for staffing is 100% less 3%. Currently 16 positions are waiting for Managed Hiring approval. Because of budget cuts in the Personnel Department, turnaround time is delayed.

Top three Budget Priorities:

- 1) Renewed \$500,000 funding for domestic violence shelter providers.
- 2) Funding for family services including counseling
- 3) Additional resources to provide affordable housing.

This Committee supports all three departmental Budget priorities for the 2015-2016 Budget.

NCBA Committee Report:

Brett Shears, Chair

Ken Schwartz

Kevin Davis

Meeting with the Information Technology Agency (ITA) Tuesday October 21st

In attendance:

- Steve Reneker, General Manager of the ITA
- Brett Shears, Budget Advocate and Chair of the ITA and GSD Committee
- Ken Schwartz, Budget Advocate
- Kevin Davis, Budget Advocate

Recommendations:

- **Empower a single individual (or team) to coordinate the IT efforts within the City to avoid redundancies and decrease inefficiencies across departments.** To avoid inhibiting the various departments from meeting their own IT needs, this should not entail their ceding complete control of their individual IT efforts.
- **Create and implement a comprehensive plan to coordinate the introduction of new technologies with a larger, more cost-effective, and more accessible cohort of IT employees.** This new generation of IT workers should be given competitive salaries and have outstanding, relevant, and modern IT skill sets. Creating a pipeline for recruiting armed services veterans who have IT training should be a top priority for the ITA and other departments seeking qualified workers.
- **Implement the recommendations from the CAO (CF 14-1646-S1) to: 1) Establish a strong IT infrastructure backbone that is scalable; and 2) Modernize the City's data center operations through public and private cloud options.** Our IT infrastructure cannot continue to be supplemented with modest advancements. To be able to handle the IT needs of a world class city, our IT infrastructure needs to make a "quantum leap" in IT service delivery. This entails investing in the aforementioned technologies that will begin to put us on the right course.
- **Ensure that a long-term benefit-cost analysis for all major IT projects is undertaken before entering into agreements that may ultimately cost us more money than they would save.** A considered investment in our own significant IT infrastructure has the potential to save us millions of dollars in the long run. By way of example, ITA General Manager Steve Reneker cited the decision to contract out the laying of fiber optic line for the Emergency Operations Center¹ as a lost opportunity. For such large-scale projects, the City should require the appropriate departments to review the long-term value of these projects and budget accordingly.

¹ The Request For Proposal can be found [here](#):

<<http://10ba4283a7fbcc3461c6-31fb5188b09660555a4c2fcc1b-ea63d9.r13.cf1.rackcdn.com/02/22d71fb38995b60d9eb4a2f647a0fc1f.pdf?id=271078>>

Key themes:

- Problems with high vacancy rates are compounded with a rapidly aging workforce.
 - They are seeking to alleviate this problem by introducing programs (yet-to-be funded) that would bring in students and veterans for internships.
- Good return on Investment (ROI) for infrastructure projects.
 - Tech infrastructure generally last 15-20 years.
 - A full return on investment is achieved after five years.
- Large tech infrastructure projects require significant cash on hand. For many deferred infrastructure projects (e.g. fiber optic lines) the long-term costs of leasing far outweigh those for ITA-built projects.
- Money is not set aside within each department for IT projects and services.
 - Centralization, however, was not endorsed by Steve Reneker.
 - Instead, the emphasis has been on policy coordination.
 - Example of when a data center permanently crashes, the options for replacement may be determined by existing policy.

General Stats

- 2014 Budget was ~\$82 million.
- ~\$197 million is spent on IT throughout the city.
 - \$117 million of that is decentralized and spent by the various departments.
- ITA is responsible for (among other things): the City network; Voice systems; Radio systems; 3-1-1; Channel 35; technology for the Police and Fire departments.
- There is \$8 million in ITA's budget just for vehicle maintenance.

Top priorities

- To fully fund ITA for its vacancies.
 - Replacing an aging workforce with younger workers.
 - This is potentially being addressed with an internship program for veterans and students.
- Maintaining and updating the network is the top priority.
 - The network helps connect the various departments.
 - It was implemented 25 years ago with minimal updates since then.
 - It is estimated that the network is down approximately 15% of the time.
 - This number cannot be known for sure, however, because there is no mechanism for measuring this downtime. Instead, it is an estimation based on troubleshooting tickets for network availability.
 - This problem has existed for seven years.
- Long-term project: Building out 4-5 zones for "ultrafast internet"
 - A private vendor would finish the fiber optic line.
 - This has been done in other cities like Kansas City, MO (by Google).

Biggest Challenges

- Modernizing the network.

- General network reliability.
- Various departments do not want to relinquish their control over their IT funds and release those obligations to ITA.
 - Redundancy is a major problem.

Staffing

- ITA has problems with high vacancy rates.
 - This problem is compounded by a rapidly aging workforce.
 - They are seeking to alleviate this problem by introducing programs (yet-to-be funded) that would bring in students and veterans for internships.
- Many departments have their own IT staff or divisions who may not work with ITA.

Process

- Outsourcing IT projects and services is very costly.
 - Example of building fiber optic line for the Fire Department.
 - The DWP has fiber infrastructure to connect other departments, but they cannot do it because they do not have the staff available.
 - Labor is required for these projects at union wages.
 - Instead of DWP building out the fiber optic line, a private company (such as Time Warner) builds it and finances it, but then leases it out to the city.
 - The main problem for projects like this is a lack of upfront cash.
- Policy coordination determines at least some of the procurement decisions.
 - Example of data center replacement.
- The General Services Department helps with much of the IT infrastructure procurement.

Steve Reneker from ITA was especially well prepared. He gave us each copies of the following physical documents:

- A spreadsheet printout outlining department priorities called "IT Bond Project." The list is approximately 50 items long and contains details about the project lifespan, the number of "net new" staff it will require, and its justification.
- A binder containing the 2014-15 Strategic Plan.
- A printout of a consulting report for the ITA called "Strategic Advisor for Technology Services (SATS)."

February 18, 2015

Budget Advocates Infrastructure Committee Report

Recommendations

- 1) The City Administrative Officer needs to determine the status of all of the City's infrastructure, department by department, and the related deferred maintenance costs.
- 2) The City needs to develop a detailed operational and staffing plan to repair and maintain all of its infrastructure, department by department. This plan must ensure that our streets, sidewalks, and the rest of the City's infrastructure will be maintained in good condition for the next 100 years.
- 3) The City needs to develop a comprehensive financing plan.
 - a) As part of any financing plan, the City must earn the trust of the voters. It should establish an independent Oversight Committee consisting of qualified individuals who have adequate resources to monitor the repair and maintenance of the City's infrastructure.
 - b) The financing plan may require the approval of the voters. If so, the City needs to place on the ballot a measure that requires the City to balance its budget, fund its pension plans, and repair and maintain its infrastructure.

The Infrastructure Committee

The Infrastructure Committee was formed so that Neighborhood Council Budget Advocates could develop a better understanding of the overall condition of the City's infrastructure; the City's plans to finance the repair and maintenance of its streets, sidewalks, and the rest of its infrastructure; and the impact on the budgets of Angelenos.

We focused on the infrastructure that is the responsibility of the General Fund. This includes streets and sidewalks, curbs and corner access ramps, street lights, parks and the urban forest, the fleet of aging vehicles, buildings and facilities (including its internal workings such as plumbing, electrical, cable fiber, and HVAC systems), and IT and management information systems.

The Infrastructure Committee did not consider the needs of the three proprietary departments, the Department of Water and Power, the Port of Los Angeles, and Los Angeles World Airways; the Convention Center; Bureau of Sanitation; the Wastewater System; or the City's Urban Runoff Plan. The Committee did not review the Mayor's plans for the LA River, Sustainability, Technology, Great Streets, or Earthquake Resiliency.

Summary of Findings

The City's deferred maintenance budget for the repair and continued operation of its infrastructure is estimated to be in the range of \$10 billion. This includes approximately \$5 billion for the City's 6,500 miles of center line streets and 10,750 miles of sidewalks and unspecified amounts for curbs and corner access ramps, the City's more than 400 parks, its urban forest, street lights, its fleet of aging vehicles, its buildings and facilities, and its antiquated information technology and management information systems.

The City does not have a centralized data base that tracks the overall condition of its infrastructure. Rather, it is the responsibility of the individual departments. Few departments know the true status of their infrastructure, and even fewer have a detailed infrastructure plan in place for how they plan to upgrade it.

The City Council and the Mayor do not have an accurate understanding of the cost of repairing and maintaining all of our infrastructure. This will result in an unacceptable piecemeal approach to solving the problem of our deteriorating infrastructure.

The City needs to conduct a comprehensive survey of its infrastructure. While expensive, it is a small percentage of the overall cost.

Over the last two years, there has been considerable discussion about increasing our taxes by \$4.5 billion to finance the repair of our streets and sidewalks. This amount does not include sufficient maintenance funds or enough money to repair our sidewalks. There is no definitive operational and staffing plan.

The Department of Recreation and Parks has discussed a parcel tax or an increased budget allocation to fund its operations, including the repair of its parks and facilities. However, the Department does not have a strategic or infrastructure plan.

These are not isolated examples.

The City can no longer ignore its failing infrastructure. The rate of failure will accelerate over time, resulting in disproportionately higher costs.

The repair of our infrastructure is must be a priority. Otherwise, the City's economy will suffer.

At the same time, the City must earn the trust of the skeptical voters who believe that their tax dollars have been diverted to pay for increased salaries, pensions, and benefits for City employees.

Jack Humphreville, Chair

Liz Amsden

Glenn Bailey

Terrence Gomes

Jay Handel

Linda Lee

Jon Liberman

Susan Reimers

Steven Quat

Erik Sanjurjo

Dan Wiseman

BUDGET ADVOCATES REPORT on the Department of Neighborhood Empowerment

On 11/13 The Budget Advocates DONE Committee met with GM Grayce Liu.

Below are our recommendations and a summary of our discussion.

RECOMMENDATIONS

1. Convert all Department of Neighborhood Empowerment (DONE) staff to exempt positions and
2. Immediately fill all vacant positions so as to adequately support the councils
3. The budget should include enhancements for next year's NC elections
4. The budget should include sufficient funds to implement the online voting component.
5. Increase NC funds to include specific help/staffing at the NC level for financial reporting.
6. Restore NC's annual council budgets to their previous levels and allow a percentage of funds to rollover for continuity
7. Advise the Mayor and City Council that while DONE vacancies have not been filled, it is not because the department can do without those positions. The department is struggling to support the NCs and the vacant positions are needed to be filled forthwith, not swept.

SUMMARY OF DISCUSSION

With an active staff of only 17, the department is failing to support the NC system according to the City Charter.

This failure is causing breakdowns at the NC level causing additional work for staff to grapple with stakeholder complaints, grievances, and internal dissention at the board level. In addition, many NC's have failed to properly submit their Monthly Expenditure Reports in a timely manner, which may cause the

department to "FREEZE" the outstanding funds, leaving the NC's with no ability to properly reach their stakeholders.

This department has been reduced in a manner inconsistent with that of the other departments.

This department works with the public daily. It also serves as a conduit to the public for most of the other city departments.

The failure to properly fund this department continues to have short and long term negative effects.

Pension Committee Report for 2014-15 BAs' White Paper

Recommendation

Los Angeles needs to establish a Commission for Retirement Security to review its current retirement plans and make recommendations for the future.

Commentary

Retirement Benefits have become the major albatross around the neck of the City of Los Angeles. Not only is it the second largest expense and its annual cost is increasing at rates faster than revenues, it is a mystery to most people since they don't understand how to calculate its actual cost.

An employee hired by the City can work for approximately 30 years (or some lesser amount) and then at age 55 collect retirement benefits for another 30 years. A total of 60 years. Actuarial specialists calculate when and how much the City should fund these benefits based on assumptions suggested by the actuaries and approved by our two retirement plans Boards of Trustees, LACERS and LAFPP.

The calculations by our actuaries indicate the City's current obligations to its retirement plans (both LACERS and LAFPP) are underfunded by approximately \$10,000,000,000 (that's \$10 Billion). In addition, for every dollar we pay in salary to our employees the City now pays approximately 37 cents (37%) towards their pensions and retirement benefits. The annual cost exceeds \$1.2 Billion. The LAFPP employee cost is approximately 48% of their salary and the LACERS employee cost is approximately 30%.

Notwithstanding the above, the City's employees and former employees are living longer than in the past. Also, employee salaries are constantly increasing due to step and cost of living raises, increasing their ultimate pension. Finally, pension benefits to retirees increase annually due to contracted cost of living increases. Medical benefit payments increase annually due to increased costs. All of the above constantly increase the City's obligations to its retirement plans.

The type of retirement plan the City offers, Defined Benefit, and fully paid family medical, was typical 30-50 years ago. Not only were these plans offered in the public sector but they were common in the private industry for both union and non-union employees.

In recent years, private industry and their unionized workers have converted most of their retirement plans to defined contribution plans with medical benefits being secondary to Medicare or a limited or fixed payment towards a medical plan, with the former employee paying the balance. Private industry has found that Defined Benefit Pensions were financially unfeasible and an unsustainable formula due to increased longevity and unreliable investment returns. In addition, there are multiple municipalities that have run into severe financial problems, primarily or secondarily, as a result of retirement benefit obligations. These well-known cities include Vallejo, Stockton and San Bernardino as well as Detroit. Also, other major cities/states have committed to pension reform including San Jose and San Diego, CA, Atlanta, GA and Rhode Island.

The Los Angeles 2020 Commission in April 2014 unanimously recommended the City establish a Commission for Retirement Security ("Commission") to review its current retirement plans and make recommendations for the future. The Budget Advocates previously recommended such a commission

and continues to support that recommendation. We strongly encourage its implementation as quickly as possible. This is the only honest approach that will be fair and equitable and consider the needs of all those involved.

This Commission should be composed of representatives of the employees, the City administrators and compensation and benefit experts. Prior to beginning its work the City should advise the Commission what type and quality of employee they want to attract and how long they would want these employees to work for the City (i.e. several years, or, until they retire, or, somewhere in between). Once this is determined the Commission should recommend a compensation and benefit package that reflects the City's goals to attract and keep competent employees in the 21st Century and at the same time recommend adjustments to future benefits for existing employees in a fair and equitable manner.

As a result of the latest reevaluation of the City's retirement plans (the three year review by the Segal Company reduced the expected rate of return from 7.75% to 7.5% and increased life expectancy) the unfunded obligations of the City increased by approximately \$1,000,000,000 (\$1 Billion). The Segal assumption changes did not go far enough. Had a more realistic rate of return assumption been used, the City's obligations would have increased substantially more. Future changes in assumptions will have to wait until the next three year review in 2017, at which time the City's unfunded obligations will once again substantially increase, as a result of further reducing the expected rate of return.

Below is a comparison of the pensions granted to employee of both LACERS and LAFPP in both 2004 and 10 years later in 2014. This is an average of all retirees in both periods. In addition, we have projected the pensions of the 2014 retirees 30 years in the future, which would take them to age 85, which is within their life expectancy, assuming a retirement age of 55. It assumes an annual COLA increase of 2.5%. Employees are entitled to an annual COLA of 3%, if costs increase to that level.

FYE June	<u>LACERS</u>			<u>LAFPP</u>		
	Average Salary	Average Pension	% Final Pay	Average Salary	Average Pension	% Final Pay
2004	\$68,300	\$41,000	60%	\$90,100	\$62,800	70%
2014	\$88,500	\$48,800	55%	\$112,800	\$78,300	69%
2044 (for 2014 Retirees)		\$102,361	116%		\$164,240	146%

We believe these further show a compelling reason that pension reform is required in the City of Los Angeles and it is required today, and can no longer be deferred.

Personnel department involved in hiring for all departments except for the City Attorney

Recommendation:

That the city fully fund the contractors to a maximum of 5MM to erase the entire back log of testing and hiring within 12 months.

That the City fund personnel to allow them to begin the process of planning for the next 5 years of the projected 40% retirement of City staff. (requested 15 to 20 positions (general metric analysts plus clerical support))

That the City plan to fund an automation, payroll system with HR modules (big ticket item \$30-\$50 M, \$IT costs \$1B overall – need to address how to fund because they are needed in the long term.

That the City in the short term, extend all emergency appointment 1-year terms as needed to help clear backlog

That the City invest in planning – fund sufficient staff to project and implement needs moving forward and expand training/enact coherent apprenticeship program so people can learn skills on the job and move up seamlessly, avoiding testing delays

Facts, notes and findings from meeting:

cover payroll and HR (initial hires and upgrades, servers, medical services in 3 jail systems, pre-employment exams and electronic records)

as part of cost efficiencies, ended up sharing services with 23 departments, stopped hiring entry level positions after 2008, training program staff cut from 12 to 2

backlog on exams = 138 (also heard 158, 128 & 130) & about the same number currently in progress

need to get ahead of the curve and create lists from which departments can hire

lost staff during economic downturn

DWP recovered sooner so first wave of requests came from them

need to check what resources each department contributes to personnel, DWP funds three positions

managed hiring will give more flexibility

have requested funding to get outside companies to help relieve backlog

if backlog clears, exams will take 90-180 days depending on candidate pool & needs, usually start with online questionnaire or multiple choice followed by interviews, most job applications start online

before 2007 was 30-day turnaround

departments especially LAPD, LAFD, proprietary depts. like DWP, Harbor, etc. should fund personnel based on their needs

need to refill positions, starting positions that were cut during freeze or promoted from afterwards

requested \$500K plus funding for 3 positions to oversee outside company to help relieve backlog

requested 15 to 20 positions (general metric analysts plus clerical support) plus funding for testing costs

facing crisis of retirements – need to invest in planning for rebuilding sustainable staffing

hampered by dated technology

working to improve efficiency but hampered by current overwhelming backlog

using certificated community college grads for garage work and transitioning them into entry level jobs

looking at expanding program into other areas

have lost outreach people so using WorkSource centers

limited targeting, vets get military credit on evaluations

need updated job descriptions with skill sets and anticipated future needs to create exam & solicit applicants

need to establish approved eligible lists (lists valid for 2 years)

trying to progress along 2 tracks: today's problems (clear backlog & increase efficiency) and tomorrow's (retirements issue, tech problems, projections)

need to plan for the future, evaluate testing methodologies, etc.

need 5-year strategic plan that includes addressing FIFO issues, revenue gains, quality of life, prioritizing

priorities on testing goes first to people already hired under emergency appointment who have a maximum of one year and personnel needs to process so can make permanent within the year (122 currently requested or in progress), then to DWP (biggest client) then those required to staff Mayor's initiatives (paving, etc.), Great Streets initiatives and DOT interim budget requests

note: some problems with accelerating paving but not those who line the new pavement

have completed RFP (Request for Proposal) on 2 contractors and signed one, waiting on recommendations on which exams to use to give to the contractor, extent they will help is limited to what is funded

automation, payroll system needs HR modules (big ticket item \$30-\$50 million, \$IT costs \$1B overall – need to address how to fund because they are needed in the long term and will never get cheaper

strategic planning to effectively address the ramping up and down that will always be needed as the economy contracts and expands, responsible budgeting, rainy day funding, flexibility in hiring, training, liability savings, empower, transform

DEPARTMENT OF CITY PLANNING

On November 7th, six Neighborhood Council Budget Advocates & Representatives – Darlene Atkins, Elvina Beck, Joan Jacobs, Barbara Ringuette, Janette Hobb, and Julie Jamison - met with Deputy Directors– Alan Bell, Lisa Weber and Jan Zatorski.

RECOMMENDATIONS

- Provide funding for additional staff to support geographic teams.
- Establish a new fee to fund additional staff in the Condition Compliance Unit.
- Fund additional staff to update the General Plan and Environmental reports.
- Do city-wide planning to protect all neighborhoods from the detriments of mansionization.

DISCUSSION

We discussed the Department's core services, updates to services, challenges, feedback from customers and the public, department funding, neighborhood concerns and city-wide planning as well as the 2014-2015 budget and budget requests for 2015-2016.

The Department addresses only 20% of development in the city, only discretionary projects. The remainder of development is by right and approved by the Department of Building & Safety.

Staffing:

The Department has been "treading water" for many years with insufficient staff. Numbers of staff have gone from 400 to 250. There currently are 86 vacancies at all levels.

Last year saw a 26% increase in cases filed, continuing a trend since 2010.

The Department is reorganizing, moving to more of an neighborhood geographic focus with teams of nine staff to be in place for the Valley, and later another team for the West side. The long range plan is to add project planning staff to West LA Development Services. The goal is to build better relationships with each community.

Along with the reorganization a three person training unit will assure consistency throughout the Department. Authorization for staff is expected in July 2015.

In Progress:

The Build LA site, a central portal for all developments will be going on line. Rolling out at the same time - Zoning Review functions will transfer from Building & Safety to Planning, a Mayor's office priority. 10 positions are authorized, all paid from building fees.

Funding for RecodeLA remains in place. The Department will rethink how to finish the 10 Community Plans already under way which cover 1/3 of the City and 40% of the population. They will update key points of the City's long range plan and environmental review to make the

process for developing the Community plans easier and faster so ultimately staff can focus on implementing the community plans.

Technical information and websites will be restructured so all can follow where projects are in the process.

City Planning's Top Three Budget Items:

- 1) Staff to support geographic teams
- 2) A new fee to support additional staff in Condition Compliance
- 3) Staff to update the General Plan and Environmental reports

This Committee backs the Department's three top Budget items.

In addition, the Committee advocates city-wide planning in regards to mansionization, a matter of ultimate concern to the preservation of not only 14 neighborhoods, but rather to all neighborhoods. The city-wide approach is seen as (1) efficient as to time and expense and (2) a means to ensure city-wide consistency, both clear goals of the Department. Time and expense would be saved both in the approval process as well as by Building & Safety engineers and inspectors who would apply a single code section, a single formula such as that suggested by Councilmember Koretz.

Budget Advocate Report for the Los Angeles Public Library

Written by Jon Liberman, Committee Co-Chair

Recommendation:

- The Library should explore different innovative methods of providing services to parts of the city that traditionally do not have the same resources as the more affluent areas.
- Since media is purchased centrally and distributed throughout the library that this provided a way to expand service at minimal cost.
- Since there would not be additional cost for the media, could smaller spaces be leased by the City to provide start up Library access at minimal cost until utilization and/or funding could justify a more traditional type of service.

Report:

Darlene Atkins, Sharron Haynes, Erik Morales and Jon Liberman met with Cheryl Collins, Director of Branch Library Services at the Central Branch of the Los Angeles Public Library on 10/28/2014.

At that meeting we discussed the Library's upcoming budget. The Library is semi-proprietary. After Measure L the source of funding is not dependent on the General Fund but on a specific defined formula. As such they are given an almost free hand on what they can spend money on and are responsible for meeting all costs.

Based on our talk, it appears that the Library is well managed and is operating within its budget.

- The Library is comprised of the Central Library and 6 regional Libraries.
 - (a) The Central Library is renovating their elevators and escalators.
 - (b) The 6 Regional Libraries and their attendant Branch Libraries have undergone renovation or replacement. When asked if there were current plans for new libraries we were advised that there were no current additions anticipated.
 - (c) A number of branch libraries are LEED Compliant.
 - (d) They have one branch (Exposition Park) that generates some of its power through Solar Panels.
 - (e) They are working with the Department of Recreation & Parks to replace conventional landscaping with Draught Tolerant Plants.
- The budget for Library Collections is increasing.
- They have centralized purchasing for buying books/music/video. They also have centralized distribution so that media is available to all locations without regard to where it is currently located.
- The Library is working towards providing greater broadband width.

- They have existing relationships with others to attract and maintain their core constituencies'.
 - (a) They work with the Department of Recreation & Parks to program reading for young people into the Summer at the Park program.
 - (b) The Library promotes a separate reading program that is located at the library.
 - (c) They have existing arrangements with the League of Women Voters to promote citizenship.
- They realize that the role of a library in city life is an evolving dynamic and that the library of the next few decades may be different from the current model. They are looking forward to the finalization and release of the Library Strategic Plan in the coming year.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

BOARD of PUBLIC WORKS

On 1/28 Erik and Jon met with Kevin James, President of the Board of Public Works.

RECOMMENDATIONS

- 1) Finish developing policy on ficus and other tree species that are responsible for damaging many of the City's sidewalks, with some type of tree replacement formula similar to the one developers use when removing trees in hillside areas that does not require approval by the Board for each request. Consider incorporating the suggestion of former Council member Hahn to allow each Council office to play a role in the process, with a capped number of trees allowed to be removed by district per fiscal year.
- 2) Identify funding, perhaps a portion of ticket fines for parking during street sweeping hours, for the installation of GPS devices on all street sweepers and the establishment of a 1-800 number that residents could call to find out if a sweeper has already passed by, thereby making the street safe for them to park on.

SUMMARY OF MEETING

The Department of Public Works (PW) is made up of five different bureaus and one five-person civilian board, the only paid commissioners within the City of Los Angeles.

Our committee met in person with each Bureau, except for Engineering, with whom the chair interviewed by phone. We also met with the president of the commission.

Our goal in interviewing Mr. James was to get his big picture analysis of some of the hot topics being dealt with by the bureaus, as well as his insight as a former mayoral candidate and fiscal conservative. First up was the topic of sidewalks and tree removals, which are controlled by the Board. He agreed that some type of streamlining of the process is needed, starting with ficuses. As noted by Erik, Urban Forestry staff has estimated that pruned tree roots that have already damaged a sidewalk will likely do so again within 5-7 years, so it is essential that property owners be given the option of removing problematic trees before agreeing to repair their sidewalks if the City is going to ask them to pay any portion of this cost going forward.

Erik also referenced a motion by former Council member Hahn to bypass the Board and allow each Council district to approve or deny a certain number of tree removals per year as they are closer to the constituents. Mr. James indicated that this idea would certainly make the Board's job easier, though it might meet with resistance from the Urban Forestry Division and enviros.

SIDEWALKS

The Willitz class-action ADA lawsuit was also discussed. According to Mr. James, a settlement offer should be forthcoming, perhaps as soon as this summer. That proposed deal should contain details of a potential City sidewalk program, which beyond repairs to public property and trip and fall lawsuit areas might also contain additional requirements for homeowners. Overall, the president said he was taking a “wait and hope” approach to the suit, which the City is seeking to settle in order to avoid having a judge unilaterally impose a program onto it. As part of the new program Mr. James mentioned that he anticipated that the City would provide property owners with a list of certified contractors available to perform work in their area. On this point Erik asked if such contractors would have to comply with living wage and other City requirements, which would greatly increase their cost. The president indicated that they most likely would, particularly if any City funds were used for the repair work. While City staff might want to perform this work, he added, there are not enough of them to do much of it. The City might offer to perform sidewalk repairs for property owners, if nothing else to keep the cost of private sector work low and avoid the price hikes seen after the dissolution of the City’s tree trimming crews. Erik mentioned Council member Park’s partnership with LANI, a nonprofit, as an example of a hybrid model that might provide worker training to local youth. Jon suggested that apprenticeship programs and reduced pay for trainees, youth and hard to employ individuals be considered as a way to make sure there were opportunities for them. Mr. James indicated that the City might utilize its Office of Community Beautification contractors, which are under the Board’s authority, to perform some of this work at a reduced rate.

STREET REPAIR

On the subject of the failed SOS tax for street and sidewalk repair, the president stated his support for a sales tax to repair the City’s streets over a property tax as nearly half of the funds raised would be from tourists and commuters who drive through the City but reside elsewhere. He indicated that the County is planning to place another transportation tax measure on the 2016 ballot, known unofficially as “R 2.0.” There had been concerns about the lack of specified projects in the last iteration of this idea, which failed under former Mayor Villaraigosa. This time around the City will be seeking a 20-25% local return, or set piece of the pie, in order to support it. None of these funds will be eligible for sidewalk repair, only buses and street work. The rest of the conversation dealt with initiatives that the Board is leading, including increasing the use of smart phones by department employees to increase efficiency. The partnership with DOT to ensure that motorists are not ticketed when parked on streets that have already been swept by Sanitation crews was mentioned. At present, the two departments coordinate their efforts, though in the future the installation of GPS devices on sweepers would allow for the implementation of a call-in system, similar to the one used by DASH, where drivers could call a 1-800 number and find out by punching in a sign number whether sweepers have passed by.

The lack of staffing across the department, other than special-funded Sanitation, was discussed. The DWP's billing troubles and their negative impact on Sanitation, which lost approximately \$60 Million is a good reminder that the Bureau relies largely upon the utility to collect its funds. Lastly, the idea of offering smaller bins for low trash producers was mentioned. Mr. James explained that current trash trucks lack the necessary equipment to handle smaller bins, though it may be possible to offer less frequent trash pickup if dispatching issues could be addressed.

Budget Advocate Report for Department of Recreation & Parks

BAs Jack, Darlene, Jon, Erik and Jay attended meeting on 10/28 with Executive Officer Regina Adams and Chief Management Analyst Noel Williams. Below is a summary of our discussion.

RECOMMENDATIONS

Infrastructure:

- 1) Develop a Strategic Plan that includes a plan for how to pay for replacing facilities.
- 2) Investigate a parcel tax or other measure such as the one passed for the Library, to increase revenue for the department's operations, while clarifying that any new funds would have to be dedicated to Rec & Park services, not to paying back soft costs to the City. A separate agreement to increase revenues might have to be made with the CAO to ensure the department pays its full portion of pension and utility costs that it owes.

Quimby:

- 3) Charge Quimby fees for the construction of market rate apartment buildings, perhaps exempting those portions of the City that fall in economic revitalization zones.
- 4) Continue seeking State legislation to allow for the use of Quimby funds by cities to maintain and improve existing park space and recreational facilities, not just new ones.

Rangers:

- 5) Pursue assessment districts for decommissioned DWP reservoirs to raise funds for park rangers, trail maintenance and other departmental support. Pursue goal of having enough rangers to provide one for each of the City's 15 Regional parks, beginning with implementing three zones, as proposed by department, and expanding out from there.

Revenue:

- 6) Any charges to the department's budget by another entity of the City should reflect the lowest "documented" charge for the service. Given that even a fee of a dollar for going to a pool can discourage attendance, incentives for increasing user fees should be avoided.
- 7) The CAO should perform an "apples to apples" financial review of the two bids for the Greek Theater prior to the City Council's consideration of this matter, as requested by the Neighborhood Council Budget Advocates. One bid apparently contains a lower amount of guaranteed money but pledges a higher amount to be spent on improving the facility.

Staffing:

- 8) Look at contracting out certain maintenance services in order to reduce costs and increase cleanliness of facilities. Redirect City staff toward other core functions.

Contracts:

- 9) Require a neutral fiscal analysis by the CAO or CLA for any proposed contracts with a value of more than \$10 Million so that the City Council and public has the ability to fairly and accurately compare bids on their potential financial and infrastructure impact.
- 10) Tighten up scoring process for bids by limiting the number of points that firms can receive for items not required by the RFP. Also, give a score to each bidder for either their perceived relationship with the surrounding community, in the case of incumbents, or their track record elsewhere in the case of new bidders.
- 11) Consider asking the voters to further limit the Council's 245 Charter ability to reject contracts to require that any decision to overrule a commission must be based on the merits of the two bidders and the project at hand, not work done elsewhere across the City, and that there must be several findings made as to financial and operational impacts before such action is taken.

PRIORITIES

The department's top priorities, according to new GM Mike Shull, are 1) to hire more rangers, 2) to provide better maintenance of its restrooms, and 3) to prepare to open 50 new parks in the next few years. Overall, Rec & Parks' priorities could be summarized as "safe and clean," the mantra of most Business Improvement Districts.

BACKGROUND

The department is unusual, along with Library, in that it receives a set 0.0325% of the City's portion of the property tax. Known as "semi-proprietary," Rec & Parks is a hybrid department that is not on a completely parallel budget track, like DWP, the Harbor and LAWA, but instead it subsists on the property tax allotment, revenues it collects and support from the General Fund.

In recent years, the major issue that Rec & Parks has had to struggle with is the effort by the CAO, on behalf of the Mayor and the City Council, to recover so-called "soft costs" from the department. These include pension contributions, health care costs, and utility bills. The amount sought by the CAO has increased every year, placing a larger burden on departmental operations and pressuring Rec & Parks to find ways to increase revenues, which is unpopular.

Today, \$50 Million out of the department's \$200M budget goes toward these indirect costs. The CAO would like to continue increasing the reimbursement total by another \$19-20M. This dynamic has led to decisions by Rec & Parks to charge for the use of pools, increase rental fees for community garden plots and propose fees for parking at their properties. The current discussion about the new Greek Theater contract is largely influenced by the need for revenue.

POSITIONS

At its peak, the department had 2,200 full-time and 8,000 part-time position authorities. Now, they have 1,300 full-time and 4,000 part-time ones. This represents a tremendous decrease in staffing. In order to reduce its workload, Rec & Parks largely got out of the licensed child care

business, switching to unlicensed centers that are operated by nonprofits with minimal City supervision. The golf division was spun off into own separate unit that is fully self-supportive.

The golf cart concession, which led to one of the largest lobbying battles in City Council history between two private bidders, was brought in house. This arrangement has helped produce peace with labor and has allowed the golf group to generate \$1 million in dividends for the City each year. A consultant study is currently reviewing whether more money can be found within the golf group. Even with recent increases, City golf fees remain a bargain overall.

QUIMBY

Quimby was a major area of discussion a few years ago with the City Council, which wishes to expand the radius around a market rate housing project that the park fees it generates can be spent. While there has been widespread agreement on this point and criticism from the former Controller and many members of the Council about the amount of funds unspent in the Quimby account because of existing City law, nothing has been done to loosen these rules.

Rec & Parks indicates that of the approximately \$100 million in the Quimby account only \$10 million is actually unencumbered. They are working with Planning to develop a method of mapping out where funds can currently be spent and where they might be able to be spent if the radius were to be expanded. There is currently no ability, without State legislation, to use Quimby funds on maintenance and repair of existing facilities, a higher priority in many areas.

RANGERS

One of the issues the public has most frequently requested is greater access to park rangers. The department lost most of its rangers as part of the creation of the Public Safety division of General Services, but has been welcoming many of them back after the LAPD absorbed this group as part of its effort to reach 10,000 sworn officers. While Rec & Parks has had to come up with additional funds to rehire them, they have been happy to welcome many Rangers back.

Currently, there are 20 park rangers and 15 regional parks. Unless Rec & Parks can obtain several new rangers they will not be able to guarantee a ranger per regional park. Most are currently located new Griffith Park. There are discussion ongoing about spreading them out to the Valley and Harbor and creating "zones." With the amount of City park space increasing annually, the greening of the L.A. River and DWP reservoirs at Silver Lake and Lake Hollywood transitioning into recreational spaces, there is a growing demand for park rangers.

INFRASTRUCTURE

Rec & Parks has "hundreds of millions" in estimated deferred maintenance, though it has not developed a specific needs assessment. Most of its pools are over 60 years old, and with more than 60 of them, each requiring between \$8-9M in improvements, a bond could be offered focused only on repairing them. The department chose not to seek a higher percentage of the property tax or a new parcel tax, out of concern that the CAO would require them to give the

City back most of any new revenues. Any Library-type measure would have to require a cap on any charge backs by the City to ensure that the new revenues would stay with the department.

PARK FUND, DWP

Like the LAPD, Rec & Parks has a nonprofit arm that helps it to fundraise. While still in the single digits in terms of millions, this fund, along with separate nonprofits dedicated to supporting the Observatory and Banning Museum, help the department stretch its funding. DWP has also been helpful, providing \$9M for the installation of smart irrigation fixtures. They now are helping Rec & Parks find ways to reduce their electricity costs. Unfortunately, there is not a lot of room to reduce water use further, so the Mayor's recent challenge is not helpful to the department.

REVENUE IDEAS

Rec & Parks is in a tough situation, similar to the Zoo, in that they want to make their services accessible to everyone regardless of income but they are being pressed hard to find additional funding sources. The fight over garden fees is a perfect example, in which the department calculated that their cost was \$170 per plot, they asked for \$110, but were forced to accept a lesser amount due to City Council pressure. Rec & Parks has also had minimal success with placing ads inside its facilities due to the City's sign ordinance and street furniture contract.

GREEK THEATER

The City Council's Arts, Parks, Health, Aging & River Committee voted 4-1 on January 26, 2015 to reject the Recreation & Parks Commission's recommendation to award a new contract for the operation of the theater to Live Nation, ending a long-term relationship with Neaderlander, which had joined forces with entertainment giant AEG on a renewal bid. The department argued unsuccessfully that the Live Nation proposal contained more investment in the Greek's infrastructure and, as such, was more attractive to them than the incumbent's offer.

What was disconcerting about the process is that no side by side economic analysis was provided by City staff, even though the issue had first been heard in committee two months before and there had been plenty of time to ask the CAO or CLA to review the documentation. The Los Feliz Neighborhood Council, which represents the area around the Greek, performed its own informal comparison and ultimately voted to oppose the department's recommendation.

The Neighborhood Council Budget Advocates had asked for an apples to apples comparison be made by the appropriate City staff, a suggestion that had drawn the support of several individual neighborhood councils who did not feel comfortable weighing in on the matter without such an analysis. The CAO representative who spoke in committee indicated that even though their staff had followed the issue closely they would need three additional weeks to conduct such a study, given the media scrutiny, a time period that the chair deemed too long.

Given the length and value of this contract, as well as the amount of time that department staff and commissioners spent on the topic, not to mention the hours and hours of public testimony

and numerous lobbyists hired by each side, the City's inability to produce such a simple analysis before voting on the matter of the recommendation seems rather odd and shortsighted. The apparent disconnect between the tight scrutiny of the departmental and commission RFP process and the Council's rather casual and unstructured discussion and preliminary decision led the *L.A. Times* and many observers to wonder if the City's contracting process is logical.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

SANITATION

On 11/19 Erik, Jon and Liz met with Director Enrique Zaldivar and Chief Financial Officer Lisa Mowery.

RECOMMENDATIONS

- 1) Invite the CAO to work with the Planning and Public Works departments to better coordinate the information contained in the various infrastructure-related reports each produces, along with the CAO's own quarterly report on individual capital projects.
- 2) The Bureau should consider offering smaller, cheaper trash bins to residents who state that they do not need the space they are offered now, similar to the ability Angelenos have to "super-size" their trash cans if they believe that they need additional space.
- 3) Offer green waste recycling bins to condominium complexes immediately and consider allowing some apartment complexes to take part in as well, provided that they are small enough not to be able to afford to pay for the service and have space to store the bins.
- 4) Consider setting aside all or a significant portion of the new trash franchise fee to the restoration of a 50-50 sidewalk repair program.
- 5) Request that the CAO and Personnel Department investigate and report back on the feasibility of replacing the cap on the number of permitted exempt positions across departments with a fixed percentage of all the entire workforce, and to approve exemptions by class, not position by position.

SUMMARY OF MEETING

The group started with a discussion of infrastructure reports for individual projects. The Director mentioned that 20 years ago the Bureau used to perform capacity reviews for whole communities, similar to what is done around new developments and access to water. The Bureau does have long-term plans for all of its major programs (storm water, solid waste, etc.)

Liz described her experience seeing the monthly trash fee rise from \$6 to \$36 between 2003 and 2009, as the City sought to recoup the full cost of providing the service. The additional revenue was later used to help the LAPD reach 10,000 officers. The Director pointed out that while this was difficult for residents to absorb, the trash fee has not gone up for six years.

Erik asked why trash diversion rates have remained static for the last several years and if the new trash hauler fee and increased City regulation of trash processing sites might increase recycling rates. The director explained that BOS recently obtained 15 proposals for 11 zones, some of which are large and others small so as to offer a wide variety of current operators a chance to take part in the new system. There will be between 5 and 11 operators with none allowed to control a majority of the City's waste haul. The operators will have to pay the City a 20% franchise fee.

The \$25 Million the City is expected to receive has not yet been set aside for any specific purpose. In terms of the diversion rate, Sanitation is seeking to work with juice box makers to change the materials they use so that they can be recycled. Food waste is recycled in some cities and could be here at Hyperion, but there are major logistical issues involved and the cost is prohibitive. Instead, the Bureau has concentrated on working with the City's restaurants.

WATER TREATMENT

Sanitation has a key role to play in reaching the Mayor's goal of reducing water imports by 50% by 2024. This can only realistically happen if we increase our usage of recycled water, including capturing and treating storm water, and clean up our local aquifers. The Bureau currently sells recycled water to the DWP and is closely tied to their efforts to promote its increased use.

The City is planning to propose its own storm water bond after an effort to adopt a countywide measure failed to make it to the ballot. A recently adopted law in Sacramento provides the City the ability to adopt a storm water collection fee by ordinance. The recently approved state water measure will provide \$1 Billion for recycled water, a third of which the City is targeting for recovering tainted water in wells in the San Fernando Valley and more.

With a budget of over \$1 Billion, nearly all of it grant or special funded, Sanitation is in the strongest position of any of Public Works' bureaus financially. They pay for every possible overhead cost as part of their budget. In terms of recommendations, the only request made by the Director was greater flexibility in the hiring of exempt staff. He suggested that instead of a static number of 50 or 100, the City permit that a percentage of its workforce, say 5 or 10%, be permitted for exemption and that groups of positions be released as a class, not individually.

SIDEWALKS [PUBLIC WORKS APPENDIX]

RECOMMENDATIONS

- 1) Allocate a percentage of the funding proposed by the Bureau to conduct a complete and formal estimate of sidewalk damage across the City, using some combination of hiring hall staff, apprentices, and consultants to perform much of the work and lower the cost.
- 2) Ask the CAO to perform an analysis of the merits of using a portion of the DWP transfer fee for sidewalk repair, along with the advantages/disadvantages of bonding the funds.
- 3) Formally request that the City Attorney produce a legal document discussing the history of City and State laws around trees and sidewalks, with an up to date analysis of what the City views as its responsibility/liability in this area. This information should be shared with neighborhood councils, the real estate community and public for their response.
- 4) Request that the Board of Public Works and Bureau of Street Services create a website about trees and sidewalks and produce a new version of their brochure on these topics.

BACKGROUND

Perhaps the most hotly contested issue among neighborhood activists is what the City, and by extension the taxpayers, should do about repairing Los Angeles' estimated 4,600 miles of damaged sidewalks (out of a total of 10,750). The Bureau has estimated that it would cost \$1.5 Billion to repair them at once, using City crews. As witnessed by a recent article in the *L.A. Times*, Councilmember Parks has found a way to greatly reduce the price to repair sidewalks in his district by partnering with a local nonprofit that hires local youth to perform the work.

The Bureau does not know exactly how many miles of sidewalks need to be repaired, though UCLA has made estimates based on sampling. Also unclear in the existing estimate is whether the entire length is damaged or if instead only small portions of the flagged areas actually need to be repaired. The Bureau, for liability reasons, has traditionally required that all of a block be replaced whenever a damaged segment is taken out. This seems to be a major cost inflator.

The Bureau proposed a few years ago to spend \$10 Million to perform a formal survey of all the City's sidewalks, one that could be used to identify property owners responsible by State law for their repair, but the Council passed over this recommendation, choosing instead to repair sidewalks around public buildings. While a shrewd decision to replace these areas, as there is no doubt that the City would be liable in the case of a lawsuit, the lack of an official survey has made it next to impossible for the Bureau to come up with real price estimates.

The City pays out \$3-4 Million a year to settle trip and fall lawsuits, a pittance compared to what it would cost to repair all damaged sidewalks, but still a substantial amount of money. Los Angeles has perhaps the most convoluted set of laws and policies around trees and sidewalks, with the City and property owners each believing that they bear little or no responsibility for their repair. The history of this issue is well documented in the Bureau's 2006 report titled "City of Los Angeles Point of Sale Task Force- Sidewalk Repair History and Relevant Laws."

Unfortunately, the City Attorney's office has provided no public advice to the City Council on how to analyze the different State and City laws around sidewalks. This task has instead been left to the Bureau, which understandably does not feel fully empowered to speak for either the Board of Public Works or the City Council, leaving the City without a coherent voice. Into this vacuum residents have developed their own narrative, which is partly correct and partly false.

The Point of Sale Task Force was formed following a 2005 motion by Councilmember Parks and is named after a concept in which property owners would have to pass a City inspection of their sidewalks before closing escrow, and if found to have areas with more than a 0.25 inch lift in any portion of their sidewalk instructed to repair them within 30 days, the period called for by State law. The real estate industry was effective in stopping this concept from advancing. It later was replaced by a "point of purchase" proposal in 2008/09 that would instead place the onus to replace bad sidewalks on property owners. This proposal also failed to advance due to widespread opposition from neighborhood councils and homeowners who objected to being asked to pay for their sidewalk repairs and instead insisted that the City find a way to pay for it.

The trouble with point of sale or point of purchase (also referred to as point of service in reference to the moment when new buyers go to turn on their utilities) is that only a small percentage of properties (1-2%) turn over each year. As such, just 100-200 miles would be fixed each year (2-4% of the estimated backlog). This might be enough to keep up with the growth in sidewalks needing repair, but additional approaches would be needed to solve the whole problem. Given the City Council's sporadic interest in funding sidewalk repair, some mixture of a limited 50-50 program and a point of purchase policy might put a bigger dent in the backlog.

A MUDDLE OF LAWS

State law is fairly clear that local governments can assess repairs to sidewalks (1911 Act, Section 4502 of the Streets and Highway Code). The City Attorney stated in 1939 that trees were the property of the adjacent property owner, not the City, though subsequent actions to limit the ability of owners to trim their trees without a permit from the Bureau, or in the case of tree removal, approval from the Board of Public Works, have made it very confusing for property owners to know who is responsible. The fact that the City has no easy to understand summary of municipal law does not help, nor does it that the Bureau has not published a brochure on these issues for over a decade, or that the realtor community does not share this information.

Many observers agree that the action that has done the most to confuse this issue was the 1973 decision of the City Council, over the veto of then Mayor Bradley, to set aside \$2 Million in federal funds to repair sidewalks. This was coupled by a law that made the City responsible for repairing sidewalks damaged by tree roots. The public logically understood these actions to mean that the City was wholly responsible for managing sidewalks. What they did not foresee is that 1) the Council would be forced in 1976 to cease funding sidewalk repairs as their funding source dried up, and 2) that the City Attorney would go on to opine that the City was only responsible for fixing sidewalks damaged by the roots of trees that its workers had planted.

This rational interpretation went under the radar, and frankly is not directly stated in any of the many reports on this topic. One can deduce this reading of the law from the following. First, the City does not pay out lawsuits in the vast majority of cases filed against it, only those where it has not made proper efforts to patch the offending damaged sidewalks with asphalt. Second, the frequent differentiation in the way that commercial and residential properties are treated. The current proposal by Councilmember Krekorian, for example, proposed that commercial property owners bear full responsibility for repairing their sidewalks, a distinction that makes perfect political sense but none whatsoever legally unless the City does not believe that it has a formal requirement to repair sidewalks anywhere, merely an expectation in residential areas.

Urban legend has it that most street trees in Los Angeles were planted by the City. Given that the Bureau did not even have a tree division until the 1980s this belief is clearly incorrect. Most trees were planted by developers, which explains the predominance of ficus in areas that were built during the 1950s and 1960s before the City had clear standards for which species could be planted where. As is often mentioned by City arborists, there is no such thing as a bad tree, just poor choices of locations for certain species given the amount of space their roots need to spread out. What precise liability the City should have for not better regulating the planting of trees is unclear. Also of concern is the fact that most problematic tree species will re-damage a repaired sidewalk in around half a dozen years. Asking homeowners to pay all or part of the cost to repair a sidewalk that will have to be replaced in a handful of years is very problematic.

From the perspective of the Budget Advocates, we have to look at this issue from both a micro and a macro perspective. From the micro perspective, property owners expect the City to at the very least pay for half the cost of repairing their sidewalks and to provide assistance to low and fixed income individuals to bring their properties into compliance. From the macro perspective, we have to ask ourselves if repairing sidewalks is a core service of the Bureau and the City. We are awaiting the results of a survey of NC members, but it seems likely that most will say yes. Now, whether the City makes this a priority or not, the scale of the problem makes it likely that some outside revenue will have to be identified if we want to do more than dress windows.

FUNDING IDEAS

One concept that has been proposed recently by Budget Advocate Jack Humphreville and endorsed by the Los Angeles Alliance of Neighborhood Councils, is to set aside future growth in the DWP transfer tax for repairing sidewalks. The advantage to this idea is that the City could bond against this revenue and fix all or most of the sidewalks fairly quickly, perhaps adding a requirement that residential property owners pay at least half the replacement cost and that commercial owners pay three-quarters or all. This concept would work similarly to the Council's unofficial decision to raise trash fees up to the level of full cost recovery and then to set aside that additional revenue for hiring more police (after first placing it into the General Fund).

The drawback to this approach is that there are a lot of things that the City might want to use that future revenue for beside sidewalks, which arguably are not its responsibility. Police and

fire, which take up three quarters of the City's budget are obvious examples, as are libraries, parks and a myriad of other services. Bonding would require the payment of interest, which would give General Fund monies to banks. If the City were to pursue this avenue it might wish to merely set aside a percentage of its DWP revenue to provide a new 50-50 program in which residents could apply annually for matching grants to repair their sidewalks until funds ran out.

A second proposal adopted recently by the South Robertson Neighborhood Council would fund the repair of all of the City's sidewalks within 11 years through a bond, paid for equally by an increase in the gas tax (1/2%) and City coffers. The proposal seeks the creation of a new unit separate from Public Works that would report to the Mayor and Controller and oversee the hiring of private contractors to perform the repairs. Unlike the Humphreville "catch and release" proposal, in the SORO concept the City would remain responsible for all future maintenance of sidewalks after their repair, likely making it a tougher sell for City officials.

Another concept that exists within the Department of Public Works under the Bureau of Street Lighting is the formation of assessment districts. Although none has been formed to date to repair damaged sidewalks in residential areas, there do exist districts that maintain existing stretches of sidewalk in certain business districts. The obvious hurdle to expanding this concept is that most property owners do not see themselves as responsible for sidewalk repair and would therefore not agree to voluntarily tax themselves to pay for this service.

LABOR CONCERNS

The elephant in the room in the discussion of sidewalk repair and City funding is labor. In the past, SEIU, which represent the Bureau's workers, has indicated its strong opposition to the City using public funds to subsidize private crews to repair sidewalks. Councilmember Parks' model is unique and has worked largely because of his use of District 8 funds and his lack of a close relationship with any City union. The Council will need to tackle this issue head on and likely will not agree to fund a majority of any repair that uses private workers. At the very least, labor should be given a chance to work with the Bureau to develop a cheaper public option for sidewalk repair, perhaps relying greatly on apprentice workers, who might be paid in part using federal and state employment grants, as was done with its curb cutting program in the 1990s.

OTHER POSSIBLE ACTIONS

Another option is to remove the language in the municipal code making the City responsible for tree root damage, as it seems to be causing more confusion than it is helping. This action was tried in 1981, as after five years of not funding sidewalk repair a backlog was beginning to form. That effort was unsuccessful, partly because of the threat of a lawsuit. Today, a similar problem exists as advocates for the disabled sue over a violation of the ADA (*Willis v City*). This approach has been successful in Sacramento, where the city was forced to set aside a large percentage of its annual streets budget to repair sidewalks, money that could have been used to repair roads.

Lastly, the City currently has \$27 Million set aside for sidewalk repair, with the specifics still to be determined for how this money will be spent. Aside from repairs to the exteriors to public buildings, the exact cost for which is not known, previous Bureau reports identify locations of past trip and fall lawsuits as another top priority. Beyond that, there may be enough funds left over to perform all or part of an inventory of City sidewalks and restart the 50-50 program.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

STREET LIGHTING

On 11/25 Erik and Jon met with Director Ed Ebrahimian and Assistant Director Norma Isahakian.

RECOMMENDATIONS

- 1) Request that BSL and the Department of Neighborhood Empowerment work together to devise a format for outreach in which assessment district ballots would be send out to property owners by neighborhood council area every two weeks, with town halls and intensive outreach performed in the voting areas leading up to the vote. Staff would need to be hired, ideally consultants on a short-term basis, to assist with outreach.

SUMMARY OF MEETING

Street Lighting is a model operation, whose Director recently was awarded with a 5% bonus by the Mayor for his outstanding leadership. His Bureau oversees 215,000 street lights, which cover approximately two-thirds of the City. The remaining area is either dark by choice to avoid light pollution or was constructed at a time when the City did not require street lighting.

All but a tiny portion (2-3%) of the City is covered by a single assessment district that was passed long before Proposition 218 and was never indexed to inflation, meaning that the fee the property owners pay does not cover the full cost of the service. Districts are formed on a block by block basis by a majority vote. All new districts contain an annual CPI increase clause.

Street Lighting has moved aggressively to replace its 150,000 "cobra head" light fixtures to LEDs, which has saved it over 60% on energy costs. This has been critical as they were being billed by DWP \$16 Million a year for their power use, a burden that DOT does not have to deal with. The utility helped Street Lighting to fund this investment through a loan. Once that has been paid off, the Bureau plans to spend the annual savings on improving its infrastructure.

Long-term, there will come a time when the special fund for street lighting will not be able to cover the cost of providing the service, unless a method is found to increase the contributions of property owners in the citywide assessment district. One option would be to offer to put in LED lights to replace all the City's residential street lights and lower rates slightly in the short-term in exchange for an agreement to index the fee to inflation. Since the vote has to be by ballot, the opportunity to engage with the public across the City on this issue is limited.

The group agreed that the Mayor would be best suited to make the case for why Angelenos should vote to modernize their assessment districts. While the matter cannot be placed on a City ballot, as property owners may not live onsite, the Mayor has an interest in seeing the City

lower its overall power usage and could stress the benefits to residents of bringing Los Angeles into the 21st Century while at the same time helping to secure the Bureau's long-term finances.

The Director expressed his preference to manage a special fund as it provides him with the knowledge that if he saves money one year he can use it the next, unlike the traditional City budgeting process in which departments lose their savings at the end of the fiscal year. He expressed his belief that departments should be run more like a business, with the leaders held responsible for their outcomes. The Director suggested that General Managers should be allowed to appoint more of their Assistant GMs and that the current number of 50 permitted exempt positions across City departments was too low. He also called for permitting GMs to award and take back performance bonuses to employees, separate from their regular salaries.

While Street Lighting is financially strong at present, they have a nearly 25% vacancy rate, losing many of their employees to DWP, which pays considerable more for similar positions. The Bureau relies more on the hiring hall than on managed hiring because the current process of recycling all promotional lists after one year means that even if you get permission from the managed hiring committee to fill a position the deadline may pass before you can do so.

Budget Advocate Report for the Department of Public Works

Written by Erik Sanjurjo, Committee Chair

STREET SERVICES

Erik, Jack, and Jon met with Ron Olive, Assistant Director of the Bureau of Street Services on 10/18. The first half of the conversation revolved around sidewalks (see appendix).

RECOMMENDATIONS

1. Have a public discussion of why the SOS measure to fund street repairs failed to catch fire. Share polling data on which elements were the most popular and which the least. Consider proposing an alternate method of funding that is more equitable for residents.
2. Ask the City Attorney to dedicate one or more attorneys for a new illegal sign task force, allowing the Bureau to restore its team, using the civil court proceeds to pay for itself.
3. The City Attorney should also be requested to increase his office's prosecution of those businesses and individuals found responsible for illegally dumping on City property.
4. Ask the CAO for a report back on the re-institution of the Bureau's tree trimming function now that the City has witnessed an increase in the cost of outside contracts.
5. Recommend that BSS offer to let NCs representatives view the draft list of streets being considered for repaving before the Council offices weigh in with their final selections so that they can help narrow the list of candidates, rather than just making suggestions that might not be given serious consideration by the Bureau or local City Council office.
6. Recommend that in drafting a possible new program to regulate street vending that a permit fee be charged, as well as the corresponding portion of the City's business tax so that new Street Use inspectors can be hired and the work is not put onto existing staff.

SUMMARY OF MEETING

Street Services was significantly impacted by the failure of the Englander-Buscaino SOS tax proposal for street repairs. This was discussed as well as the consequence of the City falling further behind on maintenance. The SOS measure would have targeted D and F level (failed) streets. Just to keep the City's streets at an average level of C-, meaning just above failing, would take an investment of \$100 Million a year.

90% of the Bureau's budget goes to keep streets from failing, after which the cost to restore them is much higher. The Bureau is trying to slurry seal streets to extend their lives (effectively

doubling them). Costs 10% as much as resurfacing and 1/30th as much as restructuring.
Reconfiguring 1920s-era asphalt plant, one of two owned by City, to make it more efficient.

The Bureau needs PW liaisons from each NC. The Chair suggested they be able to see a list of streets being considered for repaving. Staff attrition is a major concern as there are not enough people to do the work. Average age of staff is 52. Might have to consider contracting out work in the future. The Council will have to be included in any agreement to change priorities.

Subsequent to the meeting, the *Los Angeles Times* had a series of interesting articles pertaining to the Bureau's Street Use Division. The lack of a process for identifying and prioritizing the worst locations for illegal dumping was featured on the same day that another article ran about a proposal by several Council members to create a street vending program. The conflict between keeping up with the existing workload and adding to it was brought up in the piece.

Budget Advocate Report for Department of Transportation

BAs Erick, Jon, Erik and Jay attended meeting on 11/17 with new General Manager (GM) of Transportation Seleta Reynolds. Below is a summary of our discussion and recommendations.

RECOMMENDATIONS

Staffing:

- 1) The CAO and Personnel should be requested to investigate and report back on the feasibility of creating a temporary exempt category for DOT and any other City departments that can demonstrate that they have significant short-term funding for projects, as an alternative to new hires. These positions would work under a three-year authority, unlike the one year temporary positions permitted now, after which time the department would have to demonstrate that they continue to have necessary funding.

Service:

- 2) The department should use its new priority list of services to develop a scoring system for its district offices to use in determining what urgency to give new service requests. High priority items, such as improvements to crosswalks, should be placed higher on the list. Extra points should also be awarded to recommendations coming from neighborhood councils, which in addition to being City entities also hold open public meetings at which all interested parties are invited to weigh in on proposals.
- 3) Take to heart the proposal first made by the Hollywood United Neighborhood Council and endorsed by the Los Angeles Alliance of Neighborhood Councils that all requests by individuals and homeowners' groups for service requests that would impact a large area (such as installing a new traffic signal or rearranging an intersection) should be referred to the local neighborhood council for their input. The department could greatly reduce its workload by taking advantage of the fact that nearly every neighborhood council has a committee whose role it is to hold meetings to analyze proposals and consider the impact on all parties (businesses, nearby residents, commuters, etc.) before making any recommendations to the City. This might serve as a predecessor to an eventual MOU.

PRIORITIES

The department recently released a Strategic Plan, put together by over 50 staff, which seeks to set their priorities for the future. Four core values were identified in the document (safety, livability/sustainability, becoming a 21st Century Department, and improved customer service). While the aspirational plan touches most of the bases that residents and City officials would expect from the Department of Transportation, the document fails to lay out any role for the

City's neighborhood councils to play and has little information about how and when DOT plans to reach its various goals. As a budgetary document its value is of fairly limited utility.

BACKGROUND/HIRING ISSUES

Like many other City departments DOT lost approximately 1/3 of its staff in the last 5 or 6 years due to the Early Retirement Incentive Program, layoffs and attrition. The GM, who recently moved to L.A. from the Bay Area, expressed frustration with the difficulty in backfilling vacant positions due to the Managed Hiring Committee, out of date civil service lists and the frequent transfer of employees to other departments, often referred to as "cannibalizing."

The inability to replace employees that promote is another frustration also reported by other managers. The GM indicated that she will be joining the Council conversation about where the additional civil service exempt employees should be distributed. With 20-30% of staff eligible to retire now and as many as 40% expected to leave in the next 5 years, staff retention and being able to handle its workload is a major and growing concern for DOT.

The GM indicated that even though she has \$250 Million in grant or bond funded projects in the pipeline, DOT can't hire against this funding since the duration is only for a couple of years. She suggested that a new temporary exempt position category, like what the San Francisco Metropolitan Transit Authority uses, would let DOT hire staff for three years and then ask for renewals when the time was up. This would assure that no one would be kept on the City payroll any longer than funding would support.

With a number of pending projects from CalTrans, Metro, the federal government, the CDC and public health programs, she indicated that DOT was confident that they would be able to keep their temporary staff busy and productive. What the pension implications of such an arrangement would be was not clear. Since vesting in the City's pension system kicks in at 5 years, a renewal would make an employee eligible for such a benefit, unless they were to be classified as a contractor. The pros and cons of each arrangement would have to be explored.

SERVICES

A large portion of the meeting was spent discussing service delivery. DOT has funding for the installation of 100 "Continental" crosswalks (with a criss-cross design) at the City's most dangerous intersections for pedestrians. The Chair asked if DOT would prioritize service requests at other intersections given the department's priority on safety. No clear answer was provided as to whether the department would rank its workload in such a manner as to make sure that its self-defined core values would receive the first priority with responses.

Another DASH needs assessment is planned, which will help the department reroute its bus fleet to maximize ridership. Efforts are being made to modernize DOT's billing and service request processes. The quality of the department's website and lack of information about how long each type of service request typically takes was discussed. Consultant firms are being hired to help reduce the backlog of traffic counts which has led to a 9 month processing time.

The GM mentioned that 60% of accidents take place on just a few streets, which needs to be addressed, and that as many people die from vehicle-related accidents in the City as from gang violence. In response to a question about activating the Memorandum of Understanding with Neighborhood Councils that was negotiated under Mayor Hahn, the GM suggested that it is not feasible to be proactive and take on additional work load until staffing levels are increased.

The district offices are key, according to the GM, with the West L.A. office alone handling 1/3 of all City service requests. Adding staffing to these facilities is one of DOT's priorities, as is improving employee morale. With over 6,000 pending service requests across the City the need for additional district staffing is clear. The department is also attempting to decrease the average turnaround time on striping and resurfacing requests, both community priorities.

In terms of customer service, the BAs had several suggestions for how the department might meet its goal of "Providing Angelenos an open, reachable, and responsive LADOT." These included making staff more accessible to the public, much as Council offices and others are now, and better explaining what each abbreviation on its service request website means and the typical response times for each type of investigation conducted.

NCBA's REPORT ON THE LOS ANGELES ZOO

5333 Zoo Drive
Los Angeles, CA 90027
October 31, 2014

PARTICIPANTS

Erick M. Morales, NCBA (Committee Co-Chair)
Jon Liberman, NCBA (Committee Co-Chair)
John R. Lewis, Los Angeles Zoo, General Manager
Denise M. Verret, Los Angeles Zoo, Assistant General Manager

RECOMMENDATIONS

This Committee asks that the City adopt the following recommendations:

- GLAZA should continue to fundraise for and grow an endowment to benefit the Zoo.
- If the City cannot find a way to have the Zoo cover their own related costs (i.e. pensions), the City should consider turning over the Zoo to private operators while renting the land the Zoo is on through a long-term lease.
- The City Council should pass a City Signing Ordinance that will allow the Zoo to place small advertisements on its grounds. Such an ordinance will allow for the Zoo to generate more revenue to cover its costs.

BACKGROUND

On November 28, 1966, the Los Angeles Zoo opened in Griffith Park, located today in the City's Fourth Council District. With 133 acres under its purview, the Zoo is home to thousands of animals and plants and hosts more than 1.5 million visitors a year. Zoo visitors in 2013—2014 included 822,485 general visitors, 619,154 GLAZA members, and 108,704 free visitors such as LAUSD school groups and children under two.

For a number of years, the Zoo has been receiving diminishing financial support from its owner, the City of Los Angeles. In 2005—2006, the Zoo was appropriated \$10,397,066 from the General Fund; in 2014—2015, the Zoo was appropriated no money from the General Fund. The Zoo's appropriation of \$19,809,336 comes entirely from the Zoo Enterprise Fund, a trust fund that receives all revenues derived from the operation of the Los Angeles Zoo and its activities. The Zoo also has related and indirect costs of \$14,083,184 (for which the City pays), with the Zoo costing the City a total of \$33,892,191. Employing a total of 227 persons—with 25% to 30% of those persons eligible for retirement—in different divisions, the Zoo commits 102 employees to Animal General Care.

The Zoo also receives aid from the Greater Los Angeles Zoo Association (GLAZA), particularly in marketing and public relations. Founded in 1963, GLAZA has supported the Zoo in a number of areas before, including fundraising.

CONCERNS AND DISCUSSION

Visiting the Zoo can be a pricey expedition for some, but Mr. Lewis assures the NCBA's that the L.A. Zoo's price is competitive when compared to Zoo admission prices at other Southern California locations. Admission to the L.A. Zoo is \$19 for those over 13, \$16 for those over 62,

and \$14 for those between 2 and 12. The Zoo also provides free parking most of the time; on weekends and holidays, the lots right in front of the Zoo become “preferred parking” and can be occupied for a fee. Since beginning the “preferred parking” charges, the Zoo has collected more than \$100,000 in revenue annually. The Zoo has also been trying to increase attendance with more programming such as Zoo Lights in the recent holiday season. A number of outside factors such as weather can affect visits to the Zoo. The Zoo is also trying to become a sort of spontaneous activity for Los Angeles families; this is difficult with few feasible public transportation options to the Zoo. With no more General Fund monies, the Zoo must now rely on creating new revenue streams to stay afloat. In 2005—2006, the Zoo had only seven revenue streams, including admissions and concessions revenue; in the 2014—2015 Budget, the Zoo has appropriations from twenty revenue streams, including 4-D Theater Receipts and Carousel Receipts.

Using bond funds (capital improvements) for their Rainforest of the America’s Exhibit, the Zoo also saved and budgeted the money to rebuild their Jaguar project. The Zoo administration will be considering a new bond request, since it has no more bond funds. However, a bond request must be larger than the Zoo actually requires because a significant amount of money goes to other City Departments (i.e., only \$6 million of the recent Rec and Parks bond of \$30 million actually went to Rec and Parks).

GLAZA is responsible for building an endowment for the Zoo and has already raised millions for the endowment. The interest generated from the endowment is currently being used to grow the endowment and pay off a 20 million dollar loan of the Zoo’s.

Mr. Lewis informed the NCBA’s that passage of a City Signing Ordinance that was last seen in past Councilmember Ed Reyes’s Planning and Land Use Committee would allow for the Zoo to create another revenue stream by placing advertisements in the form of “THIS EXHIBIT has been brought to you by THIS MOVIE/THIS CORPORATION/ETC.” The Zoo would very much like to see passage of this ordinance.

RESPECTFULLY SUBMITTED BY:
ERICK M. MORALES
2014—2015 NCBA’s SECRETARY

LOS ANGELES POLICE DEPARTMENT

The Public Safety Committee had a meeting on Tuesday, November 25th with LAPD Assistant Chief Sandy Jo MacArthur and Laura Luna. Public Safety Committee members present: Brandon Pender, Chair, Margaret Peters and Linda Lee.

Assistant Chief MacArthur was asked to discuss three challenges her department faces and three long-term goals she would like to see implemented within LAPD.

Chief MacArthur stated that her department's primary challenge concerned "right-sizing" personnel, noting that the mix of sworn officers and civilian police department employees has been strongly affected by policies imposed from City Hall. The LAPD is currently down 78 sworn officers and 580 civilian positions. Chief MacArthur advised that she would like to be able to hire to attrition. She provided details on particular jobs and job categories that are understaffed (jailers, forensics, psychologists, and property officers). A brief discussion of vacancies in technological areas then took place.

Chief MacArthur then advised that a close second, with regard to challenges, is to put into place technology that will allow all public safety agencies to communicate and share information effectively.

There was discussion of replacement of existing vehicles, and the fuel efficiency of those vehicles.

Brandon Pender initiated discussion of LAPD Workmen's Comp claims and lawsuits that have been filed against LAPD. Chief MacArthur listed efforts made to control this sort of liability (identification of trends and ergonomic adjustments made, careful investigation of injury claims, change in rehabilitation therapy, collaborative effort between IOD and Personnel, and hiring a risk manager for the department).

Finally, Chief MacArthur emphasized that LAPD has operated within its budget for more than three years.

FILM AND TELEVISION RETENTION COMMITTEE

PREAMBLE:

The Biograph Film Co. made the first movie in Hollywood, entitled 'In Old California'. After the release of Biograph's film and its success in Los Angeles, other filmmakers headed to the west coast to make their fortune in this sparsely populated area.

The first motion picture studio was built in 1919, in Edendale, east of Hollywood, by the Selig Polyscope Company, and the first Hollywood studio was founded by filmmaker David Horsley's general manager Al Christie in 1911 in an old building on the southeast corner of Sunset Boulevard and Gower Street. Movie studios began to spring up all over Hollywood after Christie's appearance, including Cecil B. De Mille's in 1913, the Charlie Chaplin's Studio in 1917. Eventually, most of the major studios and top directors and stars would all be located either in Hollywood (Los Angeles) or nearby towns such as Burbank, Culver City, Universal City and Studio City.

The Film Entertainment Industry started in Los Angeles and we should make an effort to reclaim the industry our forbearer's helped create.

The Budget Advocates' Film and TV Entertainment Retention Committee Summary is based on interviews with various city entities tasked with regulating, and facilitating local and state tax incentives, production services and management support for the film and television industry:

REPORTING:

This committee has finished its preliminary interviews with a few of the agencies who we view as an integral part of the support system provided by the City to ensure film and TV production remains a staple of LOS ANGELES tradition and economic revenue. Film and television production is among the top five job sources and fee/tax revenue generating industries in the City of Los Angeles.

Through the successful lobbying of the California State Assembly committees by our newly appointed Los Angeles "Film Czar" Mr. Kenneth Ziffren, who also heads the Los Angeles Entertainment Industry and Production Office, AB 1839 was introduced last February and passed in late 2014 by a unanimous 70-0 bipartisan vote in the State Assembly. Now signed into law by Governor Edmond G. Brown Jr., this will reopen and continue the State's tax credit program. This will undoubtedly improve our citywide economy as a whole if we can maintain the momentum going forward in regaining Los Angeles' prominence as the filming capital of the world.

This action by the State is by no means a complete solution to the recent rampant run-away production epidemic which started more than two decade ago, but it is a start and a sign that California politicians and Los Angeles City Hall is awake and taking this local economic issue seriously.

The Film Czar's office seems to have gotten ahead of this crisis starting with its inside machinations performed on the state level. However, this small but meaningful accomplishment is not enough. The City of Los Angeles in particular its Mayor, Eric Garcetti, will have to offer up more serious financial considerations and do so independent of the State in order to help turn this situation around. California State Tax Incentives aside, Los Angeles still needs to take seriously the retention of entertainment production as a true economic development necessity. This means relaxing or deferring certain fee paid to the City by visiting as well as local production companies who wish to film in Los Angeles. Recently this committee was very pleased to hear that the City has put a moratorium of fees paid to the City for the use of city owned property in both film and TV production. Again, this action on the City government's part should go a long way in encouraging local companies and out-of-state productions to stay and /or come to shoot their projects in "Film Friendly" Los Angeles.

Los Angeles' economic development through the entertainment industry will have a slightly better forecast because of the increase in the amount in the production tax rebate/incentive pool raised last year through the State Assembly and Senate and supported by the governor last September. But City Hall will need to engage in outreach to the entertainment industry. This means our Mayor and his Film Czar will need to sell the State program to producers and studio executives. And, in doing so, sweeten the pot with whatever the City of Los Angeles can offer.

In summary, this is what we're looking at in a nutshell – what the State is now bringing to the table and what City Hall has to work with:

- 1) The new tax credit funding has grown from \$100 million to \$330 million to be allotted per fiscal year.
- 2) It apparently expands eligibility to big-budget features and, 1-hr TV series (for any distribution outlet) as well as TV pilots.
- 3) There's an elimination of budget caps for major studios and independent productions. While there is no cap, tax credit eligibility will apply only to each project's first \$100 million in qualified spending (for studio films) or the first \$10 million (for independent features).

- 4) Eliminates the State's existing and poorly thought out 'tax credit lottery'. Projects will rightly be selected based on a "jobs ratio" formula and other priority criteria.
- 5) Tax credits will be reserved based on an "apples-to-apples", "oranges-to-oranges" ranking within specific categories (i.e., TV projects will compete against TV projects; independent films against independent films, etc.
- 6) Includes penalty provisions for projects that overstate job creation.
- 7) Provides for multiple allocation periods throughout the year. Instead of a single allocation period annually, there will be one or more allocation periods in Program Year 1, and two or more allocation periods in Program Years 2 - 5. Application period schedules and instructions are under development.
- 8) Adds a 5% "Uplift" for productions that film outside the 30-Mile Zone, as well as for post-production visual effects and music scoring/recording performed in-state".

In our discussion with Film LA (a local production services entity allied with the City of Los Angeles), a vital service resource for such things as permits, license fees, location coordination etc. They indicated among other things that there was not a great deal of public support among certain neighborhood communities (especially in the San Fernando Valley). They seem to have an aversion to having film shoots on their streets.

On that note, this committee suggested a more aggressive form of outreach within the local community organizations (i.e. the residence associations, Chambers of Commerce, neighborhood councils, etc.). Communication with their stakeholders in terms of educating the public on proper etiquette for both the host neighborhood and the production companies is crucial.

Film LA's resources are limited in areas of personnel to perform this task and because of this certain unforeseen incidences have occurred involving accusations by residents complaining of disturbances on their streets, from parking on private property to littering. However, the production companies also, claim that on occasion some residents have actually attempted to extort money from them. This of course is illegal. Camping out or parking their vehicles in designated areas where the production has to operate and offering to move only if they're paid to do so will not endear visiting productions to our City if we allow this activity to continue.

Nevertheless, prompting the production to pay up or temporarily shut down while law enforcement deals with the disruption is counterproductive. On the opposite side of the coin some film companies have abused the privilege of filming in this city in regards to procuring private and retail goods and services, which is not professional or ethical.

In their defense, however, they claim they were spurred on by the desire to save on production expenses here in Los Angeles. These incidents are counterproductive, and do not fit well with the "Film Friendly" Los Angeles concept we need to bring in to keep more productions in Los Angeles. If industry revenues and employment forces contribute to the economic structure the City as a whole. Some feel powerless when dealing with a discourteous crewmember or production representative and need to be informed of their rights by someone in the neighborhood government structure.

In fact, most of the Neighborhood Councils which are embedded in areas where multiple shoots are common throughout the year should pool their financial resources to aid Film LA in its outreach to the public and, in doing so, will establish a more well-informed and adherent community for film and TV production.

Even though the new tax and rebate incentives may give a well-needed boost to the State's economy, Los Angeles is not the only city that is going to benefit by this increase (20% rebate from a pool of \$100 million in 2008 to \$330 million last year). Other California cities will be competing with Los Angeles in offering more incentives inviting film companies to shoot in their communities. This will undoubtedly result in more citywide incentives offered to production companies across the State of California.